



Supply Base Report: Mondi Stambolijski EAD

Main (Initial) Audit

www.sbp-cert.org



The promise of good biomass



Completed in accordance with the Supply Base Report Template Version 1.5

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; re-published 3 April 2020

Version 1.4 published 22 October 2020

Version 1.5 published 11 November 2022

Contents

- 1 Overview**
 - 2 Description of the Supply Base**
 - 2.1 General description
 - 2.2 Description of countries included in the Supply Base
 - 2.3 Actions taken to promote certification amongst feedstock supplier
 - 2.4 Quantification of the Supply Base
 - 3 Requirement for a Supply Base Evaluation**
 - 4 Supply Base Evaluation**
 - 4.1 Scope
 - 4.2 Justification
 - 4.3 Results of risk assessment and Supplier Verification Programme
 - 4.4 Conclusion
 - 5 Supply Base Evaluation process**
 - 6 Stakeholder consultation**
 - 6.1 Response to stakeholder comments
 - 7 Mitigation measures**
 - 7.1 Mitigation measures
 - 7.2 Monitoring and outcomes
 - 8 Detailed findings for indicators**
 - 9 Review of report**
 - 9.1 Peer review
 - 9.2 Public or additional reviews
 - 10 Approval of report**
- Annex 1: Detailed findings for Supply Base Evaluation indicators**
- Annex 2: Detailed findings for REDII**

2 Description of the Supply Base

2.1 General description

Feedstock types: Secondary, Other

Includes Supply Base evaluation (SBE): No

Includes REDII: N/A

Includes REDII SBE: No

Feedstock origin (countries): Bulgaria

2.2 Description of countries included in the Supply Base

Country:Bulgaria

Area/Region: Bulgaria

Sub-Scope: N/A

Exclusions: No

Mondi Stambolijski EAD (THE BP) was legally established in 2008. The company operates a factory located in the town of Stambolijski, Bulgaria which produces wrapping and packaging paper since 1952.

The company acquires logs, woodchips and sawdust. Purchased logs are mainly of softwood species (i.e. Pinus nigra, Pinus sylestris, Picea abies, etc.) while purchased woodchips and sawdust also include hardwood species.

Softwood purchased standing or piled comes in 2022 from forests in Bulgaria. In Bulgaria, the logging and transportation is conducted by suppliers, sub-suppliers or by the company. These activities are conducted within the scope of the company's Chain of Custody Management System, including wood suppliers and sub-suppliers.

In Bulgaria, the wood comes mainly from the south-central and south-western regions, from forests located mainly in the districts of Pazardjik, Plovdiv, Smolyan, Kardjali, Haskovo, Kiustendil, Blagoevgrad, Pernik and Sofia.

The territory of Bulgaria is approximately 110,000 square kilometres, 37.7% of which are forest lands. The total area of forests and forest lands is 4,270,269 ha, of which the forested area is 3,921,390 hectares. The area of agricultural territories possessing the characteristics of a forest as per Art. 2 of the Forest Code - forests on agricultural territories, is 320,743 ha (7.5 %).

The distribution of the forest fund by ownership type is as follows: State – 77.74 %; Municipality – 11.1 %; Private – 9.65 %; Other - 1.51 % (e.g. schools, religious communities, etc) .

About 4.4% of the total forest area is covered by protected areas: National Parks, Nature Parks, Reserves, Nature Monuments and Protected sites.

The state policy in the forestry sector of Bulgaria is implemented by the Ministry of Agriculture (MA) through Executive Forest Agency (EFA). According to the Forestry Act (09.04.2011) EFA and its structures handle the administrative and control functions, while the practical management of the state forests is implemented by 6 State Forest Enterprises and about 180 State Forest Management and Game Management Units.

By forest type and composition, the broadleaved (hardwood) forests are the majority with 68.4% of the forest areas while the coniferous (softwood) forests cover some 21.6% of forest areas. Over the last decades there is a trend of steadily decrease of coniferous forest due to the decrease of areas occupied by artificially created pine mono-cultures in the period 1950-1970.

