

Supply Base Report

RusForest Magistralny



Version 1.0
March 2015

More information and full set of documents on
www.sustainablebiomasspartnership.org

Version 1.0: published March 26, 2015

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1 Overview

Producer name: RusForest Magistralny LLC
Producer location: I2/5 Zavodskaya str., Magistralny, Kazachinsko-Lensk district, Irkutsk region, 666504.
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: 12.10.2015
Close of last CB audit: 15.10.15, production site of RusForest Magistralny, Magistralny, Kazachinsko-Lensk district, Irkutsk region
Name of CB: Nepcon LLC
Translations from English: available
SBP standard(s) used: Standard 2: Verification of SBP-compliant Feedstock, Standard 4: Chain of Custody, Standard 5: Collection and Communication of Data, Version 1.0: published 26 March 2015
Web link to Standard (s) used: <http://www.sustainablebiomasspartnership.org/documents>
SBP endorsed regional risk assessment: not applicable
Web link to SBE on Company website: <http://www.rusforest.com>

Indicate the current evaluation within the cycle of Supply Base Evaluation				
Main (initial) evaluation	First surveillance	Second surveillance	Third surveillance	Fourth surveillance
X	<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 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 Magistralny 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 Magistralny" 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.

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).

These forest plots with a total area of 480 669 hectares certified to FSC standard and are included in the scope of group forest management certificate of "Lesprom" LLC NC-FM/COC-014074 (license code FSC-C109710) together with forest lease areas of "Lesprom" LLC:

- № 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);
- № 6 from 01.12.2008 - Kachugskiy district, Kachugskiy forestry district, Anginskoe zonal forestry district, Anginskaya dacha (231 554 ha).

The total area of the certified areas - 746 352 ha.

Forestry operations is conducted only by "Lesprom" LLC. The contract is concluded between organizations to provide services for the harvesting and hauling.

The entire volume of harvested certified timber from these areas is supplied to the RusForest Magistralny LLC. Company has valid certificate:

- NC-COC-014069 / NC -CW-014069 (Licence code FSC-C110772).

There are no CITES and MSOP species in the lease forest areas.

Round wood used in production:

- Scots pine (*Pinus sylvestris*)
- Siberian larch (*Larix sibirica*).

Logging volumes of forestry producers in the region:

№	Leaseholder	Area (thousand ha)	Allowable cut (thousand m ³)	
			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	140.64	372.0	321.4
4	Lesprom LLC	265.68	359.0	308.0

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 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%.

Kachug district

Kachug district is located in southeastern part of Irkutsk region. The district’s territory covers upper course basin of the Lena River and the Kirenga River. Southeastern part of the district is occupied by mounting slopes and foothills of Onog and Primorsk Ridges ensuring mountainous terrain. Northwestern part of the district lies on high (up to 900 m) and wide leveled watershed between Lena and Kirenga rivers. In southwest the district spans through hilly terrain of Manzursk Upland. The district borders Olkhon and Bokhan districts (Irkutsk region) on the east and the southeast, Zhigalov district (Irkutsk region) on the northwest and Kazachinsko-Lensk district (Irkutsk region) on the north. The district occupies area of 32 thousand square kilometers. The district has population of 20.58 thousand of which working-age population accounts for 8.9 thousand. The district comprises of 13 municipal units, all having status of rural settlement.

An overview of the proportions of primary feedstock product groups in the 12 months of 2015

In 2015 RusForest Magistralny LLC purchases additional timber harvested in Kirensk lesnichestvo, Irkutsk region. This wood is included in the audit programme of suppliers of controlled material within CoC FSC certification of RusForest Magistralny 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	243 206.76		243 206,76	-
from no certified base		11 570.45		11 570,45
Sub-total	243 206.76	11 570.45	243 206,76	11 570,45
Total	254 777.2		254 777.2	

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 95.5% and the controlled raw material 4.5%.

