

Supply Base Report: SPLG LLC

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Completed in accordance with the Supply Base Report Template Version 1.1

*For further information on the SBP Framework and to view the full set of documentation see
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Document history

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1. Overview

Producer name:	SPLG LLC
Producer location:	93 Leningradskaya Street, Pargolovo, Saint Petersburg, the Russian Federation; location of the production site: 3 Avtomobilistov Street, Leningrad region
Geographic position:	60.116961 N 30.19597 E
Primary contact:	AndreyV.Martynenko(tel.+79119220635)
Company website:	www.tikhvinpellets.com
Date report finalised:	25./May/2016
Close of last CB audit:	25/Jun/2016
Name of CB:	NEPCon
Translations from English:	Into Russian
SBP Standard(s) used:	SBP Standard 2 Verification of SBP-Compliant Raw Materials (revision 1.0, 26 March 2015) SBP Standard 4 Supply Chain (revision 1.0, 26 March 2015) SBP Standard 5 Data Collection and Transfer (revision 1.0, 26 March 2015)
Weblink to Standard(s) used:	http://www.sustainablebiomasspartnership.org/documents
SBP Endorsed Regional Risk Assessment:	not applicable
Weblink to SBE on Company website:	http://tikhvinpellets.com/otchet-o-resursnoy-baze-ooo-zplg-

Indicate how the current evaluation fits within the cycle of Supply Base Evaluations				
Main (Initial) Evaluation	First Surveillance	Second Surveillance	Third Surveillance	Fourth Surveillance
X	☐	☐	☐	☐

2. Description of the Supply Base

2.1 General description

The total area of forest land in Russia is 764 million ha, which is approximately 21% of the world's forests. The entire State Forestry is a state property. A small percentage of forests are not part of the State Forestry, and they include urban forests, the forests managed by the Ministry of Defense, the forests of conservation areas and the former forests of rural municipalities (source: www.wwf.ru/data/pub/forests/do_legal-final-web.pdf).

Use of the rated wood cutting all over the country does not exceed 35%. However, the percent of the forest with difficult access is high as the infrastructure of the country is underdeveloped. In fact, most forest areas are not available.

Legal entities obtain forest land for use on a leasehold basis and for a short-term use. Lease is most often used. The lease term ranges from 10 to 49 years. Lease agreements and purchase and sale contracts are concluded plantations at the auctions. By law, the companies involved in forest management are obliged to ensure preservation, protection and restoration of forests.

According to the Forest Code of the Russian Federation, every company taking a forest area on lease shall:

- make a forest exploitation draft
- provide an annual report stating the use, preservation, safety and restoration of forests.

Reforestation of the leased forest areas is planned and implemented by the forest users at their own expense, in accordance with the forest exploitation drafts. When harvesting timber, the species included in the Red Book and their habitats shall be preserved. Felling of the valuable, endangered and protected species of trees is prohibited by law.

Russian timber industry (including forestry, logging and processing of wood) plays an important part in the economy of the country. There are about 60,000 large, medium and small enterprises operating in the timber industry employing about 1 million people.

The area of FSC-certified forests in Russia is about 40 million ha (30% of the total amount of leased forests). Russia ranks second after Canada in the area of certified forests. The first FSC certificates in Russia were issued over a decade ago.

SPLG LLC Resource Base

Leningrad Region

As of 01.01.2015, the total area of the Leningrad region forests amounted to 4756.5 thousand ha or 56.7% of its total land area. The Committee on Natural Resources of Leningrad Region is an executive authority of the

constituent unit of the Russian Federation for forest relations in Leningrad region. It is responsible for the forests of the State Forestry lands - 4733 thousand ha or 83.3% of the total forest area of the region.

Of the total land area of Leningrad Region (4756.5 thousand ha), the land covered with forest vegetation occupy 4539.4 thousand ha or 80% of the State Forestry land. The lands not covered with forest vegetation occupy 3.3% (193.7 thousand ha) of the State Forestry land. Non-forest lands occupy 17.7% (946.5 thousand ha) of the State Forestry land.

