

SBP

Sustainable Biomass Partnership

Supply Base Report: Wood Working Company "Enisey" Ltd

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Completed in accordance with the Supply Base Report Template Version 1.2

NOTE:

This template, v1.2, is effective as of the date of publication, that is, 23 June 2016. Template v1.1 may still be used for those audits undertaken prior to 23 June 2016 and where the certificate is issued to Certificate Holders before 1 October 2016.

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

Document history

Version 1.0: published 26 March 2015

Version 1.1 published 22 February 2016

Version 1.2 published 23 June 2016

Contents

1	Overview	1
2	Description of the Supply Base	2
2.1	General description	2
2.2	Actions taken to promote certification amongst feedstock supplier	4
2.3	Final harvest sampling programme	4
2.4	Flow diagram of feedstock inputs showing feedstock type	5
2.5	Quantification of the Supply Base	5
3	Requirement for a Supply Base Evaluation	7
4	Supply Base Evaluation	8
4.1	Scope	8
4.2	Justification	8
4.3	Results of Risk Assessment.....	8
4.4	Results of Supplier Verification Programme	8
4.5	Conclusion	8
5	Supply Base Evaluation Process	9
6	Stakeholder Consultation	10
6.1	Response to stakeholder comments	10
7	Overview of Initial Assessment of Risk	11
8	Supplier Verification Programme	12
8.1	Description of the Supplier Verification Programme	12
8.2	Site visits	12
8.3	Conclusions from the Supplier Verification Programme	12
9	Mitigation Measures	13
9.1	Mitigation measures	13
9.2	Monitoring and outcomes	13
10	Detailed Findings for Indicators	14
11	Review of Report	15
11.1	Peer review	15
11.2	Public or additional reviews	16
12	Approval of Report	17

13	Updates	18
13.1	Significant changes in the Supply Base	18
13.2	Effectiveness of previous mitigation measures	18
13.3	New risk ratings and mitigation measures	18
13.4	Actual figures for feedstock over the previous 12 months	18
13.5	Projected figures for feedstock over the next 12 months	18

1 Overview

Producer name: DOK "Enisey" LTD
Producer location: Russian Federation, Krasnoyarsk region, Berezovka, Traktovaya st., 87/1.
Geographic position: Lat E 93 degrees ## minutes, Long N 56 degrees ## minutes
Primary contact: Andrey Gvozdarev, Russian Federation, Krasnoyarsk region, Berezovka, Traktovaya st., 87/1, +79029233346, a.gvozdarev@dok-enisey.ru
Company website: www.dok-enisey.ru
Date report finalised: 21/Sep/2016
Close of last CB audit: 27/Sep/2016 Russian Federation, Krasnoyarsk region, Berezovka, Traktovaya st. 87/1
Name of CB: NEPcon
Translations from English: Yes
SBP Standard(s) used: Standard 2 v1.0
 Standard 4 v1.0
 Standard 5 v1.0
Weblink to Standard(s) used: <http://www.sustainablebiomasspartnership.org/documents>
SBP Endorsed Regional Risk Assessment: Not applicable
Weblink to SBE on Company website: www.dok-enisey.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
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<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 42.03 million hectares (24% 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 13 municipal districts of Krasnoyarsk region: Achinskiy, Berezovskiy, Bolshemurtinskiy, Emelyanovskiy, Ilanskiy, Irbeyskiy, Manskiy, Partizanskiy, Rybinskiy, Severo-Eniseyskiy, Suhobuzimskiy, Taseevskiy Uzhuyrskiy. The FSCcertified 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 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:

- 72% Pinus Sylvestris,
- 14% Larix sibirica,
- < 1% Pinus sibirica,
- < 7% Picea obovata,
- < 6% Abies sibirica.

Production capacity of wood pellets is 80 000 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 raw wood 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.

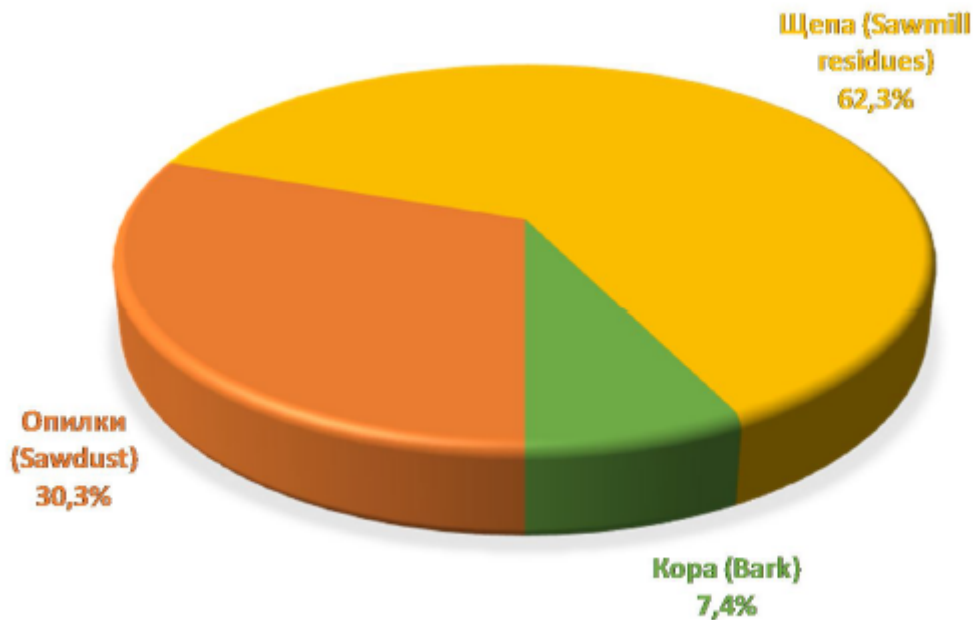
When the controlled suppliers deliver wood to the plant DOK «Enisey» LTD conducts serious work to prove the legality of cut wood, the main requirement is prohibition of wood cut in low-disturbed forest territories that are in the moratorium zone.

