



Sustainable Biomass Partnership

Supply Base Report: LPK North LLC

www.sustainablebiomasspartnership.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.sustainablebiomasspartnership.org*

Document history

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1 Overview

Producer name: LPK North LLC
 Producer location: Karpechenko str., 10, Velsk, 165151, RUSSIA
 Geographic position: Lat N 61 degrees 03 minutes, Long E 42 degrees 09 minutes
 Primary contact: Evgeny Vladimirovich Mitinev,
Address: Karpechenko str., 10, Velsk, 165151, RUSSIA
Address (physical location of the biomass production unit):
 Klimovskogo str., 48b, Velsk, 165151, RUSSIA
 +79210884558, e.mitinev@velskiyles.ru
 Company website: <http://jfic.ru/>
 Date report finalised: 25/Nov/2016
 Close of last CB audit: 06/Dec/2016, Velsk city
 Name of CB: NEPCon
 Translations from English: Yes English and Russian
 SBP Standard(s) used: SBP Standard 2: Verification of SBP-compliant Feedstock (Version 1.0: published 26 March 2015); SBP Standard 4: Chain of Custody (Version 1.0: published 26 March 2015); SBP Standard 5: Collection and Communication of Data (Version 1.0: published 26 March 2015)
 Weblink to Standard(s) used: <http://www.sustainablebiomasspartnership.org/documents>
 SBP Endorsed Regional Risk Assessment: not applicable
 Weblink to SBE on Company website: <http://jfic.ru/>

Indicate how the current evaluation fits within the cycle of Supply Base Evaluations				
Main (Initial) Evaluation	First Surveillance	Second Surveillance	Third Surveillance	Fourth Surveillance
☒	☐	☐	☐	☐

2 Description of the Supply Base

2.1 General description

General description of the supply base

Supply base of wood feedstock is situated in the territory of 8 forestries and administrative districts of Vologda and Arkhangelsk regions in Northwest federal district of the Russian Federation. Future supply base expansion is possible within the said regions of Russia. In the future, possible expansion of the resource supply base within the specified regions of the Russian Federation.

The total area of forest lands in Russia is 764 mln. ha. accounting for about 21% of the world standing timber. Coniferous species makes up 68.4%, hard-wooded broadleaved species - 2,4%, soft-wooded broadleaved species - 19,3%. Other tree species makes up less than 1%.

In accordance with Russian legislation all forest lands are state owned. Legal entities can use forest areas in lease and short-term use. Lease relations are the dominant legal form of forest use. The lease term may continue from 10 to 49 years.

Entering into the lease agreement of forest lands or sale contracts of forest plantations is carried out at the auction for selling the right to enter into such agreements. Forest areas for a lease must pass a state cadastral registration. According to the Forestry Code of the Russian Federation every forest user taking a lease forest land is obliged:

- to implement measures on forest conservation, protection and regeneration,
- to provide annual forest declaration,
- to issue a forest exploitation project.
- to provide a report on the forests use, their conservation, protection and regeneration.

High quality reproduction of forest resources and protective forestation is a prerequisite for use of forests. All reforestation activities in leased forest areas are planned and carried out by forest users at their own expense in accordance with the forest management projects.

The forest complex of the Russian Federation, including forestry as well as wood harvesting and wood processing industries, plays an important role in Russian economy. About 60 000 of large-scale, medium-sized and small enterprises in all regions of the country are involved in Russian forest complex. The total number of employees in the forest complex of Russia is about 1 mln. people.

Forest certification is an effective tool for combating illegal wood harvesting and wood trade. The system of FSC (Forest Stewardship Council) certification is widely used in Russia. Certified forests area in Russia is over 43 mln. ha. or 30% of the total number of forest under lease. The dynamics of forest certification in Russia shows the ever-increasing activity of wood companies, which indicates to the responsibility to ensure the legality of wood harvested and compliance with environmental and other requirements.

The supply base of LPK North LLC

Our supply base is the total area of forest fund of administrative districts (and forestries) listed below. The total area of supply base is 1 050 421 ha.

Region, forestry name	Area forestry, ha	Rented forestry area of the supplier, ha
Arhangelsk region:		
Shenkurskoe forestry	1 144 402	354 075
Nyandomskoe forestry	762 906	36 608
Velskoe forestry	789 044	72 217
Konoshskoe forestry	796 814	164 162
Kotlasskoe forestry	537 264	98 318
Krasnoborskoe forestry	863 662	90 395
Ustyanskoe forestry	991 393	104 314
Vologda region:		
Verhovazhskoe forestry	366 213	130 332
TOTAL	6 251 698	1 050 421

The supply base is situated in middle taiga in the European part of Russia. Our forest area has favourable environment for natural regeneration of coniferous species (pine and spruce).

The composition of the supply base mixed, the main tree species pine, spruce, birch, aspen. In the forests of the supply base of timber harvesting has been going on for 80 years, intact forest landscapes virtually none. They are located in a fragmented hard for the development of sites.

