

# Supply Base Report

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*For further information on the SBP Framework and to view the full set of documentation see [www.sustainablebiomasspartnership.org](http://www.sustainablebiomasspartnership.org)*

*Document history*

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# 1 Overview

**Producer name:** LLC «Siberian fuel pellets»  
**Producer location:** Russian Federation, Irkutsk region, Novaya Igirma settlement, Irkutsk region, Eastern trunk road, 2  
**Legal address:** 664007, RF, Irkutsk, Karl Marx st.,b. 40, floor 5  
 Phone: 8 (3952) 780-126  
**Geographical position:** Lat N 57°09'00", Long E 103°56'00"  
**Primary person:** Gerasimova Ksenya (telephone: +7 9086662553)  
**Company website:** [www.sibpellets.ru](http://www.sibpellets.ru)  
**Date report finalised:** 10/12/2015 (report updating on 16/01/2016)  
**Close of last CB audit:** 17/01/2016  
**Name of CB:** NEPCon  
**Translations from English:** Yes, in Russian and English  
**SBP Standard(s) used:** Standard 2 (revision 1,0, published 26 March, 2015.)  
 Standard 4 (revision 1,0, published 26 March, 2015.)  
 Standard 5 (revision 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:** [www.sibpellets.ru](http://www.sibpellets.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
X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



## 2 Description of the Supply Base

### 2.1 General description

The feedstock supply base is located within the territory of 6 forestry sections, 6 administrative divisions of Irkutsk region and Krasnoyarsk region in Siberian federal district of the Russian Federation.

The total area of the wooded lands in the RF territory is 764 million hectares, which constitutes approximately 21% of the world stumpage stocks. The areas occupied with the main forest forming species have remained quite stable over the last decades. The softwood species are 68,4%, hardwood species - 2,4%, soft-wooded broadleaved species - 19,3%. Other wood species are less than 1 % of the forests.

In accordance with the RF legislation, all of the forest area lands are the property of the state. Legal entities are provided with the forested land parcels on a leasehold and short-term exploitation basis. The lease relationship is the dominant legal form of the forests exploitation. The lease period can last from 10 to 49 years.

The forested land parcels leasing contracts or the forest stand purchase-and-sale contracts are concluded at public sales of the right to conclude such contracts. The parcels being leased are subject to the mandatory state cadastral registration. In accordance with Forestry Code of the RF, every forest user who has leased a forested land parcel shall be obliged to:

- Support the forest conservation, protection and reproduction practices,
- Present the forestry declaration annually,
- Make the forest resources development project,
- Present a report on the forests exploitation, its conservation, protection and reproduction.

Countrywide, the exploitation of the allowable cut area does not exceed 35%. According to the Russian Federal Forestry Agency data, the total reserve for the cut volumes increase to support the wood harvesting countrywide is about 400 million m<sup>3</sup> per year. However, a percentage of the forests difficult to access is high in the country and the infrastructure is underdeveloped almost everywhere.

Ensuring the proper reproduction of the forest resources and the protective forestation are the mandatory conditions of the forests exploitation. All reforestation works in the forested land parcels leased out are planned and performed by the forest users at their own expense in accordance with the forest resources development projects.

When harvesting the wood, Red Book animal units as well as their habitat are subject to preservation according to the forestry legislation of the RF. Cutting the valuable, endangered and specially protected wood species is prohibited.

The RF timber complex, including the forestry and the timber harvesting and processing branches, plays a critical part in the economy of the country. There are about 60 thousand large, medium and small enterprises involved in the timber complex of the RF. About 1 million people are employed in the timber complex.

The forest surveying is the fundamental factor of the forestry keeping in the Russian Federation.

The forest surveying is a specialized type of the forestry activity which provides the performance of the forest condition assessment as well as the planning of steps aimed at the reasonable exploitation, reproduction, conservation and protection of the forests and its higher productivity and stability.