By nature of origin the majority of Bulgarian forests were established by natural regeneration – 70.4%, the share of forest cultures is 20.9% and natural old-growth forest are 8.7% of the forest area.

The main national laws which concern Bulgarian forestry are:

- Forests Act (2011) – forest ownership, management and organisation, forest regeneration, harvesting, forest protection, construction in forests, forestry sector financing and penalties.
- Protected Areas Act (1998) - arranges the categories of protected areas in Bulgaria, their purpose, regimes of protection and use, and their management. The different ownership, regimes and uses in these areas, the different responsible and management bodies, have resulted in the establishment of six protected areas' categories according to the Bulgarian legislation.
- Environment Protection Act (2002)
- Hunting and Game Protection Act (2000)
- Biological Diversity Act (2002)
- Medicinal plants Act (2000).

In 2014 a Strategic Plan for the Development of the Forest Sector 2014-2023 was adopted.

International Conventions and Agreements in force in Bulgaria:

- Convention on the Conservation of European Wildlife and Natural Habitats (the Bern Convention) - ratified on 25.01.1999, in force for Bulgaria since 01.05.1991 (State Gazette В.,– 23/1995);
- Convention on Biological Diversity - ratified on 29.02.1996, in force for the Republic of Bulgaria since 16.07.1996 (State Gazette No 19/1999);
- Convention on Wetlands of International Importance Especially as Waterfowl Habitat (The RAMSAR Convention) - ratified, in force for the Republic of Bulgaria since 24.01.1976 (State Gazette No 56/1992);
- Convention on International Trade in Endangered Species of Wild Fauna and Flora (The Washington Convention, CITES) - ratified in 1990, in force for the Republic of Bulgaria since 16.04.1991 (State Gazette No 6/1992);
- Convention for the Protection of the World Cultural and Natural Heritage - signed, ratified and in force for the Republic of Bulgaria since 1976
- Convention on the Conservation of Migratory Species of Wild Animals (The Bonn Convention) - ratified on 03.08.1999, in force for the Republic of Bulgaria since 01.11.1999 (State Gazette No 16/2000)
- Agreement on the Conservation of Cetaceans of the Black Sea, Mediterranean Sea and contiguous Atlantic Area - ratified and promulgated in the State Gazette No 87/1999;

- Agreement on the Conservation of African-Eurasian Migratory Water birds - ratified by law - State Gazette No 87/1999; promulgated in the State Gazette No 16/2000, in force since 01.02.2000;

- Agreement on the Conservation of Bats in Europe - ratified by law - State Gazette No 69/1999; Promulgated in the State Gazette No 16/2000, in force since 09.12.2000

Forest management

Bulgarian forests are managed by respective owners based on forest management plans and programs approved by EFA. Most common silvicultural practices include shelterwood fellings with intensity up to 25% and priority given to natural regeneration processes. Clear cuts are allowed only on small areas (up to 0.2 ha) and/or in cases of pest calamities or natural disturbances such as wind-throws or forest fires. Of all forest land 71.7% are managed with predominantly economical purposes while 38.3% are managed as protective or special function forests.

Some 10.5% of the forests are included in protected areas and some 58% of all forest lands fall within the boundaries of Natura 2000 network of protected sites. By 2010 the average age of forests was 53 years and the total standing stock was estimated at 640,840,247 cubic meters. The average increment is steadily increasing to 14,4 million cubic meters over the last decades as is the stock of carbon in forest biomass.

Timber harvesting is mainly performed by contractors – by workers operating with motor chainsaws while the share of mechanised felling (i.e. by use of specialised equipment such as harvesters and forwarders) is still low. Harvested timber is extracted mainly by tractors or horses to temporary log-yards where it is measured and piled. Timber is purchased as standing logs or from temporary log-yards in the forest and then transported for further processing or use as technological/firewood.