Timber harvesting is one of the main industry in the Arkhangelsk and Vologda regions. Also, well-developed timber processing. Timber processing is represented by large sawmills, pulp and paper, plywood, match, planing.

Adjacent forest areas as leased for logging. Free from lease areas virtually none. The rest of the forest given to the needs of the local population.

The lay of the land is a hilly plain. Vologda and Arkhangelsk regions have intact forests and wetlands of international importance. The territory of Arkhangelsk region is among the global ecoregions of WWF Global 200 Ecoregions. Small- numbered indigenous peoples vepsi live in Vologda region. Pomori and nentsi live in Arkhangelsk region. Intact forests including those present in the territory of the resource base of LPK North LLC, all of them are under protection, timber harvesting them is not conducted. Small-numbered indigenous peoples of the territory of the resource base is not living.

We make conclusions basing on Atlas of Russia's Intact Forest Landscapes given in Annex E to Russian National FCS Standard (<https://ru.fsc.org>), Annex 6 of National Risk Evaluation, map of HCVF and Russian Federation Government Decree № 631-p of 8 of May 2009. "Statement of the list of places for traditional residence and traditional economic activities of indigenous minorities in Russian Federation and the list of types of their traditional economic activities." In our economic area there are not harvested species, falling within the scope of CITES and included in the IUCN (The International Union for Conservation of Nature and Natural Resources).

LPK North LLC is one of the largest wood processors in the Arkhangelsk region.

LPK North LLC is purchasing round timber by suppliers of certified and controlled wood. LPK North LLC has the FSC certificate in which checks of suppliers according to the internal audit program controlled suppliers (in accordance with FSC-STD-40-005 standard).

The annual volume of incoming raw material (logs) to the plant is about 267 000 m³.

Raw materials used for the production of pellets refers to the SBP-compliant secondary feedstock - 51% of the total volume of secondary feedstock (7 suppliers), Controlled feedstock - 13% of the total volume of secondary feedstock (7 controlled suppliers on their own inspection of controlled system supplier) and SBP-non-compliant feedstock - 36% of the total number of secondary feedstock. SBP-uncertified feedstock and products are separated at time of production and physically from certified and controlled feedstock and pellets are not mixed with them and not sold as SBP-certified.

Species composition in terms of incoming sawlogs during the period November 2015-October 2016. amounted to: FSC 100% pine logs – 41 k m³, FSC 100% spruce logs - 100 k m³, FSC Controlled wood logs pine - 20 k m³, FSC Controlled spruce logs – 14,5 k m³).

2.2 Actions taken to promote certification amongst feedstock supplier

LPK North LLC in 2014 is FSC certificate holder. In 2016 the company received the PEFC certificate. The company has 7 FSC-certified suppliers (FSC 100%) and 7 controlled suppliers on the program's own supplier audits under FSC and PEFC standards.

LPK North LLC is committed to the sustainable management of forests and everywhere encourages its suppliers to be certified. certified raw material volumes are increased annually.

We hope that the mutually beneficial cooperation with certified suppliers of our company will be an incentive for other companies to certification.

2.3 Final harvest sampling programme

Not applicable.

2.4 Flow diagram of feedstock inputs showing feedstock type [optional]

At the moment (November 2016) LPK North LLC just starts production of pellets. There is no relevant information on the volume of incoming raw material (sawdust, pulp chips and bark).

2.5 Quantification of the Supply Base

Supply Base

a. Total Supply Base area (ha): **1 050 421 ha**

- b. Tenure by type (ha): state owned
The Russian Federation **1 050 421 ha**
- c. Forest by type (ha): boreal **1 050 421 ha**
- d. Forest by management type (ha): managed natural **1 050 421 ha**
- e. Certified forest by scheme (ha): **642 331 ha** FSC-certified forest

Feedstock

- f. Total volume of Feedstock: 0 – 200 000 m³ (sawdust, wood chips and bark). Exact dates of incoming raw materials are not available, because the production of pellets just starts running, so it is possible to reflect the planned volume of incoming raw materials only, which will be approximately 200 000 m³ in the next accounting period.
- g. Volume of primary feedstock: **0 m³**
- h. List percentage of primary feedstock (g), by the following categories.
- Certified to an SBP-approved Forest Management Scheme **0 m³**
 - Not certified to an SBP-approved Forest Management Scheme **0 m³**
- i. List all species in primary feedstock, including scientific name
Not applicable.
- j. Volume of primary feedstock from primary forest: **Not applicable 0 m³**
- k. List percentage of primary feedstock from primary forest (j), by the following categories. Subdivide by SBP-approved Forest Management Schemes:
- Primary feedstock from primary forest certified to an SBP-approved Forest Management Scheme - **0 m³**
 - Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme - **0 m³**
- l. Volume of secondary feedstock: specify origin and type – **100%** secondary feedstock from Arkhangelsk and Vologda region
- m. Volume of tertiary feedstock: specify origin and composition - **Not applicable 0 m³**

3 Requirement for a Supply Base Evaluation

SBE completed	SBE not completed
☐	☒

In the production of SBP pellets used secondary feedstock FSC Mix Credit, FSC Controlled Wood. In addition, the company produces pellets of non-certified (uncontrolled) feedstock, dividing production in time to prevent of their mixing.

