

# SBP

Sustainable Biomass Partnership

## Supply Base Report: Lesresurs, LLC

First Surveillance Audit

[www.sustainablebiomasspartnership.org](http://www.sustainablebiomasspartnership.org)



## Completed in accordance with the Supply Base Report Template Version 1.2

*For further information on the SBP Framework and to view the full set of documentation see [www.sustainablebiomasspartnership.org](http://www.sustainablebiomasspartnership.org)*

### *Document history*

*Version 1.0: published 26 March 2015*

*Version 1.1 published 22 February 2016*

*Version 1.2 published 23 June 2016*

© Copyright The Sustainable Biomass Partnership Limited 2016

# Contents

<b>1</b>	<b>Overview</b> .....	<b>1</b>
<b>2</b>	<b>Description of the Supply Base</b> .....	<b>2</b>
2.1	General description .....	2
2.2	Actions taken to promote certification amongst feedstock supplier .....	4
2.3	Final harvest sampling programme .....	4
2.4	Flow diagram of feedstock inputs showing feedstock type [optional].....	4
2.5	Quantification of the Supply Base .....	5
<b>3</b>	<b>Requirement for a Supply Base Evaluation</b> .....	<b>6</b>
<b>4</b>	<b>Supply Base Evaluation</b> .....	<b>7</b>
4.1	Scope .....	7
4.2	Justification .....	7
4.3	Results of Risk Assessment.....	7
4.4	Results of Supplier Verification Programme .....	7
4.5	Conclusion .....	7
<b>5</b>	<b>Supply Base Evaluation Process</b> .....	<b>8</b>
<b>6</b>	<b>Stakeholder Consultation</b> .....	<b>9</b>
6.1	Response to stakeholder comments .....	9
<b>7</b>	<b>Overview of Initial Assessment of Risk</b> .....	<b>10</b>
<b>8</b>	<b>Supplier Verification Programme</b> .....	<b>11</b>
8.1	Description of the Supplier Verification Programme .....	11
8.2	Site visits .....	11
8.3	Conclusions from the Supplier Verification Programme.....	11
<b>9</b>	<b>Mitigation Measures</b> .....	<b>12</b>
9.1	Mitigation measures .....	12
9.2	Monitoring and outcomes .....	12
<b>10</b>	<b>Detailed Findings for Indicators</b> .....	<b>13</b>
<b>11</b>	<b>Review of Report</b> .....	<b>14</b>
11.1	Peer review .....	14
11.2	Public or additional reviews.....	14
<b>12</b>	<b>Approval of Report</b> .....	<b>15</b>

<b>13</b>	<b>Updates .....</b>	<b>16</b>
13.1	Significant changes in the Supply Base .....	16
13.2	Effectiveness of previous mitigation measures .....	16
13.3	New risk ratings and mitigation measures .....	16
13.4	Actual figures for feedstock over the previous 12 months .....	16
13.5	Projected figures for feedstock over the next 12 months .....	16

# 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](mailto:onn@lesresurs.com)  
**Company website:** <http://www.lesresurs.com>  
**Date report finalised:** 11/Jan/2017  
**Close of last CB audit:** 02/Feb/2017, Novaya Igirma  
**Name of CB:** NEPCon  
**Translations from English:** available  
**SBP Standard(s) used:** Standard 2, version 1.0; Standard 4, version 1.0; Standard 5, version 1.0; 5A instruction Version 1.0  
**Weblink to Standard(s) used:** <http://www.sustainablebiomasspartnership.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
<input type="checkbox"/>	<b>X</b>	<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 m<sup>3</sup>, incl. 7.7 billion m<sup>3</sup> of coniferous.

Lesresurs is a lessee of following forest areas in Irkutsk region:

1. Kirenk district, Kirensk lesnichestvo, Karelinskoe forest unit, Nebelskaya dacha, Kirenskoe forest unit, Kirenskaya dacha – 101,436 ha.
2. Kazachinsko-Lensk district, Kazachinsko-Lensk lesnichestvo, Magistralnoe forest unit, Martynovskaya dacha – 39,203 ha.
3. Kirenk district, Kirensk lesnichestvo, Karelinskoe forest unit, Nebelskaya dacha – 20,494 ha.

FMU 1 – 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.

FMU 2 – 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.

FMU 3 – The forest area is predominated by softwood - 98% of wooded land, from which pine (*Pinus sylvestris*) – 54%, larch (*Larix sibirica*) -21%, Siberian stone pine (*Pinus sibirica*) – 14%, fir tree (*Abies*) – 3%. Average age of coniferous forest stands is 159 years, soft broadleaved – 75 year.

