

SBP

Sustainable Biomass Partnership

Supply Base Report: BEPA Ltd

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
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Document history

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1 Overview

Producer name:	BEPA Ltd
Producer location:	Stantsionnaya st., 3A, 238210 Gvardeisk, Gvardeisk District, Kaliningrad Region, Russia
Geographic position:	54.634910, 21.0740324
Primary contact:	Aleksey Bondin, e-mail: ab@bepa.trade ; phone: : +79097755857
Company website:	http://www.bepatrade.com/
Report finalised:	15/Mar/2017
Last CB audit closed:	19/May/2017, Gvardeisk
Name of CB:	NEPCon OU
Translations from English:	Yes
SBP Standard(s) used:	SBP Standard 2-V1.0; SBP Standard 4-V1.0. ; SBP Standard 5-V1.0 (instructions documents 5A;B;C V1.1.)
Weblink to Standard(s) used:	http://www.sustainablebiomasspartnership.org/documents
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
X	☐	☐	☐	☐

2 Description of the Supply Base

2.1 General description

BEPA LTD is located in Gvardeisk, the Kaliningrad Region, the Russian Federation.

As feedstock for producing pellets the company uses Sawdust, Other residues of wood industry (wood chips), Slab wood (the exterior portion of a log removed by sawing for lumber).

For the reported period 01.01.2016 – 31.12.2016:

Controlled Feedstock 41,17 % (FSC Controlled Wood) 1 Secondary Feedstock supplier

SBP-compliant Primary Feedstock, 0%

SBP-compliant Secondary Feedstock, 11,1 % (FSC Mix Credit) 1 Secondary Feedstock supplier

SBP-compliant Tertiary Feedstock, 0%

SBP non-compliant Feedstock 47,72 % 1 Secondary Feedstock supplier

Species scientific name: **Pinus sylvestris, Larix sibirica**

Company LTD BEPA purchases raw materials from the sole supplier, a primary processor with FSC certificate. The supplier in its turn purchases raw materials (both certified and controlled) from the Udmurt Republic, Komi Republic and Karelia, Krasnoyarsk Region, Arkhangelsk Region, Irkutsk Region, Kirov Region and other regions of the Russian Federation, hence the description of the resource base comprises Russia as a whole.

The total area of FSC forest land on the territory of the Russian Federation is 764 million hectares, accounting for about 21% of world reserves of standing timber. Forests are mainly boreal and they cover 46.6% of the area of the Russian Federation. The main wood species are pine, spruce, birch, aspen. Areas occupied by the main wood species remain rather stable within last decades. Hardwood (deciduous) species comprise 68.4%, softwood (coniferous) – 21,7% (2,4% - heard-leaved and 19,3% - hardwood broadleaved). Other wood species comprise less than 1% of forests. The cutting area in the RF comprises about 660 mln.m3, incl. softwood (coniferous) – 370 mln.m3.

The total reserve of the wood in the forests located on forest fund land is 80 billion m3 which is sufficient to provide with feedstock the developed added-value wood processing industry in Russia.

In accordance with Russian legislation all forest fund lands are state property. 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 up to 49 years. Entrance into a lease agreement or sale contract on forest plantations is carried out at the auction for sale of the right to enter into such agreements. Forest areas for a lease are subject to state expertise and cadastral registration. According to the Forest Code of the Russian Federation each forest user taking a lease forest land obliges:

- to carry out the activities on protection and reproduction of forests;
- to submit annual forest declaration;
- to issue a project of forest assimilation;
- to provide a report on the use of forests, their protection and reproduction.

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 forest management projects. The main way of reforestation is procurement of natural regeneration by reserving strong new-growth while cutting and providing insemination sources and land cultivation for better vegetation. Besides, all forest users plan and implement a number of fire-prevention measures aimed at preventing and reducing after-effects of forest fires in the summer period.

According to the forest legislation of the Russian Federation, the species listed in the Red Book shall be preserved as well as their habitats when harvesting. Harvesting of precious, extinct and specially protected wood species is banned.

