

Supply Base Report: IKEA Industry Poland sp. z.o.o. Oddział Wielbark

Second Surveillance Audit

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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.sbp-cert.org

Document history

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1 Overview

Producer name: IKEA Industry Poland sp. z.o.o. Oddział Wielbark
 Producer location: ul. Czarnieckiego 17a, 12-160 Wielbark, Poland
 Geographic position: Lat E 20 degrees 57 minutes, Long N 53 degrees 24 minutes
 Primary contact: Tomasz Karczewski (SBP Manager)
 Tel: +48 693 720 115
 E-mail: tomasz.karczewski@ikea.com
 Company website: www.ikea.com
 Date report finalised: 14/Jul/2015
 Close of last CB audit: 30/Aug/2017
 Name of CB: NEPCon
 Translations from English: Yes, in English and Polish
 SBP Standard(s) used: Standard 2, 4, 5 (*Version 1.2 published 23 June 2016*)
 Weblink to Standard(s) used: <http://www.sbp-cert.org/documents>
 SBP Endorsed Regional Risk Assessment: Not applicable
 Weblink to SBR on Company website: <http://www.inter.ikea.com/en/inter-ikea-group/ikea-industry-polish/>

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	☐	☐

2 Description of the Supply Base

2.1 General description

In general, the sawmill procurements can be categorised as follows:

- Polish State Forests FSC certified stemwood (FSC 100%) is procured for furniture production.
- Industrial wood residues are used for pellet production, the sawmill is integrated with the pellet production facility (same location).
- Only Scots pine is used (*Pinus sylvestris*, L.)

Polish State Forest

There is a constant increase of the forest area in Poland. According to 2013 data from the Central Statistical Office, forest area covers app. 9.3 million hectares, which is 29.4% of the country's territory. Forestry and the related industrial branches are important elements of the national economy. The State Forest Service gives employment to many people. It is the main supplier of wood processing plants. It cooperates closely with local communities and non-governmental organizations. In recent years, Polish State Forestry has achieved excellent economic results, because of the relatively good price for wood on the international market.

Buying timber from the Polish State Forests, our company is sure that the raw material is being procured in a legal manner, not prejudicial nature.

Forest planning and forest operations in Poland

For foresters and most other stakeholders in Poland the non-production forest functions have become the most important. The Polish State Forest implements sustainable forest management. Foresters acquire wood within the limits set by 10-year forest management plans, approved by the Minister of the Environment.

The Polish timber resources have grown from year to year and doubled in half a century. Wood stocks in the forests managed by the State Forests continue to grow. In 1991, it was 190 cubic meters/ha.; 20 years later, in 2011 – 254 cubic meters/ha. According to international statistics, Polish forests belong in this respect to European leaders. Not only considering wood stock, but also the forest area increase. In the mid-twentieth century, they occupied slightly over one-fifth of Poland; nowadays nearly than one-third.

In terms of spatial structure by species, coniferous species dominate in Polish forests, occupying 72.8% of the total forest area. Among coniferous species, pine covers the largest area.

2.2 Actions taken to promote certification amongst feedstock supplier

IKEA actively promotes the use of renewable energy, responsible stewardship of forests, and a fairer society. For these reasons, IKEA Wielbark is promoting FSC certification; we pro-actively inform stakeholders on FSC and SBP certification.

We inform our suppliers on the content and importance of FSC criteria and indicators. Our business partners need to have a good business policy in place. Our guiding principles when working with environmental, social and working conditions are:

- ✓ What is in the best interest of the next generation?
- ✓ What is in the best interest of our employees?

- ✓ What is in the best interest of the environment?

The IKEA Way on Purchasing Products, Materials and Services (IWAY) is the IKEA Group Supplier Code of Conduct. It comprises of the IKEA requirements relating to the Environment and to the Social & Working Conditions. The values of trust, integrity and honesty are at the foundation of IWAY and are key to the implementation of sustainable development.

It is on this basis that we source business partners. Through continued respect of these values, our company grows. IKEA suppliers always comply with the most demanding requirements, whether they are relevant applicable laws, or IKEA IWAY specific requirements. Considering Sustainable Forest Management, FSC certification is the logical choice.

