

Supply Base Report: Lesresurs LLC

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Completed in accordance with the Supply Base Report Template Version 1.0

*For further information on the SBP Framework and to view the full set of documentation see
www.sustainablebiomasspartnership.org*

Template document history

Supply Base Report Template Version 1.0: published 26 March 2015

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1 Overview

Producer name:	Lesresurs LLC
Producer location:	293/7, of.601, Baikalskaya str., Irkutsk , 664050
Production site:	2/99, Vostochnaya Magistral, Novaya Igirma, Nizhneilimsk district, Irkutsk region, Russia, 665684
Geographic position:	58° 8'38" N /103°56'19" E, Irkutsk region, Russian Federation
Primary contact:	Nadezhda Ovchinnikova, Irkutsk, Baikalskaya str., 293/7, of.601, tel. +7 9500-620-320, +7 (3952) 780-920, onn@lesresurs.com
Company website:	http://www.lesresurs.com
Date report finalised:	11/Jan/2016
Close of last CB audit:	not applicable
Name of CB:	NEPCon
Translations from English:	available
SBP standard(s) used:	Standard 2: Verification of SBP-compliant Feedstock, Standard 4: Chain of Custody, Standard 5: Collection and Communication of Data, Version 1.0: published 26 March 2015 r.
Web link to Standard (s) used:	http://www.sustainablebiomasspartnership.org/documents
SBP endorsed regional risk assessment:	not applicable
Web link to SBE on Company website:	http://www.lesresurs.com

Indicate the current evaluation within the cycle of Supply Base Evaluation				
Main (initial) evaluation	First surveillance	Second surveillance	Third surveillance	Fourth surveillance
X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2 Description of the Supply Base

2.1 General description

The total area of forest land in Russia is 764 million hectares, accounting for about 21% of the world reserves of standing timber. Area under main forest species remain fairly stable over the past decades. Coniferous makes up 68.4%, hard-wooded broadleaved species – 2.4%, soft-wooded broadleaved species – 19.3%. Other tree species make up less than 1% of forests.

Geographically, supply base of Lesresurs LLC is located in Irkutsk region of Siberian Federal District (SFD), Russian Federation. Irkutsk region ranks third amongst Russian regions and first in Siberian Federal District by forest resources. It also occupies the second place by annual distribution of timber stand to leaseholders in SFD.

Forest resources of Irkutsk region include:

- forest lands – 68.5 million hectares, incl. wooded lands - 62.9 million hectares,
- total timber stand - 9 billion m³, incl. 7.7 billion m³ of coniferous.

Since May 2011, Lesresurs has been a lessee of following forest areas in Irkutsk region:

- Kirensk district, Kirensk lesnichestvo, Karelinskoe forest unit, Nebelskaya dacha, Kirenskoe forest unit, Kirenskaya dacha - 101 436 ha.
- Kazachinsko-Lensk district, Kazachinsko-Lensk lesnichestvo, Magistralnoe forest unit, Martynovskaya dacha - 39 203 ha.

Lease forest area is characterized by high percentage of forest land (98.1%) and wooded land (92.2%). Coniferous stands account for 94% of wooded land with pine (*Pinus sylvestris*) accounting for 63% of total wooded land and spruce (*Picea*), fir tree (*Abies*), larch (*Larix sibirica*) and Siberian stone pine (*Pinus sibirica*) – 8%, 1%, 15% and 8% correspondingly. Average age of coniferous forest stands is 148 years, soft broadleaved – 61 year.

The forest area is predominated by wooded lands (93.7%) covered mostly by forests of natural origin. In general, coniferous stands predominate (91%) with pine (*Pinus Sylvestris*) accounting for 67% of total coniferous area and Siberian stone pine (*Pinus sibirica*), larch (*Larix sibirica*), spruce (*Picea*) and fir tree (*Abies*) – 13%, 10%, 9% and 1% correspondingly. Mature and over-mature stands prevail.

Average age of coniferous forest stands is 122 years, soft broadleaved – 60 years.

Lease forest areas of total 140,693 ha are FSC certified.

Company has valid certificates:

- FC-FM/COC-643064 (Licence code FSC-C109107)
- FC-COC-643053 / FC-CW-643053 (licence code FSC-C104427).

In October 2015 Lesresurs LLC acquired subsidiary company PFK Kirensklesinvest LLC which has a lease of the forest land area of 20 ha 494, located Irkutsk region, Kirensky district, Kirensk lesnichestvo, Karelinskoe forest district, Nevelskaya dacha and included it in the scope of its FSC certificate.

