



Supply Base Report: TechnoArs LLC

Third Surveillance Audit

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Completed in accordance with the Supply Base Report Template Version 1.4

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: TechnoArs LLC

Producer address: Sovetskaya str., 114, 171720 Vesnyegonsk, Tver region, Russia

SBP Certificate Code: SBP-01-83

Geographic position: 58.649756, 37.242811

Primary contact: Olga Kondratyeva, +7 4826 421 132 or +7 9157 064 819, ooolaguna@inbox.ru

Company website: N/A

Date report finalised: 30 Mar 2022

Close of last CB audit: 01 Apr 2022

Name of CB: NEPCon OÜ

SBP Standard(s) used: SBP Standard 2: Verification of SBP-compliant Feedstock, SBP Standard 4: Chain of Custody, SBP Standard 5: Collection and Communication of Data Instruction, Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.5

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

SBP Endorsed Regional Risk Assessment: Not applicable

Weblink to SBR on Company website: N/A

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

2 Description of the Supply Base

2.1 General description

Feedstock types: Secondary

Includes Supply Base evaluation (SBE): No

Feedstock origin (countries): Russia

2.2 Description of countries included in the Supply Base

Country:Russia

Area/Region: Tver region

Exclusions: Yes

The supply base of LLC "TechnoArs" consists of 3 lease areas with a total area of 91290 ha in the Krasnokholmsky forest district of the Tver region of the Russian Federation. The tenant of these lease areas and the only supplier of feedstock for pellet production is Laguna LLC. The feedstock for the production of pellets are the sawmill residues of Laguna LLC – sawdust and wood chips. The second reporting period is 12 months from 01/01/2021 to 31/12/2021.

The Tver region is one of the twenty most forested regions of Russia. 55% of the region's territory is covered with forests. The area of forest fund lands in the Tver region is 4874.5 thousand hectares. The total timber stock is 738.8 million cubic meters.

Forest area in different parts is not the same. The north-western and northern regions are the most aforested areas. A strongly deforested area occupies the eastern part of the region, where only about 10% of the area is covered with forests. Even more deforested area is the southern one.

The distribution of different forest types across the region is very uneven, which is due to various natural conditions and economic activities. Most of the region's territory lies in the zone of mixed forests. Supply base is in the north of Tver region and belong to the South-taiga forests zone, the region of the South-taiga forests of the European part of Russian Federation.

In accordance with the economic, ecological and social significance, the forests of the Tver region are classified as protective (40%) and exploitation forests (60%). Area distribution by species is: 43% of the area - coniferous species, 57% - deciduous species.

Over the past few years, the Tver region is actively developing forest lease relations. Forest sites are transferred by the state to lease loggers for up to 49 years. 60% of forests are leased out, the rest remain in state ownership. There are more than 450 forest lease contracts in the region. 99% of the leased areas are handed over for logging.

The main use types of forests are: logging; construction, reconstruction, operation of linear objects; implementation of recreational activities; performance of works on geological study of subsoil, development of mineral deposits.

The annual timber harvest in the region is about 4.5 million cubic meters. At the same time, logging volumes make up only 50% of the annual allowable cut, which ensures the sustainable use of forests.

Logging in Laguna LLC in the reporting period (from January 1, 2021 to December 31, 2021) was performed at 1099,70 hectares, of which 72% are clear cuts, 0% - are sanitary clear cuts and 28% - are selective cuttings. The maximum cutting area is 34 hectares. The average size of clear-cut area during the reporting period was 5,14 hectares.

On forest areas leased for logging, reforestation and maintenance is carried out by tenants of these forest areas.

The main element of forest reproduction is artificial reforestation, which is carried out by planting seedlings on clear cuts and other non-forested areas. In the Tver region, over 60% of the total reforestation is carried out by the establishment of planted forest, less than 40% - by the promotion of natural regeneration.

