Supply Base Report:

AO Belozersky Lespromkhoz

First Surveillance Audit

www.sbp-cert.org

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

Version 1.0: published 26 March 2015

Version 1.1 published 22 February 2016

Version 1.2 published 23 June 2016

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Version 1.4 published 22 October 2020

Contents

1 Overview

Producer name: AO Belozersky Lespromkhoz

Producer address: Radishcheva str. 48/4, Vologda region 161200 Belozersk Russia

SBP Certificate Code: SBP-07-62

Geographic position: 60.0348, 37.5199

Primary contact: Sergei Rusov, +79517445520,pellet.bellph@cherles.ru

Company website: cherles.ru

Date report finalised: 2021-02-24

Close of last CB audit: 2021-02-26

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 1.3

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

SBP Endorsed Regional Risk Assessment: N/A

Weblink to SBR on Company website: http://cherles.ru/activities/pellety

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: Vologda region

Exclusions: No

AO “Belozersky Lespromkhoz” is a large logging and wood processing enterprise of a full cycle in the Vologda region of the Russian Federation. AO ”Belozersky Lespromkhoz” is part of the holding of Cherepovetsles LHK JSC along with three other enterprises, which are also suppliers of round timber for AO “Belozersky Lespromkhoz”. All holding enterprises holds FSC forest management certification and the FSC group chain of custody certificate. Also, wood with a FSC 100% claim comes from a third-party supplier, a forest lease holder.

Accordingly, the residues received from the sawmill and processed into biomass at the pellet plant are also FSC certified with an FSC 100% claim, or SBP-compliant secondary feedstock. Species composition: 31% - Scots pine (Pinus sylvestris), 69% - European spruce (Picea abies).

The supply base of AO Belozersky Lespromkhoz is the Vologda region of the Russian Federation. Vologda region is one of the leading forest regions of Russia. The total area of the forest fund of the Supply Base is 11,5 million hectares. In protective forests along lakes, swamps and other environmentally sensitive objects, a more strict management regime is applied. The share of mature and overmature forest stands is approximately 3/4 of the timber stock. Softwoods account more than 70%.

Officially, the forest territory of the Russian Federation (forest fund) accounts for 254,7 billion m^3 of the global standing stock of wood, that is, about 21%. The forest fund of Russia is 1 173,9 million ha.

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 plan for 10 years (based on taxation and forest regulation), implement measures for the conservation, protection and reproduction of forests, submit a forest declaration and make addendums to it about the planned way of forest resources use. Once a quarter, tenants are required to submit a forest declaration containing a report on the implemented measures and logging volumes of felling for a calendar year with a cumulative total.

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 81-100 years. Only clear cuts are used as a method of wood harvesting at the maturity stage with subsequent reforestation. Selective felling is also possible. The maximum cutting area is limited to 50 ha at clearcuts. 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. To do this, a Forest Development Project is being developed, the measures in which are aimed at improving the forestry characteristics of the forest area, and the implementation of continuous and sustainable forest management.

The supply base region is located within the taiga forest of Russia.

Region	*Nature zone according to Russian classification*	*Nature zone according to western classification*	*Area of forest fund, mln. ha*
Vologda Region	*Middle taiga, southern taiga*	*Boreal forest*	*11,5*

In the middle taiga, mixed forests of dark coniferous, light coniferous, and small-leaved trees in different combinations are often formed. Norway spruce (Picea abies) and Scots pine (Pinus sylvestris) prevail as coniferous species in the southern taiga. In the southern taiga there is an admixture of hardwood in the second layer.

AO Belozersky Lespromkhoz processes only Skots pine (Pinus sylvestris) and Norway spruce (Picea abies). Woody species listed in the Red Book of the Russian Federation are not harvested or processed. Harvesting of tree species that are on the IUCN and CITES lists is excluded, since the distribution range of these species is outside the Organization's supply base.

The presence of vast forests with a predominance of mature stands of economically valuable species contributed to the rapid development of the logging industry in the region. In terms of its timber potential, the Vologda region is located in one of the leading places in the North-West of Russia. The logging industry is the core industry of the forest industry. The main consumers of wood in the Vologda region are large enterprises of the woodworking industry. In recent years, priority in the transfer of forests for rent has been given to enterprises in which logging is integrated with wood processing.

Within the regions of the supply base, deep wood processing prevails over the export of round timber. The leading areas of processing are the production of lumber, plywood, fiberboard, chipboard, pulp, paper and cardboard production, wooden housing construction. Pellet production accounts for approximately 1% of the total wood processing within the supply base.

In terms of wood processing, AO Belozersky Lespromkhoz is one of the largest enterprises in the Vologda region. However, not all residues are used for the production of pellets. Some of them are used for the construction of forest roads, or burned in their own boiler room.

2.3 Actions taken to promote certification amongst feedstock supplier

All feedstock that is used for pellet production is a residue from sawmilling of roundwood that is purchased only from FSC certified suppliers.

2.4 Quantification of the Supply Base

Supply Base

a. **Total Supply Base area (million ha)**: 11,50
b. **Tenure by type (million ha):**11.50 (Public)
c. **Forest by type (million ha):**11.50 (Boreal)
d. **Forest by management type (million ha):**11.50 (Managed natural)
e. **Certified forest by scheme (million ha):**4.40 (FSC)

Describe the harvesting type which best describes how your material is sourced: Clearcutting
Explanation: Mostly clearcutting by harvesters is used. Maximum cutting area in this case - 50 ha. Also could be used selective cutting (gradual cuttings) with a maximum area of 100 ha.
Was the forest in the Supply Base managed for a purpose other than for energy markets? Yes - Majority
Explanation: Production forests within the supply base are mostly managed for high value timber harvesting: sawlogs, veneer logs, pulpwood.

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: According to the low and according to the requirements of FSC certification natural regeneration must be encouraged. According to the latest statistics, 83% is natural regeneration, 13% is artificial regeneration and 4% is combined regeneration in the region.

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: N/A

Feedstock

Reporting period from: 2020-02-01

Reporting period to: 2021-01-31

a. **Total volume of Feedstock**: 1-200,000 tonnes
b. **Volume of primary feedstoc**k: 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(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 tonnes
    - 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

4 Supply Base Evaluation

4.1 Scope

Feedstock types included in SBE: N/A

SBP-endorsed Regional Risk Assessments used: N/A

List of countries and regions included in the SBE:

CountryN/A

Indicator with specified risk in the risk assessment usedN/A

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

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:	**Sergey Rusov**	**SBP manager**	**2021-02-24**
	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:	**Konstantin Evgenievich Bolshakov**	**Deputy director on woodworking**	**2021-02-24**
	Name	**Title**	**Date**

Annex 1: Detailed findings for Supply Base Evaluation indicators

N/A