

Supply Base Report: Krasnoyarskiy Centr Stroitelstva 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

Version 1.0: published 26 March 2015

Version 1.1 published 22 February 2016

Version 1.2 published 23 June 2016

Version 1.3 published 14 January 2019

© Copyright The Sustainable Biomass Program Limited 2019

Contents

| | | |
|-----------|--|-----------|
| 1 | Overview | 1 |
| 2 | Description of the Supply Base | 2 |
| 2.1 | General description..... | 2 |
| 2.2 | Actions taken to promote certification amongst feedstock supplier..... | 3 |
| 2.3 | Final harvest sampling programme..... | 3 |
| 2.4 | Flow diagram of feedstock inputs showing feedstock type..... | 3 |
| 2.5 | Quantification of the Supply Base..... | 3 |
| 3 | Requirement for a Supply Base Evaluation | 5 |
| 4 | Supply Base Evaluation | 6 |
| 4.1 | Scope..... | 6 |
| 4.2 | Justification..... | 6 |
| 4.3 | Results of Risk Assessment..... | 6 |
| 4.4 | Results of Supplier Verification Programme..... | 6 |
| 4.5 | Conclusion..... | 6 |
| 5 | Supply Base Evaluation Process | 7 |
| 6 | Stakeholder Consultation | 8 |
| 6.1 | Response to stakeholder comments..... | 8 |
| 7 | Overview of Initial Assessment of Risk | 9 |
| 8 | Supplier Verification Programme | 10 |
| 8.1 | Description of the Supplier Verification Programme..... | 10 |
| 8.2 | Site visits..... | 10 |
| 8.3 | Conclusions from the Supplier Verification Programme..... | 10 |
| 9 | Mitigation Measures | 11 |
| 9.1 | Mitigation measures..... | 11 |
| 9.2 | Monitoring and outcomes..... | 11 |
| 10 | Detailed Findings for Indicators | 12 |
| 11 | Review of Report | 13 |
| 11.1 | Peer review..... | 13 |
| 11.2 | Public or additional reviews..... | 13 |
| 12 | Approval of Report | 14 |
| 13 | Updates | 15 |

| | | |
|------|--|----|
| 13.1 | Significant changes in the Supply Base..... | 15 |
| 13.2 | Effectiveness of previous mitigation measures..... | 15 |
| 13.3 | New risk ratings and mitigation measures | 15 |
| 13.4 | Actual figures for feedstock over the previous 12 months | 15 |
| 13.5 | Projected figures for feedstock over the next 12 months..... | 15 |

1 Overview

Producer name: Limited Liability Company Krasnoyarskiy Centr Stroitelstva
Producer location: 666660, Russia, Irkutsk region, Ust-Ilimsky district, Railway settlement, industrial zone
Geographic position: 57°54'47.9"N 102°46'33.6"E
Primary contact: Tamara Gaisina, address: 666682, Russia, Irkutsk region, Ust-Ilimsk, Dimitrova G. str., 5, premise 1, telephone: +7-95010-95010, email: tamara@terrasib.ru
Company website: www.terrasib.ru
Date report finalised: 23/Dec/2019
Close of last CB audit: 27/Dec/2019, Ust-Ilimsk
Name of CB: NEPCon
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/>
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

The Limited Liability Company Krasnoyarskiy Centr Stroitelstva (KCS LLC) is one of the large logging companies in Krasnojarsk region that holds a forest leased area. KCS LLC carries out a full cycle of wood processing, from timber harvesting to shipment of finished products to end customers. FSC certified feedstock currently come from Amira LLC, also the holder of the forest leased area. KCS LLC is currently in the process of FSC forest management certification of a forest leased area.

The supply base is located in the Krasnoyarsk region, from where round timber is delivered from latter two forest lease areas for processing to a plant in the Irkutsk Region. For the production of pellets, the company uses sawmill residues from its own sawmill - SBP-compliant secondary feedstock.

Krasnoyarsk region has one of the largest forest resources among Russian regions. The territory of the forest fund of the region is 158,7 million hectares. The total stock of forests amounts to 11,7 billion m³ - this is about 1/3 of the Siberian Federal District reserves and 1/7 of the total Russian forest stock. In the structure of forest stands of the Krasnoyarsk Krai coniferous stands prevail, the share of which is about 76%.

