

Supply Base Report: SevLesPil LLC

Fourth 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*

Document history

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1 Overview

Producer name: SevLesPil LLC

Producer address: Ulitsa Lesnaya 2/4, 167026 Syktyvkar, Komi Republic, Russia

SBP Certificate Code: SBP-06-20

Geographic position: 61°48'30.5"N 50°42'59.2"E

Primary contact: Anton Klepikov, +7 8212 63 02 18, klepikov@sevlespil.com

Company website: www.sevlespil.com

Date report finalised: 01 Sep 2021

Close of last CB audit: 10 Sep 2020

Name of CB: Control Union Certifications BV

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://www.sevlespil.com/assets/files/files/SBR_LLC_SevLesPil_2021_EN.pdf

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 type="checkbox"/>	<input checked="" 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

Exclusions: Yes

The resource base of SevLesPil LLC is the area of the forest fund of its own rental base in the Komi Republic and eight suppliers in the Komi Republic. In the private lease of SevLesPil LLC, the volume of the forest fund is 60,095 hectares, the area of the forest fund of suppliers is 2,860,507. 60 hectares. The company and its suppliers have FSC forest management certificates and are responsible forest users.

SevLesPil LLC is located in Syktyvkar, the capital of the Komi Republic, in the north-west of the Russian Federation. The main activities are sawmilling and lumber production. The company processes about 450 thousand m3 of roundwood per year. For the production of pellets, SevLesPil LLC uses only secondary raw materials (waste from its own production of lumber – sawdust and shavings). SevLesPil LLC occupies the first place in the Komi Republic among woodworking enterprises and the third among logging enterprises. The company employs more than 500 people. However, in comparison with the Central Processing Plant of the Komi Republic and the Arkhangelsk Region, SevLesPil LLC is a much smaller woodworking enterprise.

The resource base is located in the North-West of the Russian Federation, in one of the most forested regions of the country. Officially, the forest territory of the Russian Federation (forest fund) accounts for about 21% of the global stock of wood on the root. The distribution of the main tree species in Russian forests has remained stable over the past decades. Coniferous species make up 78%, deciduous-22%.

In accordance with the legislation of the Russian Federation, all the 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 a lease basis (with the possibility of their prolongation). Long-term lease relations are the dominant legal form for obtaining the right to harvest wood on the root. The conclusion of lease agreements for forest plots or contracts for the purchase and sale of forest plantations is carried out at auctions for the sale of the right to conclude such contracts. The plots that are leased out must necessarily pass the state cadastral registration.

The Forest Code of the Russian Federation obliges each tenant to develop a forest development project for 10 years (on the basis of taxation and forest management), implement measures for the protection, protection and reproduction of forests, and every year submit a forest declaration containing a report on the implemented measures and the volume of logging.

The SevLesPil LLC plant receives round timber from two leased forest plots in the Syktyvkar and Sysolsky districts of the Komi Republic, certified according to FSC forest management standards. The company also

has two leased forest plots in the Koigorodsky district of the Komi Republic, which are not being harvested yet (they will be certified in the fall of 2021).

In addition, SevLesPil LLC purchases roundwood from a small group of companies that have long-term lease agreements for forest plots in the Komi Republic and the Arkhangelsk Region, certified according to FSC. SevLesPil LLC also purchases and processes round wood from non-certified suppliers, but this activity is separate from the processing of round wood by FSC. Almost 2/3 of the wood processed by the enterprise is FSC-certified. For the production of SBP pellets, SBP is used-the corresponding secondary raw materials (sawdust, shavings), and FSC-certified bark used for the production of thermal energy. Non-certified raw materials (sawdust, shavings), biofuels (bark) and biomass (pellets) are physically separated during production and storage.

The Komi Republic and the Arkhangelsk Region are among the leading forest regions of Russia. The total area of the forest fund of the Komi Republic is 38.9 million hectares, of which 30.3 million hectares, or 3.5% of the total area of all forests in Russia, are covered with forest. Protective forests located along lakes, swamps and other environmentally sensitive objects make up a quarter of the total forest fund. In such forests, a stricter management regime is applied. The share of ripe and over-ripe forest stands is about 3/4 of the wood stock. Coniferous species make up more than 80%, including common pine (about 25%) and Siberian spruce (about 60%). In the Komi Republic, about a quarter of the estimated cutting area is being developed. In the Komi Republic, it is possible to sustainably harvest 4 times more wood, but the existing infrastructure does not allow this.

