SBP

Sustainable Biomass Program

Supply Base Report: Lesresurs LLC

www.sbp-cert.org

Version 1.3
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For further information on the SBP Framework and to view the full set of documentation see www.sbp-cert.org

Document history

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1 Overview

Producer name: Lesresurs LLC

Producer location: 11/1, of.4-1, Kozhova str., Irkutsk, 664022

Production site: 2/99, Vostochnaya Magistral, Novaya Igirma, Nizhneilimsk district, Irkutsk region, Russia, 665684

Geographic position: N 57,13450 / E 103,94115, Irkutsk region, Russian Federation

Primary contact: Vera Pochinchik, Irkutsk, Kozhova str., 11/1, of.4-1,
tel. +7-964-821-78-29, +7 (3952) 780-920, v.pochinchik@lesresurs.com

Company website: http://www.lesresurs.com

Date report finalised: 20.01.2020

Close of last CB audit: 24.01.2020, 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; Instruction 5E 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**
☐	☐	☐	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.

Geographical location of the resource base of LLC Lesresurs Russian Federation, Siberian Federal District (SFD), Irkutsk region (Kirensk, Kazachinsko-Lensk, Nizhneilimsk, Ust-Kut districts) and Krasnoyarsk krai (Tungussko-Chunsky district).

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).

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

- 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	Igirma-Lesnaya gruppa LLC	635.2	1 295.2	1 004.4
2	RusForest Magystralny LLC	514.8	725.7	580.8
3	Lesresurs LLC	161.133	440.0	386.4

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 conditions of the Irkutsk region and the Krasnoyarsk krai, in which forest plots are located.

The Irkutsk region occupies the third place among the Russian regions in terms of forest resources and the first place in the Siberian Federal District.
Forest resources of Irkutsk region:

- forest land - 68.5 million hectares, including 62.9 million hectares covered with forest vegetation,
- timber stock of 9 billion m3, including 7.7 billion m3 for coniferous species.

Irkutsk region is the largest region of Russia without access to the sea. The region is a large subject of the Russian Federation, occupying an area of 774 846 km ² with a population of 2 408 901 people. (2017).

The Irkutsk region is part of the East Siberian economic region; has a significant economic importance, the main branches of the region's specialization are forestry, woodworking, pulp and paper, mining, machine building, etc. In the all-Russian industry, 6.5% of electricity production, 15% of export of commercial timber, 6% of coal production, almost 20% All-Russian production of cellulose, more than 10% of cardboard, about 9% of oil is processed. In terms of GDP per capita, the Irkutsk region ranks 20th among 85 subjects of the Federation.

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

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

The Tungussko-Chunsky district of the Evenki Autonomous District of Krasnoyarsk krai is located in the southeastern part of the district. The total area of the region is 111,600 km^2. The length of the area from west to east is 340 km. from north to south - 540 km.

The prospects of the Tungussko-Chunsky district are largely related to the development of the extractive industry - in the bowels of the region there are large reserves of oil, gas and other minerals. On the

"Poiginskoye" deposit there is a private enterprise "Taimura". It has been providing the entire municipal energy sector with liquid fuel for 10 years now.

In the plans - the construction of a new school, a hospital, a plant for the preparation of boiler-furnace fuel. The plant is designed to process 20,000 tons of crude oil. It will produce diesel fuel, gasoline, boiler-heating oil.

On the territory of the district there are five House of Culture, district (adult and children's) libraries and four rural branches. In the village of Vanavara there is a school of arts with music, art and decorative and applied departments.

Proportion of SBP feedstock product groups in 2019

For the 12 months of 2019 Lesresurs LLC purchases additional timber harvested in Nizhneilimsk, Kazachinsko-Lensry, Ust-Kut and Kirensky districts of Irkutsk Region and Tungussko-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 2019

m3

Primary feedstock source	FSC standard		SBP standard	
	FSC certified	FSC Controlled Wood	SBP-compliant feedstock (primary)	SBP-controlled feedstock (primary)
from certification base	303 155,50	-	303 155,50	-
from no certified base		98 879,54		98 879,54
Sub-total	303 155,50	98 879,54	303 155,50	98 879,54
Total	402 035,04		402 035,04	

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.

The ratio of raw materials: FSC certified raw material is 75% and the controlled raw material is 25%.

In the reporting period the primary feedstock for sawmill was sourced from 4 FSC-certified forest management units and 6 forest management units included into verification program of controlled material sources.

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. LLC Kodinskoye passed FSC certification in 2019. For economic reasons, the remaining suppliers have not yet entered the certification process. 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]

Not applicable

2.5 Quantification of the Supply Base

The supply base

a.	Total supply base area (ha):	1 646 264.2 ha
b.	Tenure by type (ha):	100%, state
c.	Forest by type (ha):	1 646 264.2 ha, boreal
d.	Forest by management type (ha):	1 646 229.2 ha, natural, managed according to lease Agreements. 35.0 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):	1 513 290.2 ha, FSC certified

Feedstock

f. Total volume of feedstock:
- volume of secondary input materials for the production of pellets – 96 409 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: 96 409 t, for 2019 (from primary feedstock processing)
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

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

11.2 Public or additional reviews

Report is available on Lesresurs company website for public disclosure.

http://lesresurs.com/docs/SBP_LR_base_2019_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:	*Pochinchik V.N.*	Specialist in forest certification	*20.01.2020*
	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:	*Ratkevich I.S.*	First deputy of general director - executive director	*20.01.2020*
	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

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 143 018 cubic meters for 2019

13.5 Projected figures for feedstock over the next 12 months

Planned volumes of feedstock for the production of pellets by 2020 are 155 328 cubic meters.