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 60-120 years. Only clear cuts are used as a method of wood harvesting at the maturity stage with subsequent reforestation. Sanitary felling is also possible. The maximum cutting area is limited to 50 ha. 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 composition of the forests of the Krasnoyarsk region includes Scots pine (*Pinus sylvestris*), Siberian larch (*Larix sibirica*), Siberian cedar pine (*Pinus sibirica*), Siberian spruce (*Picea obovate*), Siberian fir (*Abies*

sibirica), and Silver birch (*Betula pibirula*), aspen (*Populus tremula*), a tree-shaped willow (*Salix* spp.) is found.

When harvesting wood, according to the forest legislation species listed in the Red Book, as well as their habitats, are subject to conservation. Harvesting of valuable, endangered and specially protected species of trees is prohibited. On the territory of the Krasnoyarsk region there are such types of trees listed in the Red Book as Small-leaved Birch (*Betula microphylla* Bunge), Pseudocossack Juniper (*Juniperus pseudosabina* Fisch. & C.A. Mey.). Areas with a predominance of Siberian cedar pine (*Pinus sibirica*) are prohibited for cutting in the Irkutsk region.

KCS LLC does not procure and does not purchase tree species listed in the Red Book or CITES list.

KCS LLC performs an important socio-economic function in the region. The company pays taxes to the local budget, gives preference to the employment of local population, sponsors social projects.

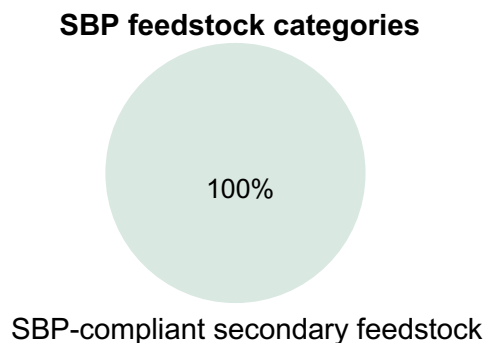
2.2 Actions taken to promote certification amongst feedstock supplier

KCS LLC acquires FSC certified feedstock from Amira CJSC, until its own leased area is certified according to the FSC forest management system.

2.3 Final harvest sampling programme

Not applicable since secondary materials are used.

2.4 Flow diagram of feedstock inputs showing feedstock type



2.5 Quantification of the Supply Base

Supply Base

- a. Total Supply Base area (ha): 715 813 ha
- b. Tenure by type (ha): 715 813 ha

Focusing on sustainable sourcing solutions

- c. Forest by type (ha): boreal
- d. Forest by management type (ha): managed natural
- e. Certified forest by scheme (ha): 30403 ha FSC

Feedstock

- f. Total volume of Feedstock: 9950,493 solid m³
- 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%
- i. List all species in primary feedstock, including scientific name
- j. Volume of primary feedstock from primary forest – 0%
- 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%
- l. Volume of secondary feedstock: 9950,493 solid. m³, secondary feedstock (sawdust).
- m. Volume of tertiary feedstock: 0 m³.

3 Requirement for a Supply Base Evaluation

| SBE completed | SBE not completed |
|--------------------------|-------------------|
| <input type="checkbox"/> | V |

The feedstock used for biomass production is FSC certified.

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

The report was prepared with the help of the experienced SBP consultant – Tatiana Savelyeva.

11.2 Public or additional reviews

The Russian and English versions of the report are available on Terrsib.ru. Any comments from interested parties can be sent to SBP certification responsible Gaisina Tamara Nikolaevna by e-mail: tamara@terrasib.ru.

12 Approval of Report

| Approval of Supply Base Report by senior management | | | |
|---|--|----------------------------------|-------------------|
| Report Prepared by: | <p><i>Tamara Gaisina</i></p>  | <i>Certification responsible</i> | <i>23.12.2019</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: | <p><i>Eduard Savelyev</i></p>  | <i>Director</i> | <i>23.12.2019</i> |
| | Name | Title | Date |

13 Updates

13.1 Significant changes in the Supply Base

At the moment of main assessment is 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

9950,493 solid. m³, secondary feedstock (sawdust).

13.5 Projected figures for feedstock over the next 12 months

12437,5 solid. m³.