

Supply Base Report: «DOK «Enisey», LTD

Third Surveillance Audit

www.sbp-cert.org



Completed in accordance with the Supply Base Report Template Version 1.3

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: «DOK «Enisey», LTD

Producer location: Russian Federation, Krasnoyarsk region, Berezovka, Traktovaya st., 87/1.

Geographic position: 56.028224°N 93.145496°E

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Company website: www.dok-enisey.ru

Date report finalised: 29/Aug/19

Close of last CB audit: 07/Oct/19, stlm. Berezovka

Name of CB: NEPcon

Translations from English: Yes, in Russian

SBP Standard(s) used: Standard 2 version 1.0, Standard 4 version 1.0, Standard 5 version 1.0

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
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>

2 Description of the Supply Base

2.1 General description

Total area of forest lands on the territory of the Russian Federation is 764 million hectares that is approximate 21% of the world's forest yields. The areas busied with woodlands of the main forest forming species remain rather stable during last decades. Soft woods account 68.4%, hard-wooded broadleaved species – 2.4%, soft-wooded broadleaved species – 19.3%. other wood species are equal to less than 1%.

The use of annual cut on the whole in the country does not exceed 35. The percent of forest with difficult areas in the country is high and almost everywhere the infrastructure is less developed.

In accordance with the RF's legislation all lands of forest fund are in a state property. Legal bodies get forest plots to be used on a leasehold basis and short-term use. Lease relations are the dominated legal form of wood's use. Term of lease can be 10- 49 years.

Conclusion of agreements on the lease of forest plots or agreements of sale and purchase of woodlands are made at the auctions on the sale of right to conclude such agreements. Plots being leased should pass State cadastral registration. Each forest user who gets forest plot in a lease in accordance with the Forest Code should:

- implement measures to safeguard, protection and forest reproduction;
- submit forest declaration annually;
- to draw the plan of forest exploitation;
- to provide the report on forest use, it's safe, protection and reproduction.

The obligatory term of forest use is providing with qualitative forest resources reproduction and protective regeneration. All regeneration works at forest plots being leased should be planned and done by forest users with own money in accordance with forest exploitation plan.

When logging forest in accordance with the Forest legislation species put in the Red Book and their habitats are to be saved. Cutting of valued, endangered and specially protected species is forbidden.

Forest complex of the Russian Federation that includes forestry and forest branches on cutting and milling of wood takes an important place in the country's economics. Approximately 60 thousand of large-scale, middle-scale and small-scale enterprises are busy in the forest complex of the RF. Total quantity of people engaged in forest complex is about 1 million.

Area of the FSC-certified forests in the Russian Federation is about 44.16 million hectares (25% of total forest quantity being leased). It is the greatest world country judging by the area of FSC certified wood, it takes the second place after Canada. The first FSC certificates have been issued over 10 years ago.

Resource base of «DOK «Enisey», LTD

Total forest area of forest fund in Krasnoyarsk region is 158734.8 thousand hectares or 96.82% of total region forest area.

The following forests not included into forest fund are:

- forests situated at the lands of defense and safety – 55.9 thousand hectares (0.03% of region forests);

- forests situated at lands specially protected natural areas – 5028.1 thousand hectares (3.07% of region forests);
- forests situated at lands of settlement (urban forests) – 64.0 thousands hectares (0.04% of region forests)
- forests at the lands of other categories – 61.2 thousand hectares (0.04% of region forests).

From total area of forest fund lands of Krasnoyarsk region (158734.8 thousand hectares) wooded lands occupy 105053.7 thousand hectares or 66.2% of forest fund lands. Unwooded lands occupy 9.1% (14406.5 thousand hectares) from total area of forest fund lands, as well as natural open forests – 7%, burn and died forests – 1.7%, cuttings, glades, waste lands, open forest crops and nursery gardens – 0.4%, including swamplands – 12.5%, water – 1.3%, plowing lands, haymakings, pasture lands, roads, clearings, estates – 0.2% and other lands – 10.7%.

Forests of Krasnoyarsk region in the forest fund lands and lands of other categories according to the Forest Code of the Russian Federation for the intended purpose are divided into protective (36%), exploitative (37.5%) and reserve (26.4%).

The territory of resource base of «DOK «Enisey», LTD is 14 municipal districts of Krasnoyarsk region: Achinskiy, Abanskiy, Berezovskiy, Bolshemurtinskiy, Birilyusskiy, Dzerzhinskiy, Emelyanovskiy, Ilanskiy, Irbeyskiy, Manskiy, Partizanskiy, Rybinskiy, Severo-Eniseyskiy, Suhobuzimskiy, Taseevskiy, Uyarskiy. The FSC-certified by the forest management lease forests of «DOK «Enisey», LTD are situated in Manskiy and Severo-Eniseyskiy districts. In other districts 10-15 controlled suppliers harvest timber.

