

Supply Base Report: Rusforest Magistralniy

Third Surveillance Audit

www.sbp-cert.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.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

© Copyright The Sustainable Biomass Partnership Limited 2016

Contents

1	Overview	1
2	Description of the Supply Base	2
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
3	Requirement for a Supply Base Evaluation	6
4	Supply Base Evaluation	7
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
5	Supply Base Evaluation Process	8
6	Stakeholder Consultation	9
6.1	Response to stakeholder comments	9
7	Overview of Initial Assessment of Risk	10
8	Supplier Verification Programme	11
8.1	Description of the Supplier Verification Programme	11
8.2	Site visits	11
8.3	Conclusions from the Supplier Verification Programme	11
9	Mitigation Measures	12
9.1	Mitigation measures	12
9.2	Monitoring and outcomes	12
10	Detailed Findings for Indicators	13
11	Review of Report	14
11.1	Peer review	14
11.2	Public or additional reviews	14
12	Approval of Report	15

13	Updates	16
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: Rusforest Magistralniy LLC
Producer location: I2/5 Zavodskaya str., Magistralny, Kazachinsko-Lensk district, Irkutsk region, 666505.
Geographic position: 56°14'05" N /107°38'33" E
Primary contact: Nadezhda Ovchinnikova, tel. +7 9500-620-320, +7 (3952) 780-920, onn@lesresurs.com
Company website: <http://www.rusforest.com>
Date report finalised: 05/Nov/2018
Close of last CB audit: 13/Nov/2018, Magistralny
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; Instructions 5A, 5B, 5C 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	First Surveillance	Second Surveillance	Third Surveillance	Fourth Surveillance
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	X	<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.

In accordance with Russian law, all forest lands are state-owned. Legal persons receive forest land use rights through lease agreements and under short-term use. Leases are the dominant legal form of forest use. The lease term can range from 10 to 49 years.

Conclusion of lease contracts of forest plots or contracts of sale of forest plantations is carried out on the auctions to sell the right to conclude such contracts. Areas rented must be recorded in the state cadastre. Each forest user authorized to rent forest land, in accordance with the Forest Code of the Russian Federation shall:

- to carry out activities on conservation, protection and reproduction of forests,
- annually submit a forest Declaration
- to make the forest development project,
- to provide a report on the use of forests, their conservation, protection and reproduction.

Geographically supply base of Rusforest Magistralniy LLC is located in Irkutsk region of Siberian Federal District (SFD), Russian Federation.

The 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.

The leased forest areas of "Rusforest Magistralniy" LLC have the following features:

FMU 1 - Forest lease 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 accounting for 63% of total wooded land and spruce, fir tree, larch and cedar – 8%, 1%, 15% and 8% correspondingly. Average age of coniferous plantations 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 accounting for 67% of total coniferous area and cedar, larch, spruce and fir tree – 13%, 10%, 9% and 1% correspondingly. Mature and over-mature stands prevail. Average age of coniferous plantations is 122 years, soft broadleaved – 60 years.

FMU 3 – In general the forest area is predominated by coniferous stands (90.5%) with pine accounting for 76.5% of total coniferous area, larch – 7.8%, spruce – 11.4%, cedar – 4.2% and fir tree – 0.1%. Soft

broadleaved stands account for 9.5% of forest land with birch accounting for 51.2% and aspen – 48.8%. Average age of coniferous plantations is 159 years, soft broadleaved – 91 year.

FMU 4 – The forest area is predominated by coniferous stands (97.5%) with larch accounting for 45% of total coniferous area, pine – 32.3%, cedar – 11.4%, spruce – 8.9%. Soft broadleaved stands account for 2.5% of forest land with birch accounting for 0.8% and aspen – 1.7%. Average age of coniferous plantations is 111 years, soft broadleaved – 34 year.

Location of forest lease areas:

- № 91-289/11 from 04.08.2011 - Kazachinsko-Lensk district, Kazachinsko-Lensk forestry district, Magistralnoe zonal forestry district, Martynovskaya dacha, Karamskoe zonal forestry district, Novoselovskaya and Karamskaya dacha (125,565 ha);
- № 91-288/11 from 04.08.2011 - Kazachinsko-Lensk district, Kazachinsko-Lensk forestry district, Kazachinskoe zonal forestry district, Cherepanskaya and Kutimsaya dacha (355,104 ha).
- № 2/8 from 18.08.2008 - Kazachinsko-Lensk district, Kazachinsko-Lensk forestry district, Magistralnoe zonal forestry district, Martynovskaya dacha (25,456 ha);
- № 3/8 from 18.08.2008 - Kazachinsko-Lensk district, Kazachinsko-Lensk forestry district, Magistralnoe zonal forestry district, Magistralnaya and Nebelskaya dacha (8,673 ha);

The total area of the certified areas on four sites – 514,798 ha.

