



Supply Base Report: Ksilotek-Siberia LLC

Second Surveillance 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

Document history

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1 Overview

Producer name: Ksilotek-Siberia LLC

Producer location: Legal address: 662543, Belinskogo str., 16A, Lesosibirsk, Krasnojarskiy krai, Russia
Production address: 662543, Belinskogo str., 16E, Lesosibirsk, Krasnojarskiy krai, Russia

Geographic position: 58.214433 'N, 92.518972 'E

Primary contact: Natalia Bulgakova, 662543, Belinskogo str., 16A, Lesosibirsk, Krasnojarskiy krai, Russia, +7-391-456-17-91, Bulgakova_NS@segezha-group.com

Company website: <https://segezha-group.com>

Date report finalised: 02/Oct/2020

Close of last CB audit: 10/Oct/2020, Lesosibirsk

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/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 |
| <input type="checkbox"/> | <input type="checkbox"/> | X | <input type="checkbox"/> | <input type="checkbox"/> |

2 Description of the Supply Base

2.1 General description

“Ksilotek-Siberia” LLC is a biomass producer located in Krasnoyarsk Krai, Lesosibirsk. The plant was launched in November 2018. The plant uses SBP-compliant secondary feedstock (sawdust) for biomass production and FSC-certified chips for heat generation. Sawmill JSC “Lesosibirsky LDK 1” processes the logs coming from the forest sites of JSC “Lesosibirsky LDK 1” and LLC “Ksilotek-Siberia”. Sawmill residues from this plant are used as feedstock for pellets at LLC “Ksilotek-Siberia”, which is located on the same site with it. Both companies are located on the same production site and belong to one group of companies - LLC “UK“ Segezha Group”. The Supply Base of “Ksilotek-Siberia” LLC is 13 FMUs of the FSC certified concessions of JSC "Lesosibirsk LDK 1" and one FMU of the FSC certified leased concession of “Ksilotek-Siberia” LLC. “Ksilotek-Siberia” LLC also has three non-certified concessions, but the wood therefrom does not enter any FSC certified chain of custody.

Forest resources of Krasnoyarskiy Krai are one of the largest among the regions of Russia. The territory of the forest fund of the region is 158,7 million hectares. The total standing stock is 11,7 billion cubic meters - about 1/3 of Siberian Federal District regions and 1/7 of the total Russian forest stock. Coniferous plantations dominate in the structure of Krasnoyarskiy Krai forest and their share is about 76%. Forest concessions, where does wood for production of pellets come from, are located within the Angarsk South-Taiga Ecoregion. According to the forest inventory, the composition of the exploitation forests of the Supply Base is: pine - 43%, larch - 19%, siberian pine - 8%, spruce 7%, fir - 4,8%, birch – 14,5%, aspen – 3,7 %, a single willow tree is found. The total area of the Supply Base (that is, the certified concessions of “Ksilotek-Siberia” LLC and JSC "Lesosibirsk LDK 1") is 1.100.547 hectares. Forest lands is 92% of the total forest fund within the Supply Base and non-forest lands - 8%. The exploitation forests make up 89,3% of the Supply Base area, protective forests – 9,6%, reserve forests – 1,1%.

In accordance with the legislation of the Russian Federation, the Russian forest fund is state ownership. Legal entities can acquire forest concessions for a period of 10 to 49 years (with the right to prolong the ‘lease’ contract). Long-term concessions of 49 years are the prevailing basis for obtaining the right to harvest wood on stem. These lease contracts or contracts for the purchase of individual forest stands become available by means of auctions. Leased forest concessions must undergo a cadastral registration procedure.

The Russian Forest Code obliges each forest leaser to develop a forest management plan for 10 years (on base of a general forest inventory and forestry plan), implement measures to protect, preserve and reproduce forests and every year provide an annual forest declaration where the carried-out measures and harvested volumes are reported.

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, if relevant, the principles of FSC forest certification. The rotation period is 60-120 years. Harvesting is carried out by clear cutting in the stage of maturity with subsequent reforestation. Sanitary cuttings can also be used. The maximum area of clear cuts is limited by 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. 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.

High conservation value forests (HCVF) are allocated within the Supply base. "Ksilotek-Siberia" LLC and JSC "Lesosibirsk LDK 1" signed an agreement with the NGO "Prozrachniy Mir" to impose a moratorium on harvesting in HCVF.

