Supply Base Report: JSC «Sawmill 25» (Tsiglomen)

First Surveillance Audit

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

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Contents

1 Overview

Producer name:	JSC “Sawmill 25” (Tsiglomen)
Producer location:	163044, 3 Sevstroy, Tsiglomen, Arkhangelsk, Russia
Geographic position:	64.535852 ‘N, 40.360287 ‘E
Primary contact:	Viktoria Mitrofanova, 163026, 25 Rodionova str., Arkhangelsk, Russia, +79626636833, mitrofanova.viktoriya@sawmill25.ru
Company website:	http://www.sawmill25.ru
Date report finalised:	27/Nov/2020
Close of last CB audit:	04/Dec/2020, Arkhangelsk
Name of CB:	NEPCon OÜ trading as Preferred by Nature
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**
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2 Description of the Supply Base

2.1 General description

JSC Sawmill 25 (Tsiglomen) is one of the three production sites of JSC Sawmill 25, which is part of one of the largest timber industry holdings in the north-west of Russia – Titan group of companies. JSC Sawmill 25 is one of the five largest processors in the Arkhangelsk region. The main activity of JSC Sawmill 25 (Tsiglomen) is the production of chamber-dried lumber for export and wood pellets.

JSC Sawmill 25 (Tsiglomen) is located in the city of Arkhangelsk on the banks of the Severaya Dvina River. In 2014, a wood pellet production plant was commissioned at the Tsiglomen site.

The territory has a roundwood storage, a sawmill, woodworking plant and drying chamber, and pellet production.

Round timber is supplied from 1 supplier for sawing and processing. The supplier buys roundwood from about 40 suppliers. Residues from the primary processing of wood - sawdust from sawmill and wood chips shredded into sawdust, that is a residue from milling and chipper-cantering production - are used as feedstock for pellets production. All wood entering the plant is FSC certified or FSC controlled. According to the FSC product group list, pellets are produced with the FSC Mix Credit and FSC Controlled Wood claims, which correspond to SBP-compliant biomass and SBP-controlled biomass. Feedstock for pellets production (sawdust) is classified as SBP-compliant secondary feedstock and SBP-controlled secondary feedstock.

JSC Sawmill 25 has a common supply base for all three production sites and has identified the following regions of wood supply during the reporting period and for the coming year as a supply base: Arkhangelsk Region, Vologda Region, Kirov Region, Kostroma Region, Yaroslavl Region, Komi Republic.

Officially, the forest territory of the Russian Federation (forest fund) accounts for 81 071 million m^3 of the global standing stock of roughly 557 billion m3, that is, about 15%. The forest fund of Russia is 1 146,1 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 regeneration of forests. Once a yearly quarter, concession holders are required to submit a report on harvested areas and volumes, and on the implementation of planned forest management measures.

Besides, an obligatory digital data processing system, the ‘Uniform State Automated Information System’ (EGAIS) was launched January 1, 2015. Every legal entity trading roundwood (and several timber related products) has to register its trade flows in this system. The imported data become publicly available online. The system is a useful tool in fighting illegal wood.

What has not changed is that forest use in Russia is characterized by a negative ratio of forest income and costs of forest management for the owner of the forests, the government. The government budget spent on forest management is around 170% the income the government obtains from the exploitation of forests (IOP Conference Series, 2019).

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 (for conifers). 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 in boreal forests is limited to 50 ha and in temperate zone – to 20 ha. Reforestation can be done with planting seedlings (at 13% of the territory) or the promotion of natural regeneration (at 87% of the territory). 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
Arkhangelsk Region	Northen taiga, middle taiga	Boreal forest	29,2
Komi republic	Northen Taiga, middle taiga	Boreal forest	36,3
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
Yaroslavl region	Southern taiga	Boreal forest	1,0
	Mixed forests	Temperate forest	0,8
Total			91,5

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). 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.

