

## Arctic: The Territory of Development



**Alexander Kozlov:**



*Our common task is to achieve effective reforestation as a way for us to retain our competitive edge as a timber producing country* [page 5](#)

**Vladimir Krupchak:**



*The ESG concept is Arkhangelsk Pulp and Paper Mill's main guideline in business. Its every project is preceded by the analysis of its economic, social and environmental effects. We are working to achieve the Sustainable Development Goals* [page 10](#)

## The agenda of high latitudes

The Arctic issues are high on the agendas of Russia and entire world. As a player with successful performance in the perimeter of the Russian Arctic zone, Arkhangelsk Pulp and Paper Mill (JSC) makes investment-intensive projects a reality by offering and consistently pursuing the business ideas that make the area's development more dynamic.

### Attention from entire planet

The Arctic Council – the most influential international organization coordinating the cooperation in the circumpolar region – is currently chaired by Russia. Russia's upcoming and ongoing construction projects and public policy tools are just some of the issues that garner the attention from the whole world.

As was noted by the Russian Federation Minister of Foreign Affairs, Sergey Lavrov, at the Transfer Ceremony of the Chairmanship from Iceland to Russia, the Russian Federation intends to promote the commonly shared approaches to ensuring sustainable development in the Arctic region while maintaining a balance within its social, economic and environ-

mental dimensions, increasing synergies, and constructive cooperation. A significant focus will be laid by Russia during its chairmanship on responsible governance for a more sustainable Arctic.

Russia considers the tasks of mitigating the negative effects of climate change to be paramount. Due attention will be paid also to the economic issues. It is sustainable economic development that is key to well-being and prosperity of the Arctic. Serving exactly the purpose of the Arctic sustainability are the plans to introduce innovation-driven technologies and start promising social and business projects.

### Projects given a go

No less important are the Arctic development issues for Arkhangelsk Region. According to Igor Nosov, Director General at the Far East and Arctic Development Corporation, Arkhangelsk, which is commonly referred to as the land of Pomors, represents one of the largest and most important players in what's known as the world's largest preferential regime – the

Arctic Zone of the Russian Federation. The status of the Arctic tax resident has been given to dozens of the Russian companies, and many of their projects are currently being reviewed.

"We are about to enter a new industry life cycle. We ought to be looking beyond the horizon to identify the rewarding growth points that can secure our future," says the Governor of Arkhangelsk Region, Alexander Tsybulsky. "It is essential that we identify the lines of work towards preserving and increasing the assets available to the land of Pomors today."

Among the essential projects designed to spur development in the Arctic Zone of the Russian Federation is Arkhangelsk Pulp and Paper Mill's new manufacturing facility that will house brand new pulping lines, waste paper workshop and Cardboard Machine 3. The project promises to increase the mill's manufacturing capacity to 1.7 million tons of pulp per year and is named PRORYV-2027 (BREAKTHROUGH-2027). Initiated by Austria's Pulp Mill Holding group, its Director for Investment Vladimir Krupchak, and the chairman of Arkhangelsk Pulp and Paper Mill Board of Directors Dr. Heinz Zinner, it requires an investment spending of RUB 120 billion (EUR 1.4 billion) and has a payback period of 12 years. The project is scheduled to start in 2022 and will run

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Once PRORYV-2027/  
BREAKTHROUGH-  
2027 project is up  
and running as part  
of the RF Arctic Zone  
development process,  
APPM's annual pulp  
yield is expected to  
increase to 1.7 million  
tons



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APPM daily

# Presentation at PAP-FOR 2021

Arkhangelsk Pulp and Paper Mill JSC has a plan to reduce, by 2030, its direct greenhouse gas emissions by 55% as compared to the level of 1990. This reduction is going to be achieved by making a concentrated effort to reduce energy consumption, improve fuel efficiency, increase the share of biomass in the fuel balance, and switch to less carbon-intensive fossil fuels.

