



Sustainable Biomass Partnership

Supply Base Report: Vyborg Forestry Development Corporation LLC

First Surveillance Audit

www.sbp-cert.org



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
www.sbp-cert.org*

Document history

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1 Overview

Producer name: Vyborg Forestry Development Corporation LLC

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

Geographic position: 60°32'27,82" latitude, 28°41'6,41" longitude

Primary contact: Tatiana Kolosovskaya; Zavodskaya str. 2, sttl. Sovetskiy, 188918, Vyborg district, Leningrad region, Russia, tel. 007(921)978-56-81; email: kolosovskaya@vlk.ru

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

Date report finalised: 01/Sep/2017

Close of last CB audit: 05/09/2017, 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; Instruction documents 5A, 5B, 5C version 1.1.

Weblink to Standard(s) used: <https://sbp-cert.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
☐	☒	☐	☐	☐

2 Description of the Supply Base

2.1 General description

The supply base of wood feedstock is located in the North-West and Central Federal Districts of the Russian Federation on the territory of 7 subjects of the federation.

The total area of forest lands of the Russian Federation territory is 764 million ha, which is approximately 21% of the world's forest stock. Coniferous species account for 68.4%, hardwoods - 2.4%, softwood - 19.3%. Other wood species accounts less than 1% of forests.

In accordance with the legislation of the Russian Federation, all lands of the forest fund are in state ownership. Legal entities receive forest plots in use on the lease terms and short-term use. Lease relations are the dominant way of using forests. The lease term can be from 10 to 49 years.

The signing of lease contracts for forest areas or contracts for the purchase and sale of forest is carried out at auctions for the sale of these rights for contract. Sites leased must necessarily pass state cadastral registration. Each forest user who received a forest plot for lease in accordance with the Forest Code of the Russian Federation is obliged:

- implement measures to guard, protect and reproduce forests,
- annually provide a forest declaration,
- develop a forests management project,
- provide a report on the use of forests, their protection, preservation and reproduction.

Ensuring high-quality reproduction of forest resources and protective afforestation is a prerequisite for the use of forests. All reforestation works on forest sites leased out are planned and carried out by forest users on their own expenses in accordance with the forest management projects.

The forestry complex of the Russian Federation, which includes forestry and timber industry in timber harvesting and processing, occupies an important place in the country's economy. In the forestry complex of the Russian Federation, about 60 000 large, medium and small enterprises are employed in all regions of the country. The total number of employees in the forestry complex is about 1 million people. North-West of Russia is the leader in the level of development of sawmills, woodworking, pulp and paper industries.

The practice of forest management in Russia is based on the achievement of sustainable forest management in accordance with the requirements of forest legislation, and, if applicable, the principles of forest certification. The rotation period is 60-120 years. During the rotation period, thinnings and clear cuttings in the stage of maturity are carried out and reforestation is ensured. Planting of seedlings or natural regeneration can be used for reforestation. The practice of continuous forest management is also used. Continuous forest harvesting is based on a 15-20-year cycle of logging with selective harvesting and retention of a viable undergrowth.

Forest certification is an effective tool to counter illegal logging and illegal wood trade. In Russia, the Forest Stewardship Council (FSC) is widely used. The area of certified forests in Russia is more than 43 million

hectares, or 30% of the total number of forests that are on lease. The dynamics of the forest certification development in the Russian Federation points to the ever-growing activity of timber companies, which indicates a responsible approach to ensure the legality of harvested wood and compliance with environmental and other requirements.

The supply base of Vyborg Forestry Development Corporation LLC

The supply base of Vyborg Forestry Development Corporation LLC is the total area of the forest fund of the Leningrad, Vologda, Pskov, Novgorod, Tver, Ryazan regions and the Republic of Karelia. The total area of the supply base is 44305.7 thousand hectares.

The supply base is located in the northern, middle and southern taiga of northwestern Russia and the zone of mixed and deciduous forests of the central strip.

The region of the supply base is mainly located within the North-West region of Russia and is characterized by a rather developed transport infrastructure in comparison with many other regions of Russia. The development of the region is favorably affected by the proximity of ports, state borders and the second largest city in Russia - St. Petersburg. In the region, not only the timber industry is well developed, but also other: food and light industry, machine building, shipbuilding, energy complex.