Consumers of forest products at sensitive and expanding markets require from their suppliers to refuse from participation in harvesting of forest products of dubious origin, as well their processing or marketing.

The dynamics of forest certification in Russia points to an ever-increasing activity of wood companies, which indicates to the responsibility to ensure the legality of the wood harvested and compliance with environmental and social requirements of the FSC.

The companies certified by the FSC and companies included into the programme for verifying controlled suppliers, guarantee to the supplier that the wood was not cut in a virgin forest or that no species protected by CITES or IUCN were cut, not rights of any indigenous minorities or employees were violated. This is confirmed by yearly audits carried out by certification bodies.

Contemporary spacial structure of Russian economy is determined by physiographic factors and lasting historical legacy: huge territory and its peripheral location in Eurasia, severe climate and underpopulation on the most part of the territory, spacial gaps between concentrations of natural resources, population and production. Many features of contemporary territorial structure of Russian economy are determined by natural, geographic and historical peculiarities of its development, which include:

Until the late 1980s an active policy of changing location of the country production forces was pursued, which resulted in large-scale natural resources development in peripheral regions and general shift of production forces East- and Northwards, industrialization and urbanization of lagging agricultural regions, set up of new transport communications.

Wood, the waste left after processing of which is supplied to LTD BERA, is mainly purchased in Eastern regions of the country (Siberia) and North of the European part of Russia, where logging and wood processing companies are abundant. Furthermore, there are many enterprises mining natural resources.

The territory, where the enterprise is located, the Kaliningrad Region, is an enclave. Its wood resources are scarce, so raw materials are supplied from different remote regions of Russia.

The sole supplier of raw materials for LTD BEPA obtains wood products from its 22 suppliers, among which 15 companies have no FSC certificate, 7 companies have FSC certificate.

2.2 Actions taken to promote certification amongst feedstock suppliers

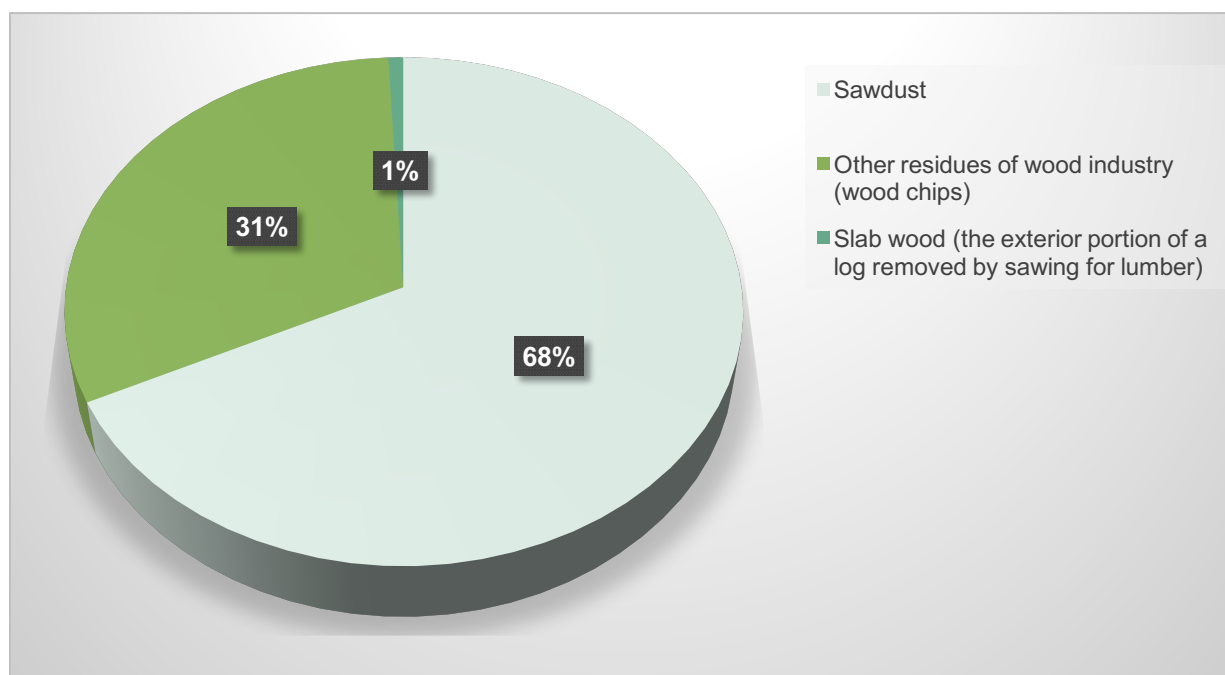
Our company understands that pellet production with a SBP compliant biomass claim is possible only for FSC certified feedstock (FSC 100% or FSC Mix Credit), that is why with the supplier (LLC "Lesobalt") we agreed to increase supplied of certified wood products. By December 2017 we are planning to increase FSC certified wood materials up to 30%, which will allow us to meet the demand of our customers for SBP-Compliant Biomass pellets.

