



Supply Base Report: DeCom LLC

First Surveillance Audit

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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

On the first page include the following information:

Producer name: DeCom LLC

Producer location: 665708, roadway Stroitel, 66, Bratsk, Irkutsk region, Russia

Geographic position: 56° 7'40.14" N, 101°31'53.82" E

Primary contact: Natalya Chernikova, 665708, roadway Stroitel, 66, Bratsk, Irkutsk region, Russia,
+7 (3953)-495124, chernikova@ooodekom.ru

Company website: <http://www.ooodekom.ru>

Date report finalised: 28/07/2020

Close of last CB audit: 29/09/2020, Bratsk

Name of CB: NEPCon

Translations from English: Yes

SBP Standard(s) used: Standard 2, version 1.0; Standard 4, version 1.0; Standard 5, version 1.0;
Instruction 5E version 1.1

Weblink to Standard(s) used: <https://sbp-cert.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
<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2 Description of the Supply Base

2.1 General description

*DeCom LLC is a biomass producer located in Bratsk, Irkutsk Region. DeCom LLC has its own production site, which includes a sawmill, molded products workshop, a line for the production of wood pellets, drying complex for lumber, etc. The pellet line was launched in 2017 to process residues from its own wood processing industry (offcuts, sawdust and shavings). DeCom LLC receives sawlogs from its own leased area, as well as from suppliers and sub-suppliers. DeCom LLC holds FSC certificates: FC-FM / COC-643667 forest management certificates and FC-COC-643066 supply chain. SBP-compliant biomass is produced out of FSC 100% and FSC Mix Credit feedstock. In addition, the company produces non-SBP-compliant biomass without FSC claims and ensures the physical separation of FSC feedstock and biomass from uncertified. Species composition - Siberian larch (*Larix sibirica*) 65%, Scots pine (*Pinus sylvestris*) 25%, Siberian spruce (*Picea obovata*), Siberian fir (*Abies sibirica*) 10%.*

The Supply base of DeCom LLC is the forest fund of the Irkutsk region and the Krasnoyarsk Krai. DeCom LLC has its own forest-management unit in the Krasnoyarsk Krai, from where the FSC-certified sawlogs come from. From suppliers, roundwood comes from different parts of the Irkutsk region with FSC 100% and FSC Mix Credit claim. The total area of the Supply base is 230,2 million ha.

Krasnoyarsk Krai has one of the largest forest resources among Russian regions. The territory of the forest fund of the region is 158,7 million hectares. The total stock of forests amounts to 11,7 billion m³ - this is about 1/3 of the Siberian Federal District reserves and 1/7 of the total Russian forest stock. In the structure of forest stands of the Krasnoyarsk Krai coniferous stands prevail, the share of which is about 76%.

The forest fund of the Irkutsk region is 71,5 million hectares. According to the information contained in the regional Forest Plan, 12% of the country's forest reserves are concentrated in the region. But not all forest area is covered with forests. Some of them have been cut down and not yet replanted; part damaged by fires; about 1,6 million hectares are occupied by glades, ravines, roads, buildings, etc. The total standing stock is 8,8 billion m³, including the stock of coniferous stands – 7,5 billion m³.

Less than 1% of raw materials are used in the production of wood pellets and fuel briquettes from the total volume of procurement in the Irkutsk region and Krasnoyarsk region.

In accordance with the legislation of the Russian Federation, all lands of the forest fund are in state ownership. Legal entities receive forest plots for use for a period of 10 to 49 years on loan (with the possibility of their prolongation). Long-term rental relations are the dominant legal form for obtaining the right to harvest timber on stem. The conclusion of lease agreements for forest plots or purchase and sale agreements for forest stands is carried out at auctions for the sale of the right to conclude such agreements. Land leased, must pass a state cadastral registration.

The Forest Code of the Russian Federation obliges each tenant to develop a forest development plan for 10 years (based on taxation and forest regulation), implement measures for the conservation, protection and reproduction of forests, submit a forest declaration and make addendums to it about the planned way of forest resources use. Once a quarter, tenants are required to submit a forest declaration containing a report on the implemented measures and logging volumes of felling for a calendar year with a cumulative total.

Within the Supply Base, forest management practices are based on the achievement of renewable sustainable forest management in accordance with the requirements of forest legislation and the principles of forest certification. The rotation period is 60-120 years. Only clear cuts are used as a method of wood harvesting at the maturity stage with subsequent reforestation. Sanitary felling is also possible. The maximum cutting area is limited to 50 ha. Reforestation can be done with planting seedlings or the promotion of natural regeneration. Ensuring high-quality reproduction of forest resources and protective afforestation is a prerequisite for the use of forests. To do this, a Forest Development Project is being developed, the measures in which are aimed at improving the forestry characteristics of the forest area, and the implementation of continuous and sustainable forest management.

*The composition of the forests of the Krasnoyarsk Krai and the Irkutsk Region includes Scots pine (*Pinus sylvestris*), Siberian larch (*Larix sibirica*), Siberian cedar pine (*Pinus sibirica*), Siberian spruce (*Picea obovate*), Siberian fir (*Abies sibirica*), and Silver birch (*Betula pibirula*), aspen (*Populus tremula*), a tree-shaped willow (*Salix spp.*) is found.*

*When harvesting wood, according to the forest legislation species listed in the Red Book, as well as their habitats, are subject to conservation. Harvesting of valuable, endangered and specially protected species of trees is prohibited. On the territory of the Krasnoyarsk Krai there are such types of trees listed in the Red Book as Small-leaved Birch (*Betula microphylla* Bunge), Pseudocossack Juniper (*Juniperus pseudosabina* Fisch. & C.A. Mey.). In the Irkutsk Region, Siberian Blue Spruce (*Picea obovate* Ledeb. Var. *Coerulea* Malysch) and Berry Apple Tree (*Malus baccata* (L.) Borkn.) are subject to conservation. Areas with a predominance of Siberian cedar pine (*Pinus sibirica*) are prohibited for cutting in the Irkutsk region.*

DeCom LLC does not procure and does not purchase tree species listed in the Red Book or CITES list.