The Leningrad region forests belong to the taiga forest zone, two forest regions:

- Baltic -Belozersk forest region of the taiga zone of the European part of the Russian Federation consisting of the following municipal districts: Boksitogorsk, Volosovo, Volkhov, Vsevolozhsk, Vyborg, Gatchina, Kirov, Lodeinopolsk, Lomonosov, Podporozhsk, Priozersk, Tikhvin, Tosno districts;
- South taiga forest region of the European part of the Russian Federation consisting of the following municipal districts: Kingisepp, Kirishi, Luga, Slantsy districts

The lands of the state forestry of Leningrad region include 19 forest districts with 277 district forestry departments under the jurisdiction of the Committee on Natural Resources of Leningrad Region.

All forests and the land provided for forestry, regardless of the departmental affiliation of forestry managing subjects, make up the forest fund of Leningrad region, which is part of the forest fund of the Russian Federation. The Leningrad region forests are divided into the protective and exploitable ones.

The protective forests include those to be developed in order to preserve the environmental, water protection, sanitation, recreation and other beneficial functions of forests with a simultaneous use of forests, provided this use is consistent with the intended purpose of protected forests and their useful functions. The protective forests of the region occupy 2763.4 thousand hectares.

The exploitable forests include those to be developed for sustainable, maximum efficient production of high-quality wood and other forest resources, their products to ensure preservation of the useful functions of forests. The exploitable forests cover 2291.4 thousand ha.

The climate of the region is Atlantic-continental. Marine air masses cause relatively mild winters with frequent thaws and moderately warm, sometimes cool summers. The average January temperature is -8 ... -11 ° C, that of July is + 16 ... + 18 ° C.

According to Petrostat, the total population of Leningrad region amounts to 1 777.6 thousand people (including city population – 1,142.1 thousand people, rural population - 635.5 thousand people) as of 1 December 2015, and it has increased by 2.1 thousand people, or by 0.1%, since the beginning of the year.

The region has a more limited amount of manpower than St. Petersburg does and a lower general educational and professional level, however, this disadvantage can be made up by the increased mobility of the population of the nearby metropolis.

Leningrad region is the largest transportation center in north-west Russia, one of the leading regions in the timber industry and agriculture. The region has considerable natural resources, highly professional labor potential. The region actively participates in the international economic activity and foreign trade, is a country leader for a number of agricultural and industrial sectors, develops the resources to create decent living standards.

One of the main advantages of the geographical location of Leningrad region is its proximity to Northern and Eastern Europe through the common borders with Finland and Estonia, as well as due to its access to the Baltic Sea, which provides the sub-sovereign one of the highest indicators of regional foreign trade turnover in Russia. The second feature of the geographical position of Leningrad region is the "company" of one of the largest cities in Russia - the city of St. Petersburg, which gives additional opportunities to the region, namely, a consumer and the resource potential. The neighboring regions (Tver, Pskov, Vologda regions and the Republic of Karelia) are the markets for industrial goods of Leningrad region.

Manufacturing ensures the largest volume of production. This segment is represented in the region by a major petrochemical industry, shipbuilding, motor-vehicle construction, component production, woodworking, mining metallurgy, production of mineral fertilizers. The second place is taken by the mining industry, which brings almost a quarter of tax revenue to the treasury. The agricultural complex of Leningrad region occupies a leading position in the north-western Federal District for the production of eggs, milk, cattle and poultry.

Forest is the main resource used on a large industrial scale. Moreover, the region has deposits of various natural construction materials (ceramic and refractory clay, limestone and dolomite, breakstone, sand and gravel). Water basins allow to develop industry and power generation. Production of electricity in the region completely covers the needs of industry and utilities of Leningrad region, the excessive amounts of the electricity produced are sold to other regions of Russia and the border states.

In 2013-2015, the rates of development of Leningrad region exceeded the national average rates. Even in a crisis, the main indicators of socio-economic stability remained positive:

The volume of shipped local goods, carried out works and provided services was 808.6 billion RUB in 2014, an increase in current prices was 120.5 in 2013%, the 2015 estimation values were 926.7 billion RUB.

The volume of agricultural production in 2014 was 84.9 billion RUB, or 101.3% by 2013, the 2015 estimation values were 96.9 billion RUB.

The volume of performed construction works in 2014 was 101.6 billion RUB, an increase in 2013 was 13.6%, the 2015 estimation showed 115.3 billion RUB.

