



Supply Base Report: SPLG LTD

First Surveillance Audit

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Completed in accordance with the Supply Base Report Template Version 1.3

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: Limited Liability Company “Plant for the Production of Granulation

Producer location: Legal address: Russian Federation, St. Petersburg, Pargolovo, 93, Leningradskaya Str. The address of the production: 3 Avtomobilistov str., Tikhvin, Leningrad region, Russian Federation ; The address of the production: 3 Avtomobilistov str., Tikhvin, Leningrad region, Russian Federation

Geographic position: 59.620612, 33.525881

Primary contact: Andrey Viktorovich Martynenko (tel. +79119220635)

Company website: www.tikhvinpellets.com

Date report finalised: 11/Dec/2020

Close of last CB audit: 12/Dec/2020

Name of CB: NEPCon

Translations from English: Yes, into Russian

SBP Standard(s) used: Standard 2: Verification of SBP- related raw materials, ver. 1-0 March 2015;
Standard 4: Supply Chain, Rev. 1-0 March 2015;
Standard 5: Data collection and transmission, ver. 1-0 March 2015.

Weblink to Standard(s) used: <https://sbp-cert.org/documents/standards-documents/standards>

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 total area of the Russian Federation land on which forests are located, according to the State Forest Register (SFR) as of 01.01.2018, amounted to 1,184,450.5 thousand ha, including the area of forest fund land of 1,147,037.50 thousand ha. The entire Forest Fund is the state property. A small percentage of forests exist outside the forest fund and include urban forests, forests managed by the Ministry of Defense, forests of specially protected areas and former forests of rural municipalities (source: <https://gosdoklad-ecology.ru/2017/biologicheskoe-raznoobrazie/lesnye-resursy/section.pdf>).

The operation of the estimated cutting area throughout the country does not exceed 35%. However, the percentage of inaccessible forests is high, as the country's infrastructure is underdeveloped. Most of the forest areas are in fact inaccessible.

Legal entities receive forest land for rent and short-term use. Rent is used most often. The rental period varies from 10 to 49 years. The rental agreement and the contract of sale of forest stands are concluded at auctions. By law, forestry companies are required to ensure the conservation, protection and restoration of forests.

In accordance with the Forest Code of the Russian Federation, each company renting a forest plot should:

- draw up a forest management project
- submit an annual report on the use, conservation, protection and restoration of forests.

Reforestation in rented forest areas is planned and carried out by forest users at their own expense, in accordance with forest development projects. When harvesting wood, species listed in the Red Book, as well as their habitats are subject to conservation. Felling of valuable, endangered and specially protected tree species is prohibited by law.

The Russian woodworking industry (including forestry, timber harvesting and processing) plays an important role in the country's economy. There are about 60,000 large, medium and small enterprises operating in the forestry industry, which employ approximately 1 million people.

The area of FSC-certified forests in Russia is about 40 million hectares (30% of the total number of forests that are leased). Russia ranks second after Canada by the area of certified forests. The first FSC certificates in Russia were issued over ten years ago.

Resource base of LLC "SPLG"

Novgorod region

The total forest area of the Novgorod region as of 01.01.2018 was 4127138 ha. The executive authority of the constituent entity of the Russian Federation in the field of forest relations in the Novgorod region is the Committee for Forestry and Forest Industry of the Novgorod Region. It is responsible for forests located on the lands of the forest fund – 4127138 ha including:

forest fund lands - 3920166 ha;
lands of specially protected natural territories - 196031 ha;
land of defense and security - 10941 ha

The Novgorod region completely included the territory of 23 forestries. Forestries are divided into precinct forestries (145 precinct forestries): Batetsky district (118396 ha), Borovichi district (212476 ha), Valdai district (99236 ha), Volotovskiy district (57090 ha), Demyansky district (205095 ha), Krestetsky district (239414 ha), Lyubytinsky district (131809 ha), Malovyshevskiy district (302208 ha), Marevskiy district (151007 ha), Moshenskiy district (176656 ha), Nebolchskiy district (265582 ha), Novgorod district (143041 ha), Novoselitskiy experimental forestry (121207 ha), Okulovskiy district (182959 ha), Parfinskiy District (113601 ha), Pestovskiy District (149992 ha), Poddorskoy District (240670 ha), Soletskiy District (79094 ha), Starorusskiy District (184528 ha), Khvoyninskiy District (262888 ha), Kholmokskiy area (174,240 ha), Chudovskiy area (182829 ha), Shimskiy district (118 186 ha).

In general, the forests of the Novgorod region are fairly evenly distributed across forest areas: 49.8% of the total forest area are located in the south taiga region of the European part of the Russian Federation, 50.2% are located on the forest fund lands in the coniferous-deciduous forests of the European part of the Russian Federation.

