



# Supply Base Report: LLC Fanprom OP Urenskoe

Main (Initial) Audit

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# 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](http://www.sbp-cert.org)*

## *Document history*

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# 1 Overview

Producer name: LLC Fanprom OP Urenskoe

Producer location: Mekhanizatorov str., 45/1, Uren, Nizhny Novgorod region, 606803, Russia

Geographic position: 57.473153, 45.795808

Primary contact: Natalya Viktorovna Melnikova, Ya. Goreva str., 23G, Tonshaevo, Nizhny Novgorod region, 606950, Russia, +79159520356, n.melnikova@starwoodnn.com

Company website: www.starwoodnn.com

Date report finalised: 03/08/2020

Close of last CB audit: 18/08/2020, Uren

Name of CB: NEPCon OU

Translations from English: Yes

SBP Standard(s) used: Standard 2 version 1.0, Standard 4 version 1.0, Standard 5 version 1.0

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 Fanprom is a plywood producer located in Tonshaevo of Nizhniy Novgorod Region. LLC Fanprom launches a separate subdivision for pellets production - LLC Fanprom OP Urenskoe, which is located 95 km from LLC Fanprom in the city of Uren. In a separate subdivision it is planned to produce SBP-compliant biomass from FSC® (license code FSC-C131144) certified primary feedstock - low-grade round wood, and FSC certified secondary feedstock - chipped plywood production residues of LLC Fanprom.

The first reporting period of LLC Fanprom OP Urenskoe is theoretical and it based on project data, since production has not yet started. Round timber with an FSC 100% claim will be delivered to Fanprom LLC from 5 suppliers, from where the sorted low-grade roundwood will be delivered to LLC Fanprom OP Urenskoe. Species composition of incoming feedstock is: Silver birch (*Betula pendula*), Downy birch (*Betula pubescens*) - 100%.

The Supply Base of LLC Fanprom OP Urenskoe is the area of the forest fund of the Nizhniy Novgorod region. 'Forest Fund lands' are one of the official, cadastrally recorded land-use categories in Russia, related to forestry and land-use legislation.

Federal district	Federal regions	Russian category of biomes	Western category of biomes	Forest Fund (mln. ha)	FSC certified (mln. ha)	Volum of annual allowable cut (mln m <sup>3</sup> )	Volume of wood harvested in 2019 (mln m <sup>3</sup> )
Privolzhskiy federal district	Nizhniy Novgorod	Southern taiga	Boreal forest	1,2	0,3	6,5	3,7
		Mixed forests	Temperate forest	2,6			
<b>Total</b>				<b>3,8</b>	<b>0,3</b>	<b>6,5</b>	<b>3,7</b>

In accordance with the legislation of the Russian Federation forest areas are in federal ownership. Suppliers manage forest land on the basis of long-term lease agreements from 10 to 49 years with the possibility of its prolongation. Long-term rental relations are the dominant legal form for obtaining the right to harvest standing stock. 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.

*Ensuring high-quality reproduction of forest resources and protective afforestation is a prerequisite for forest use. All reforestation work on leased forest areas is planned and carried out by forest users at their own expense in accordance with forest managements projects.*

*Nizhniy Novgorod region has mostly forest fund land in it's structure that is a bit less than 50%. The share of mature and overmature forest stands is about 25% of the timber stock in the supply base. Within the Supply Base, the annual allowable cut is not fully developed. Underdeveloped infrastructure does not allow full use of available timber stocks.*

*The adjacent lands of the supply base are mainly represented by forest areas of other tenants and agricultural land. Mostly logging activities and agriculture are carried out in these territories, respectively. In protective forests located along lakes, swamps and other environmentally sensitive objects, a more strict management regime is applied.*

*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. Harvesting is carried out by clearcutting at the stage of maturity, followed by reforestation. It is also possible to carry out sanitary cuttings. The maximum area of clear cuts is limited by 50 ha. Reforestation can be done with planting seedlings (about 55%), the promotion of natural regeneration (38%) or combined regeneration (7%). 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.*

*Forests in the supply base are represented by both coniferous and deciduous stands. The most common wood species in the supply base are Scots pine (*Pinus sylvestris*) and Norway spruce (*Picea abies*), Silver birch (*Betula pendula*), Downy birch (*Betula pubescens*), aspen (*Populus tremula*) and gray alder (*Alnus incana*).*

