



Supply Base Report: Ksilotek - Siberia LLC

Third Surveillance Audit

www.sbp-cert.org



The promise of good biomass



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

Version 1.3 published 14 January 2019; re-published 3 April 2020

Version 1.4 published 22 October 2020

Contents

1	Overview
2	Description of the Supply Base
2.1	General description
2.2	Description of countries included in the Supply Base
2.3	Actions taken to promote certification amongst feedstock supplier
2.4	Quantification of the Supply Base
3	Requirement for a Supply Base Evaluation
4	Supply Base Evaluation
4.1	Scope
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
9	Review of report
9.1	Peer review
9.2	Public or additional reviews
10	Approval of report
Annex 1: Detailed findings for Supply Base Evaluation indicators	

1 Overview

Producer name: Ksilotek - Siberia LLC

Producer address: 16E, Belinskogo str., 662543 Lesosibirsk, Krasnoyarsk Region, Russia

SBP Certificate Code: SBP-07-11

Geographic position: N/A

Primary contact: Natalia Bulgakova, + 7 8913 181 7175, bulgakova_ns@segezha-group.com

Company website: N/A

Date report finalised: 10 Oct 2021

Close of last CB audit: 16 Oct 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 1.5

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: <https://old.segezha-group.com/sustainable-development/certificates/#>

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: Krasnoyarsk region

Exclusions: Yes

“Ksilotek-Siberia” LLC is a biomass producer located in Krasnoyarsk region, Lesosibirsk town. 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 “Lesosibirsky LDK 1” and three FMUs of the FSC certified leased concession of “Ksilotek-Siberia” LLC. “Ksilotek-Siberia” LLC also has one non-certified concession, but the wood therefrom does not enter any FSC certified chain of custody.

Forest resources of Krasnoyarsk region 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 Districts and 1/7 of the total Russian forest stock. Coniferous stands dominate in the structure of Krasnoyarsk region forest and their share is about 76%. Forest concessions, where does wood for production of pellets come from, are located within the West Siberian middle and south taiga lowland forest region and Nizhneangarsk taiga forest region. According to the forest inventory, the composition of the exploitation forests of the Supply Base is: pine - 42%, larch - 9%, Siberian pine - 13%, spruce 9%, fir - 4,8%, birch – 14%, aspen – 6 %, a single willow tree is found. The total area of the Supply Base (that is, the certified concessions of “Ksilotek-Siberia” LLC and JSC “Lesosibirsky LDK 1”) is 1 506 166 hectares. Forest lands is 91% of the total forest fund within the Supply Base and non-forest lands - 9%. The exploitation forests make up 90% of the Supply Base area, protective forests – 10%.

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 tenant 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 regular forest declaration where the planned 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 101-120 years for coniferous stands (Scots pine, Siberian larch, Siberian spruce, Siberian fir). Cutting of stands with a predominance of Siberian pine (*Pinus sibirica* Du Tour.) in the forest stand is prohibited. Harvesting is carried out by clear cutting in the stage of maturity with subsequent reforestation. Sanitary cuttings are not used. The maximum area of clear cuts is limited by 50 ha. Reforestation can be done with planting seedlings and sowing (12%) or the promotion of natural regeneration (88%). 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 "Lesosibirsky 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 Krasnoyarsk region 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.). "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 "Lesosibirsky 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*);
- Siberian pine (*Pinus sibirica*) – if ocasionally 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 Krasnoyarsk region 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. Annual allowable cut in the region is 81,3 mln m³. Actual harvesting in the region is not more than 25 mln m³. Less the 10% of the actual harvesting ends up in the bioenergy sector. Among the woodworking enterprises, LLC "UK" Segezha Group" ranks first in the Krasnoyarsk region with logging volume of 1,3 mln m³ per year.

"Ksilotek-Siberia" LLC and JSC "Lesosibirsky LDK 1" are city-forming enterprises in town of Lesosibirsk. They pay substantial taxes in regional budget, develop local infrastructure, and provide jobs to local population, thus positively influencing the social sphere of the region.

2.3 Actions taken to promote certification amongst feedstock supplier

In the production of biomass, only FSC certified feedstock is used, from own FMUs and purchased from one FSC certified supplier - JSC "Lesosibirsk LDK 1".

2.4 Quantification of the Supply Base

Supply Base

- a. **Total Supply Base area (million ha):** 1,51
- b. **Tenure by type (million ha):**1.51 (Public)
- c. **Forest by type (million ha):**1.51 (Boreal)
- d. **Forest by management type (million ha):**1.51 (Managed natural)
- e. **Certified forest by scheme (million ha):**1.51 (FSC)

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

Explanation: Harvesting is carried out by clear cutting in the stage of maturity with subsequent reforestation. The maximum area of clear cuts is limited by 50 ha. Harvesting is carried out using cut-to-length method by harvesters and forwarders.

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

Explanation: Main purpose of the wood harvesting is a production of sawnwood and boards. Pellets production is the method of sawmill residues utilization.

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 forest legislation, forest tenants must ensure forest regeneration within next year after harvesting and carry out maintenance of the regeneration within 5 consequent years. Within the Supply Base 12% of regeneration is done by planting of seedlings and sowing and 88% is ensured by promotion of natural regeneration.

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: No sanitary harvesting is made within the Supply Base.

Feedstock

Reporting period from: 01 Sep 2020

Reporting period to: 31 Aug 2021

- a. **Total volume of Feedstock:** 200,000-400,000 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: 200,000-400,000 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:	Natalia Bulgakova	SBP manager	10 Oct 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:	Sergey Nikolaevich Pobegailo	General director Ksilotek-Siberia LLC	10 Oct 2021
	Name	Title	Date

Annex 1: Detailed findings for Supply Base Evaluation indicators

N/A