

Supply Base Report: JSC “Sokol Timber Company”

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

Version 1.0: published 26 March 2015

Version 1.1 published 22 February 2016

Version 1.2 published 23 June 2016

Version 1.3 published 14 January 2019

© Copyright The Sustainable Biomass Program Limited 2019

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..... | 5 |
| 2.3 | Final harvest sampling programme..... | 5 |
| 2.4 | Flow diagram of feedstock inputs showing feedstock type [optional]..... | 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..... | 15 |
| 12 | Approval of Report | 16 |
| 13 | Updates | 17 |

13.1 Significant changes in the Supply Base..... 17

13.2 Effectiveness of previous mitigation measures..... 17

13.3 New risk ratings and mitigation measures 17

13.4 Actual figures for feedstock over the previous 12 months 17

13.5 Projected figures for feedstock over the next 12 months..... 17

1 Overview

Producer name: JSC “Sokol Timber Company”
Producer location: 162132, Lugovaya st. 1, Sokol, Vologda region, Russia
Geographic position: 59°27'58.74" 'N, 40° 5'37.77" 'E
Primary contact: Tatiana Generalova, 162132, Lugovaya st. 1, Sokol, Vologda region, Russia,
 +7 921 230 47 19, Generalova_TN@segezha-group.com
Company website: <http://www.sokoldok.ru>
Date report finalised: 25/Sep/2019
Close of last CB audit: 27/Sep/2019, Sokol
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
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 |
| V | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

2 Description of the Supply Base

2.1 General description

JSC “Sokol Timber Company” (JSC S-DOK), is a member of one of the largest timber industry holdings in Russia LLC GK Segezha Group. The plant produces glued wooden structures for housing construction, including sets of houses from glued wood, and is the largest woodworking production in the European part of Russia.

JSC S-DOK is located in the city of Sokol, 35 km from Vologda on the bank of the Sukhona river. The plant was founded on April 15, 1942, since then the plant has come a long way from a military plant to a modern world-class enterprise engaged in deep processing of wood.

There is a timber yard located on the territory, sawnwood production, the production of glued wooden constructions and pellet production.

Roundwood, as well as boards produced by suppliers, is supplied from 39 suppliers both for sawing and processing. Waste from the process of secondary processing of wood, that is produced after planing dried wood billets - shavings and sawdust - are used as feedstock for the production of pellets. All wood entering the factory is FSC certified or FSC controlled. According to the FSC product group, pellets are produced only with the FSC Mix Credit claim, which corresponds to the SBP-compliant biomass claim. Feedstock for the production of pellets (dry shavings and sawdust) are classified as SBP-compliant pre-consumer tertiary feedstock.

JSC S-DOK determined the following regions of wood supplies during the reporting period and for the coming year: Arkhangelsk Region, Vologda Region, Kirov Region, Kostroma Region, Leningrad Region, Nizhny Novgorod Region, Novgorod Region, Pskov Region, Republic of Karelia, Tver Region, Yaroslavl region, Irkutsk region, Krasnoyarsk Territory.

Officially, the forest territory of the Russian Federation (forest fund) accounts for 254,7 billion m³ of the global standing stock of wood, that is, about 21%. The forest fund of Russia is 1 173,9 million ha.

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 supply base regions are located within the taiga forest and central belt of Russia.

