Supply Base Report:
Sawmill 25 JSC, Maimaksa 1 site

Second Surveillance Audit

www.sbp-cert.org

Completed in accordance with the Supply Base Report Template Version 1.4

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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Annex 1: Detailed findings for Supply Base Evaluation indicators

1 Overview

Producer name: Sawmill 25 JSC, Maimaksa 1 site

Producer address: Ul. Postysheva 26, 163025 Arkhangelsk, Russia

SBP Certificate Code: SBP-07-85

Geographic position: 64.655432, 40.533528

Primary contact: Natalya Klyukina, +7 952 252 41 31,klyukina.natalya@sawmill25.ru

Company website: www.sawmill25.ru

Date report finalised: 02 Dec 2021

Close of last CB audit: 10 Dec 2021

Name of CB: NEPCon OÜ

SBP Standard(s) used: SBP Standard 2: Verification of SBP-compliant Feedstock, SBP Standard 4: Chain of Custody, SBP Standard 5: Collection and Communication of Data Instruction, Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.5

Weblink to Standard(s) used: https://sbp-cert.org/documents/standards-documents/standards

SBP Endorsed Regional Risk Assessment: Not applicable

Weblink to SBR on Company website: N/A

Indicate how the current evaluation fits within the cycle of Supply Base Evaluations					
Main (Initial) Evaluation	**First Surveillance**	**Second Surveillance**	**Third Surveillance**	**Fourth Surveillance**	**Re-assessment**
☐	☐	☒	☐	☐	☐

2 Description of the Supply Base

2.1 General description

Feedstock types: Secondary

Includes Supply Base evaluation (SBE): No

Feedstock origin (countries): Russia

2.2 Description of countries included in the Supply Base

Country: Russia

Area/Region: Arkhangelsk Region, Vologda Region, Kirov Region, Yaroslavl Region, Komi Republic

Exclusions: Yes

JSC Sawmill 25 (Maimaksa 1) 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 (Maimaksa 1) is the production of chamber-dried lumber for export and wood pellets.

JSC Sawmill 25 (Maimaksa 1) is located in the city of Arkhangelsk on the banks of the Severnaya Dvina River. The plant was founded in 1898, in 2009 a wood pellet production plant was commissioned at a site Maimaksa 1.

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 (70%) and SBP-controlled secondary feedstock (30%).

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, 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 100-120 years (for conifers). Mainly clear cuts are used as a method of wood harvesting at the maturity stage with subsequent reforestation. The maximum cutting area in boreal forests is limited to 50 ha and in temperate zone – to 20 ha. Thinnings are also possible with the maximum possible cutting area of 100 ha. Reforestation can be done with planting seedlings (at 10-20% of the territory) or the promotion of natural regeneration (at 80-90% 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*	
Yaroslavl region	*Southern taiga*	*Boreal forest*	*1,0*
Mixed forests	*Temperate forest*	*0,8*	

Total	*86,9*

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 (Maimaksa 1) 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. Bioenergy sector accounts for less then 10% 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.

2.3 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.

2.4 Quantification of the Supply Base

Supply Base

a. **Total Supply Base area (million ha)**: 86,90
b. **Tenure by type (million ha):**86.90 (Public)
c. **Forest by type (million ha):**85.00 (Boreal), 1.90 (Temperate)
d. **Forest by management type (million ha):**86.90 (Managed natural)
e. **Certified forest by scheme (million ha):**24.01 (FSC)

Describe the harvesting type which best describes how your material is sourced: Clearcutting
Explanation: Mainly clear cuts are used as a method of wood harvesting at the maturity stage with subsequent reforestation. The maximum cutting area in boreal forests is limited to 50 ha and in temperate zone – to 20 ha. Selective fellings are also possible with the maximum possible cutting area of 100 ha. Cut-to-length is a main method of wood harvesting. Harvesters and forwarders are mainly used for harvesting within the supply base.
Was the forest in the Supply Base managed for a purpose other than for energy markets? Yes - Majority
Explanation: The leading aims of wood harvesting and processing are the production of sawn timber, plywood, fiberboard, chipboard, pulp cooking, paper and cardboard production, wooden housing construction.

