SBP

Sustainable Biomass Partnership

Supply Base Report Rusforest Magistralniy

www.sustainablebiomasspartnership.org

Version 1.2
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For further information on the SBP Framework and to view the full set of documentation see www.sustainablebiomasspartnership.org

Document history

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1 Overview

Producer name:	Rusforest Magistralniy LLC
Producer location:	I2/5 Zavodskaya str., Magistralny, Kazachinsko-Lensk district, Irkutsk region, 666505.
Geographic position:	56° 8’28” N /107°22’53” 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:	08.11.2017
Close of last CB audit:	17.11.2017, 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
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**
☐	☐	**X**	☐	☐

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 trough 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) 85%
- Siberian larch (Larix sibirica) 15%.

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 01.10.2016 to 30.09.2017 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	226 971,67	-	226 971,67	-
from no certified base		53 877,55		53 877,55
Sub-total	226 971,67	53 877,55	226 971,67	53 877,55
Total	280 849,22		280 849,22	

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 81% and the controlled raw material 19%.

2.2 Actions taken to promote certification amongst feedstock supplier

Confirming the effect of promoting certification are 81% certified wood and only 19% 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): 515,144.0 ha
b. Tenure by type (ha): 100% state
c. Forest by type (ha): 515,144.0 boreal
d. Forest by management type (ha): 514,798.0 natural forests, managed according to forest lease agreements. 346,0 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 ha

Feedstock

f. Total volume of feedstock :
- volume of secondary input materials for the production of pellets – 65, 879.97 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: 65,879.97 tons, (humidity 52,05% of the total weight), or the revision period (from primary raw material of Kazachinsko-Lensky district)
- sawdust 48,855.24 tons (the average humidity of 53.24%)
- chips 11,914.92 tons (the average humidity of 53.24%)
- bark 7,409.49 tons (the average humidity of 45,27%)

m. Volume of tertiary feedstock: Not applicable

3 Requirement for a Supply Base Evaluation

SBE completed	SBE not completed
□	**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

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

Peer review made by the expert of the Kirov forest certification centre Efimova N. M.

There are no remarks. The review is attached to the report.

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_2017.pdf

http://www.rusforest.com/downloads/Operations/RFMag_RB_Report_2017 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*	*08/11/2017*
	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*	*08/11/2017*
	Name	Title	Date
Report approved by:	*[name]*	*[title]*	*[date]*
	Name	Title	Date
Report approved by:	*[name]*	*[title]*	*[date]*
	Name	Title	Date

13 Updates

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 89,063.94 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 80,645 dense cubic meters.

Proposals and remarks on the Report on the Resource Base of the Biomass Producer LLC "Rusforest Magistralny"

The Report on the Resource Base of the Biomass Producer LLC "Rusforest Magistralny", submitted for review, is generally written competently and meets the requirements set by the SBP.

There are no comments on the text of the Report.

Efimova NM, expert on forest certification
Kirov Center
November 12, 2017