



Supply Base Report: Zarechniy VA IP (Kuriaty)

Main (Initial) Audit

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Completed in accordance with the Supply Base Report Template Version 1.4

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

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2 Description of the Supply Base

2.1 General description

Feedstock types: Secondary

Includes Supply Base evaluation (SBE): No

Feedstock origin (countries): Russia

2.2 Description of countries included in the Supply Base

Country:Russia

Area/Region: Krasnojarsk and Irkuts regions

Exclusions: Yes

Zarechniy VA IP is a biomass producer located in Nizhneudinskiy district, Irkutsk Region. The pellet plant in vil. Kuriaty was launched in 2019 for the processing residues (sawdust and wood chips) from own sawmill that processes roundwood from own leased forest areas. Currently at the production site in vil. Kuriaty only FSC-certified roundwood is processed that is procured from own FSC-certified leased FMUs and from one FSC-certified supplier. Zarechniy VA IP uses SBP-compliant secondary feedstock (wood chips and sawdust, the residue from own sawmill) to produce SBP-compliant biomass from feedstock with FSC 100% claim. The species are Scots pine (*Pinus sylvestris*), Siberian larch (*Larix sibirica*), Siberian spruce (*Picea obovata*), Siberian cedar pine (*Pinus sibirica*) and Siberian fir (*Abies sibirica*).

The supply base of Zarechniy VA IP is the forest fund of the Irkutsk region and the Krasnoyarsk region. The total area of the supply base is 228,1 million ha.

Krasnoyarsk region has one of the largest forest resources among Russian regions. The territory of the forest fund of the region is 158,7 million hectares. The total stock of forests amounts to 11,7 billion m³ - this is about 1/3 of the Siberian Federal District reserves and 1/7 of the total Russian forest stock. In the structure of forest stands of the Krasnoyarsk region coniferous stands prevail, the share of which is about 76%.

The forest fund of the Irkutsk region is 69,4 million hectares. According to the information contained in the regional Forest Plan, 12% of the country's forest reserves are concentrated in the region. But not all forest area is covered with forests. Some of them have been cut down and not yet replanted; part damaged by fires; about 1,6 million hectares are occupied by glades, ravines, roads, buildings, etc. The total standing stock is 8,8 billion m³, including the stock of coniferous stands around 7,5 billion m³.

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 for a period of 10 to 49 years on loan (with the possibility of their prolongation). Long-term rental relations are the dominant legal form for obtaining the right to harvest timber on stem. The conclusion of lease agreements for forest plots or purchase and sale

agreements for forest stands is carried out at auctions for the sale of the right to conclude such agreements. Land leased, must pass a state cadastral registration.

The Forest Code of the Russian Federation obliges each tenant to develop a forest development plan for 10 years (based on taxation and forest regulation), implement measures for the conservation, protection and reproduction of forests, submit a forest declaration about the planned way of forest resources use. Once a quarter, tenants are required to submit a forest declaration containing a report on the implemented measures and logging volumes of felling for a calendar year with a cumulative total.

Within the Supply Base, forest management practices are based on the achievement of renewable sustainable forest management in accordance with the requirements of forest legislation and the principles of forest certification. The rotation period is 81-140 years. Mostly clear cuts are used as a method of wood harvesting at the maturity stage with subsequent reforestation. The maximum clearcutting area is limited to 50 ha in some districts of the Supply Base and at the northern parts of the Supply Base in Tundra clear cuts are forbidden. Thinnings are also possible. Thinnings can be done at area 20-80 ha in different districts. Reforestation can be done with planting seedlings (11%), the promotion of natural regeneration (86%), or combined method (3%). Ensuring high-quality reproduction of forest resources and protective afforestation is a prerequisite for the use of forests. To do this, a Forest Development Project is being developed, the measures in which are aimed at improving the forestry characteristics of the forest area, and the implementation of continuous and sustainable forest management.