The volume of transport services in 2014 was 99.2 billion RUB (113.1% by 2013), the 2015 estimation - 130.3 billion RUB.

The nominal wages grew almost 2-fold since 2008 and showed an increase of about 8% in 2015 (compared to 2014). The actual wages increased by 20% in 2014 compared to the level of 2009, but this figure depends on the inflation processes in the economy. Chemical industry and oil refining were the investment growth locomotives during the last 3 years. This situation will remain the same in the first 5 years of implementation

of the Strategy in connection with the planned construction of plants for production of urea, methanol, liquefied gas.

Novgorod Region

As of 01.01.2015, the total area of the Novgorod region forests amounted to 3912.52 thousand ha. The Committee on Natural Resources and Forest Industry of Novgorod Region is an executive authority of the constituent unit of the Russian Federation for forest relations in Novgorod region. It is responsible for the forests of the State Forestry lands—3367.2 thousand ha.

The forests of Novgorod region occupy 89.8% of the total area of the State Forestry lands, 3.5% of the forests are located on the defense and security lands and the lands within the conservation areas and facilities.

Non-forest lands occupy 24748 ha (16.0%) including: swamps - 7139 ha (4.0%), roads - 1038 ha (0.6%), others - 16571 ha (10.0%)

Novgorod region includes the territory of 23 forest districts.

In general, the forests of Novgorod region are quite evenly distributed over the forest areas: 1948.6 thousand ha or 49.8% of the total forest area of the State Forestry land are located within the southern taiga zone of the European part of the Russian Federation; 1963.5 thousand ha or 50.2% are located in the area of coniferous and deciduous forests of the European part of the Russian Federation.

According to the Forest Code of the Russian Federation, the forests are divided into the protective, exploitable and reserved ones, based on their designated purpose.

The forests located on the land of the Novgorod region forest fund are divided into the protective and exploitable ones, based on their designated purpose. There are no reserved forests in the territory of Novgorod region. The forests located on the land of other categories can also belong to the protective forest class based on their functionality.

The protective forests include those to be developed in order to preserve the environmental, water protection, sanitation, recreation and other beneficial functions of forests with a simultaneous use of forests, provided this use is consistent with the intended purpose of protected forests and their useful functions. The protective forests of the region occupy 838.1 thousand hectares.

The exploitable forests include those to be developed for sustainable, maximum efficient production of high-quality wood and other forest resources, their products to ensure preservation of the useful functions of forests. The exploitable forests cover 2529.1 thousand ha, or 64.6% of the total forest area of the region

The climate of Novgorod region is temperate continental, close to the oceanic climate. The amount of precipitation is 200-500 mm more than can be evaporated. The annual amount ranges from 540 to 750 mm. A maximum amount of precipitation occurs in summer (38%), a slightly lower level - in autumn (27%).

As of 1 January 2015, the resident population is 618.7 thousand people, urban population - 438.3 thousand (70.8% of the total population), rural population - 180.4 thousand people (29.2%).

The region has various mineral resources of non-metallic origin. The explored deposits of refractory clay, limestone, building and quartz sand, boulders and gravel and sandy material are of the greatest industrial importance. The peat deposits of the region are among the highest in the European part of the country. 1435 peat deposits have been explored in the region, with the total reserves of 1,717 million tons (at 40 per cent relative moisture), which can significantly increase the volume of peat extraction. To use these mineral resources, the region has a network of mining, processing and consuming industries. 282 fields of lake sapropel and 102 fields (field sites) of fresh groundwater have been explored. The total forest area of the region is 4.1 million hectares including the area covered with forest vegetation - 3.5 million ha. Deciduous plants predominate in the region forests - 65 percent, the conifers –account for 35 percent, hardwoods are practically absent, they account for 0.07 percent. In accordance with the approved forestry regulations, the allowable cutting rate (annual allowable exemption of wood) over the region is 8.6 million cubic meter as of 2011 and the subsequent years, including the coniferous - 2.0 thousand cubic meters. Over the past 5 years, the average annual timber harvesting in the region has been 3.5 million cubic meters, or 40 per cent of the annual allowable cut.

The production index in the manufacturing sector had amounted to 99.5% by January-April 2015, in the mining sector - 117.5%, in power, gas and water generation and distribution - 103.4%.