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. On the territory of the Krasnoyarskiy Krai there are such types of red-listed trees as the small-leaved Birch (*Betula microphylla* Bunge), the Turkestan Juniper (*Juniperus pseudosabina* Fisch. & C.A. Mey.). Cutting of plantations with a predominance of Siberian pine (*Pinus sibirica* Du Tour.) in the forest stand is prohibited. "Ksilotek-Siberia" LLC and Lesosibirsky LDK 1 JSC do not harvest them and do not use protected species of trees for processing and do not cut down Siberian pine forests.

"Ksilotek-Siberia" LLC and JSC "Lesosibirsk LDK 1" use only the following species in production:

- Siberian spruce (*Picea obovata*);
- Scots pine (*Pinus sylvestris*);
- Siberian larch (*Larix sibirica*);
- Siberian fir (*Abies sibirica*);
- Silver birch (*Betula pendula*);
- Alder (*Populus tremula*);
- Siberian pine (*Pinus sibirica*) – if occasionally harvested as a mix of species.

The tree species used to make pellets are not protected under the Convention CITES and are not included in the list of the International Union for Conservation of Nature (IUCN).

By socio-economic conditions, the Krasnoyarskiy Krai is steadily entering the top ten regions in terms of gross regional product. Half of the GRP is provided by the industrial complex of the region. Wood processing in the region predominates over the export of round wood out of the region. "Ksilotek-Siberia" LLC and JSC "Lesosibirsk LDK 1" are city-forming enterprises in Lesosibirsk. Among the woodworking enterprises, LLC "UK" Segezha Group" ranks first in the Krasnoyarskiy Krai.

2.2 Actions taken to promote certification amongst feedstock supplier

In the production of biomass, only FSC certified feedstock is used, purchased from JSC "Lesosibirsk LDK 1".

2.3 Final harvest sampling programme

18,5% of the total harvesting (final fellings) is used into pellet production as all harvesting done is a final harvest and sawdust is 18,5% of this volume.

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): **1 100 546,9 ha**
- b. Tenure by type (ha): **1 100 546,9 ha public (lease of state owned forests)**
- c. Forest by type (ha): **1 100 546,9 ha boreal**
- d. Forest by management type (ha): **1 100 546,9 ha managed natural**
- e. Certified forest by scheme (ha): (e.g. **1 100 546,9 ha FSC-certified**

Feedstock

- f. Total volume of Feedstock: **139338 tonnes;**
- g. Volume of primary feedstock: **0 tonnes;**
- 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 tonnes;**
 - Not certified to an SBP-approved Forest Management Scheme - **0 tonnes;**
- i. List all species in primary feedstock, including scientific name – **not applicable;**
- j. Volume of primary feedstock from primary forest – **0 tonnes;**
- 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 tonnes;**
 - Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme - **0 tonnes;**
- l. Volume of secondary feedstock: **139338 tonnes secondary feedstock (sawdust);**
- m. Volume of tertiary feedstock: **0 tonnes.**

3 Requirement for a Supply Base Evaluation

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

For production of SBP pellets only FSC-certified feedstock with FSC 100% claim is used.

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

A peer review of the Supply Base Report of Ksilotek-Siberia LLC was not carried out, since its preparation was conducted with the help of the SBP certification consultant Tatiana Yurievna Savelyeva.

11.2 Public or additional reviews

The report is posted on the website of the Segezha Group company for public review:
<https://segezha-group.com/sustainable-development/certificates/?company=886>

All interested parties can send their feedback, if any, to the e-mail of responsible for SBP certification Natalia Bulgakova: Bulgakova_NS@segezha-group.com

12 Approval of Report

| Approval of Supply Base Report by senior management | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|------------------|------------|
| Report Prepared by: | Natalya Bulgakova  | SBP manager | 02.10.2020 |
| | 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: | Pobegailo S.N.  | General director | 02.10.2020 |
| | Name | Title | Date |

13 Updates

13.1 Significant changes in the Supply Base

There have been no changes in the Supply base for the current reporting period and no changes are expected in the coming year. However, production capacity was increased by a third - an additional production line was launched.

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

139 338 tonnes - secondary feedstock (sawdust)

13.5 Projected figures for feedstock over the next 12 months

170 100 tonnes of secondary feedstock.