The largest part of the supply base is made up of coniferous forests (spruce, pine) with an admixture of hardwoods (aspen, birch). Only in the Ryazan region there are broadleaf forests of the temperate zone. Within the supply base, only the *Betula pendula* var. *Carelica* of CITES or IUCN tree species is found, but Vyborg Forestry Development Corporation LLC does not purchase this type of wood.

Despite the fact that Vyborg Forestry Development Corporation LLC is the world's largest pellet producer in the world, the scale of its consumption of wood is very low. Much more powerful consumers of wood in the region are pulp and paper mills. Vyborg Forestry Development Corporation LLC uses mainly low-grade roundwood, which is not suitable for other industries.

Vyborg Forestry Development Corporation LLC is located on the shore of the Finnish Gulf in the settlement Sovietskiy and has a great socio-economic importance in the region. This is a city-forming enterprise that provides jobs for the local population. Vyborg Forestry Development Corporation LLC delivers water, heating and electricity to the settlement, works closely with the administration of the village to solve social problems.

To date, Vyborg Forestry Development Corporation LLC purchases SBP-compliant primary feedstock from 14 suppliers, SBP-compliant tertiary feedstock - from one supplier and Controlled Feedstock - from 15 suppliers from 55 chains.

In the reporting period, Vyborg Forestry Development Corporation LLC purchased SBP-compliant primary feedstock from 13 suppliers (34% in production volume) and Controlled Feedstock from 31 suppliers (66% in production volume).

Feedstock composition for pellet production:

Populus tremula - Aspen;

Pinus sylvestris – Sckots pine;

Betula pendula – Silver birch;

Alnus incana – Grey alder;
Alnus glutinosa – European alder;
Picea abies – Norway spruce.

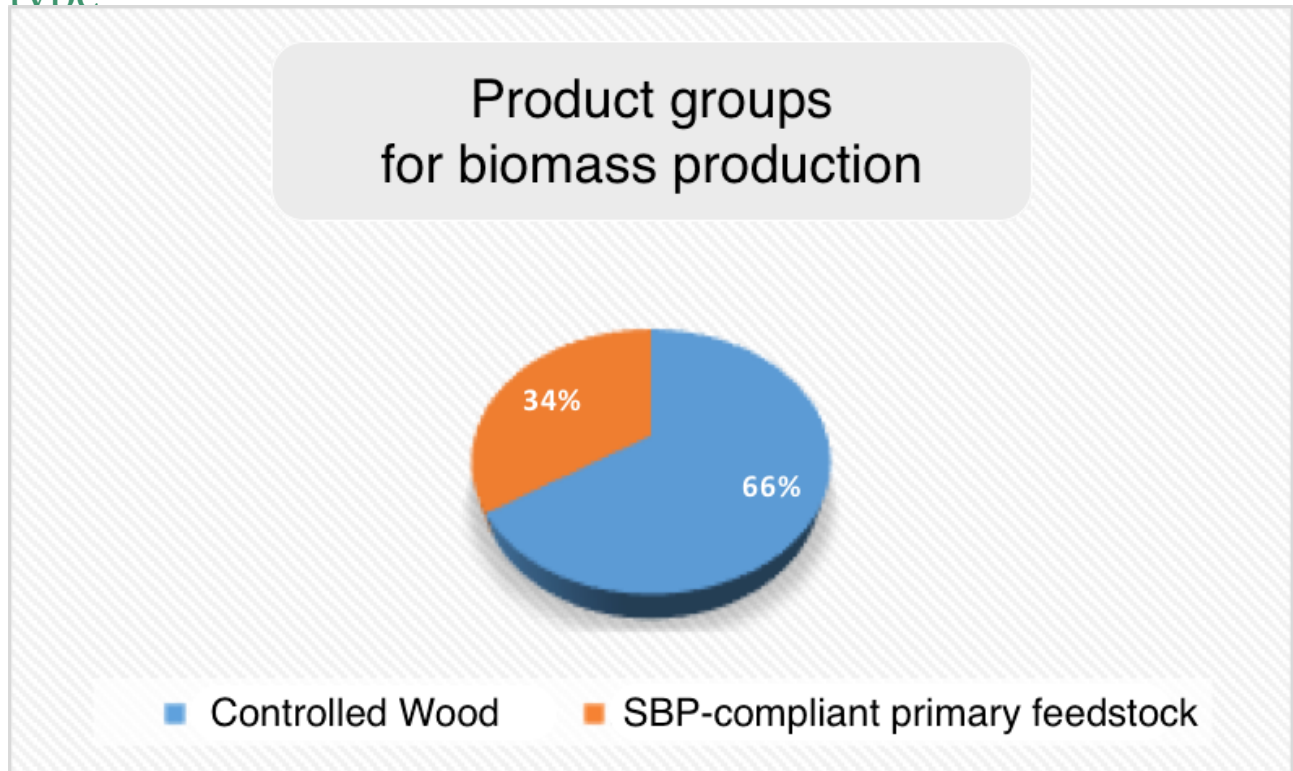
2.2 Actions taken to promote certification amongst feedstock supplier