The forest surveying data are the basis for developing the primary documentation on the forestry keeping. The information received from the forest surveying allows for getting the correct and actual data on the forest stock quality, its taxation characteristics, species composition. In total, these data let planning of the forestry activity in the forestry branch.

The forestry certification is an effective tool to oppose illegal wood harvests and illegal wood trade. Forest Stewardship Council (FSC) certification system is widely used in the RF. The area of the certified forests in the RF is about 40 million hectares or 30% from the total amount of the forests being leased. This is the second largest country in the world for the FSC certified forests area after Canada. The number of the forestry management certificates is 121 and the number of CoC chain of custody certificates is 320 (in October of 2015). Also, the number of certificates for the controlled wood is growing continuously. The dynamics of the forestry certification development in the RF demonstrates a reliable approach to providing the legality of the wood harvested and observing the common environmental and social requirements of the stable forestry management.



### **Supply base of LLC «Siberian fuel pellets»**

The supply base of LLC «Siberian fuel pellets» – is the overall forest stock area of the forestry sections listed below. The total area of the supply base, including the one planned for exploitation – **13 949,8 thousands ha**.

#### **Irkutsk region**

Nizhneilimskoe – 2 336 108 ha

Ust-Kutskoe – 3 248 455 ha

Kirenskoe – 4 258 352 ha

Bratskoe – 1 190 977 ha

Padunskoe – 1 287 009 ha

Severnoe – 1 628 957 ha

The supply base of LLC «Siberian fuel pellets» is located in the Middle Siberian upland taiga forest district – forests of Angara Region.

Irkutsk region territory embraces the south of the Middle Siberian upland and the upstream basins of Angara, Lena and Nizhnaya Tunguska rivers. In the southwest, its borders are wedged by the Eastern Sayan mountain masses, Primorskiy and Baikalskiy mountain ranges in the east, Stanovoye and Patomskoye plateaus. The major part of the territory has a plain relief with a slight slope to the north and the northwest. That is confirmed by the rivers flowing in this direction. Heights of 500-600 m above sea level prevail on the plain ground with the absolute elevations decreasing to 300-400m to the northwest, although, there are separate elevations of up to 1000m and higher, namely, the Leno-Angarskoe plateau and Angarskiy mountain ridge; the land relief shapes include mountains, plains, hollows and valleys.

As a whole, the climate within the supply base territory is acutely continental. The maximum temperature in the summer can rise up to +30 °C; in winter, the thermometers can show the temperature below -50°C in some of the northern districts. There are old-growth forests and High Conservation Value Forests of different types outlined in the supply base territory. Low-numbered aboriginal peoples exist in the districts and forestry sections included in the supply base of LLC «Siberian fuel pellets». A part of the supply base, in the territory of Ust-Kutskoe forestry, is neighbouring to the territory of «Tokma» community which is supported socio-economically.

LLC «Siberian fuel pellets» is not a leaseholder of the forested land parcels and, consequently, does not conduct any activity at the territory of «Tokma» community. However, LLC «Siberian fuel pellets» cooperates with ZAO «LDK Igirma» sawmill feedstock supplier.

An agreement of cooperation and mutual aid is concluded between ZAO «LDK Igirma» and the indigenous peoples of the North «Tokma» community. As per the agreement conditions, ZAO «LDK Igirma» pays the money compensation annually and provides help according to the requests received. Annually, the



community receives (by request) the New Year's gifts; the winter roads are constructed and firewood is provided.

"Tokma" community way of life is not affected by ZAO «LDK Igirma» wood harvesting activity.

There are no CITES or IUNC species in our forests.