Each line of work on the above agenda is supported by relevant engineering and organizational solutions. Detailed descriptions have been provided by Irina Galakhova, APPM Deputy General Director, at the plenary session Pulp and Paper Industry – Leader in Circular Bioeconomy, held within the framework of the 16th International Pulp and Paper Expo and Forum PAP-FOR 2021 in St. Petersburg.

In her speech, Irina Galakhova stated that for the time being APPM's goal of becoming a carbon neutral industry exists as a concept to be developed. Based on Arkhangelsk Pulp and Paper Mill's previous research-based strategy for achieving the "under 1.50" performance, work is in process to obtain additional estimates of the effect to be produced by modernization from the perspective of the climate impacts, while targeting to achieve even more ambitious strategies. One such strategy is towards carbon neutrality. Iri-

na Galakhova further presented APPM's climate change-related evolution from the year 2000, when the Russian Federation set about implementing Article 6 of the Kyoto Protocol, to 2021, when APPM was issued its Integrated Environmental Permit (IEP).

"Our experience suggests that IEP should be seen more as a tool for sustainable development and corporate modernization. At a closer look, IEP promotes the principles of sustainable development (ESG)," Irina Galakhova emphasized. "As a permission document, IEP establishes the limit of permissible environmental impact per unit of output and subject to the technologies in use. Combined with its environmental audit function, IEP stands also as a risk management tool. It is obvious that with more environmentally friendly technologies, the path to savings in resources, raw materials, time and ultimately greater cost-efficiency is shorter.

In her speech, Irina Galakhova also mentioned Arkhangelsk Pulp and Paper Mill's overarching project BREAKTHROUGH-2027, which involves construction, on the mill's premises, of a cutting-edge plant that will house a third cardboard machine with an annual capacity of 700,000 tons.

Own information  
Photo: flickr.com

PAP-FOR is a specialized exhibition in Russia that brings together experts in pulp and paper, forestry, wood processing, packaging, sanitary and hygienic paper. PAP-FOR 2021 was attended by approximately 3,400 practicing experts and is seen as a good opportunity to exchange experience, acquire knowledge, find business partners, meet with technology and services suppliers and discuss new projects.



## News

### PERFORMANCE FIGURES

The Russian Federal Statistics Service (RosStat) has published national industrial performance figures for the first three quarters of 2021.

As to the core product range of the timber and the pulp and paper industries, the figures are as follows:

- sawn timber – 25.4 million m<sup>3</sup>;
- wood pellet fuel – 1,953,000 tons;
- plywood – 3.7 million m<sup>3</sup>;
- fiberboard – 611 million m<sup>2</sup> equivalent;
- chipboard – 9.5 million m<sup>3</sup> equivalent;
- wooden window frame/casing – 365,000 m<sup>2</sup>;
- wooden doors/frames – 14.9 million m<sup>2</sup>;
- pulp – 7.3 million tons;
- paper and cardboard – 8.6 million tons;
- corrugated packaging – 5.9 billion m<sup>2</sup>;
- wallpaper – 161 million pc. equiv.;
- paper labels and tags – 44 billion pcs.

RosStat further reported that the production index shown by the woodworking output in October 2021 amounted to 102.2% as against the one in October 2020; and that of the paper and paper-based products to 109.4% as against October 2020.

Lesprominform

### FRESH NEW FOREST REGISTER

The concept of the electronic National Forest Register (NFR) has been updated, Roslesinforg reported.

"In pursuance of instructions from the President of the Russian Federation, the Forest Code has received a series of major amendments as to the procedures for compiling and maintaining the electronic National Forest Register," said Pavel Chashchin, Director at Roslesinforg. "The updated version will be fully operational from 2023. In the coming two years, it will receive more than 130 million entries from existing registries, departmental databases and paper documents, and will cover all categories of forest plots and forested lands – from subcompartments to districts, the latter including forest resources lands and other forested land categories. Descriptions will be provided of the stands' boundaries, area, land category, composition, stock size, user and purpose of use, and paperwood available on cutting areas."

