

# Supply Base Report: Luzales LLC

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## 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.sbp-cert.org](http://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*

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# 1 Overview

**Producer name:** Luzales LLC  
**Producer location:** Lesnaya str., 1a, 168132, stlm. Kyzdyavidz', Priluzskij district, Komi republic, Russia  
**Geographic position:** 60.497409 'N, 49.589759 'E  
**Primary contact:** Andrey Piyr, 1-ya Promyshlennaya str., 8, 167981, city Syktyvkar, Komi Republic, Russia, tel.: +79128634922, [apiyr@luzales.ru](mailto:apiyr@luzales.ru) .  
**Company website:** <http://www.luzales.ru>  
**Date report finalised:** 27/Apr/2018  
**Close of last CB audit:** 27/Apr/2018, Syktyvkar  
**Name of CB:** NEPCon OÜ  
**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:** <http://www.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
<b>X</b>	<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 lands on the territory of the Russian Federation is 764 million ha. which is approximately 21% of the world's standing stock. Coniferous species account for 68.4%. Hardwood - 2.4%, - softwood - 19.3%. Other tree species are less than 1% of forests.

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 on lease and short-term use. Lease relations are the dominant legal form of forest use. The lease term may continue from 10 to 49 years.

Entering into the lease agreement of forest lands or sale contracts of forest plantations is carried out at the auction for selling the right to enter into such agreements. Forest areas for a lease must pass a state cadastral registration. According to the Forestry Code of the Russian Federation every forest user taking a lease forest land is obliged:

- to implement measures on forest conservation, protection and regeneration;
- to provide annual forest declaration;
- to issue a forest exploitation project;
- to provide a report on the forests use, their conservation, protection and regeneration.

Ensuring high-quality reproduction of forest resources and protective afforestation is a prerequisite for the use of forests. All reforestation activities in leased forest out are planned and carried out by forest users on their own expense in accordance with forest management projects.

The forest complex of the Russian Federation, including forestry as well as wood harvesting and wood processing industries, plays an important role in Russian economy.

The forest industry in Russia is one of the leaders in terms of the number of employed people, as well as the level of tax deductions to all levels of the budget.

Forest certification is an effective tool for combating illegal wood harvesting and wood trade. The system of FSC (Forest Stewardship Council) certification is widely used in Russia. Certified forests area in Russia is over 48 mln. ha. or 33% of the total number of forest under lease. The dynamics of forest certification in Russia shows the ever-increasing activity of wood companies, which indicates to the responsibility to ensure the legality of wood harvested and compliance with environmental and social requirements.

Luzales LLC is located in the south of the Komi Republic, in the middle taiga zone, in the vicinity of settlement Kyzzyavidz'.

The Supply base of Luzales LLC is the forest fund area of its own leasing area in the Komi Republic, the supplier Mondi SLPK JSC in the Komi Republic and JSC Ilim Group in the town of Koryazhma in the Arkhangelsk Region. The volume of the forest fund in its own lease of Luzales LLC is 303,560 hectares, the forest fund of suppliers - 2582836,92 hectares. The enterprise and its suppliers have FSC forest management certificates (FC-FM / COC-643604 - Luzales LLC, FC-FM / COC-643210 - Mondi SLPK JSC and NC-FM / COC-023018 - JSC Ilim Group in Koryazhma) and are responsible forest users.

Company use wood species in pellet production (pine and spruce) which not belong to species listed to CITES and IUCN.

Forest management is based on achievement of inexhaustible sustainable use of forest resources according to the requirements of forest laws and forest certification principles, if applicable. Rotation period is 60-120 years. One or two thinnings and clear-cuts of mature forest with forest regeneration are made during rotation period. Seedlings planting or natural forest regeneration can be used for forest regeneration. Inexhaustible use of forest resources is also implemented. Inexhaustible use of forest resources is based on 15 – 20-year cycle of harvesting with selective harvesting and viable young growth retaining.

Intact forests and wetlands of international importance are located at the territory of Supply Base. Small-numbered indigenous nations live here. In order to minimize the risk of wood of unknown origin, Luzales LLC processes only wood from FSC certified forests in pellet production.

The Luzales LLC is one of the largest logging and processing companies in the Komi Republic. The annual volume of incoming raw material (sawlogs) to the plant Luzales LLC is 464,3 thousand m3.