No other certification promotion measures among feedstock suppliers were taken by our company.

2.3 Final harvest sampling programme

Not applicable.

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



2.5 Quantification of the Supply Base

Supply Base

- Total Supply Base area (ha): 764 mln.ha (Cumulative area of Boreal forest types on the RF)
- Tenure by type (ha): 100% State
- Forest by type (ha): 100% Boreal
- Forest by management type (ha): Managed natural (764 mln.ha)
- Certified forest (FSC) (ha): 43,5 mln.ha

Feedstock

- Total volume of feedstock consumed: **107505 m3 (chip and dust wood)**
- Volume of primary feedstock: **0 tonnes**
- List percentage of primary feedstock (g), by the following categories.
Qualified by SBP-approved Forest Management Schemes:
 - Certified to an SBP-approved Forest Management Scheme: **0%**
 - Not certified to an SBP-approved Forest Management Scheme: **0%**

- i. List all species in primary feedstock, including scientific name:
- j. Volume of primary feedstock from primary forest: **0%**
- k. List percentage of primary feedstock from primary forest (j), by the following categories.
Qualified by SBP-approved Forest Management Schemes: **Not applicable**
- l. Volume of secondary feedstock, specify origin and type: 107505 m3 (chip and dust wood)
- m. Volume of tertiary feedstock, specify origin and composition: **0**

3 Requirement for a Supply Base Evaluation

SBE completed	SBE not completed
☐	X

SBE system is not implemented because risk assessment for regions of Russia wasn't completed.
Evaluation of resource base does not fall into the certificate scope of application

4 Supply Base Evaluation Process

Not applicable.

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 submitted for review to Nadezhda Mikhailovna Efimova (n.efimova@list.ru), an expert of Kirov Forest Certification Centre.

All comments given were taken into account and the necessary changes and additions were made to the Supply Base Report, i.e.: ph. 2.1 was added by information on certified lessees of forest areas; an addition was made saying that forest suppliers do not cut wood species under CITES or included into IUNC lists; misprints were corrected.

11.2 Public or additional reviews

The English version of the report was downloaded to <http://www.bepatrade.com> for public access to whom it may concern. After looking through it all parties concerned are welcome to provide their reviews, if any, to the company's e-mail address: ab@bepa.trade

12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:	<i>Aleksey Bondin</i>	<i>Quality Manager</i>	<i>15 March 2017</i>
	Name	Title	Date
The undersigned persons confirm that I/we are members of the organization'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 finalization of the report.			
Report approved by:	<i>Yury Kleshchenko</i>	<i>General Manager</i>	<i>20 March 2017</i>
	Name	Title	Date
Report approved by:	<i>Jonas Davidavichus</i>	<i>Production Director</i>	<i>20 March 2017</i>
	Name	Title	Date
Report approved by:	-	-	-
	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

The actual feedstock consumption for pallets production within the reported period comprises **107505 m3**.

13.5 Projected figures for feedstock over the next 12 months

The estimated feedstock consumption for pallets production within the next period is **140 000-160000 m3**.