

Supply Base Report: GRANTOP-EXPORT LLC

www.sbp-cert.org



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

On the first page include the following information:

Producer name: GRANTOP-EXPORT, limited liability company
 Producer location: Russia, Vologda region, Belozersk, Galanicheva, 19
 Geographic position: 60°1'45"N 37°49'2"E
 Primary contact: Alexey Zenkov, Russia, Vologda, Maltseva st., 52, office 515a;
 Email: zenkoval-2007@yandex.ru; тел.: +79218240008
 Company website: www.bio-teplo.com
 Date report finalised: 14.03.2019
 Close of last CB audit: 15.03.2019
 Name of CB: NEPCon
 Translations from English: Yes
 SBP Standard(s) used: Standard 2, 4 and 5 (Version 1.0: published 26 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
X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2 Description of the Supply Base

2.1 General description

LLC "GRANTOR-EXPORT" buys raw materials a single supplier, LLC "Belozerskles", which owns the FSC certificate. The supplier, in turn, buys raw materials (only certified) from the Vologda region, Belozersky, Vashkinsky, Babayevsky district. Forest resources of the Vologda region occupy an area of 11.7 million hectares, which is 81% of the territory, including 9.9 million hectares of forest covered area. There are lands of specially protected natural areas in the region – 121.2 thousand hectares.

The lands of the forest fund of the Vologda region are distributed for protective and operational purposes. The area of protective forests 1781,2 thousand ha (15.5% of total area), commercial forest - 9692,1 thousand ha (84,5 %).

The total volume of standing stock in the region is 1614.9 million m³, including the stock of mature and overmature – 1074.6 million m³.

In accordance with Russian legislation all forest lands are state owned. Legal entities can use forest areas in lease and short-term use. Lease relations are the dominant legal form of forest use. The lease term may continue from 10 to 49 years.

Entering into the lease agreement of forest lands or sale contracts of forest plantations is carried out at the auction for selling the right to enter into such agreements. Forest areas for a lease must pass a state cadastral registration. According to the Forestry Code of the Russian Federation every forest user taking a lease forest land is obliged:

- to implement measures on forest conservation, protection and regeneration,
- to provide annual forest declaration,
- to issue a forest exploitation project,
- to provide a report on the forests use, their conservation, protection and regeneration.

High quality reproduction of forest resources and protective forestation is a prerequisite for forest management. All reforestation activities within leased forest areas are planned and carried out by forest users at their own expense in accordance with the forest exploitation projects.

Currently, there are 1442 companies in the forest complex of the Vologda region. In the forestry complex of the Northwest Federal district the share of the Vologda region is 18.2% in the manufacture of lumber, and 28,9% of veneer mills, 32.9 % – of chipboards and 41.1% - of fibreboard.

Forest certification is an effective tool for combating illegal wood harvesting and wood trade. The system of FSC (Forest Stewardship Council) certification is widely used in Russia. Certified forests area in Russia is about 40 mln. ha, or 30% of the total number of leased forests. The total area of the certified forest Fund in the Vologda region is more than 2.4 million hectares. The dynamics of forest certification in Russia shows the ever-increasing activity of wood companies which indicates the responsibility to ensure the legality of wood harvested and compliance with environmental and other requirements.

The supply base of

“GRANTOP-EXPORT” LLC

The supply base of “GRANTOP-EXPORT” LLC is the total area of forest land of Vologda region on the whole. The total area of the supply base is 9,9 mln. ha.

Coniferous forests (pine, spruce), which are not included in CITES and international agreements on environment protection, form the most part of the supply base.

Forest management is based on achievement of inexhaustible sustainable use of forest resources according to the requirements of forest laws and forest certification principles, if applicable. Rotation period is 60-120 years. One or two thinnings and clearcut of mature forest with forest regeneration are made during rotation period. Seedlings planting or natural forest regeneration can be used for forest regeneration. Inexhaustible use of forest resources is also implemented. Inexhaustible use of forest resources is based on 15 – 20-year cycle of harvesting with selective harvesting and viable young growth retaining.