Forest certification

By 2023 a total 2,365,650.00 ha or nearly 65% of Bulgarian forests and 80% of state-owned forests are FSC FM/CoC certified. As for the timber harvesting, processing and trading sector currently 413 private companies hold valid FSC CoC certificates.

2.3 Actions taken to promote certification amongst feedstock supplier

The company has contacted each of its suppliers and affirmed the importance of providing certified material (FSC), pointing out the increasing demands of markets and consumers regarding the legal and sustainable source of forest products, including biomass for energy production.

The persons responsible for standing timber or log purchases have also informed the producers and forest owners/managers that added value is gained by managing their areas as certified, either individually or through group initiatives recognized by the company.

The company has promoted forest certification of landowners and managers to those who purchase standing wood, under a working protocol with a forest management group FSC certificated.

In addition, the company's employees have participated in events related to management and forest certification, trying to gather information and give their contribution to the development of the subject, especially in Bulgarian forest sector.

2.4 Quantification of the Supply Base

Supply Base

- a. **Total Supply Base area (million ha):** 3.92
- b. **Tenure by type (million ha):** 3.49 (Public), 0.43 (Privately owned)
- c. **Forest by type (million ha):** 3.92 (Temperate)
- d. **Forest by management type (million ha):** 3.92 (Managed natural)
- e. **Certified forest by scheme (million ha):** 2.36 (FSC)

Describe the harvesting type which best describes how your material is sourced: Mix of the above

Explanation: Scots Pine (*Pinus sylvestris*): Mainly Thinning and shelterwood felling. Black pine: (*Pinus nigra*): Mainly Thinning and shelterwood felling

Was the forest in the Supply Base managed for a purpose other than for energy markets? Yes - Majority

Explanation: Scots Pine (*Pinus sylvestris*) and Black pine: (*Pinus nigra*) are usually managed for wood production - for sawmills or for pulp production.

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: Coniferous (i.e. pine) forests can be managed with successive or shelterwood fellings, keeping the forest with an irregular structure, with no clear cut or clear cut on small areas (up to 0.2 ha). They can also be conducted with thinning, being formed from the use of natural regeneration, by sowing or by tree planting.

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: Control of the pine wood bark beetle and burned areas (forest fires)

What is the estimated amount of REDII-compliant sustainable feedstock that could be harvested annually in a Supply Base (estimated): N/A

Explanation: N/A

Feedstock

Reporting period from: 01 Dec 2022

Reporting period to: 30 Nov 2023

- a. **Total volume of Feedstock:** 1-200,000 tonnes
- b. **Volume of primary feedstock:** 1-200,000 tonnes
- c. **List percentage of primary feedstock, by the following categories.**
 - Certified to an SBP-approved Forest Management Scheme: 0%
 - Not certified to an SBP-approved Forest Management Scheme: 1% - 19%
- d. **List of all the species in primary feedstock, including scientific name:** *Populus* spp (Poplar); *Salix* spp (Willow); *Robinia* spp (Black locust);
- e. **Is any of the feedstock used likely to have come from protected or threatened species?** No
 - Name of species: N/A

- Biomass proportion, by weight, that is likely to be composed of that species (%):
- f. **Hardwood (i.e. broadleaf trees): specify proportion of biomass from (%): 50.00**
- g. **Softwood (i.e. coniferous trees): specify proportion of biomass from (%): 50.00**
- h. **Proportion of biomass composed of or derived from saw logs (%): 2%**
- 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 (%): 0.00**
- k. **Volume of primary feedstock from primary forest: 545 tonnes**
- 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: 1% - 19%
 - Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme: 1% - 19%
- m. **Volume of secondary feedstock: 1-200,000 tonnes**
 - Physical form of the feedstock: Chips, Other (specify)
- n. **Volume of tertiary feedstock: 0 N/A**
 - Physical form of the feedstock:
- o. **Estimated amount of REDII-compliant sustainable feedstock that could be collected annually by the BP: 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	0.00	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

Note: Annex 1 is generated by the system if the SBE is used without Region Risk Assessment(s). Annex 2 is generated if RED II SBE is in the scope.