| Region | | Nature zone according to Russian classification | Nature zone according to western classification | Area of forest fund, mln. ha |
|-----------------------------|------------------------|---|---|------------------------------|
| European part of Russia | Arkhangelsk Region | Northern taiga, middle taiga | Boreal forest | 29,2 |
| | Vologda Region | Middle taiga, southern taiga | Boreal forest | 11,5 |
| | Kirov Region | Middle taiga, southern taiga | Boreal forest | 7,0 |
| | | Mixed forests | Temperate forest | 1,1 |
| | Kostroma Region | Southern taiga | Boreal forest | 4,6 |
| | Leningrad Region | Middle taiga, southern taiga | Boreal forest | 5,7 |
| | Nizhny Novgorod Region | Southern taiga | Boreal forest | 1,2 |
| | | Mixed forests, forest-steep | Temperate forest | 2,6 |
| | Novgorod Region | Southern taiga | Boreal forest | 1,9 |
| | | Mixed forests | Temperate forest | 2,2 |
| | Pskov Region | Mixed forests | Temperate forest | 2,5 |
| | Republic of Karelia | Northern taiga, middle taiga | Boreal forest | 14,9 |
| | Tver Region | Southern taiga | Boreal forest | 0,4 |
| | | Mixed forests | Temperate forest | 4,5 |
| Yaroslavl region | Southern taiga | Boreal forest | 1,0 | |
| | Mixed forests | Temperate forest | 0,8 | |
| Western and Central Siberia | Irkutsk region | Middle taiga, southern taiga | Boreal forest | 56,6 |
| | | Forest-steep | Temperate forest | 3,8 |
| | | South-siberian mountain zone | Temperate forest | 9,0 |

| | | | | |
|--|-----------------------|---|------------------|-------|
| | Krasnoyarsk Territory | Tundra forest, light density taiga | Boreal forest | 25,4 |
| | | Northern taiga, middle taiga, south taiga | Boreal forest | 125,0 |
| | | Forest-steep | Temperate forest | 3,9 |
| | | South-siberian mountain zone | Temperate forest | 9,6 |
| | Total | | | 324,4 |

Northern and middle taiga form a wide boreal strip in the European part of Russia and Siberia. The main forest species of boreal (taiga) forests are two groups of species: dark coniferous and light coniferous.

In European Russia, dark coniferous forests are represented by Norway spruce (*Picea abies*) and Siberian spruce (*Picea obovata*); in the area of intersection of their areals, hybrid forms are formed, which are called *Picea fennica*. There could be met Siberian fir (*Abies sibirica*), less often Siberian pine cedar (*Pinus sibirica*).

Light coniferous forests are predominantly represented by pine forests from *Pinus sylvestris* and less commonly by larch forests from *Larix sibirica*. Light coniferous forests, as a rule, are formed after fires in the place of dark coniferous.

In the middle taiga, mixed forests of dark coniferous, light coniferous, and small-leaved trees in different combinations are often formed. After felling (and sometimes after fires), birch forests and aspen forests are formed in the boreal zone (the latter are more often in the middle taiga).

Norway spruce (*Picea abies*) and Scots pine (*Pinus sylvestris*) prevail as coniferous species in the southern taiga. In the southern taiga there is an admixture of hardwood in the second layer.

In western and central Siberia, dark coniferous forests are mainly represented by Siberian pine cedar (*Pinus sibirica*), Siberian spruce (*Picea obovata*), Siberian fir (*Abies sibirica*). Light coniferous forests also consist of Scots pine (*Pinus sylvestris*) and Siberian larch (*Larix sibirica*). These species are predominant in the region. Forests with a predominance of Siberian pine cedar (*Pinus sibirica*) and Siberian larch (*Larix sibirica*) are found here much more often than in the European part of Russia. Plantations with a predominance of Siberian cedar pine (*Pinus sibirica*) are prohibited for cutting in the Siberian region.

Within the regions of the supply base of the European part of Russia, there are such red-listed tree species as: Karelian birch (*Betula pendula* Roth var. *Carelica*), dwarf bog birch (*Betula humilis*), European white elm (*Ulmus laevis*), wych elm (*Ulmus glabra*), some species of willow (*Salix* spp.).

Protected species of western and central Siberia: small-leaved birch (*Betula microphylla*), dwarf black juniper (*Juniperus pseudosabina*), Siberian blue spruce (*Picea obovata* var. *Coerulea*), Siberian crab apple (*Malus baccata*).

JSC S-DOK processes only Scots pine (*Pinus sylvestris*), Norway spruce (*Picea abies*) and Siberian larch (*Larix sibirica*) and does not harvest or purchase tree species listed in the Red Book or CITES.

By the scale of wood processing, JSC S-DOK is the leading enterprise in the Vologda region. However, not all waste is used for the production of pellets. Some of them are sold or burned in their own boiler.