Also, the e-Register will be reflective of entire chain of actions being performed in forest stands. Roslesinforg is the Russian organization specializing in comprehensive solutions to forest accounting and forest management tasks in the interests of the state.

Lesprom.com

### RUSSIA RANKED FIFTH

According to FAOSTAT global ranking, in 2020 Russia ranked fifth in terms of accounting and reporting for timber.

Traditionally, the top five timber harvesting nations include the USA (429.7 million m<sup>3</sup>, or 11% of global harvesting), India (351.8 million m<sup>3</sup>, or 9% of global harvesting), China (341.7 million m<sup>3</sup>, or 8.7% of global harvesting), Brazil (266.3 million m<sup>3</sup>, or 6.8% of global harvesting) and Russia (217.0 million m<sup>3</sup>, or 5.5% of global harvesting).

Even with maximum possible volumes of unreported timber, the distribution of places among these five countries will remain unchanged. In 2020, the global harvesting volume stood at 3914.5 million m<sup>3</sup>, of which 51% was commercial wood and 49% fuel wood. Compared to the previous year, the recorded harvesting volume has decreased by 1.3%. The general tendency over the past 60 years has been for timber harvesting to increase globally by an average of 1% per year.

Greenpeace Russia



**Mikhail KONOPLEV,**  
Head of Marketing  
at Arkhangelsk Pulp and Paper Mill:

APPM has been participating in PAP-FOR almost since its foundation. One goal we pursue as its participant is to present our long-term strategic projects. Alongside with presenting, our colleagues are negotiating actively with our existing and potential contractors. In a business area like ours, contractors' credibility, predictability and transparency is the most important thing. This is why personal meetings are key to building strong relations.

### For the record

Day one of PAP-FOR 2021 in St. Petersburg involved a session which was attended by Oleg Bocharov, Deputy Minister for Industry and Trade of the Russian Federation. The discussion topics spanned government assistance and support for pulp and paper industries, investment projects and improvement of legislation.

"The purpose of this strategy is not to be a formal document but a mutually binding plan, which should be both long-term and giving us room for maneuver during the fiscal period," Oleg Bocharov noted at the event.



Continued (page 1)

for 4.5 years with expected start-up date in the end of 2026.

The cluster approach to project PRO-RYV-2027 (BREAKTHROUGH-2027) enables it to benefit a whole number of industries including Arkhangelsk's port operations, integrated wood processing and related business operations. Besides, the upcoming manufacturing facility, which will be installed within the premises of APPM, will involve other regions of the Russian Federation as Arkhangelsk Region alone is unlikely to meet the mill's demand in raw wood.

Notably, the project will be using the capacities of the existing mill with a proven record of performance. This makes the task much easier while minimizing the environmental load.

Once the new manufacturing facility is up and running, the land of Pomors will receive 4,000+ jobs, benefitting the regional budget with additional six and a half billion rubles. The construction process is expected to hire thousands of specialists from other parts of the country. To accommodate them, Novodvinsk is going to build a neighborhood unit with modern facilities, which could subsequently be given to residents waiting to be rehoused from dilapidated houses. For Novodvinsk, this is also the opportunity to welcome new residents wishing to settle in this town.

#### Supporting the development

When it comes to enterprises operating in the Arctic Zone, of particular importance are the mechanisms of state support that area available within the framework of relevant national plan. There are many stakeholders to be considered when starting a plant as it affects the many sides of life in the area, even the country. With additional state support measures within the Arctic Zone, this project can gain more weight as an economically promising facility that can also improve the social situation in the area.

As was emphasized by Dmitry Zylev, Director General at Arkhangelsk Pulp and Paper Mill (JSC), for this investment-intensive project to be a success, it needs to be supported by the federal authorities with regard to forest management operations, expansion of the area to be covered with intensive forest management, and gas infrastructure development. Other issues that welcome the assistance from the government include upgrading of the transport infrastructure and the cargo handling terminals to offer more convenient approach to Novodvinsk; co-financing of the public roads construction; and dredging the Northern Dvina River. The solutions of these issues are in the shared interest of the state authorities, local self-government, and the mill.