The forest area is predominated by coniferous stands (98%) with pine (*Pinus sylvestris*) accounting for 54%, larch (*Larix sibirica*) – 21%, Siberian stone pine (*Pinus sibirica*) – 14%, spruce (*Picea*) – 6%, fir (*Abies*) – 3%. The average age of the coniferous forest stands 159 years, soft-wooded broadleaf - 75 years. The most productive pine stands are of the highest site index, the average quality class which is 2.9. The average yield class by the area of the lease is equal to 3.2, the average completeness of 0.69. The largest average stock of mature and overmature pine stands have the highest site index (305 m³/ha) and aspen (*Populus tremula*) (245 m³/ha) stands. Lowest performance are different stands of larch (*Larix*) (130 m³/ha). The average species composition described by formula:

- *Pinus sylvestris* – 43%
- *Larix* – 19%
- *Pinus sibirica* – 11%
- *Picea* – 10%
- *Abies* – 5%
- *Betula* – 9%
- *Populus tremula* – 3%

The harvesting operations will be scheduled by Lesresurs on a contractual basis.

Total lease area is **161 133** ha.

There are no CITES species in the lease forest areas. Round wood used in production:

- Pine (*Pinus sylvestris*)
- Siberian larch (*Larix sibirica*).

Logging volumes of forestry producers in the region:

№	Leaseholder	Area (thousand ha)	Allowable cut (thousand m ³)	
			total	incl. coniferous
1	RusForest Magystralny LLC	480.67	599.7	470.8
2	LDK Igirma LLC	327.45	624.2	433.4
3	Lesresurs LLC	161.133	440.0	386.4
4	Lesprom LLC	265.68	359.0	308.0

As indicated at the table above, our company is one of the three largest by annual allowable cut (AAC).

Lease area is dominated by boreal forest, classified as commercial. There are no virgin forests on the lease area, indigenous peoples do not live.

The areas climate is sharply continental, and their territory equated with the far North.

On the lease area is being conducted clear cutting, reforestation work, high-quality reproduction of forest resources and protective measures.

Socio-economic environment of districts where lease forest areas are located.

Kazachinsko-Lensk district

Kazachinsko-Lensk district belongs to a group of Prilensk districts equated to the Far North districts. It borders Buryat Republik on the east, Kirensk district (Irkutsk region) on the north, Ust-Kut and Zhigalov districts (Irkutsk region) on the west and Kachug district of Irkutsk region on the south. This relatively small for periphery district occupies 4.3% of the region's territory (embracing the area of 33.3 thousand km²). The district has relatively young population of 18 thousand: working-age population makes up 65.5% of the total population and under-age population makes up 26.6%.

Kirensk district

Kirensk district is one of the northern districts of Irkutsk region equated to the Far North areas with the limited period of load deliveries. The district located in the northeastern part of Irkutsk region and borders Mamsko-Chuisk district (Irkutsk region) on the east, Katang district (Irkutsk region) on the northwest, Republic Sakha (Yakutia) on the north, Ust-Kut district (Irkutsk region) on the west and Kazachinsko-Lensk district (Irkutsk district) and Buryat Republic on the south. In 2013 the district had population of 19.3 thousand of which working-age population accounted for 72% and under-age population made up 6.8%.

Lesresurs LLC purchases additional timber harvested in Nizhneilimsk and Ust-Kut forest units (lesnichestvo), Irkutsk region. In prospect, there is possibility of purchasing timber from Bratsk and Ust-Ilim districts of the region.

Proportion of SBP feedstock product groups in 2015

For the 12 months of 2015 Lesresurs LLC purchases additional timber harvested in Nizhneilimskoe and Ust-Kutkoe lesnichestvo, Irkutsk Region. This wood is included in the audit programme of suppliers of controlled material within CoC FSC certification of Lesresurs LLC

m3

Primary feedstock source	FSC standard		SBP standard	
	FSC certified	FSC Controlled Wood	SBP-compliant feedstock (primary)	SBP-controlled feedstock (primary)
from certification base	217 842.05	-	217 842,05	-
from no certified base		116 187.13		116 187,13
Sub-total	217 842.05	116 187.13	217 842,05	116 187,13
Total	334 029.18		334 029.18	

All primary production is transported to the plant for the production of sawnwood. Pellets from primary material are not produced. They are produced from residues of wood processing. Residues are a secondary raw material.

As the company use credit control system chain of custody FSC, the ratio of SBP-compliant feedstock and SBP-controlled feedstock is maintained in the same proportion.

The ratio of raw materials: FSC certified raw material is 65% and the controlled raw material is 35%.