The forest fund of the Arkhangelsk region is 29.2 million hectares. Operational forests make up 19.8 million hectares – 69% of the forest fund area. The remaining 31% are ecological zones (9.4 million hectares). The main forest-forming species in the forests of the Arkhangelsk region are coniferous-more than 80% of the total stock. Mature and overripe plantings make up about 80%. Almost 70% of the livestock is Siberian spruce, 10-15% is common pine. The rest is deciduous tree species. In the Arkhangelsk region, less than half of the estimated cutting area is being developed.

Within the resource base, forests of high conservation value (LVPC) have been identified. FSC-certified enterprises, including SevLesPil LLC, observe a moratorium on harvesting wood on these forest plots.

Ensuring high-quality reproduction of forest resources and protective afforestation is a prerequisite for the use of forests. For this purpose, a Forest development Project is being developed, the measures in which are aimed at improving the forestry characteristics of the forest area, the implementation of continuous and sustainable forest management.

When harvesting wood, according to forest legislation, individuals of species listed in the Red Book, as well as their habitats, are subject to conservation. Cutting down of valuable, endangered and specially protected tree species is prohibited. Cedar (Siberian) pine (*Pinus sibirica*) is listed in the Red Book of the Komi Republic. There are two species of willow (*Salix arbuscula* and *Salix recurvigemmis*) listed in the Red Book of the Arkhangelsk region. These types of trees are not subject to felling, and no companies have the right to purchase them.

SevLesPil LLC uses only the following tree species for the production of pellets:

- common spruce (*Picea abies*) - about 75%,
- common pine (*Pinus sylvestris*) - about 25%.

These rocks used for the production of pellets do not fall under the CITES Convention and are not included in the lists of the International Union for Conservation of Nature (IUCN).

Within one of the forest plots leased by SevLesPil LLC, there is a state nature reserve "Visinga", created for the purpose of preserving European grayling. No logging is carried out on this territory.

The forest industry is one of the leading sectors of the economy of the Komi Republic and the Arkhangelsk region. 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 an entire village or city.

The socio-economic importance of the forest industry of the Arkhangelsk region is also great. The forest industry accounts for half of the gross regional product. Among all the branches of the manufacturing industry, the forest industry occupies the first place in terms of the volume of products shipped. Industry provides employment for the population in rural areas and is important for their well-being.

2.3 Actions taken to promote certification amongst feedstock supplier

SevLesPil works with suppliers to explain the requirements of voluntary certification, its benefits and practical applications. Two suppliers of SevLesPil have already received certificates of FSC as a result of explanatory work.

For economic reasons, some suppliers are not yet entering the certification process. Also, several suppliers can not undergo the certification process, because they purchase standing stock from the Ministry of Natural Resources.

2.4 Quantification of the Supply Base

Supply Base

- a. **Total Supply Base area (million ha):** 65,47
- b. **Tenure by type (million ha):** 65,47 (Public)
- c. **Forest by type (million ha):** 65,47 (Boreal)
- d. **Forest by management type (million ha):** 65,47 (Managed natural)
- e. **Certified forest by scheme (million ha):** 17.64 (FSC)

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

Explanation: Harvesting of the cutting area - felling residues are laid on skidding lugs, small scattering is also used in apiaries. The maximum area of continuous logging is 50 hectares. Equipment used: harvesters based on CAT and VOLVO, forwarders-PONSSE, John Deere.

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

Explanation: Production of lumber, paper.

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 measures are carried out annually on the felled area (natural restoration-90%, artificial restoration (planting of seedlings) - 10%).

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: -

Feedstock

Reporting period from: 01 Aug 2020

Reporting period to: 31 Jul 2021

- a. Total volume of Feedstock: 1-200,000 m3
- b. Volume of primary feedstock: 0 m3
- 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, Shavings
- 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

N/A

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




Expert review on the Supply Base Report of LLC "SevLesPil" was not conducted.

9.2 Public or additional reviews

The report has been posted on the website of SevLesPil for public review.

Feedback by any stakeholder will be considered seriously. Feedback can be sent to marketing@sevlespil.com

10 Approval of report

Approval of Supply Base Report by senior management			
Report Prepared by:	Anton Klepikov 	Lead marketologist	10 Sep 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:	Svetlana Kudinova 	Deputy General Director for marketing, sales and logistics	01 Sep 2021
	Name	Title	Date
Report approved by:	Tatyana Mironova 	Finance Director – Deputy General Director	01 Sep 2021
	Name	Title	Date

Annex 1: Detailed findings for Supply Base Evaluation indicators

N/A