A future-oriented and transparent en-



terprise, APPM has, over the past 20 years, invested in its production modernization more than 42 billion rubles, which put its pulp yield at one million tons per year. What is more, the pulp and paper production is exactly the industry that drives the switch to the intensive forest management. The current cutting area which is intended for Arkhangelsk Pulp and Paper Mill project purposes, lies in two regions of the Russian Federation. APPM needs to be supported by the federal government in its plan to be allocated more forested lands for the project purposes.

#### Budget efficiency

Development plans never cease at Arkhangelsk Pulp and Paper Mill. Forming part and parcel of its operation, they are key to success. Another project to be built by the mill is a corporate forest breeding and seedling nursery with an area of over 10 hectares. The nursery is going to be installed with the latest technologies available in Russia. It will have greenhouses and laboratories, and one special facility to be operated by the dedicated department of M.V. Lomonosov Northern (Arctic) Federal University.

Work is already in process – at the Center of Excellence called “The Russian Arctic: New Materials, Technologies and Research Methods” – to elaborate the applied research agenda to be implemented in APPM's seedling nursery. In particular, research is being carried out in the field of

microclonal propagation of seedlings, hydroponic cultivation, and testing of new growing media, one being the wastes from APPM and algae farming.

In 2021, the mill set about preparing the site of the future seedling nursery. The works cost it twenty million rubles. Another ten million will be spent on the development of design estimates and expert review of the construction project.

The mill's energy facilities are undergoing stage-wise modernization. Its lime kilns for cardboard and pulp production will be converted from fuel oil to gas; gas will be the fuel also for the four pulverized coal boilers; underway is the construction of three new gas boilers at Thermal Power Plant 1; and the wearing turbine units (60 MW and 30 MW) will be replaced with new ones. According to preliminary estimates, the cost this modernization project is estimated at 6 billion rubles.

Novodvinsk, which geographically forms part of the Arctic Zone, is home to Techservice LLC. This company has the status of the Arctic tax resident and has been co-initiated by Arkhangelsk Pulp and Paper Mill, which acts as its operational platform. Techservice is currently testing a technology for extracting turpentine from the effluent condensates that generate during pulping. The resultant turpentine will be supplied to chemical industry enterprises in Russia and abroad.

“The large-scale technological retooling that Arkhangelsk Pulp and Paper Mill has been undergoing for the last 12-

15 years never failed to gain the support from the state,” said Vladimir Krupchak, Director for Investment at Pulp Mill Holding Group. “And the funds we were allocated for the purposes of our investment projects in the form of incentives are now being paid back to the state in the form of budget revenues and contributions to the extra-budgetary funds. Arkhangelsk Pulp and Paper Mill and its sole shareholder, Pulp Mill Holding group, continue to show the investment-generated fiscal performance that is consistently high.”

Pavel FASONOV

Photo courtesy of the editorial office archives

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The investment spending on Arkhangelsk Pulp and Paper Mill's new manufacturing facility is estimated at 120 billion rubles. This project will be constructed within the perimeter of the Arctic Zone of Russia.

## Earning income from forestland

Fact

According to Roslesinforg, between January and September 2021, the Arkhangelsk Region earned from its forestlands a total of RUB 2.2 billion rubles. Of these, one billion remained in the local budget and the rest was due to the federal treasury.

The budget of Arkhangelsk Region has received its forest-related dues in full. In general, in terms of the forest revenues that are generated in the North-Western Federal District (NWF), Arkhangelsk ranks fourth, behind the Republic of Komi, Vologda, and Leningrad Region. The NWF regions have generated for the nation's consolidated budget a total of 13.2 billion rubles – the best result among the federal districts of Russia.

At the moment, Arkhangelsk Region has almost one thousand of its forest plots

– 19.6 million hectares, or 69% of the area's forested lands – leased to private organizations that are using them for purposes ranging from wood harvesting to recreation.

