Supply Base Report: LLC “PROMLESTRADE”

Third Surveillance Audit

www.sbp-cert.org
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

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

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1 Overview

Producer name: LLC “PROMLESTRADE”

Producer location: 666505, Pugacheva str.,37, Magistralny village, Kazachinsko-Lensky district, Irkutsk region, Russia

Geographic position: 56° 9'43.81N
107° 26 '31.79 E

Primary contact: Yuliya Bezrukikh, Pugacheva str., 37, Magistralny village, Kazachinsk-Lensky district, Irkutsk region, Russia, 666505, tel.: +7-395-624-02-29, bezrukihyv@pltrade.ru

Company website: NA

Date report finalised: 19/Nov/ 2019

Close of last CB audit: 19/Nov2019, Magistralny village, Irkutsk region, Russia.

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, Instruction #5A, 5B, 5C, 5D version 1.1

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         | ☐   | ☐   | ☐   | X   | ☐   |
| First Surveillance                | ☐   | ☐   | ☐   | ☐   | ☐   |
| Second Surveillance               | ☐   | ☐   | ☐   | ☐   | ☐   |
| Third Surveillance                | ☐   | ☐   | ☐   | ☐   | ☐   |
| Fourth Surveillance               | ☐   | ☐   | ☐   | ☐   | ☐   |
2 Description of the Supply Base

2.1 General description

Supply base of wood feedstock is located on the territory of Irkutsk region in Siberian Federal District of RF.

The total area of forest land on the territory of RF is 764 million ha representing approximately 21% of world reserves of standing timber.

The areas occupied by plantations of main forest forming species remain rather stable for the last decades. Coniferous species are 68.4%, hard-leaved forest – 2.4%, soft-leaved forest – 19.3%. Others wood species are less that 1% of forest.

In accordance with the legislation of RF all the forest reserve lands are the property of the state. Legal entities get forest sites for use on a leasehold basis and short-term use. Period of leasing can be from 10 years to 49 years.

In accordance with the Russian Forest legislation every forest user who got a forest site for lease is obliged to do the following:

Implement measures for conservation, protection and reproduction of forests,

Annually provide forest declaration,

Make forest development project,

Provide report on forest use, their conservation, protection and reproduction.

Use of the AAC in the whole country does not exceed 13%, because the percentage of forest of hard access is high in the country and almost everywhere there is a poor development of infrastructure.

Provision of high quality reproduction of forest resources and safeguarding foresting is a must for a forest user. Forest users plan and carry out all the forest restoration work at the forest leased areas at their own expenses and in accordance with the forest development projects.

During harvesting, according to the forest legislation of RF, specimens of species listed in the Red Book are subject to the preservation along with their inhabitations. Cutting of valuable, endangered and protected species of trees is prohibited.

Forest complex of the Russian Federation, including the forestry and timber industry in logging and wood processing plays an important role in country economy. Around 60 thousand of large enterprises, of medium-sized enterprises and of small-sized enterprises are involved in forest complex of RF. The total number of employees working for forest industry is approximately one million people.

The key factor of forest management in RF is forest organization and regulation.

All the primary documentation of the forest management is worked out based on the data of forest organization.

More forestry companies are beginning to follow the rules of sustainable forestry. The growth of forest certification in RF is a sign of this. Forest certification shows the responsible reproach to provision of legal wood harvesting and compliance with generally accepted environmental and social requirements of sustainable forest management.
**Supply base of LLC “PromLesTpade”**

Supply base of LLC “PromLesTpade” is located in Kirensky (4 258 352 ha) and in Kazachinsko-Lensky (3 276 904 ha) districts of Irkutsk region.

**Irkutsk region**

Supply base of LLC “PromLesTpade” is located in Irkutsk region in a Central Siberian taiga forest plateau – forest areas of Angara region.

The districts of low-disturbed forest areas and HCVF of different types are allocated on the territory of supply base. LLC “PromLesTpade” doesn’t carry out any harvesting in HCVF and doesn’t buy such wood from any other suppliers.

LLC “PromLesTpade” harvests only Scots Pine and Siberian Larch. These tree species are not included in CITES or IUCN.

The main supplier of round wood for wood processing in LLC “PromLesTpade” is the LLC “Nebel-Les” that is certified to FSC management system. The plant LLC “PromLesTpade” itself is certified to FSC Chain of Custody system. Further, round wood is coming to the plant both from the forest areas leased by LLC “Nebel-Les” with term of leasing of 49 years and total area of 247801 ha. Certified timber, wood chips and sawdust are also purchased from third-party suppliers.