2.2 Actions taken to promote certification amongst feedstock suppliers

Confirming the effect of promoting certification are 95.5% certified wood and only 4.5% 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)

2.5 Quantification of the supply base

The supply base

- a. Total supply base area (ha): 758 762 ha
- b. Tenure by type (ha): 100% state
- c. Forest by type (ha): 758 762 boreal
- d. Forest by management type (ha): 758 762 natural forests, managed according to forest lease agreements
- e. Certified forests by scheme (ha): FSC-certified – 746 352 ha

Feedstock

- f. Total volume of feedstock :
 - volume of secondary input materials for the production of pellets – 7 491,8 tons (humidity 45% of the total weight), from 12.11.2015 on 31.12.2015 (average humidity - bark 40%; sawdust 50%)
- 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:
 - Large forest holdings certified by SBP-approved Forest Management Schemes – 0%
 - Large forest holdings not certified by SBP-approved Forest Management Schemes – 0%
 - Small forest holdings, certified by SBP-approved Forest Management Schemes – 0%
 - Small forest holdings, not certified by SBP-approved Forest Management Schemes – 0%
- i. List all species in primary feedstock, including scientific name:
Primary raw materials not used for production of pellets. Used secondary raw materials (sawdust, chips, bark) which comes from the species composition of primary raw materials, namely:
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:
- Primary feedstock from primary forest, certified by SBP- approved Forest management Schemes – 0;
 - Primary feedstock from primary forest, not certified by SBP- approved Forest management Schemes – 0.

Not applicable, primary raw materials do not come from virgin forests.

- l. The volume of secondary raw materials: 7 491,8 tons, (humidity 45% of the total weight), from 12.11.2015 on 31.12.2015 (from primary raw material of Kazachinsko-Lensky and Kirensky districts)
- sawdust 6337,8 tons (the average humidity of 50 %)
 - bark 1 154,0 tons (the average humidity of 40 %)
- m. Volume of tertiary feedstock: Not applicable

3 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

Not applicable

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 Consultations with parties concerned

Not applicable

6.1 Response to comments from parties concerned

Not applicable

7 Overview of initial assessment of risk

Not applicable

8 Supplier verification programme

Not applicable

8.1 Supplier verification programme

Not applicable

8.2 Site visits

Not applicable

8.3 Conclusions from Supplier verification programme

Not applicable

9 Mitigation measures

Not applicable

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

The report was sent for expert evaluation:

- forestry Agency of Irkutsk Region, Kazachinsko-Lenskoe forestry: "the Report contains a description of all sources of raw wood, illuminated the social aspects of the areas covered by the company and its suppliers. This Report presents the actual production condition of the enterprise on the basis of official data."

- WWF in Russia, the answer is not received.

The company is not satisfied with the quality of the evaluation received from the Kazachinsko-Lenskoe forestry, and intends to submit the Report for review by other experts.

- in Kirov forest certification center: "the Report meets the requirements of SBP to the Report of the resource base of the producer of biomass, however, it is recommended to eliminate the above comments".

Comments were made about the incorrect wording, "not working" links and were eliminated.

11.2 Public and additional review



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

http://www.rusforest.com/downloads/Operations/RFMag_RB_Report_2015

http://www.rusforest.com/downloads/Operations/RFMag_RB_Report_2015_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 Nadezhda 	Specialist in forest certification	22.01.2016
	Name	Title	Date
<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:	Aksenov Aleksandr 	Executive director	22.01.2016
	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 at main SBP assessment

13.1 Significant changes in the Supply Base

Not applicable at main SBP assessment

13.2 Effectiveness of previous mitigation measures

Not applicable at main SBP assessment

13.3 New risk ratings and mitigation measures

Not applicable at main SBP assessment

13.4 Actual values of feedstock over the previous 12 months

The actual consumed amount of raw material for the production of pellets is 8 177.8 cubic meters since the beginning of the start-up of workshop for the period 12.11.2015-31.12.2015.

13.5 Projected values of feedstock over the next 12 months

Planned volumes of raw materials for the production of pellets by 2016 are 68 360 cubic meters.