Own information

**Roslesinforg** is the Russian Federation's leading forest inventory and accounting organization. With mandate covering the entire country, Roslesinforg deals with forest management issues – forest inventory and surveying, reforestation, forest planning and engineering, as well as cadastral registration of national forestlands.



**Andrey TRETYAKOV**, Director at Roslesinforg Office for Arkhangelsk:

The major portion of Arkhangelsk Region's earnings is represented by the leased-out forests and the sale and purchase of growing stocks. The remaining revenues come from subsurface exploration, mining, construction, reconstruction and operation of infrastructure facilities, recreation, and processing of wood and other forest resources. The figures for the first three quarters of 2021 have already exceeded the previous year's performance by more than 360 million rubles – the last year's revenues amounted to 1.8 billion.

In the spotlight

# Vladimir Krupchak: We cannot afford to be complacent

To update you on the tasks and prospects of Pulp Mill Holding Group, Arkhangelsk Pulp and Paper Mill (JSC) and Titan Group, we talked to Vladimir Krupchak, Investment Director at Pulp Mill Holding. One thing is for sure: achievements are impressive and the scale of future changes sounds inspiring.

## Vertical integration

*Vladimir Yaroslavovich, tell us about the structure of the group. How fitting is it, given the modern business realities?*

In the territory of the Russian Federation, the flagship enterprise of Pulp Mill Holding Group is Arkhangelsk Pulp and Paper Mill. The framework of our group is made up of four large enterprises operating in Russia. They are Arkhbum (JSC), which has its four production sites in Istra, Podolsk, Voronezh and Ulyanovsk and is a manufacturer of corrugated products with a total production capacity of one billion square meters of corrugated packaging per year. The second member is Arkhbum Tissue Group LLC, located in Kaluga Region and enjoying a reputation as one of Russia's largest manufacturers of tissue products under its own brand name, Soffione. Then, there is Arkhbum-UPAK LLC (based in Moscow Region), that specializes in eco-friendly consumer packaging, and, finally, our fourth member, Arkhbum LLC, which serves as a provider or railway logistics.

All these companies are the daughters of Arkhangelsk Pulp and Paper Mill (JSC), whose sole shareholder and investor is Pulp Mill Holding Group. To Arkhbum JSC, Arkhbum Tissue Group LLC and Arkhbum-UPAK LLC, the mill acts as a provider of feedstock – its pulp and paper products. In turn, Arkhangelsk Pulp and Paper Mill – our anchor enterprise – receives raw timber from its general suppliers, Titan Group.

We are a reliable vertically integrated group that has repeatedly proved to be highly viable over the decades of its existence and continuous development. We largely rely on advanced processing technologies, which make us highly resilient to fluctuations in the markets, both external and internal. Being a vertically integrated company also means that the finished products of our members, including Arkhangelsk Pulp and Paper Mill, will be sold on these markets. This, in turn, gives us extra stability, providing our members' teams with workload for many years to come, ensuring the social well-being in the territories of our presence and increasing the robustness of our partner enterprises that are indispensable links in our production chain. Pulp Mill Holding sees its strategic goal as concentrating and gaining leadership position in those of the Russian market segments where we feel strong and have potential for growth.

Every three years, Pulp Mill Holding launches new production sites and premises. Today, our members operate in the regions of the Central Russia, North-Western Federal District and Volga Federal District. They are selling to near-abroad countries, Europe, and the swiftly growing markets in Asia.

Pulp Mill Holding sees the value of long-term operation. Its development strategy

therefore provides for investing in re-tooling of its existing premises and in construction of new ones. Over the past 25 years, Pulp Mill Holding Group has created 5,100 high-tech jobs.

This, consequently, has yielded such major returns as increased value of business; improved welfare and social situation in the regions where we operate; and increased amount of taxes that we pay to budgets of all levels.