At the territory of resources base areas of high conservation value forests (HCVF) of different types are separated. There are indigenous small ethnic communities in areas and forestries included in resources base of «DOK «Enisey», LTD. Own program of suppliers control provides analysis of timber harvest areas from which timber comes from on the existence of HCVF of different types and the existence of indigenous small ethnic communities. If a threat to HCVF occurs or if there exists severe conflict with representatives of indigenous small ethnic communities in the forest area then the relations with supplier are terminated.

"DOK "Enisey", Ltd in its business activity does not use plants included in CITES and IUCN.

«DOK «Enisey», LTD has leased forest plots to harvest timber. Time of lease is 49 years, area – 315 763 hectares, with an annual cut 521.2 thousand cubic meters at this all area of forest plots is certified by system FSC forestry management (FC-FM/COC-643095). Also, our plant has bought round timber from other suppliers LTD "SibLesCom" (general supplier), LTD "Yarmak", LTD "LesArsenal". In June 2015 «DOK «Enisey», LTD included this supplier into own verification program (FC-COC/CW-643114). «DOK «Enisey», LTD buys only controlled materials. «DOK «Enisey», LTD refused to buy uncontrolled materials and do not intend to buy it. The general suppliers has supply chain (10-15 companies and 14 controlled forest management units).

At forest management units given for lease 3-4 bonitet prevails on the average. To do forest cuts at the forest plots «DOK «Enisey», LTD uses rational approach to organization of clear-cutting. Each year the quantity of small-scale cuttings increases after those reforestation works are done using all means we have.

Based on analyses in order to follow the requirements of the Russian National Standard FSC, «DOK «Enisey», LTD has worked out the plan of movement from large-scale clear-cutting with area more than 30 hectares to small-scale cuttings. The plan provides a reduction of its part to 60% in the period till 2019. Also the company actively makes selective cuttings, improvement cuttings at all forest plots in accordance with forest exploitation plan.

All raw materials for pellets production and combustion in heat generators comes on pellets manufacture site as wastes (wood industry residues) from timber sawing plant and wood-working plant that produce main product of the plant – details of construction from timber.

In the second reported period raw material for pellets production and combustion in heat generator was divided into the following groups:

- 31% Controlled feedstock (FSC controlled wood) - 3 suppliers in 2018;
- 69% SBP-compliant secondary feedstock (FSC-100%-claimed)- supplies from the own leases base.

All material for pellets production and combustion in heat generators can be classified as the secondary feedstock.

The main forest forming species (according to our purchase investigation) are:

- 81% Pinus Sylvestris,
- 9% Larix Sibirica,
- < 1% Pinus Sibirica,
- < 5% Picea Obovata,
- < 5% Abies Sibirica.

Production capacity of wood pellets is 100 000 ton per year.

«DOK «Enisey», LTD takes 4-5 place in the region in terms of the leased area and timber production. In terms of processing logs «DOK «Enisey», LTD refers to the enterprises of the above average class. In terms of pellet production «DOK «Enisey», LTD has become the first in the region and is still among the leaders.

2.2 Actions taken to promote certification amongst feedstock supplier

To produce SBP-compliant wood pellets we use raw-material obtained from the own FSC certified leased base. To produce SBP-controlled wood pellets we use wood obtained from the general supplier controlled with the own verification program. The general supplier has 10-15 sub-suppliers.

When supplying raw materials to «DOK «Enisey», LTD plant from the controlled suppliers a list of the following documents is requested: valid legal acts, provisions, nationally ratified demanded international contracts, conventions, agreements and (checked) documents when checking of uncertified supplier of the controlled wood, the supplier's declaration for signing on the program on the check FSC controlled wood, the supplier's declaration of rawwood on the wood origin and following of the management's requirements FSC-STD-40-005 to the controlled wood.

By this, when conducting forestry management and correspondence to all the FSC criteria the probability of the raw woods supply being cut by unfair supplier. «DOK «Enisey», LTD carries out check of forest plots of the controlled suppliers concerning the requirements of the national standard FSC, the work with the suppliers concerning the requirements of the voluntary certification, its worth and practical use.

The fundamental factor of the company's work and work of its suppliers is voluntary forestry management, correspondence to all requirements of the national standard FSC.

