



# Supply Base Report: Luzales LLC (Kydzyavidz)

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

### *Document history*

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# 1 Overview

**Producer name:** Luzales LLC (Kydzyavidz)

**Producer address:** 1a Lesnaya str., stlm. Kydzyavidz, 168132 Priluzskij district, Komi Republic, Russia

**SBP Certificate Code:** SBP-01-98

**Geographic position:** 60.497409, 49.589759

**Primary contact:** Kristina Oksner, +7 922 080-80-18,k.oksner@luzales.ru

**Company website:** <http://luzales.ru/>

**Date report finalised:** 21 Apr 2021

**Close of last CB audit:** 01 May 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 1.4

**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:** <http://luzales.ru/?id=334>

## 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:** Komi Republic, Arkhangelsk region

**Exclusions:** Yes

The Supply Base of "Luzales" LLC is the forest fund area of the Komi Republic and Arkhangelsk region. "Luzales" LLC processes roundwood from own leased areas and from six suppliers from the Komi Republic and the Arkhangelsk region. The company and its suppliers have FSC forest management certificates and are responsible forest users. The area of supply base - forest fund area of Komi Republic - 36,3 mln m<sup>3</sup>, and Arkhangelsk regions – 28,4 mln m<sup>3</sup>.

Luzales LLC has two wood processing complexes and each of them include a pellet plant for processing residues. First one was launched in 2017 and is located in the south of the Komi Republic, in the middle taiga zone, in close proximity to the village of Kyzdyavidz. Second one is launched in July of 2021 and is located in Syktyvkar, the capital of Komi Republic.

Luzales LLC is one of the largest wood logging and processing companies in the Komi Republic. The annual volume of incoming raw materials (sawlogs) at the first plant in Kyzdyavidz is more than 500 thousand m<sup>3</sup> and more than 600 thousand m<sup>3</sup> for the second plant in Syktyvkar.

At the pellet plant in Kyzdyavidz Luzales LLC produces only SBP-compliant biomass from 100% of Norway spruce (*Picea abies*). It used to use Scots pine (*Pinus sylvestris*) as well, but had to refuse from this idea due to peculiarities of pressing process. At the pellet plant in Syktyvkar Luzales LLC is planning to process both Norway spruce (*Picea abies*) and Scots pine (*Pinus sylvestris*).

The Supply Base is located in the North-West Federal District of the Russian Federation, in one of the most forest regions of the country. Officially, the forest territory of the Russian Federation (forest fund) accounts for about 21% of the global stock of standing timber. Coniferous species constitute 78%, hardwood - 22%.

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.

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.

The Komi Republic and the Arkhangelsk Region are among the leading forest regions of Russia. The share of mature and overmature forest stands is about 1/4 of the timber stock. In protective forests located along lakes, swamps and other environmentally sensitive objects, a more strict control regime is applied. Within the Supply Base, the annual allowable cut is not fully developed. Underdeveloped infrastructure does not allow full use of available timber stocks.

Within the Supply Base, forests of high conservation value (HCVF) have been identified. FSC-certified enterprises, incl. and Luzales LLC, observe a moratorium on timber harvesting in these forest areas. On the territory of the Supply Base there are intact forests and wetlands of international importance. Therefore, in order to minimize the risk of conflict wood entrance in the supply chain, Luzales LLC uses wood only from FSC certified forests in the pellets production.

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 81-140 years. Mostly clear cuts are used as a method of wood harvesting. The maximum area of clear cuts is limited by 50 ha. Thinnings are also possible, with the maximum area of 100 ha. Reforestation can be done artificially (at about 8% of the area) or the promotion of natural regeneration (at about 92% of the area).

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. Luzales LLC does not purchase or process tree species listed in the Red Book or CITES and IUCN lists, as their habitat is outside the Supply Base.

The woodworking industry of the Supply Base is pulp and paper production, sawmill, plywood, fiberboard, particle board and medium density MDF, wooden building structures, including joinery and wooden containers. Not more then 3% of the wood harvested in the supply base end up in pellet productions.

Luzales LLC has a great socio-economic importance in the Priluzsky region of the Komi Republic. Annually agreements on social and economic partnership are concluded, within the framework of which there is financial aid to the district administration. In public settlements, stakeholder consultation are held with local residents, according to the results of which, decisions are taken to provide financial assistance in carrying out various public events, both regional and local, providing construction material for repair of socially significant facilities, allocation of places for picking mushrooms and berries, hunting grounds and other important forest areas for the local population. Individual assistance is also provided to local residents on applications received, public organizations (community organizations, charities, veterans' societies, etc.). The local population has priority when applying for a job in Luzales LLC.

## 2.3 Actions taken to promote certification amongst feedstock supplier

*The company buys only FSC certified wood for processing. This way it stimulates all potential suppliers to go through the certification process.*

## 2.4 Quantification of the Supply Base

### Supply Base

- a. **Total Supply Base area (million ha):** 64,70
- b. **Tenure by type (million ha):**64.70 (Public)
- c. **Forest by type (million ha):**64.70 (Boreal)
- d. **Forest by management type (million ha):**64.70 (Managed natural)
- e. **Certified forest by scheme (million ha):**12.53 (FSC)

**Describe the harvesting type which best describes how your material is sourced:** Clearcutting

**Explanation:** Mostly clear-cutting is used as a method of harvesting, with the maximum scale of harvesting of 50 ha. Thinnings could be used in a very rare case, with the maximum area of 100 ha. Cut-to-length method with forwarders and harvesters is a predominant method.

**Was the forest in the Supply Base managed for a purpose other than for energy markets?** Yes - Majority

**Explanation:** The leading directions of wood harvesting and processing are the production of sawn timber, plywood, fiberboard, chipboard, pulp cooking, paper and cardboard production, wooden housing construction.

**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:** Reforestation is done by forest users with planting seedlings (about 8%) or the promotion of natural regeneration (about 92%).

**Was the feedstock used in the biomass removed from a forest as part of a pest/disease control measure or a salvage operation?** Yes - Minority

**Explanation:** Very small extent of sanitary harvestings were used with the regions to remove windfallen trees.

### Feedstock

**Reporting period from:** 01 Apr 2020

**Reporting period to:** 31 Mar 2021

- a. **Total volume of Feedstock:** 1-200,000 m3
- 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 %
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

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:**

**Country:** N/A

**Indicator with specified risk in the risk assessment used:**

N/A

**Specific risk description:**

### 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:	Kristina Oksner	SBP manager	21 Apr 2021
	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:	Valentin Rozhok	CEO	21 Apr 2021
	Name	Title	Date



# **Annex 1: Detailed findings for Supply Base Evaluation indicators**

N/A