JSC S-DOK plays a large socio-economic role in the city and the region. The company is a city-forming enterprise. JSC S-DOK actively participates in events held in the city and the region, interacts with Sokolsky forestry technical school, one of the oldest educational institutions in its industry, with the aim of training future personnel. The local population has priority when hiring for work at JSC S-DOK.

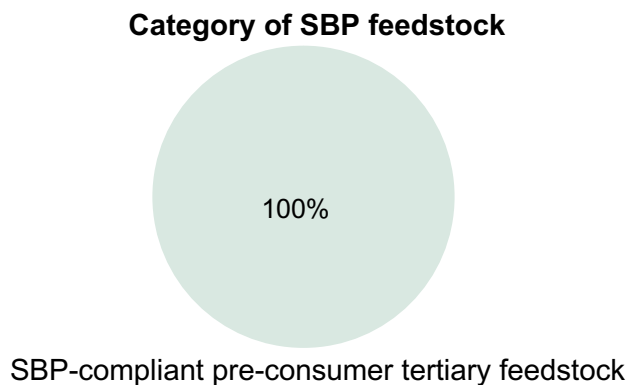
2.2 Actions taken to promote certification amongst feedstock supplier

There are regular meetings organized with the suppliers, where the benefits of being FSC-certified are explained.

2.3 Final harvest sampling programme

Not applicable, since only pre-consumer tertiary feedstock is used for production of pellets.

2.4 Flow diagram of feedstock inputs showing feedstock type



2.5 Quantification of the Supply Base

Supply Base

- a. Total Supply Base area (ha): **324,4 mln. ha**
- b. Tenure by type (ha): **324,4 mln. ha** public
- c. Forest by type (ha): **284,4 mln. ha** boreal **40,0 mln. ha** temperate
- d. Forest by management type (ha): **324,4 mln. ha** managed natural
- e. Certified forest by scheme (ha): **6,6 mln. ha** FSC-certified forest

Feedstock

- f. Total volume of Feedstock: **15872,9 solid m³.**
- g. Volume of primary feedstock: **0 m³**
- h. List percentage of primary feedstock (g), by the following categories. Subdivide by SBP-approved Forest Management Schemes:
 - Certified to an SBP-approved Forest Management Scheme - **0 m³**
 - Not certified to an SBP-approved Forest Management Scheme - **0 m³**
- i. List all species in primary feedstock, including scientific name – not applicable.
- j. Volume of primary feedstock from primary forest- **0 m³**
- 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%**
 - Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme – **0%**
- l. Volume of secondary feedstock: - **0 m³**
- m. Volume of tertiary feedstock: **15872,9 пл. м³ – dry shavings and sawdust –pre-consumer tertiary feedstock.**

3 Requirement for a Supply Base Evaluation

| SBE completed | SBE not completed |
|--------------------------|-------------------|
| <input type="checkbox"/> | V |

Not applicable, since for biomass production only SBP-compliant pre-consumer tertiary feedstock is used.

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

The report was prepared with the help of an experienced consultant on SBP certification, Tatyana Savelyeva. For this reason, an expert assessment was not carried out this year.

11.2 Public or additional reviews

All interested parties can send their feedback, if any, to SBP certification manager Tatyana Nikolaevna Generalova at Generalova_TN@segezha-group.com.

12 Approval of Report

| Approval of Supply Base Report by senior management | | | |
|--|---|-------------------------|-------------------|
| Report Prepared by: | <i>Yulia Gennadievna Karavaeva</i> | <i>FSC CoC manager</i> | <i>25/09/2019</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>Tatiana Nikolaevna Generalova</i> | <i>SBP manager</i> | <i>25/09/2019</i> |
| | Name | Title | Date |
| Report approved by: | <i>Konstantin Vladimirovich Pastukhov</i> | <i>General director</i> | <i>25/09/2019</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

15872,9 solid. m³ dry shavings and sawdust – pre-consumer tertiary feedstock.

13.5 Projected figures for feedstock over the next 12 months

16000,0 solid. m³ dry shavings and sawdust – pre-consumer tertiary feedstock.