LLC «Siberian fuel pellets» itself does not have any allowable cut area and thus no any forested land parcels leased. In the meanwhile, the main feedstock supplier for the fuel pellets production in w.s. Novaya Igirma is ZAO «LDK Igirma» sawmill, certified by the chain of custody FSC system. In its turn, the round timber is delivered to the sawmill from the forested parcels leased out to ZAO «LDK Igirma» for the period of 49 years, the total area being 690 063,8 ha, with the annual allowable cut volume of 1390,2 thds.m<sup>3</sup>, LLC «SEF group» for the period of 25 years, the area being 318 057,0 ha, with the annual allowable cut volume of 590,8 thds.m<sup>3</sup>, LLC «TSFC» for the period of 49 years, the area being 1 096 613 ha, with the annual allowable cut volume of 2017,5 thds.m<sup>3</sup>, given that the entire area of the forested parcels is certified by FSC forestry management system and also the round timber is delivered by the third-party suppliers included in the own FSC inspection system for the controlled wood from non-certified suppliers.

In average, the 3<sup>rd</sup>-4<sup>th</sup> class of quality (bonitet) prevails in the forested parcels given into the lease. The most rational approach is applied to organizing the clear-cutting process when harvesting the wood in the forested parcels of ZAO «LDK Igirma», LLC «SEF group», LLC «TSFC», i.e. small-scale cuts are applied in 90% of the cases (small – scale cut areas are areas exploited by companies and do not exceed 30 ha), followed by the reforestation activities conducted by all means available.

Based on the analysis results, ZAO «LDK Igirma», LLC «SEF group», LLC «TSFC» has drawn up a plan of shifting from the large-scale clear cuts with the area of more than 30 ha to the small-scale cuts for the period of 2014-2019, for the purpose of meeting the requirements of the Russian national FSC standard. Also, the companies are actively performing selective cuts, cleaning cuts in all of the forested parcels in accordance with the forest resources development projects.

LLC «Siberian fuel pellets» itself does not have any forested land parcels for the timber harvesting. All feedstock for the fuel pellets production is supplied by ZAO «LDK Igirma» sawmill. ZAO «LDK Igirma» conducts the timber harvesting and the forestry activities on the grounds of the forested land parcels leasing contracts and the forest resources development projects. But if there are non-conformities between the project documentation and the real figures due to the actual forest surveying data, then discussions take place to set the necessary forestry tasks aimed at the sustainable forest management.

All of the sawmilling wood waste and sawdust for the fuel pellets production are supplied by ZAO «LDK Igirma» in the volume of 100%. ZAO «LDK Igirma» dispatches the sawmilling wood waste and the sawdust with FSC Mix and FSC Controlled Wood applications as approximately 70% and 30% ratio, respectively.

The main forest forming wood species are common Pine (*Pinus silvestris*), Siberian Larch (*Larix sibirica*), Siberian Cedar (*Pinus sibirica*), Siberian Spruce (*Picea obovata*), Siberian Fir (*Abies sibirica*).

In average, the wood species ratio is 62% of the common Pine (*Pinus silvestris*), 32% of the Siberian Larch (*Larix sibirica*), not more than 6% of the Siberian Spruce (*Picea obovata*) and the Siberian Fir (*Abies sibirica*).

It is worth noting that «Siberian fuel pellets» has partnership relations with ZAO «LDK Igirma», which, in its turn, supports the district, the local population and the indigenous peoples («Tokma» community) socio-economically.

The fuel pellets of LLC «Siberian fuel pellets» are used as an environmentally friendly and safe bio-fuel that will allow to:

- Increase the power efficiency of the plants utilizing the pellets;
- Decrease the greenhouse gas emissions.

The wood fuel pellets production capacity: 100 000 tons per year.

## 2.2 Actions taken to promote certification amongst feedstock suppliers

ZAO «LDK Igirma» sawmill will be the supplier of the feedstock for the fuel pellets production at LLC «Siberian fuel pellets» mill site of Novaya Igirma w.s. In its turn, the round timber will be supplied to ZAO «LDK Igirma» sawmill from the forested land parcels leased out to ZAO «LDK Igirma», LLC «SEF group», LLC «TSFC» certified by FSC forestry management system. Also, the controlled suppliers (about 10 organizations) supply the round timber to ZAO «LDK Igirma» sawmill. The names of the controlled suppliers can change; therefore, the main certified suppliers are given in the report and also this report does not require specifying the supplier names since such information is confidential.