## In the Arctic perimeter

*One major focus in Arkhangelsk Pulp and Paper Mill's development strategy is the construction of a pulp production facility that will house a third cardboard machine. Can you tell more about it?*

This is a truly unique project that will benefit not only the land of Pomors but also the whole country. Once it is up and running, Arkhangelsk Pulp and Paper Mill's production capacity will grow to 1.7 million tons of cooked pulp and about 1.3 million tons of cardboard products per year. The project is currently in the planning phase and will be launched in the premises of Arkhangelsk Pulp and Paper Mill. It is estimated at RUB 120 billion, has a timeline of five years and is called PRORYV-2027 (BREAKTHROUGH-2027). It will, in fact, install Arkhangelsk Pulp and Paper Mill with one more factory, which means APPM will enjoy an increased capacity in terms of technology, energy and provision of feedstock.

The Arctic Zone of the Russian Federation is currently experiencing vigorous development, and it is as part of this important process that we are planning to start the construction of our project. At the forefront of its implementation is environmental friendliness and responsible forest management. While there is no doubt that we will cope with the task we've set ourselves, we nevertheless need to be supported by the state and the authorities of all levels, including those that deal with forest management and provision of wood.

The growth of the mill's production capacity will entail an increase in allocations to the local budget, which means access to additional funding for the purposes of Arkhangelsk Region's socio-economic development. Both APPM and Titan Group will generate new jobs.

The construction of this new manufacturing facility, as well as its accompanying projects, will require an investment comparable to our spending on the production sites and technical re-equipment over the past 25 years.

The project's manufacturing procedures will be based on the best available technologies as enabling the output of products with high added value. Project PRORYV-2027 (BREAKTHROUGH-2027) is expected to give APPM and Pulp Mill Holding Group even better competitive advantage as the leading players in the timber industry in Russia and abroad.

## Investments: Climate favorable

*Twenty-five years ago, the team of managers that you were the leader of, took on the responsibility for the fate of Arkhangelsk Pulp and Paper Mill. Figures speak louder than words...*

Arkhangelsk Pulp and Paper Mill has significantly increased its production capacity.



Over the past 25 years alone, it has produced about 20.4 million tons of pulp, which equates to the output of decades of its history. Thanks to the fast-paced retooling policy, the cooked pulp output has grown by 300,000 tons over this period of time. The geography of our export shipments has increased by 30 countries: cardboard, pulp and paper products are currently exported to 75 countries.

While in 2001 Arkhangelsk Pulp and Paper Mill's social expenditure stood at about 1.6 million euros per year, it currently amounts to 4.2 million euros. The past twenty-five years saw the mill spend as much as 92 million euros on implementation of its social strategy.

The total direct and indirect energy emissions from APPM and its subsidiaries and branches have reduced by 36.9% percent compared to 1990.

In the last 25 years, Arkhangelsk Pulp and Paper Mill has paid 1.65 billion euros in taxes to budgets of different levels and as contributions to extra-budgetary funds of the Russian Federation. Another 1.453 billion euros was invested in modernizing APPM's facilities and upgrading the group's manufacturing assets, including the launch of the production sites in the regions of Kaluga, Ulyanovsk, Voronezh and Moscow.

Given, among others, these achievements, Expert RA rating agency classified Arkhangelsk Pulp and Paper Mill's 2021 credit worthiness as ruA+ among non-financial companies. The rating forecast is stable.

In 2020, APPM successfully completed its project "Reconstruction of Cardboard Production", listed by the Russian Ministry of Industry and Commerce among high-priority projects. This status entitled the project to the state support, which, in monetary terms, equated to approximately 7.6 million euros. Additionally, it made us eligible to a reduced income tax rate during 2020-2022 and granted our investment project an incentive in the form of reduced payment for the forested lands in our leasehold.

All this has led to a pick-up in production. APPM was able to increase its profit, and, accordingly, tax payments. Over the two years since this priority investment project was completed and the upgraded Cardboard Machine 2 (2019) was launched, we managed to return to the budgets of all levels as much as 4.7 million euros, which is more than half of the total amount of benefits we have received from the state.