The greatest increase was observed in the following economic activities:

manufacture of leather, leather products and footwear (146.5%);

extraction of fuel and energy minerals (141.4%);

manufacture of rubber and plastic goods (134.8%);

textile and clothing manufacture (124.7%);

extraction of minerals, except for fuel and energy ones (116.5%);

chemical production (110.2%);

generation, transfer and distribution of steam and hot water (thermal energy) (104.1%);

pulp and paper industry; publishing and printing (102.5%);

generation, transfer and distribution of electricity (102.5%).

The scope of work performed in the "Construction" economic activity amounted to 15.8 billion. RUB, which is 64.5% above the level of January-April 2015.

Large and medium-sized organizations have provided 52.7% of the retail trade revenue, small organizations - 22.8%, retail markets and fairs - 9.9%, individual entrepreneurs engaged in trade outside the market - 14.5%.

As of 1 May 2016, the registered unemployment rate amounted to 1.4% of the economically active population of the region that corresponds to the level of 1 April 2016 and is 0.2 percentage points higher than that of 1 May 2015.

In January-March 2016, the average monthly wages in the economy amounted to 26123.6 RUB in the region, 105.2% - by the relevant period of 2015, for large and medium-sized organizations - 29049.5 RUB, 104.8%.

Vologda Region

As of 01.01.2015, the total area of the Vologda region forests amounted to 11474.7 thousand ha, or 80.8% of its total area. The Forest Department of Vologda Region is an executive authority of the constituent unit of the Russian Federation for forest relations in Vologda region. It is responsible for the forests of the State Forestry lands—9852.4 thousand ha, or 69.3% of its total area.

The forests that are not part of the forestry fund (the forests located on the lands of other categories) include the forests on the land of the Ministry of Defense of the Russian Federation – 63.9 thousand ha, or 0.5% of the total forest area of the region (on 52.9 thousand ha of these, forest management is organized, and on the area of 1.0 thousand ha forest management has never been organized, so there is no information on these forests), and the forests located on the conservation areas under the jurisdiction of the Ministry of Natural Resources and Environment of the Russian Federation – 121.2 thousand ha, or 1.1% of the region's forests.

The total number of the forestry districts controlled by the Forest Department of Vologda region is 266.

According to the Forest Code of the Russian Federation, the Vologda region forests within the forestry fund, and the forests on the lands of other categories are divided into the protective and exploitable ones based on their designated purposes.

The protective forests include those to be developed in order to preserve the environmental, water protection, sanitation, recreation and other beneficial functions of forests with a simultaneous use of forests, provided this use is consistent with the intended purpose of protected forests and their useful functions. The protective forests of the region occupy 1773.2 thousand hectares (18.0% of the total area) including those covered with forest vegetation (1628.9 thousand ha).

The exploitable forests include those to be developed for sustainable, maximum efficient production of high-quality wood and other forest resources, their products to ensure preservation of the useful functions of forests. The exploitable forests cover 9701.5 thousand ha (82%) including those covered with forest vegetation (82231.1 thousand ha).

In general, the natural and climatic conditions are favorable for growing forest vegetation, but the sharp deviations of weather conditions from the average indices in certain years - dry periods aggravating the conditions for seed germination and seedling development, late spring frosts until June 15 and early autumn frosts from August 15 significantly reduce the period of active vegetation. Low winter temperatures of up to -48 to -53°C causing deep frost cracks, strong winds of up to 20 m/sec and faster causing windbreaks and windfalls in combination with low natural soil fertility and waterlogging in the lowlands negatively affect growth and development of plants, especially that of underwood and forest crops.

As of 1 January 2015, the population of the region amounted to 1,191 thousand people (including urban population - 856.6 thousand people, rural population - 334.4 thousand people.).

The gross regional product increased from 213.4 billion RUB in 2014 to 351.3 billion RUB in 2015, in the relevant prices - by 1.2 times. The volume of shipped industrial goods increased from 259.9 billion RUB in 2014 to 419.6 billion RUB in 2015, an increase of 1.2 times (in the relevant prices). The share of steel production in the total volume of industrial production decreased from 54.0% in 2014 to 52.0% in 2015. The average monthly wages increased in 2015 compared to 2014 by 1.4 times - from 16.6 thousand RUB to 22.6

thousand RUB (in real terms - by 12.7%). The average per capita income in the same period increased by 1.5 times - from 12.2 to 18.3 thousand RUB (in real terms - by 21.4%). The population with incomes below the subsistence minimum reduced from 18.2% in 2014 to 13.5% in 2015. The population life expectancy increased from 67.4 years in 2014 to 69.2 years in 2015.

