

SBP

Sustainable Biomass Partnership

Supply Base Report: Vyborg Forestry Development Corporation

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Completed in accordance with the Supply Base Report Template Version 1.2

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

Version 1.0: published 26 March 2015

Version 1.1 published 22 February 2016

Version 1.2 published 23 June 2016

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1 Overview

Producer name: VYBORG FORESTRY DEVELOPMENT CORPORATION

Producer location: Russia, 188918, Leningrad region, Vyborg district, sttl.Sovetskiy, Zavodskaja str.,2

Geographic position: [60.543556, 28.689226](#)

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Company website: <http://vfdc.ru/ru/landings/2>

Date report finalised: 1/Jul/2016

Close of last CB audit: 7/Sep/2016, sttl.Sovetskiy

Name of CB: NEPCon

Translations from English: Yes

SBP Standard(s) used: Standard 2, version 1.0; Standard 4, version 1.0; Standard 5, version 1.0; 5A instruction Version 1.0

Weblink to Standard(s) used: <http://www.sustainablebiomasspartnership.org/documents>

SBP Endorsed Regional Risk Assessment: Not applicable

Weblink to SBE on Company website: Not applicable

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

For Vyborg Forestry Development Corporation the raw material is a cordwood of softwood and hardwood mostly received from Russia, Leningrad region and North-West part of the country as Primary Feedstock certified under an SBP approved Forest Management Scheme (FSC FM/ COC).

SBP approved controlled feedstock: 79% - not included in the scope of the certificate

SBP approved primary feedstock: 21% - 3 suppliers

Species of raw material: Long rotation forestry (logs, fuel wood):

Picea abies (L.) H. Karst.);

Pinus sylvestris (L.); Scots Pine;

Betula pendula (Roth.); Birch;

Betula pubescens (Ehrh.); Downy Birch;

Populus tremula (L.); Aspen;

Alnus glutinosa (L.) Gaertn.); Black Alder;

Vyborg Forestry Development Corporation do not buy the types of CITES и IUCN.

Russia forest resources

BP's Supply 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.

2.2 Actions taken to promote certification amongst feedstock supplier

For the production of SBP pellets the FSC certified wood supplied by the certified suppliers is used. The presence of the FSC-FM certificate testifies the high level of responsibility in the management of forest activity, meeting all the FSC criteria, preventing the possibility of supplying the illegally harvested wood and wood harvested with violation of FSC principles. Every year wood suppliers carry a large amount of reforestation and take the fire prevention measures in the forest, carry the sanitary cutting and thinning. It is confirmed during annual audits of the suppliers implementing by the certification authorities that issued the FSC-certified. According to the Forest Code of the Russian Federation each forest user received the lease forest land obliged:

- to carry out the activities on protection and reproduction of forests;
- to provide annual forest declaration;
- to issue a project of forest assimilation
- to provide a report on the use of forests, their protection and reproduction

The company is actively involved in the process of FSC-certification of their suppliers. A great deal of work with suppliers, is the holder of a forest lease, to explain the practical benefits of FSC certification