There are 5 permanent forest nurseries in the Tver region for growing a standard softwood seedlings. Laguna have established own forest nursery for over 1 mln seedlings per year.

Protection of forests is carried out by public authorities, local authorities within their authority. In the Tver region, a multi-level system for protecting forests from fires has been formed. It includes the implementation of fire safety measures in forests and extinguishing fires in forests.

Timber industry complex of the Tver region is well diversified and is represented almost in all directions - from logging to production of deep wood processing products. Wood processing prevails over the export of roundwood in the region. Main wood consumers are: LVL-production, OSB-production, furniture production, housing construction. There are more than 10 wood pellets producers in the region. TechnoArs LLC takes 6th place in the region with a capacity of 6 thousand tons per year. However, the amount of wood ended up in biomass production is negligible and is not more than 5%.

The forest sector of the Tver region is a significant part of the region's economy. Compared with other economy sectors, the forest sector is profitable and does not require state subsidies.

An increase in production in January-December 2021 is noted at enterprises of 15 classes of manufacturing industries out of 23 in Tver region. The highest industrial production index growth rate is observed in the "Wood processing and production of wood and cork products, except for furniture, production of products from straw and materials for weaving" - 129.6%; "Production of furniture" - 114.9%, among others.

The socio-economic function of local forest concession holders includes the allocation of 2% of annual allowable cut of coniferous species and 4% of broadleaved species to the region's population to be used for their own construction and heating needs.

The socio-economic function of TechnoArs LLC is significant for Vesjegonsk town, where the pellet plants and its supplier Laguna LLC sawmill are located.

CITES and IUCN tree species are not found within the supply base.

The composition of the resource base according to taxation materials of 2012 is as follows: lease plot №47 (with an area of 6445 ha): 4 Birch 2 Spruce 2 Gray Alder 1 Aspen 1 Pine + Willow, lease plot №18 (with an area of 9916 ha): 4 Spruce, 1 Pine, 2 Birch 1 Gray Alder 1 Aspen; lease plot №6 (with an area of 74929 ha): 5 Pine 1 Spruce 4 Birch + Aspen, Gray alder, Black alder, Larch, Willow. However, for sawing LLC "Laguna" uses only Norway spruce (*Picea abies*) and Scots pine (*Pinus sylvestris*). These sawmill residues are used as feedstock for the pellet production of TechnoArs LLC.

The only supplier of raw materials for LLC TechnoArs - Laguna LLC has passed forest management certification and FSC CoC certification and obtained certificates NC-FM/COC-026210 и NC-COC-026210.

All feedstock supplied for production and heat generation to TechnoArs LLC is 100% SBP-compliant secondary feedstock supplied by Laguna LLC. Species composition - 95% Norway spruce (*Picea abies*) and 5% of Scots pine (*Pinus sylvestris*).

2.3 Actions taken to promote certification amongst feedstock supplier

The only supplier of feedstock - Laguna LLC - was assessed for compliance with FSC forest management standards and FSC chain of custody.

2.4 Quantification of the Supply Base

Supply Base

- a. Total Supply Base area (million ha): 0,09
- b. Tenure by type (million ha):0.09 (Public)
- c. Forest by type (million ha):0.09 (Boreal)
- d. Forest by management type (million ha):0.09 (Managed natural)
- e. Certified forest by scheme (million ha):0.09 (FSC)

Describe the harvesting type which best describes how your material is sourced: Clearcutting

Explanation: In the supply base 72% are clear cuts and 28% - are selective cuttings. The maximum cutting area is 34 hectares. The average size of clear-cut area during the reporting period was 5,14 hectares. Harvesting is done by cut-to-length method using harvesters and forwarders.

Was the forest in the Supply Base managed for a purpose other than for energy markets? Yes - Majority

Explanation: The main purpose of the harvesting is sawn timber production. Biomass is produced out of sawmill residues.