When concluding the contracts for supplies from the controlled suppliers, they are required to provide the list of applicable legislative acts, regulations, requested international contracts nationally ratified, conventions, agreements and documents (to be verified) when inspecting a non-certified supplier of the controlled wood, application of the inclusion into the FSC controlled wood inspection program, the feedstock supplier declaration of the wood origin observing the FSC-STD-40-005 Manual requirements to the controlled wood. ZAO «LDK Igirma» carries out an inspection of the controlled suppliers` forested land parcels where the round timber is delivered from. So, the feedstock is already inspected prior to being delivered to LLC «Siberian fuel pellets».

The feedstock delivered from FSC certified suppliers is used for SBP fuel pellets production. ZAO «LDK Igirma» sawmill is certified by the chain of custody FSC system, and the forest feedstock bases of ZAO «LDK Igirma», LLC «SEF group», LLC «TSFC» are certified by FSC forestry management system.

Thus, keeping the forestry activity and meeting all of FSC criteria excludes a probability of delivering the feedstock harvested by a mala fide supplier. ZAO «LDK Igirma» carries out the inspection of the controlled



suppliers' forested land parcels with respect to the compliance with the FSC-STD-40-005 Manual requirements to the controlled wood, including the legality, HCVF endangerment, respect of the local population interests employees rights; the work is underway to explain the volunteer certification requirements, its use and practices to the suppliers.

Keeping the bona fide forestry and complying with the national FSC standard, FSC-STD-40-005 Manual requirements to the controlled wood are the fundamental operation factors of the company and its suppliers.

To explain the volunteer FSC certification requirements, its use and practices to the suppliers and society, ZAO «LDK Igirma» organizes round tables with presentation of FSC materials, the forested land parcels development maps, old-growth forest territory (OGFT) maps, actual OGFT disturbance data, monitoring and the company Risk Assessment, the list of the product groups, forest management Plan, environmental impact Assessment, a procedure of considering claims to the controlled suppliers of the company, the company policy. All documents justifying the requirements and necessity of the volunteer FSC forestry certification are published at Novaya Igirma w.s. <http://novaya-igirma.ru/arkhiv-2> website for society and suppliers. When concluding contracts of supplies, the national FSC standard requirements are included in its conditions.

LLC «Siberian fuel pellets» does not purchase the sawdust and the sawmilling wood waste from non-certified and non-controlled suppliers. Also, a big job is performed by our supplier to detect the legality of the wood harvested (wood cutting accompanied with the right stating documents). At the timber delivery to the sawmill by the controlled suppliers, ZAO «LDK Igirma» first of all, verifies the legality of the harvested wood, harvesting in the old-growth forest territories.

LLC «Siberian fuel pellets» hopes that this mutually beneficial and long-term cooperation will be cited as an example for other companies to promote their products in the market and for the sustained yield forest management in accordance with FSC principles.

## 2.3 Final harvest sampling programme

Not applicable.

LLC «Siberian fuel pellets» does not have any forested land parcels leased and thus no any wood harvesting of its own. The sawdust and sawmilling wood waste are used by the company to produce the fuel pellets.

All of the feedstock utilized for the fuel pellets production is FSC certified. ZAO «LDK Igirma» sawmill is the main feedstock supplier which is certified by FSC – chain of custody system. The round timber is delivered to the sawmill from the forested land parcels leased out to ZAO «LDK Igirma», LLC «SEF group», LLC «TSFC», which are certified by FSC forestry management system and also from the controlled suppliers.

The company does not utilize the feedstock originating from:

- Quick-growing plantation woods;
- Genetically modified wood species;
- Untouched forests and high natural value forests;



- Woods of unclear origin;
- Tree stumps.

