



Supply Base Report: Harovsklesprom 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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Contents

- 1 Overview**
 - 2 Description of the Supply Base**
 - 2.1 General description
 - 2.2 Description of countries included in the Supply Base
 - 2.3 Actions taken to promote certification amongst feedstock supplier
 - 2.4 Quantification of the Supply Base
 - 3 Requirement for a Supply Base Evaluation**
 - 4 Supply Base Evaluation**
 - 4.1 Scope
 - 4.2 Justification
 - 4.3 Results of risk assessment and Supplier Verification Programme
 - 4.4 Conclusion
 - 5 Supply Base Evaluation process**
 - 6 Stakeholder consultation**
 - 6.1 Response to stakeholder comments
 - 7 Mitigation measures**
 - 7.1 Mitigation measures
 - 7.2 Monitoring and outcomes
 - 8 Detailed findings for indicators**
 - 9 Review of report**
 - 9.1 Peer review
 - 9.2 Public or additional reviews
 - 10 Approval of report**
- Annex 1: Detailed findings for Supply Base Evaluation indicators**

1 Overview

Producer name: Harovsklesprom LLC

Producer address: 25, Krasnoye Znamya str., 162251 Harovsk, Vologda region, Russia

SBP Certificate Code: SBP-07-12

Geographic position: 59.969894, 40.194125

Primary contact: Natalya Khoroshun, +7 8172 597720,n.khoroshun@volwood.ru

Company website: www.volwood.ru

Date report finalised: 07 Dec 2021

Close of last CB audit: 21 Dec 2021

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
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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: The Vologda, the Arkhangelsk, the Yaroslavl, the Nizhegorod, and the Kostroma region, the Komi Republic

Exclusions: No

The supply base of Harovsklesprom LLC is the forest fund area of the Vologda region, the Komi Republic, the Arkhangelsk region, the Nizhegorod region, the Yaroslavl region and the Kostroma region. In practice, round wood for processing into lumber and production of SBP-certified pellets from sawing residues originates from 6 certified suppliers belonging to the same group of companies as Harovsklesprom LLC, Company Group Vologodskiy Lesopromishlenniki JSC, and 6 certified third-party suppliers, as well as 22 suppliers supplying controlled wood.

FSC certified suppliers supply wood from 58 FSC-certified forest fund leased areas (lease agreements with the regional forest authorities).

22 suppliers supply controlled wood from 60 forest fund leased areas. Since supply contracts change over time, the supply base is defined as the entire forest fund of the specified regions.

About 76% of the wood processed by the company is FSC-certified. For the production of SBP pellets, SBP-compliant secondary feedstock is used, as well as FSC-certified and FSC-controlled bark and dry chips as wood processing residue, are used for heat production.

Harovsklesprom LLC is located in the city of Harovsk, in the Vologda region, in the north-west of the Russian Federation. The main activities are lumbering and lumber production. The company processes about 500 thousand m³ of roundwood per year. For the production of pellets Harovsklesprom LLC uses only sawdust (residue of its own production of lumber).

Harovsklesprom LLC is one of the largest wood processing enterprises in the Vologda region. The company employs over 322 people. However, in comparison with large pulp and paper mills located within the Supply Base, Harovsklesprom LLC is a much smaller woodworking enterprise.

The supply base is partially located in the North-West Federal District of the Russian Federation, in one of the most forested regions of the country. The rest of the supply Base is located in the central region of the country. Officially, the forest territory of the Russian Federation (forest fund) accounts for about 21% of the global stock of wood on stem. The distribution of the main tree species in Russian forests has remained stable over the past decades.

According to forest legislation, Red listed species as well as their habitats, must be preserved when timber is harvested. It is prohibited to cut protected tree species. Prohibited cutting of valuable, endangered and specially protected species of trees. The cedar (Siberian) pine (*Pinus sibirica*), two species of willow (*Salix arbuscula* and *Salix recurvigemmis*), Siberian fir (*Abies sibirica*), Siberian larch (*Larix Sibirica*), black oak (*Quercus robur*), the mountain elm (*Ulmus glabra*) are listed in the Red Book of the Supply Base regions. These tree species are not allowed to be harvested, nor have companies downstream the right to purchase them.

Harovsklesprom LLC uses only the following tree species for the production of pellets:

- Norway spruce (*Picea abies*) - about 76,5%,
- Scotch pine (*Pinus sylvestris*) - about 23,5%.

These species used for pellets production are not subject to the CITES Convention and are not included in the lists of the International Union for Conservation of Nature (IUCN).

The forest industry is one of the leading sectors of the economy in the regions of the supply base. The development of the social sphere (health care, education, culture) largely depends on the success of forestry. In many cases, the presence of a woodworking enterprise is critical for the existence of a whole village or city.

The socio-economic importance of the forest industry in the Northwest is also high. Industry provides employment in rural areas and is important for its well-being.

No more than 10% of the harvested wood falls into the bioenergy sector.

2.3 Actions taken to promote certification amongst feedstock supplier

Harovsklesprom LLC controls non-certified suppliers. To do this, suppliers are required to provide documents on the wood legality. Suppliers understand that this is a great effort. As an alternative - the supplier is invited to receive its own FSC certificate.

2.4 Quantification of the Supply Base

Supply Base

- a. **Total Supply Base area (million ha):** 15,67
- b. **Tenure by type (million ha):**15.67 (Public)
- c. **Forest by type (million ha):**15.67 (Boreal)
- d. **Forest by management type (million ha):**15.67 (Managed natural)
- e. **Certified forest by scheme (million ha):**11.88 (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 purchasing timber products for the production of lumber, LLC "Harovsklesprom" does not purchase timber products harvested from sanitary logging.

Feedstock

Reporting period from: 01 Dec 2020

Reporting period to: 30 Nov 2021

- a. **Total volume of Feedstock:** 0 N/A
- 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 %
Secondary	0,00	100,00	0,00	0,00
Tertiary	0,00	0,00	0,00	0,00
Primary	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:	N. Khoroshun	SBP Certification responsible	07 Dec 2021
	Name	Title	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:	V. Zaharov	Managing director	07 Dec 2021
	Name	Title	Date

Annex 1: Detailed findings for Supply Base Evaluation indicators

N/A