For the forests in the Supply Base, is there an intention to retain, restock or encourage natural regeneration within 5 years of felling? Yes - Majority

Explanation: Natural regeneration is supported for more than 30% of the area and artificial regeneration is done at less than 70% of the reforestation territory. According to the legislation, obligation of the forest tenants is to ensure regeneration within 5 years after harvesting.

Was the feedstock used in the biomass removed from a forest as part of a pest/disease control measure or a salvage operation? No

Explanation: No sanitary harvesting was done by the feedstock supplier Laguna LLC.

Feedstock

Reporting period from: 01 Jan 2021

Reporting period to: 31 Dec 2021

- a. **Total volume of Feedstock:** 1-200,000 m3
- b. **Volume of primary feedstock:** 0 N/A
- c. **List percentage of primary feedstock, by the following categories.**
- Certified to an SBP-approved Forest Management Scheme: N/A
 - Not certified to an SBP-approved Forest Management Scheme: N/A
- d. **List of all the species in primary feedstock, including scientific name:** N/A
- e. **Is any of the feedstock used likely to have come from protected or threatened species?** N/A
- Name of species: N/A
 - Biomass proportion, by weight, that is likely to be composed of that species (%): N/A
- f. **Hardwood (i.e. broadleaf trees): specify proportion of biomass from (%):** N/A
- g. **Softwood (i.e. coniferous trees): specify proportion of biomass from (%):** N/A
- h. **Proportion of biomass composed of or derived from saw logs (%):** N/A
- i. **Specify the local regulations or industry standards that define saw logs:** N/A
- j. **Roundwood from final fellings from forests with > 40 yr rotation times - Average % volume of fellings delivered to BP (%):** N/A
- k. **Volume of primary feedstock from primary forest:** N/A N/A
- l. **List percentage of primary feedstock from primary forest, by the following categories. Subdivide by SBP-approved Forest Management Schemes:**
- Primary feedstock from primary forest certified to an SBP-approved Forest Management Scheme: N/A
 - Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme: N/A
- m. **Volume of secondary feedstock:** 1-200,000 m3
- Physical form of the feedstock: Chips, Sawdust
- n. **Volume of tertiary feedstock:** 0 N/A
- Physical form of the feedstock: N/A

Proportion of feedstock sourced per type of claim during the reporting period				
Feedstock type	Sourced by using Supply Base Evaluation (SBE) %	FSC %	PEFC %	SFI %
Primary	0,00	0,00	0,00	0,00
Secondary	0,00	100,00	0,00	0,00
Tertiary	0,00	0,00	0,00	0,00
Other	0,00	0,00	0,00	0,00

3 Requirement for a Supply Base Evaluation

Is Supply Base Evaluation (SBE) is completed? No

N/A

4 Supply Base Evaluation

4.1 Scope

Feedstock types included in SBE: N/A

SBP-endorsed Regional Risk Assessments used: Not applicable

List of countries and regions included in the SBE:

Country: N/A

Indicator with specified risk in the risk assessment used:
N/A

Specific risk description:

4.2 Justification

N/A

4.3 Results of risk assessment and Supplier Verification Programme

N/A

4.4 Conclusion

N/A

5 Supply Base Evaluation process

N/A

6 Stakeholder consultation

N/A

6.1 Response to stakeholder comments

N/A

7 Mitigation measures

7.1 Mitigation measures

N/A

7.2 Monitoring and outcomes

N/A

8 Detailed findings for indicators

Detailed findings for each Indicator are given in Annex 1 in case the Regional Risk Assessment (RRA) is not used.

Is RRA used? N/A

9 Review of report

9.1 Peer review

N/A

9.2 Public or additional reviews

N/A

10 Approval of report

Approval of Supply Base Report by senior management			
Report Prepared by:	Olga Kondratyeva	SBP manager	30 Mar 2022
	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:	Igor Brylev	director	30 Mar 2022
	Name	Title	Date

Annex 1: Detailed findings for Supply Base Evaluation indicators

N/A