An integrated approach to the development of manpower guarantees stability in the labor market. In the last three years, the labor market has been recovering from the crisis of 2008 - 2009. Measures to reduce tension at the labor market in the conditions of crisis have been taken at the federal and regional levels.

Increased employment contributes to the improvement of population's welfare. The population with incomes below the subsistence minimum decreased by 4.7% and amounted to 13.5% in 2014, 13.4% - in 2015. The average monthly wages increased by 36.7% in nominal terms compared to 2014, in real terms (taking into account the consumer price growth) - by 12.7% and amounted to 22,649 RUB in 2015.

As of 1 January 2015, the housing stock in the region was 32.3 million sq. m. of the total area. During 2014-2015, 1233.4 thousand square meters of housing were put into service. In 2016, it is planned to put into service 410 thousand sq. m. of residential space.

The main economy development trends of the region include the industries based on the production of competitive products in the conditions of the external and internal markets.

The region is an industrially developed area, 44.9% (according to the results of 2015) of the gross regional product (hereinafter - GRP) account for the industry.

Wood industry cluster has been developing. According to the results of 2015, the production index exceeds the 2014 level of wood harvesting by 39.1%, wood processing and manufacturing of wood products - by 41.2%, pulp and paper production - by 57.7%. In 2015, the production index in harvesting is expected to reach 110.0%, wood processing and manufacturing of wood products - 106.0%, pulp and paper industry - 115.0%. Since 2011, a complex for cultivation of planting material with closed root system has been put in operation, which is aimed at improving the quality, extending the agro-technical terms of creating forestry crops. In 2014, seedlings with closed root system were used to create 302.3 hectares of forest plantations. In 2015, 16 priority investment projects in forest development remained under way.

In terms of the machine-building complex of the region, the production index in manufacture of machinery and equipment increased by 47.6% in 2015 compared to 2014, in manufacture of electrical, electronic and optical equipment - by 27.7%, in manufacture of transport equipment - 20.9 %. The enterprises of machine-building complex are focused on the output of competitive products. The state authority bodies pay serious attention to the issue of economic diversification in the region. Certain changes have been achieved, however, a significant portion of the industrial output accounts for the steel industry.

Timber harvesting is carried out mainly by clear or selective cutting. Reforestation primarily suggests natural renewal assistance by preserving the undergrowth; in the remaining areas forest plantations are organized. When harvesting, the certified logging companies preserve high conservation value forests, as well as key biotopes and biodiversity elements of forest ecosystems.

Internal Control Procedure.

The lawfulness of the raw material origin at the initial point is the basis of the internal control procedure. No HCVF (High Conservation Value Forests) included. Recognition of the interests of the indigenous population, control of compliance with the labor code regulations regarding the working conditions of the employees. Employment lawfulness, compliance with the labor legislation.

There are no CITES or IUNC plants in the area of SPLG LLC resource base.

All raw materials for the production of fuel pellets are supplied for pellet production as waste of the sawmill and woodworking areas production manufacturing key products - structural wood elements.

According to the FSC nomenclature, raw materials for the production of fuel pellets are supplied with the following statements in the following proportions:

- 100% FSC Controlled Wood supply (considered as Controlled feedstock).

All material for the production of fuel pellets can be classified as secondary feedstock (the waste from the wood processing industry).

The main suppliers are:

- Primus LLC, Leningrad region
- PE Kononovskiy A.A.; Vologda region
- PE Kotov Yu. A.; Vologda region
- PE Yeremeyev D.A.; Leningrad region

The main forest forming species and the average proportion of the species (based on our procurement research) are as follows:

- 50% *Pinus sylvestris*,
- 50% *Picea abies*.

SPLG LLC fuel pellets are used as an ecologically clean and safe biofuel that allows to:

- increase the energy efficiency of the facilities using pellets;
- cut down the emissions of greenhouse gas into the atmosphere.