For the forests in the Supply Base, is there an intention to retain, restock or encourage natural regeneration within 5 years of felling? Yes - Majority
Explanation: According to legislation, forest user is obliged to ensure reforestation within 5 years after harvesting. Reforestation is done by forest users artificially with planting seedlings and sowing seeds or by the promotion of natural regeneration.

Was the feedstock used in the biomass removed from a forest as part of a pest/disease control measure or a salvage operation? Yes - Minority
Explanation: Sanitary harvesting in a very minor extent were done by Titan group of companies - the owner of the BP and a timber supplier. Titan group of companies refuses from procurement of roundwood from sanitary harvestings of suppliers.

Feedstock

Reporting period from: 01 Oct 2020

Reporting period to: 30 Sep 2021

a. **Total volume of Feedstock**: 1-200,000 m3
b. **Volume of primary feedstock**: 0 N/A

c. **List percentage of primary feedstock, by the following categories.**
    - Certified to an SBP-approved Forest Management Scheme: N/A
    - Not certified to an SBP-approved Forest Management Scheme: N/A

d. **List of all the species in primary feedstock, including scientific name:** N/A

e. **Is any of the feedstock used likely to have come from protected or threatened species?** N/A
    - Name of species: N/A
    - Biomass proportion, by weight, that is likely to be composed of that species (%): N/A

f. **Hardwood (i.e. broadleaf trees): specify proportion of biomass from (%):** N/A

g. **Softwood (i.e. coniferous trees): specify proportion of biomass from (%):** N/A

h. **Proportion of biomass composed of or derived from saw logs (%):** N/A

i. **Specify the local regulations or industry standards that define saw logs:** N/A

j. **Roundwood from final fellings from forests with > 40 yr rotation times - Average % volume of fellings delivered to BP (%):** N/A

k. **Volume of primary feedstock from primary forest:** N/A N/A

l. **List percentage of primary feedstock from primary forest, by the following categories. Subdivide by SBP-approved Forest Management Schemes**:
    - Primary feedstock from primary forest certified to an SBP-approved Forest Management Scheme: N/A
    - Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme: N/A

m. **Volume of secondary feedstock**: 1-200,000 m3
    - Physical form of the feedstock: Sawdust

n. **Volume of tertiary feedstock**: 0 N/A
    - Physical form of the feedstock: N/A

Proportion of feedstock sourced per type of claim during the reporting period				
Feedstock type	**Sourced by using Supply Base Evaluation (SBE) %**	**FSC %**	**PEFC %**	**SFI %**
Primary	0,00	0,00	0,00	0,00
Secondary	0,00	100,00	0,00	0,00
Tertiary	0,00	0,00	0,00	0,00
Other	0,00	0,00	0,00	0,00

3 Requirement for a Supply Base Evaluation

Is Supply Base Evaluation (SBE) is completed? No

N/A

4 Supply Base Evaluation

4.1 Scope

Feedstock types included in SBE: N/A

SBP-endorsed Regional Risk Assessments used: Not applicable

List of countries and regions included in the SBE:

Country: N/A

Indicator with specified risk in the risk assessment used:
N/A

Specific risk description:

4.2 Justification

N/A

4.3 Results of risk assessment and Supplier Verification Programme

N/A

4.4 Conclusion

N/A

5 Supply Base Evaluation process

N/A

6 Stakeholder consultation

N/A

6.1 Response to stakeholder comments

N/A

7 Mitigation measures

7.1 Mitigation measures

N/A

7.2 Monitoring and outcomes

N/A

8 Detailed findings for indicators

Detailed findings for each Indicator are given in Annex 1 in case the Regional Risk Assessment (RRA) is not used.

Is RRA used? N/A

9 Review of report

9.1 Peer review

N/A

9.2 Public or additional reviews

N/A

10 Approval of report

Approval of Supply Base Report by senior management			
Report Prepared by:	**Natalia Klyukina**	**Cheif engineer of production service, SBP manager**	**01 Dec 2021**
	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**	**Commercial director**	**02 Dec 2021**
	Name	**Title**	**Date**

Annex 1: Detailed findings for Supply Base Evaluation indicators

N/A