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



Composition of raw materials for the production and heat generation in the first reporting period in percentage (by weight).

2.5 Quantification of the Supply Base

Supply Base

- Total Supply Base area (ha): 957000 ha
- Tenure by type (ha): 957000 ha state property
- Forest by type (ha): 957000 ha Boreal
- Forest by management type (ha): 957000 ha natural
- Certified forest by scheme (ha): 315 417 ha FSC certified

Feedstock

Total volume of feedstock: 159 563 m³

g. Volume of primary feedstock: 0 m³

h. List percentage of primary feedstock (g),

- 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: Not applicable

k. List percentage of primary feedstock from primary forest: Not applicable

l. Volume of secondary feedstock: 159 563 m3.

m. Volume of tertiary feedstock: Not applicable

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

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 35% and 65% 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

Peer review of Supply base report of DOK «Enisey» LTD within the certification of legality and sustainability of the source of raw material used for the wood pellets production

by Sustainable Biomass Partnership (SBP) system

Author information:

Kuritsyn Anatoliy Konstantinovich is a director of LTD "Lesexpert", lead auditor of FSC COC and controlled wood certification of certification body GFA Certification GmbH (Hamburg, Germany) since 2005 (approximately 200 audits), PhD on technical sciences.

LTD "Lesexpert" is specialized on standardization and certification of timber wood. It is a member of the Economy Chamber of Association «National workgroup on voluntary forest certification" from the date of its foundation. Since 2007 it is registered on Association site as a consultant on FSC COC and controlled wood. It services more than 50 clients throughout Russia.

LTD "Lesexpert" developed and approved the unified Due Diligence System (DDS) of compliance of Euro Timber Regulation EUTR №995/2010 when wood products exporting in EU country. (see http://lesexpert.info/eutr/2013-07-05_DDS_EUTR-RU_R_N46.pdf).

A report on 26 pages dated 06.01.2016 is presented for peer review.

DOK «Enisey» LTD has valid FSC certificate FC-COC-643114 with a code of controlled wood FCCW-643114.

The company developed a report on the risk assessment of FSC controlled wood origin. On 20.06.2016 it was approved by FSC certification body.

Wood pellets (W3.6 Wood pellets) are included by the company in the List of FSC product groups with a material category FSC Controlled Wood and FSC Mix.

All the data are confirmed on webpage <http://info.fsc.org>.

DOK «Enisey» LTD uses 35% FSC certified raw materials indicating active promotion of forest and wood raw materials FSC certification in Krasnoyarsk region.

It is said that the annual volume of secondary raw materials - residuals - produced at the plant during the sawlog processing is 148 thousands of m³ and it is sufficient for the production.

A positive factor is that in order to prove sustainable forest management FSC standard is used.

Recommendations

1. Show in the report the results of random inspections of controlled wood of non-certified suppliers.
2. Specify in the report the annual volume of sawlog used in the plant and the balance of wood used in order to prove origin of raw materials mentioned above for the wood pellet production.
3. The description of forest system in Russia is slightly too large. I recommend to reduce the text without loss of informativity.

In general the report deserves a positive assessment.

Responses to the expert recommendations

1. In 2015 there were 3 random inspections of controlled suppliers carried out according to the approved program. The inspection was based on risk assessment on categories with undetermined risk:

- illegally harvested wood;
- wood harvested with violation of traditional and civil rights;
- wood harvested in forest areas where high conservation values are endangered as a result of forest management

2. During the year company processes over 300 thousands m³ of sawlog. After its processing more than a half of its volume goes to residuals. Currently at a plant all residuals of own sawing and wood processing are transformed into finished products or thermal energy. At the moment the plant works only on own residuals. Residuals from the outside are not purchased.

3. The comment is accepted, text is reduced. This part was written for the readers from other countries in order to explain the forestry system in Russia

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: a.gvozdarev@dok-enisey.ru

12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:	<i>Andrey Gvozdarev</i>	<i>Standardization engineer</i>	<i>21/Sep/2016</i>
	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:	<i>Yuriy Gaydutskiy</i>	<i>Director</i>	<i>21/Sep/2016</i>
	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

13.5 Projected figures for feedstock over the next 12 months

For pellet plant in 2016 it will require approximately 200.000 m3 of production residues. In order to do this it will take approximately 370.000 m3 of round timber.