The capacity of the wooden fuel pellet production: 15 thousand tons a year.

Our enterprise is among the top five regional companies producing fuel pellets.

2.2 Actions taken to promote certification amongst feedstock supplier

The production of SBP-compliant fuel pellets uses raw materials provided by FSC-certified suppliers. The production of SBP-controlled biomass (fuel pellets) uses raw materials provided by the suppliers controlled according to the internal procedure.

When the raw materials are supplied to SPLG LLC by the controlled suppliers, it is obligatory to provide a list of the relevant regulations and (checked) documents to inspect an uncertified supplier of the controlled wood, an application for the inspection of FSC controlled wood program, a declaration of the wood supplier stating the origin of the wood and compliance with FSC-STD-40-005 requirements to controlled wood.

Thus, the management of forestry activities and compliance with all the FSC criteria minimizes the likelihood of supply of raw materials harvested by an unscrupulous supplier. SPLG LLC inspects the forest areas controlled by suppliers for compliance with FSC-STD-40-005 requirements, cooperates with suppliers to raise awareness of voluntary certification requirements, its use and application.

The basic factor of the company activities suggests compliance with FSC-STD-40-005 requirements, supplier control based on the internal verification procedure.

SPLG LLC does not purchase sawdust and sawmill residues from uncertified and uncontrolled suppliers.

SPLG LLC follows a strict procedure to verify the wood lawfulness. When raw materials are supplied to the plant by uncontrolled suppliers, SPLG LLC first checks the lawfulness of the harvested timber.

SPLG LLC hopes that this mutually beneficial and long-term cooperation will be an example for other businesses to promote their products to the market and maintain sustainable forest management in accordance with FSC principles.

2.3 Final harvest sampling programme

Not applicable. To produce fuel pellets, SPLG LLC uses only sawdust and sawmill residues.

All raw materials used to produce fuel pellets are FSC-certified or controlled.

The company does not use any raw materials from:

- fast-growing plantation wood;
- genetically modified tree species;
- undisturbed forests and high conservation value forests;
- wood of unclear (unknown) origin;
- tree stubs.

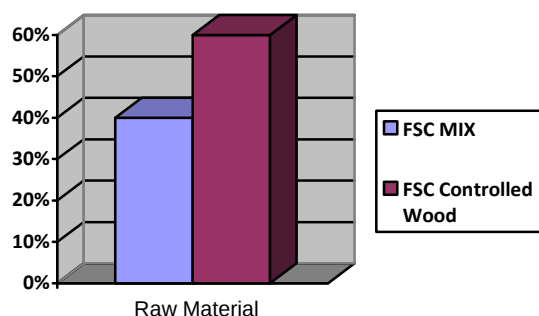
2.4 Flow diagram of feedstock inputs showing feedstock type [optional]

SPLG LLC uses sawdust and sawmill residues to produce fuel pellets, bark and sawmill residues - to heat up the drier cylinders with application of FSC Controlled Wood obtained from conifers (based on factory processing data):

Total volume of raw material: 10,835 m³ - slab wood, 13,220m³- sawdust

- *Pinus sylvestris*,
- *Picea abies*

Step	Description of Product Flow and Checkpoints
1	Supply of FSC Controlled Wood (100%)
2	Production of fuel pellets of (dry) sawmill residues from SPLG LLC (Inspected during FSC audits)
3	Transportation to Saint Petersburg. (Inspected during FSC audits)



2.5 Quantification of the Supply Base

Supply Base

- a. Total Supply Base area (ha): 20143.72 thousand ha
- b. Tenure by type (ha): 100% state property of the Russian Federation
- c. Forest by type (ha): 100% Boreal
- d. Forest by management type (ha): Managed natural
- e. Certified forest by scheme (ha): not available

Feedstock

- f. Total volume of Feedstock: 10,835 m³ - slab wood, 13,220 m³- sawdust
- g. Volume of primary feedstock: Not applicable
- h. List percentage of primary feedstock (g), by the following categories. Subdivide by SBP-approved Forest Management Schemes.
 - a. Certified to an SBP-approved Forest Management Scheme
 - b. Not certified to an SBP-approved Forest Management Scheme

Not applicable. Wood industry residues certified according to FSC forestry management system (FSC Mix) and provided by controlled suppliers are used.
- i. List all species in primary feedstock, including scientific name

Not applicable.
- j. Volume of primary feedstock from primary forest:

Not applicable.
- k. List percentage of primary feedstock from primary forest (j), by the following categories. Subdivide by SBP-approved Forest Management Schemes
 - Primary feedstock from primary forest certified to an SBP-approved Forest Management Scheme
 - Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme

Not applicable.
- l. Volume of secondary feedstock: 10,835 m³ - slab wood, 13,220 m³- sawdust
- m. Volume of tertiary feedstock: Not applicable.