## 2.4 Flow diagram of feedstock inputs showing feedstock type

The sawmilling wood waste and the sawdust processed from the following softwood species and supplied by the ZAO « LDK Igirma» sawmill with FSC Mix and FSC Controlled Wood applications are utilized to produce the fuel pellets:

- 62% common pine (*Pinus silvestris*);
- 32% Siberian larch (*Larix sibirica*);
- 6 % Siberian spruce (*Picea obovata*) and Siberian fir (*Abies sibirica*) (possible to use).

Step	Description of the product flow and control points
1	Keeping the forestry activity within the leased forested land parcels territories of about 10 suppliers (Verified during FSC audit)
2	Feedstock supplies to ZAO « LDK Igirma» sawmill FSC Mix (approximately 70%) and FSC Controlled Wood (approximately 30%) (Verified during FSC audit)
3	Sawn timber production of ZAO « LDK Igirma» sawmill (the only supplier of LLC «Siberian Fuel Pellets») (Verified during FSC audit)
4	Fuel pellets production from the sawmilling wood waste (dried) LLC «Siberian Fuel Pellets» (Verified during FSC and SBP audits)
5	Transport means, trains (the station is nearby) (Verified during FSC and SBP audits)

SBP certification system is based on FSC certification system, i.e. the feedstock with FSC MIX and FSC Controlled Wood applications is equal to SBP – complaint feedstock and SBP – controlled feedstock, respectively.

## 2.5 Quantification of the Supply Base

### Supply Base

- a. Total Supply Base area (ha): 13 949 858 ha.
- b. Tenure by type (ha): 100% owned by State of the Russian Federation
- c. Forest by type (ha): 100% Boreal
- d. Forest by management type (ha): Natural managed
- e. Certified forest by scheme (ha): 2 104 733 ha. of FSC certified forest

### Feedstock

- f. Total volume of Feedstock: 600 000 m<sup>3</sup> per year
- g. Volume of primary feedstock: Not applicable (0 m<sup>3</sup>)
- h. List percentage of primary feedstock (g), by the following categories. Subdivide by SBP-approved Forest Management Schemes
  - Large forest holdings certified to an SBP-approved Forest Management Schemes
  - Large forest holdings not certified to an SBP-approved Forest Management Schemes
  - Small forest holdings certified to an SBP-approved Forest Management Schemes
  - Small forest holdings not certified to an SBP-approved Forest Management Schemes

Not applicable. The sawdust and the sawmilling wood waste with FSC Mix Credit and FSC Controlled Wood applications are used. The primary feedstock is delivered from the forested land parcels leased out to ZAO « LDK Igirma», LLC «SEF group», LLC «TSFC», which are certified by FSC forestry management system (100% FSC FM certified) and also from the controlled suppliers.

- i. List all species in primary feedstock, including scientific name

Not applicable. The sawdust and the sawmilling wood waste are used. The sawmilling wood waste and the sawdust processed from the following softwood species and supplied by ZAO « LDK Igirma» sawmill is utilized to produce the fuel pellets of LLC «Siberian Fuel Pellets»:

- 62% common pine (*Pinus silvestris*);
- 32% Siberian larch (*Larix sibirica*);
- 6 % Siberian spruce (*Picea obovata*) and Siberian fir (*Abies sibirica*) (possible to use).

- j. Volume of primary feedstock from primary forest: Not applicable (0 m<sup>3</sup>)

- 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 to an SBP-approved Forest Management Schemes
- Primary feedstock from primary forest not certified to an SBP-approved Forest Management Schemes

Not applicable (0 m<sup>3</sup>).

l. Volume of secondary feedstock: 600 000 m<sup>3</sup> per year

m. Volume of tertiary feedstock: Not applicable (0 m<sup>3</sup>)