The composition of the forests of the Krasnoyarsk region and the Irkutsk Region includes Scots pine (*Pinus sylvestris*), Siberian larch (*Larix sibirica*), Siberian cedar pine (*Pinus sibirica*), Siberian spruce (*Picea obovate*), Siberian fir (*Abies sibirica*), and Silver birch (*Betula pendula*), aspen (*Populus tremula*), a tree-shaped willow (*Salix* spp.) is found.

When harvesting wood, according to the forest legislation species listed in the Red Book, as well as their habitats, are subject to conservation. Harvesting of valuable, endangered and specially protected species of trees is prohibited. On the territory of the Krasnoyarsk region there are such types of trees listed in the Red Book as Small-leaved Birch (*Betula microphylla* Bunge), Pseudocossack Juniper (*Juniperus pseudosabina* Fisch. & C.A. Mey.). In the Irkutsk Region, Siberian Blue Spruce (*Picea obovate* Ledeb. Var. *Coerulea* Malysch) and Berry Apple Tree (*Malus baccata* (L.) Borkn.) are subject to conservation. Areas with a predominance of Siberian cedar pine (*Pinus sibirica*) are prohibited for cutting in the Irkutsk region.

Zarechniy VA IP does not procure and does not purchase tree species listed in the IUCN or CITES list, as their habitat is outside the Supply Base.

The regions of the supply base are the forest regions of Russia, where deep processing of wood prevails over the export of unprocessed raw materials. Approximately 2,5-3% of the wood processed within the supply base regions ends up in pellet productions.

The main enterprises of the forest industry in the Irkutsk region, which are also the largest tenants and loggers: JSC Ilim Group, JSC Bratsk Timber Industry Complex (BLPK) - manufacturers of pulp and cardboard; Omfal LLC, Ind-Timber LLC, Lesresurs LLC, PromLesTrade LLC, PIK-BIO LLC, Madera CJSC - manufacturers of lumber and pellets; LLC TM Baikal, CJSC KATA, LLC Orion, LLC Lesobalt - manufacturers of lumber; Usolsky Plywood Plant LLC, Ilim Timber LLC - plywood manufacturers. The company Zarechniy VA IP is located in Nizhneudinskiy district, Irkutsk Region and is a biggest wood processing enterprise in the district. The company is an enterprise considerably influencing local economy: it provides jobs for local people, pays taxes in the local budget, builds forest and city roads, supplies firewood to local population.

2.3 Actions taken to promote certification amongst feedstock supplier

Zarechniy VA IP only uses FSC-certified feedstock from own FMUs and from FSC-certified suppliers. Suppliers with no FSC certificates are explained the advantages of it. However, Zarechniy VA IP does not want to depend on suppliers and tries to get certified all own FMUs.

2.4 Quantification of the Supply Base

Supply Base

- a. **Total Supply Base area (million ha):** 228,10
- b. **Tenure by type (million ha):**228.10 (Public)
- c. **Forest by type (million ha):**228.10 (Boreal)
- d. **Forest by management type (million ha):**228.10 (Managed natural)
- e. **Certified forest by scheme (million ha):**13.08 (FSC)

Describe the harvesting type which best describes how your material is sourced: Clearcutting

Explanation: Mostly clear cuts are used as a method of wood harvesting at the maturity stage with subsequent reforestation. The maximum clearcutting area is limited to 50 ha in some districts of the Supply Base and at the northern parts of the Supply Base in Tundra clear cuts are forbidden. Thinnings are also possible. Thinnings can be done at area 20-80 ha in different districts. Harvesting is done by harvesters and forwarders using cut-to-length method of logging.

Was the forest in the Supply Base managed for a purpose other than for energy markets? Yes - Majority

Explanation: The main purpose of wood harvesting is sawmilling and woodworking. Only residues from these processes are used as a feedstock for energy markets.

For the forests in the Supply Base, is there an intention to retain, restock or encourage natural regeneration within 5 years of felling? Yes - Majority

Explanation: According to legislation, forest user is obliged to ensure regeneration within 5 years. It is more and more promoted artificial regeneration. However, in the supply base reforestation is done with planting seedlings (11%), the promotion of natural regeneration (86%), or combined method (3%).