2.2 Actions taken to promote certification amongst feedstock suppliers

With suppliers of controlled raw materials it was conducted public outreach about the benefits of certified products. For economic reasons, they still do not enter into the certification process.

2.3 Final harvest sampling programme

100% of raw material comes from final felling (felling of mature and over-mature stands).

Timber harvested during 11 months 2015 accounts for 301 694.71 m3. Share from clearcuts is 100%

2.4 Flow diagram of feedstock inputs showing feedstock type (optional)

2.5 Quantification of the supply base

The supply base

- | | |
|--------------------------------------|--|
| a. Total supply base area (ha): | 1 279 849 ha |
| b. Tenure by type (ha): | 100%, state |
| c. Forest by type (ha): | 1 279 849 ha, boreal |
| d. Forest by management type (ha): | 1 214 443 ha, natural, managed according to lease agreements |
| e. Certified forests by scheme (ha): | 1 214 443 ha, FSC certified |

Feedstock

- f. Total volume of feedstock:
 - volume of secondary input materials for the production of pellets – 54 081 t (humidity 50% of the total weight), for 12 months 2015 (average humidity - bark 55%; sawdust 56%; shavings 11%)
- g. Volume of primary feedstock: Not applicable
- h. List percentage of primary feedstock (g), by the following categories. Subdivide by SBP – approved Forest Management Scheme:
 - Large forest holdings certified by SBP-approved Forest Management Scheme – 0%
 - Large forest holdings not certified by SBP-approved Forest Management Scheme – 0%
 - Small forest holdings, certified by SBP-approved Forest Management Scheme - 0%
 - Small forest holdings, not certified by 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 m3

- k. List percentage of primary feedstock from primary forest (i), by the following categories. Subdivide by SBP – approved Forest Management Scheme:
- Primary feedstock from primary forest, certified by SBP- approved Forest management Scheme - 0
 - Primary feedstock from primary forest, not certified by SBP- approved Forest management Scheme - 0

Not applicable, primary raw materials do not come from virgin forests.

- l. The volume of secondary feedstock: 54 081 t (humidity 50% of the total weight), over the last 12 months of 2015 (from primary feedstock of Kazachinsko-Lensky, Kirensky, Ust-Kutsky and Nizhneilimsky districts)
- bark 6 773 t (the average humidity 55%)
 - shavings 14 692 t (the average humidity 11%)
 - undersized chips, sawdust 32 616 t (the average humidity 56%)

- m. Volume of tertiary feedstock: Not applicable

3 Requirements for Supply base evaluation

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

Not applicable: supply base evaluation is out of the scope of this certification.

4 Supply base evaluation

Not applicable

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 Consultations with parties concerned

Not applicable

6.1 Response to comments from parties concerned

Not applicable

7 Overview of initial assessment of risk

Not applicable

8 Supplier verification programme

Not applicable

8.1 Supplier verification programme

Not applicable

8.2 Site visits

Not applicable

8.3 Conclusions from Supplier verification programme

Not applicable

9 Mitigation measures

Not applicable

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

The Report was sent for expert evaluation to Kirov forest certification center.

Review of the Report obtained with the conclusion that meets the requirements of SBP to the Report of the resource base of the producer of biomass. It is recommended to fill the table in Section 1 and in Section 2.1 General description to indicate the unit of measure.

11.2 Public and additional review



Report is available on Lesresurs company website for public disclosure.

http://www.lesresurs.com/docs/doc_11.pdf

http://www.lesresurs.com/docs/doc_11_en.pdf

All requests, if any, by parties concerned shall be sent to company's e-mail address: post@lesresurs.com

12 Approval of Report

Approval of Supply Base Report by senior management			
Report prepared by:	 Ovchinnikova Nadezhda	Specialist in forest certification	11.01.2016
	Name	Title	Date
<p>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.</p>			
Report approved by:	 Ratkevich Iosif	Executive director	11.01.2016
	Name	Title	Date
Report approved by:	[name]	[title]	[date]
	Name	Title	Date
Report approved by:	[name]	[title]	[date]
	Name	Title	Date

13 Updates

Not applicable at main SBP assessment.

13.1 Significant changes in the Supply Base

Not applicable at main SBP assessment.

13.2 Effectiveness of previous mitigation measures

Not applicable at main SBP assessment.

13.3 New risk ratings and mitigation measures

Not applicable at main SBP assessment.

13.4 Actual values of feedstock over the previous 12 months

Not applicable at main SBP assessment.

13.5 Projected values of feedstock over the next 12 months

Not applicable at main SBP assessment.