The Federal Service for Supervision of Natural Resources of Russia (Rosprirodnadzor) approved the list of animal and plant species that fall under the Convention on International Trade in Endangered Species of wild fauna and flora (CITES). The CITES list became effective from June 12, 2013. In Russia there are four CITES listed timber species: Taxus cuspidata, Fraxinus mandshurica, Pinus koraiensis, and Quercus mongolica. These tree species, however, are only found in the Asian part of Russia (not in the Supply Base of JSC Sawmill 25).

Next to the CITES protected flora and fauna there are national red lists with protected animals and plants. Some of these species are present in the Supply Base. Considering the red-listed tree species, one can find in the Supply Base for example Karelian birch (Betula pendula var. carelica), European white elm (Ulmus laevis), Wych elm (Ulmus glabra), Russian larch (Larix archangelica); Russian willow (Salix rossica); Swamp willow (S. myrtilioides); downy willow (S. lapponum); almond willow (S. triandra); and the shrub Dwarf bog birch (Betula humilis).

JSC Sawmill 25 (Tsiglomen) processes only Norway spruce (Picea abies).

Within the regions of the supply base, deep wood processing prevails over the export of round timber. The leading areas of processing are the production of lumber, plywood, fiberboard, chipboard, pulp, paper and cardboard production, wooden housing construction. Pellet production accounts for less then 1% of the total wood harvesting within the supply base.

By the scale of wood processing, JSC Sawmill 25 is the leading enterprise in the Arkhangelsk region. However, not all waste is used for the production of pellets. Some of them are sold or burned in their own CHP.

JSC Sawmill 25 plays a large socio-economic role in the city and the region. The company provides many jobs to the local population. In its activities and determining development priorities, the enterprise complies with all ecological and environmental requirements of Russian legislation, builds partnerships with non-governmental environmental organizations such as Greenpeace and WWF. JSC Sawmill 25 is a member of the Association of Environmentally Responsible Forest Users of Russia.

2.2 Actions taken to promote certification amongst feedstock supplier

No actions taken since the only supplier of JSC Sawmill 25, ICE Titan Group Ltd, supplied timber only with FSC claim.

2.3 Final harvest sampling programme

Not applicable, since only secondary feedstock is used for production of pellets.

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

2.5 Quantification of the Supply Base

Supply Base

a. Total Supply Base area (ha): **91,5 mln. ha**
b. Tenure by type (ha): **91,5 mln. ha** public
c. Forest by type (ha): **91,5 mln. ha** boreal **1,9 mln. ha** temperate
d. Forest by management type (ha): **91,5 mln. ha** managed natural
e. Certified forest by scheme (ha): **18 095 899,20 mln. ha** FSC-certified forest

Feedstock

f. Total volume of Feedstock: **73792,7 tons;**
g. Volume of primary feedstock: **0 tons;**
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%;**
    - 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 tons;**
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: **73792,7 tons** – sawdust – sawmill residue and primary processing;
m. Volume of tertiary feedstock: **0 tons.**

3 Requirement for a Supply Base Evaluation

SBE completed	SBE not completed
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Not applicable, since for biomass production only SBP-compliant secondary and SBP-controlled secondary 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

An expert assessment was not carried out this year.

11.2 Public or additional reviews

A Supply Base report was published at the JSC Sawmill 25's web site for public reviews.

All interested parties can send their feedback, if any, to SBP certification manager Viktoria Mitrofanova at mitrofanova.viktoriya@sawmill25.ru.

12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:	**Viktoria Mitrofanova** 	**SBP manager**	**27/11/2020**
	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:	**Mikhail Krymshamkhalov** 	**FSC manager, Commercial Director**	**27/11/2020**
	Name	**Title**	**Date**

13 Updates

13.1 Significant changes in the Supply Base

In the current reporting period, there were no changes in 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 9 months

73792,7 tons – sawdust – sawmill residue and primary processing.

13.5 Projected figures for feedstock over the next 12 months

100000 tons – sawdust – sawmill residue and primary processing.