Company has valid FSC certificates:

- NC-FM/COC-014074 (Licence code FSC-C109710),
- NC-COC-014069 / NC -CW-014069 (Licence code FSC-C110772).

The roundwood species used by the organization in production are not subject to the CITES Convention and are not included in the IUCN listings:

- Scots pine (*Pinus sylvestris*) 81,5%
- Siberian larch (*Larix sibirica*) 18,5%.

Logging volumes of forestry producers in the region:

№	Leaseholder	Area (thousand ha)	Allowable cut (thousand m ³)	
			total	Incl. coniferous
1	Rusforest Magistralniy LLC	514.8	725.7	580.8
2	LDK Igirma LLC	327.45	624.2	433.4
3	Lesresurs LLC	161.13	440.0	386.4

Our company is the largest in the Region, which is evident from the table.

On the certified area is dominated by boreal forest, classified as operating, there are virgin forests, and they are excluded from harvesting, as well as live representatives of indigenous peoples and their interests are taken into account. The areas climate is sharply continental, and their territory equated with the far North.

On lease land is being used for cutting area up to 50 ha, and all reforestation work, high-quality reproduction of forest resources and protective measures.

Socio-economic environment of district 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%.

An overview of the proportions of primary feedstock product groups

OOO "Rusforest Magistralny" from 01.10.2017 to 30.09.2018 held a purchase from a supplier, timber harvested in the Kazachinsko-Lensk forestry, Irkutsk region. This wood is included in the audit programme of suppliers of controlled material within CoC FSC certification of Rusforest Magistralniy 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	228 354,832	-	228 354,832	-
from no certified base		50 226,723		50 226,723
Sub-total	228 354,832	50 226,723	228 354,832	50 226,723
Total	278 581,555		278 581,555	

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 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 83% and the controlled raw material 17%.

2.2 Actions taken to promote certification amongst feedstock supplier

Confirming the effect of promoting certification are 83% certified wood and only 17% of the controlled in the total amount of raw materials used.

With the only supplier of controlled raw materials it was conducted public outreach about the benefits of certified products. For economic reasons, the supplier still does 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]

Not applicable.

2.5 Quantification of the Supply Base

Supply Base

- a. Total supply base area (ha): 514,945.8 ha
- b. Tenure by type (ha): 100% state
- c. Forest by type (ha): 514,945.8 boreal
- d. Forest by management type (ha): 514,798.0 natural forests, managed according to forest lease agreements. 147,8 ha of natural forest, purchased at auction, according to the Order of Forest Agency of Irkutsk Region
- e. Certified forests by scheme (ha): FSC-certified – 514,798.0 ha

Feedstock

- f. Total volume of feedstock :
 - volume of secondary input materials for the production of pellets – 68,383.94 tons
- g. Volume of primary feedstock: not applicable
- h. List percentage of primary feedstock (g), by the following categories. Subdivide by SBP – approved Forest Management Schemes:
 - Certified by SBP-approved Forest Management Schemes – 0%
 - Not certified by SBP-approved Forest Management Schemes – 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 Schemes
Not applicable
- l. The volume of secondary raw materials: 68,383.94 tons, or the revision period (from primary raw material of Kazachinsko-Lensky district)
- m. Volume of tertiary feedstock: Not applicable

3 Requirement for a 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

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

Expert evaluation is not required. There are no significant changes in the resource base.

11.2 Public or additional reviews


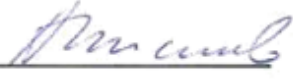
Report is available on Rusforest company website www.rusforest.com, for public disclosure. Rusforest Magistralniy is the part of the group of companies Rusforest.

http://www.rusforest.com/downloads/Operations/RFMag_RB_Report_2018.pdf

http://www.rusforest.com/downloads/Operations/RFMag_RB_Report_2018_en.pdf

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

12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:	Ovchinnikova N.N. 	Specialist in forest certification	06.11.2018
	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:	Aksenov A.V. 	Director on wood processing	06.11.2018
	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.

13.1 Significant changes in the Supply Base

In the revision period, there are no significant changes in the resource base of the enterprise

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 raw material for the production of pellets in the revision period was 76 668,6 cubic meters.

13.5 Projected figures for feedstock over the next 12 months

The planned volumes of raw materials for pellet production for the next 12 months are 78 935 dense cubic meters.