*The Federal Service for Supervision of Natural Resources of Russia (Rosprirodnadzor) approved the list of animal and plant species that fall under the Convention on International Trade in Endangered Species of wild fauna and flora (CITES). The CITES list became effective from June 12, 2013. In Russia there are four CITES listed timber species: Japanese yew (*Taxus cuspidate*), Manchurian ash (*Fraxinus mandshurica*), Korean pine (*Pinus koraiensis*), and Mongolian oak (*Quercus mongolica*). These tree species, however, are only found in the Asian part of Russia and are not found in the supply base of LLC Fanprom OP Urenskoe.*

*In addition to the protected flora and fauna of CITES, there are national Red Book lists with protected animals and plants. Some of these species are present in the supply base. As for the red-listed tree species, the supply base contains, for example, Siberian larch (*Larix sibirica*) and squat birch (*Betula humilis*).*

*Within the regions of the supply base, deep wood processing prevails over the export of round timber. The leading directions of processing are the production of sawn timber, plywood, wooden housing construction.*

*The forest complex of the Russian Federation, which includes forestry and timber industries for the harvesting and processing of wood, occupies an important place in the country's economy. The development of the social sphere (health, education, culture) largely depends on the success of forestry. In many cases, the presence of a woodworking enterprise is critical for the existence of settlements.*

LLC Fanprom participates in the social life of the district by working with the charitable foundation "Ros". It provides support to veterans and widows of veterans of the Great Patriotic War, schools, kindergartens, cultural objects.

LLC Fanprom is one of the largest taxpayers. The company is included in the list of strategic enterprises that have a significant impact on the region's economy. When hiring the personnel, preference is given to the local population. An employee motivation system has been implemented in the company.

## 2.2 Actions taken to promote certification amongst feedstock supplier

LLC Fanprom informs its suppliers of the importance and necessity of forest management certification according to the FSC system. In the future, priority will be given to FSC certified suppliers.

## 2.3 Final harvest sampling programme

In the theoretical reporting period it is not possible to say what share of the final harvest was used for pellets.

## 2.4 Flow diagram of feedstock inputs showing feedstock type [optional]

## 2.5 Quantification of the Supply Base

### Supply Base

- |   |  |
|---|--|
| a. Total Supply Base area (ha):           | <b>3,8 mln. ha</b>                                       |
| b. Tenure by type (ha):                   | <b>3,8 mln. ha public (lease of state owned forests)</b> |
| c. Forest by type (ha):                   | <b>1,2 mln. ha boreal / 2,6 mln. ha temperate</b>        |
| d. Forest by management type (ha):        | <b>3,8 mln. ha managed natural</b>                       |
| e. Certified forest by scheme (ha): (e.g. | <b>0,3 mln. ha FSC-certified</b>                         |

### Feedstock

- |  |   |
|--|---|
| f. Total volume of Feedstock:  | <b>60760 tonnes.</b>  |
| g. Volume of primary feedstock:  | <b>22399 tonnes.</b>  |
| 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 –  | <b>22399 tonnes.</b>  |
| - Not certified to an SBP-approved Forest Management Scheme -  | <b>0 tonnes.</b>  |
| i. List all species in primary feedstock, including scientific name –  | <b>Silver birch (betula pendula), Downy birch (betula pubescens).</b> |
| j. Volume of primary feedstock from primary forest –   | <b>not applicable.</b>  |
| 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 -  | <b>0 tonnes.</b>  |

- Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme - **0 tonnes.**
- l. Volume of secondary feedstock: **38361 tonnes (veneer production residues).**
- m. Volume of tertiary feedstock: **0 tonnes.**

### 3 Requirement for a Supply Base Evaluation

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

*Supply base evaluation is not required since uncertified feedstock will not be used to produce SBP-compliant biomass. For the production of SBP pellets, it is planned to use only FSC certified feedstock.*

## 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

*No peer review in 2020.*

## 11.2 Public or additional reviews

*The Supply base report is available on the LLC Fanprom website. Any interested parties can send their comments to Natalya Viktorovna Melnikova, SBP manager, by email [n.melnikova@starwoodnn.com](mailto:n.melnikova@starwoodnn.com). All comments will be taken into consideration.*

## 12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:	<i>Natalya Viktorovna Melnikova</i>	<i>SBP manager</i>	<i>03/08/2020</i>
	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:	<i>Golovnina Elena Sergeevna</i>	<i>Director</i>	<i>03/08/2020</i>
	Name	Title	Date

# 13 Updates

## 13.1 Significant changes in the Supply Base

*Not applicable, first audit.*

## 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

*22399 tonnes (low grade roundwood) – theoretical data;*

*38361 tons (veneer production residues) - theoretical data.*

## 13.5 Projected figures for feedstock over the next 12 months

*70 000 tonnes of primary and secondary feedstock.*