Vyborg Forestry Development Corporation LLC actively promotes FSC certification among its suppliers. The company hired a FSC certification consultant who works on FSC certification with suppliers and 3 of them have already obtained FSC certificates. Vyborg Forestry Development Corporation LLC also motivates suppliers for certification by increasing the prices for the purchase of FSC certified feedstock.

2.3 Final harvest sampling programme

5 foresters were randomly selected and an interview was conducted to find out the volume of timber supply for Vyborg Forestry Development Corporation LLC compared to sales for other productions. As a result, it was found out that 24% of the wood goes to Vyborg Forestry Development Corporation LLC. During the reporting period, 50% of all wood received by Vyborg Forestry Development Corporation LLC was used in the pulp and paper mill and 50% in the pellet production, respectively, 12% of the volume of harvested wood was processed into pellets.

2.4 Flow diagram of feedstock inputs showing feedstock type



2.5 Quantification of the Supply Base

Supply Base

- Total Supply Base area (ha): 44305700 ha;
- Tenure by type (ha): 44305700 ha 100% State owned;
- Forest by type (ha): 43217300 ha - boreal; 1088400 ha – temperate;
- Forest by management type (ha): 44305700 ha managed natural;
- Certified forest by scheme (ha): 11492370 ha of FSC-certified forests.

Feedstock

- Total volume of Feedstock: 258907,81 m³;
- Volume of primary feedstock: 258907,81 m³;
- 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 - 34%;
 - Not certified to an SBP-approved Forest Management Scheme - 66%;

List all species in primary feedstock, including scientific name: Populus tremula - Aspen; Pinus sylvestris – Scots pine; Betula Pendula – Silver birch; Alnus incana – Grey Alder; Alnus glutinosa – European Alder; Picea abies – Norway spruce.

- i. Volume of primary feedstock from primary forest – 0%;
- j. 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 - 0%;
 - Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme - 0%;
- k. Volume of secondary feedstock: 0%;
- l. Volume of tertiary feedstock: 0%.

3 Requirement for a Supply Base Evaluation

SBE completed	SBE not completed
☐	☒

Supply base evaluation not required, because only certified or controlled FSC feedstock is used for SBP-compliant and SBP-controlled 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

Peer review of the report on the supply base was not conducted this year.

11.2 Public or additional reviews

For stakeholders, a report on the resource base is available on the company's website - <http://vfdc.ru/uploads/dokumenty/raskrytie/supply-base-report-template-for-biomass-producers.pdf>. Any comments can be sent to Tatiana Kolosovskaya on kolosovskaya@vlk.ru

12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:	Tatiana Vladimirovna Kolosovskaya 	Certification Manager	01/09/2017
	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:	Larisa Nikolayevna Aleksandrova 	Commercial Director	01/09/2017
	Name	Title	Date
Report approved by:	[name]	[title]	[date]
	Name	Title	Date
Report approved by:	[name]	[title]	[date]
	Name	Title	Date

13 Updates

13.1 Significant changes in the Supply Base

The supply base has been significantly expanded compared to the previous reporting period due to the inclusion of Controlled Feedstock in the scope of the SBP certificate. At present, the supply base includes 7 regions of Russia.

13.2 Effectiveness of previous mitigation measures

Not applicable

13.3 New risk ratings and mitigation measures

Not applicable

13.4 Actual figures for feedstock over the previous 12 months

258907,81 m³

13.5 Projected figures for feedstock over the next 12 months

840000 m³