### 3 Requirement for a Supply Base Evaluation

SBE completed	SBE not conducted
<input type="checkbox"/>	X

*The supply base evaluation was not required because the FSC certified wood is used for SBP fuel pellets production, which means that 100% of the pellets production will have FSC Mix or FSC Controlled Wood applications as approximately 70% and 30% ratio, respectively.*

## 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

The report was presented for review to Runova E.M., an expert, doctor of agricultural science, professor included in the Registry of experts for wood, timber, wooden structures and products, timber harvesting technology and wood processing. (Researchers, developers and professors as of February 1, 2015) Registry contains data of high qualified experts who voluntarily announce a desire and possibility of services rendering to companies and individual customers in their specialization. Provision of Registry is agreed upon by S.N. Shulgin, the manager of the timber complex economics department in Economy Ministry of the RF, G.I. Sanaev, the chairman deputy of the All-Russian R&D Union BumDrevProm and confirmed on September 11, 1997 by B.N. Ugolev, the Chairman of the Coordination council of the present wood science problems.

Objectives of Registry maintaining are: to increase the industrial and trade enterprises efficiencies by using the expert services; to provide the experts employment and coordinate their activities.

The supply base of LLC «Siberian fuel pellets» – is the overall forest stock area of the forestry sections listed below. The total area of the supply base, including the one planned for exploitation – 96575 thousand ha.

Irkutsk region: Nizhneilimskoe – 2 336 108 ha, Ust-Kutskoe – 3 248 455 ha, Kirenskoe – 4 258 352 ha, Mamskoe – 4 292 423 ha, Zhigalovskoe – 2 039 566 ha, Kazachinsko-Lenskoe – 2 932 226 ha, Bratskoe – 1 190 977 ha, Padunskoe – 1 287 009 ha, Severnoe – 1 628 957 ha, Ilimskoe – 1 441 071 ha, Ust-Udinskoe – 1 169 521 ha. Krasnoyarsk region: Evenkiiskoe – 48 819 615 ha, Tungusko-Chunskoe – 10 824 168 ha.

The supply base of LLC «Siberian fuel pellets» is located in the Middle Siberian upland taiga forest district – forests of Angara Region.

All of the sawmilling wood waste and sawdust for the fuel pellets production are supplied by ZAO « LDK Igirma» in the volume of 100%. ZAO « LDK Igirma» dispatches the sawmilling wood waste and the sawdust with FSC Mix and FSC Controlled Wood applications as approximately 70% and 30% ratio, respectively.

#### **The main remarks:**

1. Not all of the feedstock suppliers were listed and no verification process at the controlled suppliers' forested land parcels concerning the compliance with the national FSC standard requirements was described.
2. How is the work on explaining the volunteer certification requirements, its use and practices to the suppliers conducted?



3. What is the exact support being provided to the low-numbered aboriginal peoples of «Tokma» community and does it interfere the habitual life way of the community?
4. No reforestation methods were specified. Is the natural renewal assistance or creating the forest cultures going to be preferable?

**Attachment to the report: The peer review.**

Answers to the **peer review**:

1. Not all of the feedstock suppliers were listed and no verification process at the controlled suppliers' forested land parcels concerning the compliance with the national FSC standard requirements was described.

*ZAO «LDK Igirma» sawmill will be the supplier of the feedstock for the fuel pellets production at LLC «Siberian fuel pellets» mill site of Novaya Igirma w.s. In its turn, the round timber will be supplied to ZAO «LDK Igirma» sawmill from the forested land parcels leased out to ZAO «LDK Igirma», LLC «SEF group», LLC «TSFC» certified by FSC forestry management system. Also, the controlled suppliers (about 10 organizations) supply the round timber to ZAO «LDK Igirma» sawmill. The names of the controlled suppliers can change; therefore, the main certified suppliers are given in the report and also this report does not require specifying the supplier names since such information is confidential.*

*When concluding the contracts for supplies from the controlled suppliers, they are required to provide the list of applicable legislative acts, regulations, requested international contracts nationally ratified, conventions, agreements and documents (to be verified) when inspecting a non-certified supplier of the controlled wood, application of the inclusion into the FSC controlled wood inspection program, the feedstock supplier declaration of the wood origin observing the FSC-STD-40-005 manual requirements to the controlled wood. ZAO «LDK Igirma» carries out an inspection of the controlled suppliers' forested land parcels where the round timber is delivered from. So, the feedstock is already inspected prior to being delivered to LLC «Siberian fuel pellets».*

2. How is the work on explaining the volunteer certification requirements, its use and practices to the suppliers conducted?