LLC "Luzales" is of great socio-economic importance in the Priluzsky District of the Komi Republic. Annually agreements on social and economic partnership are concluded, within the framework of which there is financial aid to the district administration. In public settlements, stakeholder consultation are held with local residents, according to the results of which, decisions are taken to provide financial assistance in carrying out various public events, both regional and local, providing construction material for repair of socially significant facilities, allocation of places for picking mushrooms and berries, hunting grounds and other important forest areas for the local population. Individual assistance is also provided to local residents on applications received, public organizations (community organizations, charities, veterans' societies, etc.). The local population has priority when applying for a job in LLC Luzales.

Table 1 - Overview of the SBP product groups proportions.

SBP product Group	Share in the whole supply during reporting period	Number of suppliers	Tree species composition
Controlled Feedstock	0%		
SBP-compliant Primary Feedstock	0%		
SBP-compliant Secondary Feedstock	100%	2	Scots pine (Pínus sylvestris), Norway spruce (Picea abies)
SBP-compliant Tertiary Feedstock	0%		-
SBP non-compliant Feedstock	0%		-

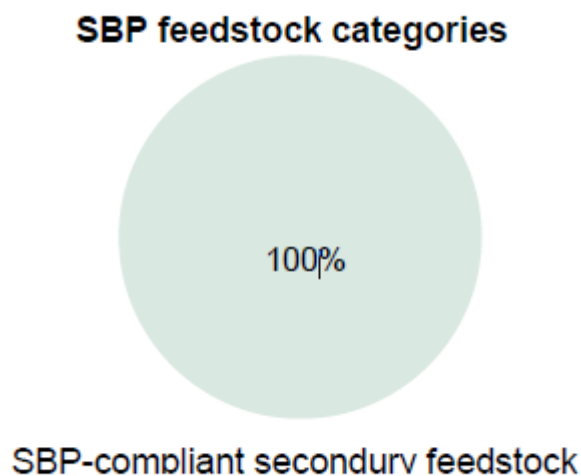
## 2.2 Actions taken to promote certification amongst feedstock supplier

For the production of pellets, the enterprise uses only FSC-certified feedstock from certified loggers, so the company does not take actions to promote certification of its suppliers.

## 2.3 Final harvest sampling programme

Not applicable, because Secondary wood is used for the pellet production.

## 2.4 Flow diagram of feedstock inputs showing feedstock type [optional]



## 2.5 Quantification of the Supply Base

### Supply Base

- a. Total Supply Base area (ha): 2886396,92 ha (303560,0+1868091,92 + 714745,0)
- b. Tenure by type (ha): 2886396,92 ha public
- c. Forest by type (ha): 2886396,92 ha boreal
- d. Forest by management type (ha): 2886396,92 ha managed natural
- e. Certified forest by scheme (ha): 2886396,92 ha of FSC-certified forest and PEFC-certified

forests

### Feedstock

- f. Total volume of Feedstock: **5794,1 m<sup>3</sup>/year** (estimated value)
- g. **Volume of primary feedstock: 0 m<sup>3</sup>**
- h. List percentage of primary feedstock (g), by the following categories:
  - Certified to an SBP-approved Forest Management Scheme: **0 m<sup>3</sup>**
  - Not certified to an SBP-approved Forest Management Scheme: **0 m<sup>3</sup>**
- i. List all species in primary feedstock, including scientific name: n/a



j. Volume of primary feedstock from primary forest: **0 m<sup>3</sup>**

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 m<sup>3</sup>**

- Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme: **0 m<sup>3</sup>**

l. Volume of secondary feedstock: **5794,1 m<sup>3</sup>** – sawdust per year (estimated value)

m. Volume of tertiary feedstock: **0 m<sup>3</sup>**

### 3 Requirement for a Supply Base Evaluation

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

In the production of SBP pellets, secondary feedstock with FSC 100% claim is used. 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

An expert evaluation of the Supply Base Report was not carried out.

### 11.2 Public or additional reviews

Supply base report of Luzales LLC will be posted on the website <http://www.luzales.ru> . Questions and comments can be sent to e-mail [apiyr@luzales.ru](mailto:apiyr@luzales.ru) , FSC CoC manager, Andrey Piyr.

## 12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:	<i>Andrey Piy</i>	<i>Deputy general director, FSC CoC manager</i>	<i>25.04.2018</i>
	<b>Name</b>	<b>Title</b>	<b>Date</b>
<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:	<i>Valentin Rozhok</i>	<i>General director</i>	<i>25.04.2018</i>
	<b>Name</b>	<b>Title</b>	<b>Date</b>

## 13 Updates

Not applicable.

### 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

5794,1 m<sup>3</sup>

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

108 000 m<sup>3</sup>