In accordance with the Forest Code of the Russian Federation, forests for their intended purpose are divided into protective, operational and reserve.

Forests located on the lands of the forest fund of the Novgorod region, for their intended purpose are divided into protective and operational. There are no reserve forests in the Novgorod region. Forests located on lands of other categories, according to their functions, can also belong to protective forests.

Protective forests include forests that are to be developed in order to preserve the environment-forming, water-protective, protective, sanitary-hygienic, health and other useful functions of forests with the simultaneous use of forests, provided that this use is compatible with the intended purpose of the protective forests and the useful functions performed by them. These forests occupy 21.4% of the total forest area of the region.

Production forests include forests that are to be developed in order to ensure sustainable, maximum efficient production of high-quality wood and other forest resources, products of their processing, while ensuring the conservation of the useful functions of forests. These forests occupy 64.6% of the total forest area of the region.

The climate of the Novgorod region is temperate continental, close to the sea. Precipitation is 200-500 mm more than it can evaporate. Their annual number ranges from 540-750 mm. Maximum precipitation occurs in the summer (38%), slightly less in the fall (27%).

Leningrad region

The total forest area of the Leningrad Region as of 01.01.2018 is 4726.3 thousand hectares of its total land area. The executive authority of a constituent entity of the Russian Federation in the field of forestry relations in the Leningrad Region is the Committee for Natural Resources of the Leningrad Region. It is in charge of forests located on the lands of the "Forest fund" - 4553.6 thousand hectares of the total forest area of the region.

<https://nature.lenobl.ru/media/docs/15987/Лесной%20план%20Ленинградской%20области.pdf>

Out of the total area of the Forest fund of the Leningrad region (5680.7 thousand hectares), the lands covered with forest vegetation occupy 4553.6 thousand hectares, or 80% of the Forest fund lands. Non-forest land occupies 17.7% (954 thousand ha) of the total Forest fund lands.

The forests of the Leningrad Region belong to the taiga forest-growing zone, two forest regions:

- Baltic-Belozersky forest region of the taiga zone of the European part of the Russian Federation, comprising the following municipal districts: Boksitogorsky, Volosovsky, Volkhovskiy, Vsevolozhskiy, Vyborgskiy, Gatchinskoy, Kirovskiy, Lodeynopolskiy, Lomonosovskiy, Podporozhskiy, Priozerskiy, Tikhvinskoy, Tosnenskoy;

- South-taiga forest region of the European part of the Russian Federation, comprising the following municipal districts: Kingiseppsky, Kirishsky, Luga, Slantsevsky

On the lands of the Forest fund of the Leningrad region there are 19 forestries with 277 district forestries that are under the jurisdiction of the natural resources of the Leningrad region. The forestries are the branches of the Leningrad Regional State Treasury Institution "Forest Management of the Leningrad Region", which is in charge of the natural resources of the Leningrad Region.

All forests and lands provided for forestry, regardless of the departmental affiliation of the subjects conducting forestry, constitute the Forest fund of the Leningrad region, which is an integral part of the Forest fund of the Russian Federation. The Forest fund in the Leningrad region is represented by forests of the first group with the allocation of protection categories in them and forests of the second group.

Protective forests include forests that are subject to development in order to preserve the environment-forming, water-protective, protective, sanitary-hygienic, health-improving and other useful functions of forests with the simultaneous use of forests, provided that this use is compatible with the intended purpose of the protective forests and the useful functions they perform. Protective forests in the region occupy 3005.4 thousand hectares.

Production forests are forests that are subject to development for sustainable, maximum efficient production of high-quality wood and other forest resources, products of their processing, while ensuring the preservation of the useful functions of forests. Production forests occupy 3033.7 thousand hectares.

There are no reserve forests on the territory of the Leningrad Region.

In general, the resource base has a sharply continental climate. The maximum temperature in summer can rise up to +30 ° C, in winter in some northern regions the temperature on the thermometer can be below -30 ° C.

Own review program.

CITES or IUCN plant species are not found on the territory of the resource base of LLC "SPLG"

All the raw materials for the production of fuel pellets, goes to pellet production as waste from the production of sawmills and woodworking, producing the main products - building parts from wood.

Raw materials for the production of fuel granules, guided by the FSC nomenclature, comes with the following statements and in the following proportions:

- FSC 100% (we consider it as SBP - compliant feedstock);

All material for the production of fuel granules can be classified as secondary feedstock (residues of the wood processing industry).

Three suppliers of certified raw materials were used in the reporting period.

A very small proportion of wood in the resource base is processed into fuel pellets.

