



Supply Base Report: GRANTOP-EXPORT LLC (Branch 2)

Main (Initial) Audit

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The promise of good biomass



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

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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: Northwest

Exclusions: No

LLC "GRANTOR-EXPORT" buys raw materials a single supplier, 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 (ForestStewardshipCouncil) 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 9,9mln. 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 FSC100 % claim. This feedstock refers to the category - SBP-compliant feedstock.

Less than 1% of harvested wood is processed into a biofuel in Vologda Region results from reports for the calendar year 2019.

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.

2.3 Actions taken to promote certification amongst feedstock supplier

“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

2.4 Quantification of the Supply Base

Supply Base

- a. **Total Supply Base area (million ha):** 9,90
- b. **Tenure by type (million ha):**9.90 (Public)
- c. **Forest by type (million ha):**9.90 (Boreal)
- d. **Forest by management type (million ha):**9.90 (Managed natural)
- e. **Certified forest by scheme (million ha):**2.40 (FSC)

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

Explanation: Within the supply base, forest management practices are based on the achievement of renewable sustainable forest management in accordance with the requirements of forest legislation and the principles of forest certification. The rotation period is 60-120 years. Only clear cuts are used as a method of wood harvesting. The maximum area of clear cuts is limited by 50 ha. Harvesting of forest products was carried out using multifunctional equipment (harvester + forwarder)

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

Explanation: Timber harvesting is carried out in order to obtain valuable wood for its further processing at factories and to obtain lumber. Waste from sawmilling is used for bioenergy.

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: In accordance with the legislation of the Russian Federation, all lands of the forest fund are in state ownership. Legal entities receive forest plots for use for a period of 10 to 49 years on loan (with the possibility of their prolongation). Long-term rental relations are the dominant legal form for obtaining the right to harvest timber on stem. The conclusion of lease agreements for forest plots or purchase and sale agreements for forest stands is carried out at auctions for the sale of the right to conclude such agreements. Land leased, must pass a state cadastral registration. The Forest Code of the Russian Federation obliges each tenant to develop a forest development project for 10 years (based on taxation and forest

management), implement measures for the conservation, protection and reproduction of forests, and each year submit a forest declaration containing a report on the implemented measures and logging volumes. Reforestation can be done with planting seedlings or the promotion of natural regeneration. Ensuring high-quality reproduction of forest resources and protective afforestation is a prerequisite for the use of forests. For this purpose, the Forest Management plan is being developed, the activities in which are aimed at improving the silvicultural characteristics of the forest area, the implementation of continuous and sustainable forest management. All areas after harvesting must be restored within two years.

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: Sawdust obtained from sawing is used for the production of pellets. When obtaining the timber products for the production of lumber, our single supplier does not purchase timber products harvested from sanitary logging.

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: 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:

N/A

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:	Alexey Zenkov	SBP Responsible	31 Jan 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:	Zenkova S.E.	Director	31 Jan 2022
	Name	Title	Date

Annex 1: Detailed findings for Supply Base Evaluation indicators

N/A