Lease forest areas of total 161,133 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).

There are no CITES species in the lease forest areas. Also there no species listed by IUCN (International Union for Conservation of Nature and Natural Resources)

Round wood used in production:

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

*Logging volumes of forestry producers in the region:*

№	Leaseholder	Area (1,000 ha)	Allowable cut (1,000 m3)	
			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, Ust-Kut, Bratsk and Ust-Ilim districts of Irkutsk Region and also in Krasnoyarsk Region.

Krasnoyarsk Region is the second largest region of the Russian Federation, occupying 2,366.8 thousand square kilometers (or 13, 86% of the country's territory). Krasnoyarsk Region is the part of the Siberian Federal District. It is located mainly in Eastern Siberia, in the basin of the Yenisei River.

In the east, the region borders on the Republic of Sakha (Yakutia) and the Irkutsk region, in the south - with the Republic of Tuva and the Republic of Khakasia, in the west - with the Kemerovo and Tomsk regions, as well as with the Khanty-Mansiysk and Yamalo-Nenets autonomous regions.

The population of the Krasnoyarsk is 2,875,790 people as of January 1, 2017.

The Krasnoyarsk is the second largest forest region in Russia. Forested area is 158.7 million hectares, or 42.6% of the forest area of the Siberian Federal District.

More than 50% of the region's species composition is larch, 17% - spruce and fir, 12% - pine and 9% - cedar. The share of coniferous species is 88%, including 30% of Russian growing stock of cedar.

*Proportion of SBP feedstock product groups in 2016*

For the 12 months of 2016 Lesresurs LLC purchases additional timber harvested in Nizhneilimsk, Ust-Kut, Bratsk and Ust-Ilim districts of Irkutsk Region and Tungusko-Chunsky forest district of Krasnoyarsk Region. This wood is included in the audit programme of suppliers of controlled material within CoC FSC certification of Lesresurs LLC.

The Company purchased certified wood in 2016.

m3

Primary feedstock source	FSC standard		SBP standard	
	FSC certified	FSC Controlled Wood	SBP-compliant feedstock (primary)	SBP-controlled feedstock (primary)
from certification base	206,866.12	-	217,842.05	-
from no certified base		182,839.23		116,187.13
Sub-total	206,866.12	182,839.23	217,842.05	116,187.13
Total	389,705.35		389,705.35	

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 53% and the controlled raw material is 47%.

## 2.2 Actions taken to promote certification amongst feedstock supplier

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

Not applicable

## 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):      | 1,357,657 ha  |
| b. Tenure by type (ha):              | 100%, state   |
| c. Forest by type (ha):              | 1,357,657 ha, boreal  |
| d. Forest by management type (ha):   | 1,356,871 ha, natural, managed according to lease Agreements. 786 ha of natural forest on the basis of State orders of the Ministry of forest complex of the Irkutsk region |
| e. Certified forests by scheme (ha): | 1,003,383 ha, FSC certified   |

### Feedstock

- f. Total volume of feedstock:  
- volume of secondary input materials for the production of pellets – 52,081 t
- 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: 52,081 t (humidity 39% of the total weight), over the last 12 months of 2016 (from primary feedstock after processing):
- bark 7,058 t (the average humidity 40%)
  - shavings 14,477 t (the average humidity 10%)
  - undersized chips, sawdust 25,171 t (the average humidity 52%)
  - chips 5,375 t (the average humidity 53%)
- m. Volume of tertiary feedstock: Not applicable

### 3 Requirement for a Supply Base Evaluation

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

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

## 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

### 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

Not applicable

### 11.2 Public or additional reviews

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.pdf)

[http://www.lesresurs.com/docs/doc\\_11\\_en.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](mailto:post@lesresurs.com)

## 12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:	<i>Ovchinnikova N.N.</i> _____	Specialist in forest certification	<i>11.01.2017</i>
	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:	<i>Ratkevich I.S.</i> _____	Executive director	<i>11.01.2017</i>
	Name	Title	Date

## 13 Updates

### 13.1 Significant changes in the Supply Base

The area of the Company's supply base has changed during the revision period.

### 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

The actual consumed amount of feedstock for the production of pellets is 65,610 cubic meters for 2016.

### 13.5 Projected figures for feedstock over the next 12 months

Planned volumes of feedstock for the production of pellets by 2017 are 81,461 cubic meters.