«DOK «Enisey», LTD does not buy round timber as well as saw dust and sawmills residues from uncertified and uncontrolled suppliers. Also «DOK «Enisey», LTD conducts determined efforts to prove wood legality.

When the controlled suppliers deliver wood to the plant «DOK «Enisey», LTD conducts serious work to prove the legality of cut wood, the main requirement is prohibition of wood cut in low-disturbed forest territories that are in the moratorium zone.

«DOK «Enisey», LTD hopes that this mutually-beneficial and long-term cooperation will be an example for other companies for their goods promotion of their goods and sustainable forestry management in accordance with FSC principles.

2.3 Final harvest sampling programme

Not applicable. To produce wood pellets «DOK «Enisey», LTD uses saw dust and sawmill residues from wood-working workshop from own production. For heat generation bark and sawmill residues from wood-working workshop from own production is used.

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

2.5 Quantification of the Supply Base

Supply Base

- | | |
|-------------------------------------|-------------------------------|
| a. Total Supply Base area (ha): | 9 802 829 ha |
| b. Tenure by type (ha): | 100% State property |
| c. Forest by type (ha): | 100% boreal |
| d. Forest by management type (ha): | 100% natural |
| e. Certified forest by scheme (ha): | 315763 hectares FSC-certified |

Feedstock

- | | |
|---|------------------------------|
| f. Total volume of Feedstock: | 212 889 m³ |
| g. Volume of primary feedstock: | 0 m³ |
| h. List percentage of primary feedstock (g), by the following categories. - percentages may be shown in a banding between XX% to YY% if a compelling justification is provided*. 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

Not applicable. Wood industry residues are used. Fresh raw material is supplied from forest plots being leased by «DOK «Enisey», LTD that are certified by FSC-forest management (100% FSC FM certified) as well as from the controlled suppliers.

- i. List all species in primary feedstock, including scientific name
Not applicable. Saw dust and sawmill residues from sawmilling workshop are used. To produce wood pellets «DOK «Enisey», LTD uses sawmill residues from own sawmilling workshop got from coniferous species: Pinus Sylvestris, Larix Sibirica, Pinus Sibirica, Picea Obovata, Abies Sibirica.
- j. Volume of primary feedstock from primary forest: **0 m³. Not applicable.**
- 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
 - Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme**Not applicable.** Wood industry residues are used.
- l. Volume of secondary feedstock: **212 889 m³**
- m. Volume of tertiary feedstock: **0 m³**

- * Compelling justification would be specific evidence that, for example, disclosure of the exact figure would reveal commercially sensitive information that could be used by competitors to gain competitive advantage. State the reasons why the information is commercially sensitive, for example, what competitors would be able to do or determine with knowledge of the information.

Bands for (f) and (g) are:

1. 0 – 200,000 tonnes or m³
2. 200,000 – 400,000 tonnes or m³
3. 400,000 – 600,000 tonnes or m³
4. 600,000 – 800,000 tonnes or m³
5. 800,000 – 1,000,000 tonnes or m³
6. >1,000, 000 tonnes or m³

Bands for (h), (l) and (m) are:

1. 0%-19%
2. 20%-39%
3. 40%-59%
4. 60%-79%
5. 80%-100%

NB: Percentage values to be calculated as rounded-up integers.

3 Requirement for a Supply Base Evaluation

SBE completed	SBE not completed
<input type="checkbox"/>	x

On these ground that for pellets production is used FSC certified and controlled wood that means that 100% of all wood pellets production facilities will have FSC Mix and FSC Controlled Wood applications in percentage correlation 69% and 31% respectively. There is no need to do estimation of the resources base.

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

No reviews.

11.2 Public or additional reviews

Russian version of the report is on site «DOK «Enisey», LTD www.dok-enisey.ru for public review of all stakeholders.

All stakeholders can send their reviews by e-mail: gvozdarev.aa@dok-enisey.ru.

12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:	<i>Andrey Gvozdev</i>	<i>Standardization engineer</i>	<i>29.08.2019</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>Yuriy Gaydutskiy</i>	<i>General manager</i>	<i>29.08.2019</i>
	Name	Title	Date

13 Updates

Not applicable

13.1 Significant changes in the Supply Base

Did not changed.

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

212 889 m³ - wood industry residues (sawdust, sawmill residues, bark)

13.5 Projected figures for feedstock over the next 12 months

For pellet plant in 2019 it will require approximately 220.000 m³ of production residues. In order to do this it will take approximately 355.000 m³ of round timber.