Pellets of non-certified (uncontrolled) feedstock will not be sold under SBP statement, that is guaranteed by the company embedded FSC chain of custody procedures, assessed by the auditors during annual certification audits.

Thus, the assessment of the supply base is not included in the scope of this certificate.

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

LPK North LLC supply base report was sent for review to Efimova N.M., an expert of forest certification in Kirov centre (n.efimova@list.ru).

All the comments are accepted and appropriate changes and additions are to be made in the Report on the resource base made:

- ✓ reference to the Internet resource of the specified documents is made in the justification of the supply base of LPK North LLC;
- ✓ the name of the Russian Government Order dated May 8, 2009 № 631-p is included;
- ✓ the addendum is putted in, that suppliers of raw materials are not harvested species, falling under the act of CITES and included in the lists of the IUCN;
- ✓ edited wording in sections 2.5, 13.5 and 3;
- ✓ errors are corrected in the text of the Report .

Предложения и замечания по Отчету о ресурсной базе производителя биомассы ООО «ЛПК Север» (Архангельская область, г. Вельск)

1. В разделе 1 «Обзор» написано, что «Закрытие последнего аудита, проведенного ОС» - 06.12.2016.

Следует исправить дату и вписать данные о фактических сроках проведения аудита, а в ссылке на сайт компании удалить слово «например».

2. В описании ресурсной базы привести актуальную информацию: «Площадь сертифицированных лесов в РФ составляет более 43 млн. га» (вместо слов «порядка 40 млн.га»).

3. В обосновании Ресурсной базы целесообразно сделать ссылку на интернет ресурс размещения указанных Вами документов:

- Приложение Е к Российскому национальному стандарту FSC дополнить ссылкой на сайт: <https://ru.fsc.org>;

- Атлас малонарушенных лесных территорий России дополнить ссылкой на сайт <http://forest.kosmosnimki.ru>;

- Приложение 6 Национальной оценки рисков дополнить ссылкой на сайт: <https://ru.fsc.org>;

- Распоряжение Правительства РФ от 8 мая 2009 г. № 631-р дополнить названием документа: «Об утверждении перечня мест традиционного проживания и традиционной хозяйственной деятельности коренных малочисленных народов РФ и перечня видов их традиционной хозяйственной деятельности».

Данный раздел также необходимо дополнить информацией о том, что поставщики не заготавливают породы, попадающие под действие Конвенции CITES, а также, включенные в списки МСОП.

4. Раздел 2.5 «Количественное определение ресурсной базы»:

- пункт «d». «Лес по типу лесопользования (га)» дополнить информацией о площади лесов РБ (1 050 421 га) и написать фразу: «управляемые естественные леса»,

- пункт «f». «Общий объем сырья» дополнить фразой о том, что планируемый объем входящего сырья в предстоящем учетном периоде составит ориентировочно 200 000 м³,

- фразу в пункте «h» (Примечание) «Объем первичного входящего сырья FSC 100%» дополнить словами «в лесопильном производстве», а лучше Примечание вообще удалить, чтоб не загромождать Отчет информацией, о которой не спрашивают,

- пункт «i» «...породы первичного сырья...» следует написать «Не применимо», так как речь идет о первичном сырье, которое не используется предприятием для производства пеллет.

5. В разделе 3 «Оценка Ресурсной Базы» исключить фразу: «утвержденные органом по сертификации», так как процедуры цепи поставки не утверждаются органом по сертификации. Вместо неё целесообразно написать фразу: «оцениваемыми аудиторами на ежегодных сертификационных аудитах».

6. В разделе 13.5. «Ожидаемые данные по сырью за следующие 12 месяцев» удалить фразу: «Производство топливных гранул (пеллет) только запустилось».

7. По тексту Отчета исправлены опечатки.

Других замечаний нет.

Вывод: представленный Отчет соответствует требованиям, предъявляемым SBP к Отчету о ресурсной базе производителя биомассы, однако для представления Отчета общественности и его размещения на сайте компании рекомендуется устранить изложенные выше замечания.

Ефимова Н.М., 
эксперт Кировского центра лесной сертификации
24 ноября 2016 г.

11.2 Public or additional reviews

LPK North LLC supply base report will be available on the website <http://jfic.ru/> . Questions and comments can be sent by e-mail e.mitinev@velskiyles.ru.

12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:	Evgeny Mitinev	Forest Certification Engineer	25.11.2016
	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:	Kira Kholkina	General director	25.11.2016
	Name	Title	Date

13 Updates

13.1 Significant changes in the Supply Base

Not applicable.

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

Not applicable.

Note: At the moment (November 2016) LPK North LLC just starts production of pellets, so the data for the previous months are not available.

13.5 Projected figures for feedstock over the next 12 months

Not applicable.