Is Supply Base Evaluation (SBE) is completed? No

N/A

Is REDII SBE completed? N/A

N/A

4 Supply Base Evaluation

Note: Annex 2 is generated if RED II is in the scope.

4.1 Scope

Feedstock types included in SBE: Primary, Secondary

SBP-endorsed Regional Risk Assessments used: Not applicable

List of countries and regions included in the SBE:

Country: Bulgaria

Indicator with specified risk in the risk assessment used:

1.1.1 The BP Supply Base is defined and mapped.

Specific risk description:

Country: Bulgaria

Indicator with specified risk in the risk assessment used:

1.1.2 Feedstock can be traced back to the defined Supply Base.

Specific risk description:

Country: Bulgaria

Indicator with specified risk in the risk assessment used:

1.1.3 The feedstock input profile is described and categorised by the mix of inputs.

Specific risk description:

Country: Bulgaria

Indicator with specified risk in the risk assessment used:

1.2.1 The BP has implemented appropriate control systems and procedures to ensure that legality of ownership and land use can be demonstrated for the Supply Base.

Specific risk description:

Country: Bulgaria

Indicator with specified risk in the risk assessment used:

1.3.1 The BP has implemented appropriate control systems and procedures to ensure that feedstock is legally harvested and supplied and is in compliance with EUTR legality requirements.

Specific risk description:

Country: Bulgaria

Indicator with specified risk in the risk assessment used:

1.4.1 The BP has implemented appropriate control systems and procedures to verify that payments for harvest rights and timber, including duties, relevant royalties and taxes related to timber harvesting, are complete and up to date.

Specific risk description:

Country: Bulgaria

Indicator with specified risk in the risk assessment used:

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

7 Mitigation measures

7.1 Mitigation measures

Country:

Bulgaria

Specified risk indicator:

1.1.1 The BP Supply Base is defined and mapped.

Specific risk description:

Mitigation measure:

N/A

Country:

Bulgaria

Specified risk indicator:

1.1.2 Feedstock can be traced back to the defined Supply Base.

Specific risk description:

Mitigation measure:

N/A

Country:

Bulgaria

Specified risk indicator:

1.1.3 The feedstock input profile is described and categorised by the mix of inputs.

Specific risk description:

Mitigation measure:

N/A

Country:

Bulgaria

Specified risk indicator:

1.2.1 The BP has implemented appropriate control systems and procedures to ensure that legality of ownership and land use can be demonstrated for the Supply Base.

Specific risk description:

Mitigation measure:

N/A

Country:

Bulgaria

Specified risk indicator:

1.3.1 The BP has implemented appropriate control systems and procedures to ensure that feedstock is legally harvested and supplied and is in compliance with EUTR legality requirements.

Specific risk description:

Mitigation measure:

N/A

Country:

Bulgaria

Specified risk indicator:

1.4.1 The BP has implemented appropriate control systems and procedures to verify that payments for harvest rights and timber, including duties, relevant royalties and taxes related to timber harvesting, are complete and up to date.

Specific risk description:

Mitigation measure:

N/A

Country:

Bulgaria

Specified risk indicator:

Specific risk description:

Mitigation measure:

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:	Smilyana Toskova	HR Specialist	01 Dec 2023
	Name	Title	Date
Report Prepared by:	Galina Vargova	Financial Director	01 Dec 2023
	Name	Title	Date
<p>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.</p>			
Report approved by:	Smilyana Toskova	HR Specialist	01 Dec 2023
	Name	Title	Date
Report approved by:	Galina Vargova	Financial Director	01 Dec 2023
	Name	Title	Date

**Annex 1: Detailed findings for Supply Base
Evaluation indicators**

Annex 2: Detailed findings for REDII
Section 1. RED II Supply Base Evaluation

Section 2. RED II detailed findings for secondary and tertiary feedstock

10.1 Verification and monitoring of suppliers

N/A

10.2 Feedstock inspection and classification upon receipt

N/A

10.3 Supplier audit for secondary and tertiary feedstock

N/A