The company DeCom LLC is located in Bratsk, Irkutsk Region. Bratsk serves as an important support base for the development of the northern regions of Eastern Siberia and the Far East. The company provides jobs for residents of the Krasnoyarsk Krai and the Irkutsk Region.

The main enterprises of the forest industry in the Irkutsk region, which are also the largest tenants and loggers: JSC Ilim Group, JSC Bratsk Timber Industry Complex (BLPK) - manufacturers of pulp and cardboard; Omfal LLC, Ind-Timber LLC, Lesresurs LLC, PromLesTrade LLC, IP Zarechny, Madera CJSC - manufacturers of lumber and pellets; LLC TM Baikal, CJSC KATA, LLC Orion, LLC Lesobalt - manufacturers of lumber; Usolsky Plywood Plant LLC, Ilim Timber LLC - plywood manufacturers.

DeCom LLC is one of the 20 largest enterprises in the Irkutsk region in terms of timber processing, although it does not independently harvest timber in the region.

All primary products go to the sawn timber plant. No granules are produced from virgin material. They are made from wood residues. Leftovers are secondary raw materials.

Raw material ratio: FSC certified raw materials 54% and non-certified materials 46%.

In the reporting period, sawlogs for primary processing were supplied from 7 FSC-certified enterprises and from 13 enterprises with non-certified material.

2.2 Actions taken to promote certification amongst feedstock supplier

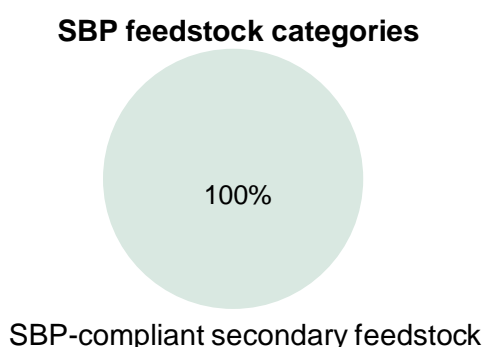
DeCom LLC offers sawdust suppliers a higher price for FSC-certified products and informs suppliers of the benefits of FSC forest management certification.

Explanatory work was carried out with suppliers of non-certified raw materials about the benefits of certified products. Kodinskoye LLC passed FSC certification in 2019. For economic reasons, other suppliers are not yet entering the certification process.

2.3 Final harvest sampling programme

Not applicable, since only secondary raw materials are used for the production of pellets.

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



2.5 Quantification of the Supply Base

Provide metrics for the Supply Base including the following. Where estimates are provided these shall be justified.

Supply Base

- | | |
|-------------------------------------|--|
| a. Total Supply Base area (ha): | 230,2 mln ha |
| b. Tenure by type (ha): | 230,2 mln ha public |
| c. Forest by type (ha): | 230,2 mln ha boreal |
| d. Forest by management type (ha): | 230,2 mln ha managed natural |
| e. Certified forest by scheme (ha): | 12,5 mln ha of FSC-certified forest |

Feedstock

- | | |
|---------------------------------|-------------------------------|
| f. Total volume of Feedstock: | 52 795,2 metric tonne; |
| g. Volume of primary feedstock: | 0 metric tonne |

- 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:
- 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 – **not applicable**;
- j. Volume of primary feedstock from primary forest - **0 metric tonne**;
- 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 - **0 metric tonne**;
 - Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme - **0 metric tonne**;
- l. Volume of secondary feedstock: **52 795,2 metric tonne** of sawdust, offcuts– secondary feedstock;
- m. Volume of tertiary feedstock: **0 metric tonne**.

3 Requirement for a Supply Base Evaluation

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

For the production of SBP-compliant biomass, only feedstock with a FSC 100% and FSC Mix Credit claim is used. Non-certified feedstock is processed and stored separately from certified at all stages of production.

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




Expert judgment is not required. There are no significant changes in the resource base.

11.2 Public or additional reviews

The report is posted on the DeCom LLC website for public review.

All interested parties can send their feedback, if any, to the FSC certification manager Natalya Chernikova at chernikova@oodekom.ru.

12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:	<i>Natalya chernikova</i> 	<i>Engineer of reforestation, FSC manager</i>	<i>28/07/2020</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>Anatoliy Antipin</i> 	<i>SBP manager</i>	<i>28/07/2020</i>
	Name	Title	Date
Report approved by:	<i>Alexandr Dmitriev</i> 	<i>CEO</i>	<i>28/07/2020</i>
	Name	Title	Date

13 Updates

During the audit period, there were no significant changes in the resource base of the enterprise.

13.1 Significant changes in the Supply Base

Provide a description of any significant changes to the supply base.

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

In fact, the volume of raw materials used for the production of granules amounted to 52 795,2 metric tonne. m for the reporting period from 01.06.2019 to 31.05.2020.

13.5 Projected figures for feedstock over the next 12 months

85 000 solid m³.