3. Requirement for a Supply Base Evaluation

SBE completed	SBE not completed
☐	X

Supply Base Evaluation is out of the scope of this certification.

4. Supply Base Evaluation

4.1 Scope

Not applicable.

4.2 Justification

Not applicable.

4.3 Results of Risk Assessment

Not applicable.

4.4 Results of Supplier Verification Programme

Not applicable.

4.5 Conclusion

Not applicable.

5. Supply Base Evaluation Process

Not applicable.

6. Stakeholder Consultation

Not applicable.

6.1 Response to stakeholder comments

Not applicable.

7. Overview of Initial Assessment of Risk

Not applicable.

8. Supplier Verification Programme

8.1 Description of the Supplier Verification Programme

Not applicable.

8.2 Site visits

Not applicable.

8.3 Conclusions from the Supplier Verification Programme

Not applicable.

9. Mitigation Measures

9.1 Mitigation measures

Not applicable.

9.2 Monitoring and outcomes

Not applicable.

10. Detailed Findings for Indicators

Not applicable.

11. Review of Report

11.1 Peer review



FEDERAL STATE ESTABLISHMENT
OF HIGHER PROFESSIONAL EDUCATION
LISINO SCIENTIFIC-EXPERIMENTAL FORESTRY
ESTABLISHMENT (BRANCH) SPBGLTU

24.05.2016 No. 172

for No. _____ dated _____

9 Lesnaya Street, Lit R

Tosno District, Leningrad Region,

Lisino-Korpus, 187023

Tel/ Fax (81361) 94-115

E-mail: Lisinskilesxoz@mail.ru

Expert Analysis Of SPLG LLC Resource Base

As part of certification of the lawfulness and sustainability of the raw material sources used to produce fuel pellets, according to the system – Sustainable Biomass Partnership (SBP)

Analysis author details

A Report on 24 sheets was provided for analysis.

SPLG LLC holds a valid FSC certificate of a supply chain FC-COC-643246 with a code of controlled wood FC-CW-643246.

On 20.08.2015, the enterprise prepared a Report on Risk Assessment of the Sources of FSC Controlled Wood, and the Report was approved by the FSC certification body.

The wood pellets are included by the enterprise to the List of FSC Product Groups with the material category FSC Controlled Wood and FSC Mix.

All these data are supported by the information on the webpage of the enterprise at their official site <http://tikhvinpellets.com>.

Consumption of FSC-certified raw material by SPLG LLC indicates an active promotion of FSC certification of forests and consumed wood raw materials in Leningrad region.

The Report states that the annual volume of secondary raw material – wood residues produced when processing lumber log, equals to 24,055 m³ and is enough for manufacture.

Positively, to verify the sustainability of the forestry management, FSC standard compliance is used.

Advice:

- 1) The Report shall state the results of selective inspections of the controlled wood supplied by uncertified suppliers.
- 2) The description of the forestry system of the country is a little unnecessarily extended. It is advised to shorten the text without prejudice to information.

In general, the report deserves a positive mark.

Chief Engineer, PhD in Engineering Science [Signature] I.F. Kozlovskiy

11.2 Public or additional reviews

Not available

12. Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:	<i>Martynenko Andrey Viktorovich</i>	<i>Standardization Engineer</i>	<i>20.05.2016</i>
	Name	Title	Date
The undersigned persons confirm that I/we are members of the organisation's senior management and do hereby affirm that the contents of this evaluation report were duly acknowledged by senior management as being accurate prior to approval and finalisation of the report.			
Report approved by:	<i>Zhuravskiy Anton Vladimirovich</i>	<i>Director</i>	<i>20.05.2016</i>
	Name	Title	Date



13. Updates

Not applicable.