2.3 Final harvest sampling programme

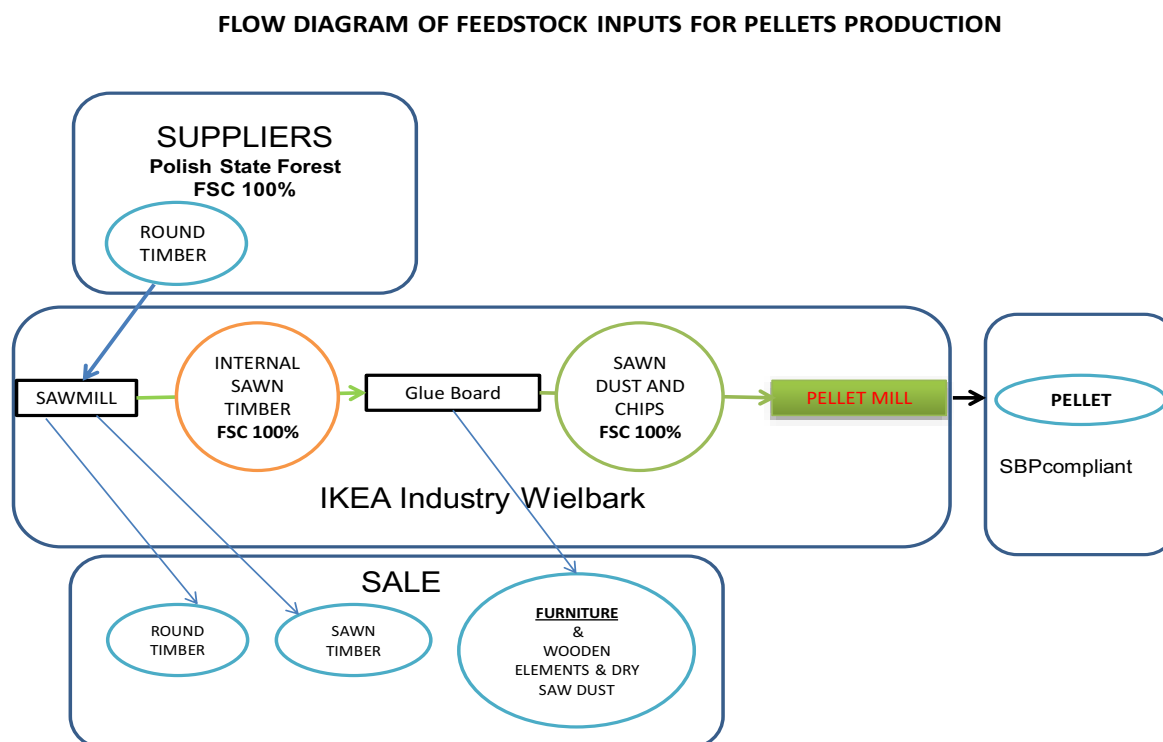
IKEA Wielbark does not harvest forest stands with the goal to produce pellets. We only use wood residues, originating from woodworking processes.

The primary feedstock originates from well-managed multifunctional forests with a long rotation period. The resources are FSC certified and take into account the ecological, economic and social importance of forestry. The following resources are not included in the feedstock:

- Wood from primary forests;
- Stump wood.
- Genetically modified tree species;

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

Scheme 1: The flow of feedstock for producing wood pellets (SBP-compliant biomass)



The wood pellets of IKEA Wielbark hold the claims:

- SBP-compliant biomass;
- FSC MIX;
- ENplus A1.

2.5 Quantification of the Supply Base

Supply Base

- | | |
|------------------------------------|---|
| a. Total Supply Base area (ha): | 6.306.239 ha. State Polish Forests that are FSC certified (claim FSC 100%), and from which timber may be harvested. |
| b. Tenure by type (ha): | 100% public ownership (State Polish Forest Service).
The total Supply Base: 6.306.239 ha. |
| c. Forest by type (ha): | Temperate forests.
The total Supply Base: 6.306.239 ha. |
| d. Forest by management type (ha): | Managed Natural forests. |

- e. Certified forest by scheme (ha): The total Supply Base: 6.306.239 ha
6.306.239 ha. FSC certified (100%)

Feedstock

- f. Total volume of feedstock: 32.499 tons feedstock
EC category: Wood Industry Residues
UK category: Sawdust (100%) (8% moisture content)
- g. Volume of primary feedstock: Our company produces wood pellets from tertiary wood working residues. The wood residues are 100% FSC material.