The main forest-forming species are the average ratio of species (according to our procurement study):

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

Fuel granules of LLC "SPLG" are used as environmentally friendly and safe biofuels, which will allow:

- increase energy efficiency of objects using pellets;

- reduce greenhouse gas emissions into the atmosphere.

Wood pellet production capacity: 30 thousand tons per year.

In terms of production of fuel pellets, our company is in the top ten of the regional list.

2.2 Actions taken to promote certification amongst feedstock supplier

Raw materials sourced from FSC certified suppliers have been used to produce SBP-compliant pellets.

A fundamental factor in the operation of the company is compliance with the requirements of the national FSC standard .

LLC “SPLG” carries out serious work to confirm the legality of wood. For the production of SBP-certified pellets, LLC “SPLG” uses only FSC certified raw materials. When raw materials are delivered to the plant by certified suppliers, the company periodically checks suppliers using the database of the FSC certified suppliers.

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

2.3 Final harvest sampling programme

Provide a description of the process and results from the sampling programme undertaken to determine the proportion of final fellings which ends up in biomass compared to other end uses. This is only applicable for final fellings (not thinnings) from stands with an expected rotation length of more than 40 years.

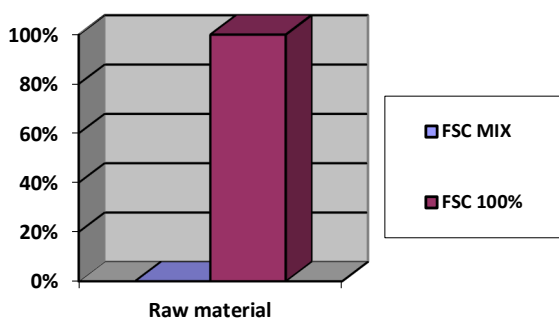
2.4 Flow diagram of feedstock inputs showing feedstock type [optional]

For the production of fuel pellets, LLC “SPLG” uses sawdust, felling residues and sawmill residues, bark and sawmill residues, defective pellets for heating dryer drums with statements FSC 100% obtained from conifers (based on data on processing at the plant):

Total amount of raw materials: 711 m³ (felling residues), 5073 tonnes (defective pellets), 84 dense m³ (sawdust)

- *Pinus silvestris*,
- *Picea abies*
- *Larix sibirica*- expects

Step	Description of product flow and control points
1	Raw material delivery FSC 100%
2	Production of fuel pellets from (dry) sawmill residues LLC "SPLG" (Verified during FSC audits)
3	Vehicles to St. Petersburg. (Verified during FSC audits)



2.5 Quantification of the Supply Base

Supply Base

- Total Supply Base area (ha): 8646466 ha
- Tenure by type (ha): 100% state property of the Russian Federation
- Forest by type (ha): 100% Boreal
- Forest by management type (ha): managed natural
- Certified forest by scheme (ha): 3448479 ha

Feedstock

- Total volume of Feedstock: 711 m³ (felling residues), 5073 tonnes (defective pellets), 84 dense m³ (sawdust)
- Volume of primary feedstock: not available
- List percentage of primary feedstock (g), by the following categories. - percentages may be shown in a banding between XX% to YY% if a compelling justification is provided*. Subdivide by SBP-approved Forest Management Schemes:

- Certified to an SBP-approved Forest Management Scheme - not available
 - Not certified to an SBP-approved Forest Management Scheme - not available
- i. List all species in primary feedstock, including scientific name
- Pinus silvestris*,
- Pice asilvestris*
- 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 - not applicable
 - Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme - not applicable
- l. Volume of secondary feedstock: 711 m³ (felling residues), 5073 tonnes (defective pellets), 84 dense m³ (sawdust)
- m. Volume of tertiary feedstock: not applicable

3 Requirement for a Supply Base Evaluation

SBE completed	SBE not completed
☐	☒

Due to the fact that FSC certified wood is used for the production of SBP pellets. This means that 100% of all pellet production will have the FSC MIX statement of X%. Resource base assessment not required.

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

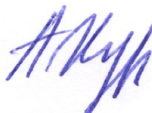
11.1 Peer review

Not applicable.

11.2 Public or additional reviews

Not applicable.

12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:	Andrey Viktorovich Martynenko	Standardization engineer 	[30/10/2020]
	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:	Anton Vladimirovich Zhuravsky	General Director 	[30/10/2020]
	Name	Title	Date

13 Updates

13.1 Significant changes in the Supply Base

The resource base includes the Leningrad region.

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

711 m³ (felling residues), 5073 tonnes (defective pellets), 84 dense m³ (sawdust)

13.5 Projected figures for feedstock over the next 12 months

5000 m³ (felling residues), 5000 tonnes (defective pellets)