According to non-governmental organizations, in the Vologda region there is one separate area of intact forests with a total area of about 95.5 thousand hectares (0.8% of the forest area of the region). This array of intact forests is Kaduysky, Cherepovetsky and Ustyuzhensky district. So in order to minimize the risk of wood of unknown origin in FSC Chain of Custody, “GRANTOP-EXPORT” LLC buys only FSC certified feedstock from FSC certified suppliers.

“GRANTOP-EXPORT” LLC works with one supplier of FSC certified saw-milling waste. If “GRANTOP-EXPORT” LLC ramps up the production volume, it will use only FSC certified saw-milling waste. At the moment “GRANTOP-EXPORT” LLC receives feedstock with FSC 100 % claim. This feedstock refers to the category - SBP-compliant feedstock.

Under current conditions “GRANTOP-EXPORT” LLC has an opportunity to produce pellets with SBP-compliant biomass claim. All supplied resources belong to the category of “SBP-compliant secondary feedstock”.

Proportion of the species of supplied resources is 30% - pine, 70% - spruce.

“GRANTOP-EXPORT” LLC is of a great socio-economic importance in Vologda region. The company is involved in charity events, provides financial support for sociocultural objects and organisations, sport organisations (rural settlements, schools, museums, churches, veterans’ communities).

Forest industry in Russia is one of the leading industries speaking from the perspective of working population involved and the volume of tax deductions to all budget levels.

2.2 Final harvest sampling programme

“GRANTOP-EXPORT” LLC uses only FSC certified feedstock for production of FSC certified pellets. “GRANTOP-EXPORT” LLC buys FSC certified feedstock for higher price and it can encourage potential suppliers to gain FSC certification.

“GRANTOP-EXPORT” LLC hopes that this mutually beneficial and long-term cooperation with certified feedstock suppliers will become a good example of product promotion and sustainable forest use according to FSC principles for other companies.

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

Not applicable, as saw-milling waste is used..

2.4 Quantification of the Supply Base

Supply Base

- a. Total Supply Base area (ha): 9,9 mln. ha
- b. Tenure by type (ha): 9,9 mln. ha public owned by the Russian Federation
- c. Forest by type (ha): 9,9 mln. ha boreal
- d. Forest by management type (ha): 9,9 mln. ha managed natural
- e. Certified forest by scheme (ha): 2,4 mln. hectares of FSC-certified forest

Feedstock

- f. Total volume of Feedstock: 50000 m3 (expected)
- g. Volume of primary feedstock: 0 m³
- 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 – 0%
 - Not certified to an SBP-approved Forest Management Scheme – 0%

Not applicable. Only secondary feedstock (with claims FSC 100%) is 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 – 0%
 - Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme – 0%

Not applicable. Primary feedstock from primary forest is not used.

- l. Volume of secondary feedstock: specify origin and type: 50000 m3 (expected)
- m. Volume of tertiary feedstock: Not applicable (0 m3).

3 Requirement for a Supply Base Evaluation

SBE completed	SBE not completed
<input type="checkbox"/>	X

100% of all pellet production has FSC 100 % claim, so SBE was 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

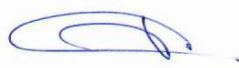
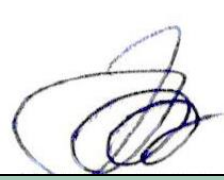
11.1 Peer review

Since this is the third SBP certificate for our company, we considered it unnecessary to conduct an independent expert evaluation of the resource base report.

11.2 Public or additional reviews

Supply base report of “GRANTOP-EXPORT” LLC will be available on the website www.bio-teplo.com. All questions and remarks, if any, can be to e-mail: zenkoval-2007@yandex.ru.

12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:			14/03/2019
	Zenkov A.G.	SBP Responsible	Date
<p>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.</p>			
Report approved by:			14/03/2019
	Zenkova S.E.	Director	Date

13 Updates

Not applicable.

13.1 Significant changes in the Supply Base

Not applicable.

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

Not applicable (pellet production will be launched in March 2019).

13.5 Projected figures for feedstock over the next 12 months

50000 m3