These residues result from furniture production for which round wood is procured (FSC 100%). The category of this product is:
EC category: Stemwood.
UK category: Long rotation forestry (conifer)
- h. List percentage of primary feedstock (g), by the following categories.
- Large forest holdings certified to an SBP-approved Forest Management Schemes (FSC)
- i. List all species in primary feedstock: Scots Pine (*Pinus sylvestris*, L.)
- j. Volume of primary feedstock from primary forest: 0 m³. No primary feedstock from primary forests.
- k. List percentage of primary feedstock from primary forest (i): Not relevant.
- l. Volume of secondary feedstock: 0 m³. Not applicable.
- m. Volume of tertiary feedstock: 100%, 32.499 tons feedstock (8% moisture content)

3 Requirement for a Supply Base Evaluation

SBE completed	SBE not completed
☐	X

Not required because all feedstock from FSC certified forests.

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 performed by:

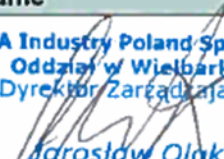
- Association of Friends of the Ramucka Wilderness,
- Przemysław Rojek, The Regional Directorate of State Forest in Olsztyn
- Biomass Consult. Their comments can be found in document: D3 Supply Base Report IW 20150724. These comments have been taken into account.

Additionally we ask Greenpeace Poland but so far no answer.

11.2 Public or additional reviews

Not applicable.

12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:	<i>Tomasz Karczewski</i>	<i>IPS and Quality Manager</i>	<i>13.09.2017</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>Jarosław Olak</i>	<i>Site Manager</i>	<i>13.09.2017</i>
	Name	Title	Date
Report approved by:	IKEA Industry Poland Sp. z o.o. Oddział w Wielbarku Dyrektor Zarządzający  <i>Jarosław Olak</i>		
	Name	Title	Date
Report approved by:	IKEA Industry Poland Sp. z o.o. Oddział w Wielbarku Dyrektor Zarządzający [name]  <i>Tomasz Karczewski</i>	[title]	[date]
	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

Supply Base

- a. Total Supply Base area (ha): 6.306.239 ha. State Polish Forests that are FSC certified (claim FSC 100%), and from which timber may be harvested.
- b. Tenure by type (ha): 100% public ownership (State Polish Forest Service).
- c. Forest by type (ha): The total Supply Base: 6.306.239 ha.
Temperate forests.
- d. Forest by management type (ha): The total Supply Base: 6.306.239 ha.
Managed Natural forests.

Certified forest by scheme (ha): 6.306.239 ha. FSC certified (100%)

Feedstock

- e. 36.625,1 tons feedstock (01.09.2016 – 31.08.2017)
 - EC category: Wood Industry Residues
 - UK category: Sawdust (100%) (8% moisture content)
- f. Volume of primary feedstock: Our company produces wood pellets from tertiary wood working residues. The wood residues are 100% FSC material.
 - These residues result from furniture production for which round wood is procured (FSC 100%). The category of this product is:
 - EC category: Stemwood.
 - UK category: Long rotation forestry (conifer)
- g. List percentage of primary feedstock (g), by the following categories.
 - a. Large forest holdings certified to an SBP-approved Forest Management Schemes (FSC)

- h. List all species in primary feedstock: Scots Pine (*Pinus sylvestris*, L.)
- i. Volume of primary feedstock from primary forest: 0 m³. No primary feedstock from primary forests.
- j. List percentage of primary feedstock from primary forest (i): Not relevant.
- k. Volume of secondary feedstock: 0 m³. Not applicable.
- l. Volume of tertiary feedstock: 36.625,1 tons feedstock (8% moisture content)

13.5 Projected figures for feedstock over the next 12 months

72.000 m³ – 36.000 tons feedstock (data from the budget for the Financial Year 2018)