*To explain the volunteer FSC certification requirements, its use and practices to the suppliers and society, ZAO «LDK Igirma» organizes round tables with presentation of FSC materials, the forested land parcels development maps, old-growth forest territory (OGFT) maps, actual OGFT disturbance data, monitoring and the company Risk Assessment, the list of the product groups, forest management Plan, environmental impact Assessment, a procedure of considering claims to the controlled suppliers of the company, the company policy. All documents justifying the requirements and necessity of the volunteer FSC forestry*

certification are published at Novaya Igirma w.s. website for society and suppliers. When concluding a supplies contract, the national FSC standard requirements are included in its conditions.

3. What is the exact support being provided to the low-numbered aboriginal peoples of «Tokma» community and does it disturb the habitual life way of the community?

*LLC «Siberian fuel pellets» is not a leaseholder of the forested land parcels and, consequently, does not conduct any activity at the territory of «Tokma» community. However, LLC «Siberian fuel pellets» cooperates with ZAO «LDK Igirma» sawmill feedstock supplier.*

*An agreement of cooperation and mutual aid is concluded between ZAO «LDK Igirma» and the low-numbered aboriginal peoples of the North «Tokma» community. As per the agreement conditions, ZAO «LDK Igirma» pays the money compensation annually and provides help according to the requests received. Annually, the community receives (by request) the New Year`s gifts; the winter roads are constructed and firewood is provided.*

*«Tokma» community way of life is not affected by ZAO «LDK Igirma» wood harvesting activity.*

4. No reforestation methods were specified. Is the natural renewal assistance or creating the forest cultures going to be preferable?

*LLC «Siberian fuel pellets» itself does not have any forested land parcels for the timber harvesting. All feedstock for the fuel pellets production is supplied by ZAO «LDK Igirma» sawmill. ZAO «LDK Igirma» conducts the timber harvesting and the forestry activities on the grounds of the forested land parcels leasing contracts and the forest resources development projects. But if there are non-conformities between the project documentation and the real figures due to the actual forest surveying data, then discussions take place to set the necessary forestry tasks aimed at the sustainable forest management.*


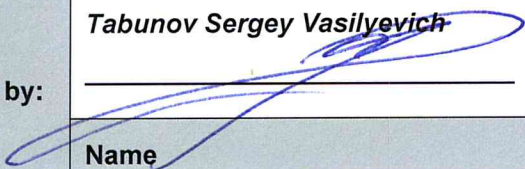
## 11.2 Public or additional reviews

*The Russian version of the report is published at [www.sibpellets.ru](http://www.sibpellets.ru) web site of LLC «Siberian fuel pellets» for public review by all stakeholders.*

*After the review, all of the stakeholders can forward their feedbacks, if there any, to the e-mail address: [tabunov@rusles.ru](mailto:tabunov@rusles.ru)*



## 12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:	<i>Gerasimova Ksenya Ivanovna</i> 	<i>Quality assurance manager</i>	<i>10/12/2015</i>
	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:	<i>Tabunov Sergey Vasilyevich</i> 	<i>Director General</i>	<i>10/12/2015</i>
	Name	Title	Date

## 13 Updates

Not applicable.

### 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 values of feedstock over the previous 12 months

Actual data on the feedstock over the previous 12 months are not available due to the mill construction and they are indicative.

### 13.5 Projected values of feedstock over the next 12 months

600 000 m<sup>3</sup>.