

Supply Base Report: SLDK LLC

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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: SLDK LLC

Producer location: 167009, 15 Lesozavodskaya, Syktyvkar, Komi Republic, Russia

Geographic position: 61.661225 'N, 50.886588 'E

Primary contact: Nikolay Kulikov, 167009, 15 Lesozavodskaya, Syktyvkar, Komi Republic, Russia,
+79121610319, kulikov@sldk.com

Company website: www.sldk.com

Date report finalised: 08/02/2020

Close of last CB audit: 13/02/2020, Syktyvkar

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

2 Description of the Supply Base

2.1 General description

SLDK LLC is a logging and wood processing enterprise of a closed cycle. SBP-compliant secondary feedstock – sawmill residue (sawdust) - are processed into pellets and burned in a boiler room, so the production is waste-free. SLDK LLC is one of the largest loggers and wood processors in the Komi Republic. The annual volume of incoming raw materials (sawlogs) at the plant of SLDK LLC is 380 thousand m³.

The Supply base of SLDK LLC is the area of the forest fund of the Komi Republic. In own lease of SLDK LLC there are 3 certified forest areas located in the Komi Republic. The volume of the forest fund is 210 thousand ha. In addition, SLDK LLC purchases logs from a third-party certified supplier from leased area located in the Komi Republic. The company and its supplier have FSC forest management certificates and are responsible forest users. A small amount of logs comes from non-certified forests, but its storage and processing are physically separated from the FSC certified and residues are not used for the production of pellets and drying of feedstock.

*SLDK LLC produces SBP-certified biomass from Skots pine (*Pinus sylvestris*), European spruce (*Picea abies*).*

The Supply base is located in the Komi Republic 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 254,7 billion m³ of the global standing stock of wood, that is, about 21%. The forest fund of Russia is 1 173,9 million ha.

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 Komi Republic is one of the leading forest regions of Russia. The share of mature and overmature forest stands is approximately 3/4 of the timber stock. In protective forests along lakes, swamps and other environmentally sensitive objects, a more strict management regime is applied. Forests of the Komi Republic are mostly coniferous. Deciduous trees account for about a fifth of the region's forest fund. At the same time, more than half of the estimated cutting area is located in the zone of low transport development. The total land area of the forest fund of the Komi Republic is 36,262.3 thousand ha, or 87.2% of the region. The total land area of the forest fund has changed slightly in recent years.

Within the Supply base, forests of high conservation value (HCVF) have been identified. FSC-certified enterprises, including and LLC "SLDK", keep a moratorium on timber harvesting in these forest areas.

Woody species listed in the Red Book of the Russian Federation are not harvested or processed. The harvesting of tree species that are on the IUCN and CITES lists is excluded, since the distribution areal of these species is outside the Company's supply base.

The presence of vast forests with a predominance of mature stands of economically valuable species contributed to the rapid development of the logging industry in the region. The Republic of Komi is located in one of the leading places in the European part of Russia in terms of its timber potential. The logging industry is the core industry of the forest industry. The main consumers of wood in the Komi Republic are the pulp and paper mill and large enterprises of the woodworking industry. In recent years, priority in the transfer of forests for lease has been given to enterprises in which logging is integrated with wood processing.

The timber industry complex takes the second place in the economy of the republic and is represented by the enterprises of forestry, logging, woodworking, pulp and paper and hydrolysis industries. The share of the Komi Republic in Russian wood production is 5.5%. Half of the paper and paper products are exported to more than 80 countries.

SLDK LLC is an enterprise of regional importance by its scale. SLDK LLC is a responsible taxpayer to the local budget. When hiring, preference is given to the local population.

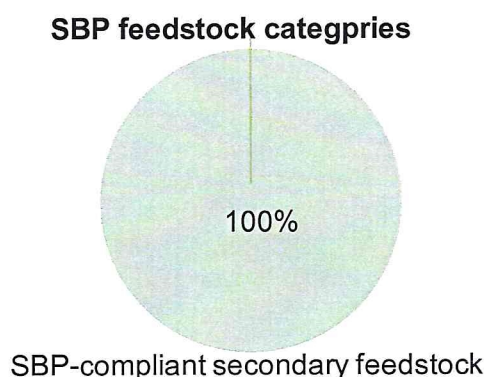
2.2 Actions taken to promote certification amongst feedstock supplier

For the production of SBP-certified pellets, the company uses only FSC certified feedstock of its own procurement and certified loggers, so the company does not take steps to certify its suppliers.

2.3 Final harvest sampling programme

Not applicable, since only secondary feedstock is used for production of pellets.

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): 2238131,7 ha
- b. Tenure by type (ha): 2238131,7 ha public
- c. Forest by type (ha): 2238131,7 ha boreal
- d. Forest by management type (ha): 2238131,7 ha managed natural
- e. Certified forest by scheme (ha): 2238131,7 ha FSC-certified forest

Feedstock

- f. Total volume of Feedstock: **2279,26 tons;**
- g. Volume of primary feedstock: **0 tons;**
- 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 – **not applicable;**
- j. Volume of primary feedstock from primary forest - **0 tons;**
- 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: **2279,26 tons** – sawdust – sawmill residue and primary processing;
- m. Volume of tertiary feedstock: **0 tons.**

3 Requirement for a Supply Base Evaluation

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

In the production of SBP pellets, secondary materials of the category FSC 100% are used. The Supply Base Evaluation is not required.

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


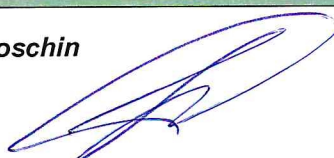
11.1 Peer review

A peer review of the Supply Base Report has not been conducted.

11.2 Public or additional reviews

A Supply Base report of SLDK LLC will be posted on the website www.sldk.com. Questions and comments can be sent to redkina@sldk.com, to FSC Manager Redkina Valentina Anatolevna.

12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:	Valentina Redkina 	Engineer-ecologist, FSC manager	10/02/2020
	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:	Andrey Roschin 	Woodworking processing Director	10/02/2020
	Name	Title	Date

13 Updates

13.1 Significant changes in the Supply Base

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

Used 2279,26 tons of sawdust.

13.5 Projected figures for feedstock over the next 12 months

25000 solid m³ of sawdust.