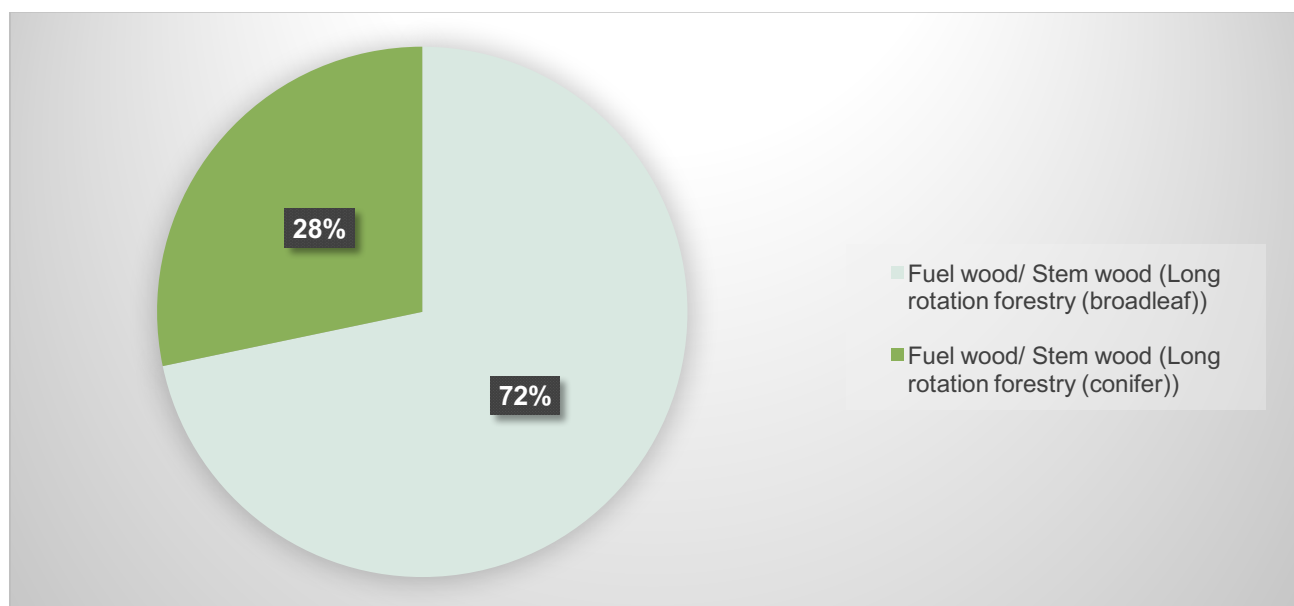
scheme leased land. Currently in the process of FSC-certification of forest areas is one supplier and 2 suppliers are under active preparation.

2.3 Final harvest sampling programme

The proportion of final fellings which end up in biomass among our suppliers of raw material (feedstock for biomass production) is about 20% compared other end uses (i.e. sawlogs).

This information is derived from the documents submitted by suppliers (of forest declaration and material monetary valuation of the harvesting area)

2.4 Flow diagram of feedstock inputs showing feedstock type



2.5 Quantification of the Supply Base

Supply Base

- a. Total Supply Base area (ha): 623 183,4 ha
- b. Tenure by type (ha): 623 183,4 ha 100% Government
- c. Forest by type (ha): 623 183,4 ha 100% Boreal
- d. Forest by management type (ha): 623 183,4 ha Managed natural
- e. Certified forest by scheme (ha): 623 183,4 ha FSC

Feedstock

- f. Total volume of used Feedstock: 19497 **tonnes**

- g. Volume of primary feedstock: 19497 **tonnes**
- h. List percentage of primary feedstock (g), by the following categories.
Subdivide by SBP-approved Forest Management Schemes:
 - Certified to an SBP-approved Forest Management Scheme: 100%
 - Not certified to an SBP-approved Forest Management Scheme: 0%
- i. List all species in primary feedstock, including scientific name-
Picea abies (L.) H. Karst.);
Pinus sylvestris (L.); Scots Pine;
Betula pendula (Roth.); Birch;
Betula pubescens (Ehrh.); Downy Birch;
Populus tremula (L.); Aspen;
Alnus glutinosa (L.) Gaertn.); Black Alder;
- j. Volume of primary feedstock from primary forest- 0%
- k. List percentage of primary feedstock from primary forest (j), by the following categories. Subdivide by SBP-approved Forest Management Schemes:
 - **Not applicable**
- l. Volume of secondary feedstock: specify origin and type –**0 tonnes**
- m. Volume of tertiary feedstock: specify origin and composition **0 tonnes**

3 Requirement for a Supply Base Evaluation

SBE completed	SBE not completed
☐	x

SBE system is not designed as not completed a risk assessment for the regions of Russia. SBE system has not been developed, because more than 20% of the total input of primary raw material is FSC 100%. During the next period, the company is FSC certified material is sufficient to fulfill the sales plan SBP pellets certified statement SBP-compliant biomass.

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

The final version of the report was sent to the expert Pavel Sysoev Fm-coc@mail.ru.

There are no notes or corrections about the report, the report is made actually and correct.

11.2 Public or additional reviews

For interested stakeholders the SBR is available to view on company's homepage:

<http://vfdc.ru/ru/landings/2> , all comments can be sent perepechenyh.j@vfdc.ru

12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:	Sovetov V.V.	Head of wood purchasing department	29.07.2016
	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:	Tsurtsunia Z.Z.	Deputy of General Director	29.07.2016
	Name	Title	Date
Report approved by:	[name]	[title]	[date]
	Name	Title	Date
Report approved by:	[name]	[title]	[date]
	Name	Title	Date

13 Updates

Not applicable.