Was the feedstock used in the biomass removed from a forest as part of a pest/disease control measure or a salvage operation? Yes - Minority

Explanation: Sanitary harvesting is done in a minor extent. It is ordered by lesnichestvo - a state forest management enterprise.

Feedstock

Reporting period from: 01 Apr 2020

Reporting period to: 31 Mar 2021

- a. **Total volume of Feedstock:** 1-200,000 m³

- b. **Volume of primary feedstock:** 0 N/A
- c. **List percentage of primary feedstock, by the following categories.**
- Certified to an SBP-approved Forest Management Scheme: N/A
 - Not certified to an SBP-approved Forest Management Scheme: N/A
- d. **List of all the species in primary feedstock, including scientific name:** N/A
- e. **Is any of the feedstock used likely to have come from protected or threatened species?** N/A
- Name of species: N/A
 - Biomass proportion, by weight, that is likely to be composed of that species (%): N/A
- f. **Hardwood (i.e. broadleaf trees): specify proportion of biomass from (%):** N/A
- g. **Softwood (i.e. coniferous trees): specify proportion of biomass from (%):** N/A
- h. **Proportion of biomass composed of or derived from saw logs (%):** N/A
- i. **Specify the local regulations or industry standards that define saw logs:** N/A
- j. **Roundwood from final fellings from forests with > 40 yr rotation times - Average % volume of fellings delivered to BP (%):** N/A
- k. **Volume of primary feedstock from primary forest:** N/A N/A
- l. **List percentage of primary feedstock from primary forest, by the following categories. Subdivide by SBP-approved Forest Management Schemes:**
- Primary feedstock from primary forest certified to an SBP-approved Forest Management Scheme: N/A
 - Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme: N/A
- m. **Volume of secondary feedstock:** 1-200,000 m3
- Physical form of the feedstock: Chips, Sawdust
- n. **Volume of tertiary feedstock:** 0 N/A
- Physical form of the feedstock: N/A

| Proportion of feedstock sourced per type of claim during the reporting period | | | | |
|---|---|--------|--------|-------|
| Feedstock type | Sourced by using Supply Base Evaluation (SBE) % | FSC % | PEFC % | SFI % |
| Primary | 0,00 | 0,00 | 0,00 | 0,00 |
| Secondary | 0,00 | 100,00 | 0,00 | 0,00 |
| Tertiary | 0,00 | 0,00 | 0,00 | 0,00 |
| Other | 0,00 | 0,00 | 0,00 | 0,00 |

3 Requirement for a Supply Base Evaluation

Is Supply Base Evaluation (SBE) is completed? No

N/A

4 Supply Base Evaluation

4.1 Scope

Feedstock types included in SBE: N/A

SBP-endorsed Regional Risk Assessments used: N/A

List of countries and regions included in the SBE:

N/A

4.2 Justification

N/A

4.3 Results of risk assessment and Supplier Verification Programme

N/A

4.4 Conclusion

N/A

5 Supply Base Evaluation process

N/A

6 Stakeholder consultation

N/A

6.1 Response to stakeholder comments

N/A

7 Mitigation measures

7.1 Mitigation measures

N/A

7.2 Monitoring and outcomes

N/A

8 Detailed findings for indicators

Detailed findings for each Indicator are given in Annex 1 in case the Regional Risk Assessment (RRA) is not used.

Is RRA used? N/A

9 Review of report

9.1 Peer review

N/A

9.2 Public or additional reviews

N/A

10 Approval of report

| Approval of Supply Base Report by senior management | | | |
|--|------------------------------|--------|-------------|
| Report Prepared by: | Daria Usacheva | Lawyer | 21 Apr 2021 |
| | 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: | Valeriy Alexeevich Zarechniy | Owner | 21 Apr 2021 |
| | Name | Title | Date |

Annex 1: Detailed findings for Supply Base Evaluation indicators

N/A