In the forest areas leased by LLC "Nebel-Les " prevails on the average 3-4 bonitet. For the harvesting on forest areas hereof it is used the most appropriate approach to the organization of clear cutting, i.e.in 60% of cases of small-scale cutting (cutting area are small-scale, not exceeding 20 hectares), after which reforestation activities are carried out. Promotion of natural regeneration is carried out on 20% of the territory, sowing and planting on 80%.

Based on the analysis, in order to meet the requirements of Russian national FSC standard, in LLC "Nebel-Les" a transition plan was developed to switch over from large-scale clear-cutting with an area of more than 30 hectares to small-scale cutting for the period of 2014-2019 in intact forests. Small cutting areas are used fully (100%) in Kazachinsk-Lensk region. Also, the company is actively pursuing thinning on all forest areas in accordance with the forest management projects.

SBP group of products used in the production of pellets is 100% SBP-compliant secondary feedstock. Woodworking residues in LLC “PromLesTpade " have only FSC 100%. However, it also could be Controlled Feedstock, if any of controlled suppliers enter the supply chain. Species used in the production - Scots pine (Pinus sylvestris) - 80%, Siberian larch (Larix sibirica) - 20%.

Pellets by LLC “PromLesTpade " are used as a clean and safe bio fuel, which will enable:

- increase the energy efficiency of facilities using pellets;
- reduce greenhouse gas emissions.

Production capacity of wood pellets is: 30 000 tonnes per year.

### 2.2 Actions taken to promote certification amongst feedstock supplier

LLC PROMLESTRADE handles round wood from certified cutting areas of LLC Nebel-les as well as from non-certified own cutting areas. Also LLC PROMLESTRADE purchases certified wood from third parties.
certified companies. Own non-certified cutting areas are planned to be harvested at minimum degree because of their remoteness, as a consequence it was decided not to implement FSC certification in their regard.

2.3 Final harvest sampling programme

Not applicable

2.4 Flow diagram of feedstock inputs showing feedstock type

For SBP-compliant biomass production
SBP-compliant secondary feedstock - 100%

2.5 Quantification of the Supply Base

Supply Base

a. Total Supply Base area (ha): 7 535 256 ha
b. Tenure by type (ha): 7 535 256 ha state owned (public property)
c. Forest by type (ha): 7 535 256 ha boreal
d. Forest by management type (ha): 7 535 256 ha managed natural
e. Certified forest by scheme (ha): 2 440 970,68 ha FSC certified

Feedstock

f. Total volume of Feedstock: 37581,81 solid m³.
g. Volume of primary feedstock: 0 m³. “PromLesTrade” LLC does not use primary feedstock.
   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 m³
   - Not certified to an SBP-approved Forest Management Scheme– 0 m³
h. List all species in primary feedstock, including scientific name – not applicable.
i. Volume of primary feedstock from primary forest– 0 m³
j. List percentage of primary feedstock from primary forest (i), 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

k. Volume of secondary feedstock: 37581.81 solid m³

l. Volume of tertiary feedstock: 0 m³.
3 Requirement for a Supply Base Evaluation

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For the production of SBP certified biomass, only SBP-compliant feedstock derived from FSC certified wood are used. Therefore, 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
7 Overview of Initial Assessment of Risk

Not applicable
8 Overview of Initial Assessment of Risk

Not applicable
9 Supplier Verification Programme

9.1 Description of the Supplier Verification Programme
Not applicable

9.2 Site visits
Not applicable

9.3 Conclusions from the Supplier Verification Programme
Not applicable
10 Mitigation Measures

10.1 Mitigation measures

Not applicable

10.2 Monitoring and outcomes

Not applicable
Detailed Findings for Indicators

Not applicable
12 Review of Report

12.1 Peer review

External peer review of this report was not conducted this year.

12.2 Public or additional reviews

The Supply Base Report is published in Internet. Comments of any stakeholders can be sent to the FSC certification engineer Yuliya Bezrukikh at: bezrukihyv@pltrade.ru
13 Approval of Report

<table>
<thead>
<tr>
<th>Report Prepared by:</th>
<th>Yuliya Bezrukikh</th>
<th>Engineer of FSC certification.</th>
<th>19.11.2019</th>
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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.

<table>
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<tr>
<th>Report approved by:</th>
<th>Ivanov Alexander Evgenyevich</th>
<th>Managing Director</th>
<th>19.11.2019</th>
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14 Updates

14.1 Significant changes in the Supply Base

Significant changes in the Supply base did not occur, the wood comes from leased areas of its own enterprise.

14.2 Effectiveness of previous mitigation measures

Not applicable.

14.3 New risk ratings and mitigation measures

Not applicable.

14.4 Actual figures for feedstock over the previous 12 months

37581.81 solid m$^3$.

14.5 Projected figures for feedstock over the next 12 months

50 000 solid m$^3$. 