Similar progress, even on a much larger scale, will be achieved after the completion in the Arctic Zone of another project, PRORYV 2027 (BREAKTHROUGH 2027). And the reason is the investment climate that seems to be always favorable at Arkhangelsk Pulp and Paper Mill and Pulp Mill Holding Group.

*Vladimir Yaroslavovich, we wish you good luck with the new projects. They are bound to be of benefit for everyone!*

Own information

## Milestones in the past 20-25 years:

- Pulp Mill Holding is established as a vertically integrated group of companies with production premises in the regions of Arkhangelsk, Moscow, Kaluga, Ulyanovsk and Voronezh

- Pulp Mill Holding Group created more than 5,100 jobs

- The group paid EUR 1.65 billion in taxes to budgets of different levels and as contributions to extra-budgetary funds of the Russian Federation

- Investment spending on construction and development of Pulp Mill Holding Group's production facilities in the territory of the Russian Federation is estimated at EUR 1.453 billion

- Arkhangelsk Pulp and Paper Mill's pulp yield exceeded 20 million tons, which is half of the total volume produced over the 81 years of the mill's operation

- The geography of Arkhangelsk Pulp and Paper Mill's export shipments has grown by 30 countries

- Arkhangelsk Pulp and Paper Mill's annual pulp yield has increased by more than 300,000 tons, amounting to one million tons

# Forests as a strategy

The Forest Council has recently held its third meeting under the chairmanship of the Governor of Arkhangelsk region. Among its key discussion topics was forest inventory and forest planning.

## Towards practical implementation

Established about a year ago upon the Governor's initiative, the Forest Council serves as an advisory body and a platform for open discussion of forestry development issues.

The council is made up of representatives of local forestry-related ministries and government departments; directors of Arkhangelsk's largest timber industries; representatives of RosLesozashchita (Russian Center for Forest Protection) and RosLesinforg (Russian Forest Inventory Organization); academic and research organizations, including Northern (Arctic) Federal University. According to Governor Alexander Tsybul'sky, the forest council has proven effective over a relatively short time.

"It is largely thanks to the Forest Council that Arkhangelsk Region could



voice its initiatives and proposals at professional forums and in the Government of the Russian Federation. Its proposals seek development of the Russian timber industry. Some of them have gained support from other Russian regions and are currently being implemented," stressed Alexander Tsybul'sky.

Thus, there will be a cardinal change in the approach to forest inventory in Russia: beginning from January 1, 2022, the authority to perform surveying and plan forest protection and regeneration will be delegated from regional to federal level as a measure to achieve much larger volumes of forest inventory operations.

ers. These data are essential to calculating economic models, tax and non-tax deductions, exports and other important performance figures," said Alexander Tsybul'sky.

The lack of up-to-date forest management data acts as a brake on large investment projects worth tens of billions of rubles. The Forest Council are unanimous in this regard.

The meeting also discussed, among other issues, reforestation, introduction of LesEGAI's system, and involvement of the forest industries in the repair and improvement of the area's road network.

## Concerning forest nurseries

One issue on the meeting agenda pertained to promoting forest nurseries network in the area. As was emphasized by Alexander Tsybul'sky, modern forest harvesting technologies require modern reforestation techniques.

The premises of the Unified Forest Fire Center – a subdivision subordinate to Arkhangelsk Ministry for Forestry – house six nurseries that fully meet the Center's own needs and supply seedlings to outside organizations. To increase the number of seedlings, two more facilities are being re-constructed by the Center, one in Velsk and the other in Pinega, to house nurseries.

But, in the near future, as harvesting volumes increase and quality reforestation requires more ball-rooted seedlings, the stock currently available may appear insufficient.

Planning to start growing seedlings is also Arkhangelsk Pulp and Paper Mill. Its director general, Dmitry Zylev, announced earlier that the mill has already started the construction of its nursery costing more than 500 million rubles. APPM's nursery is expected to produce up to nine million seedlings annually.

According to Governor Alexander Tsybul'sky, given the previous experience and the ever-increasing need in planting material, the land of Pomors has ample potential to supply coniferous seedlings not only to its own forest users, but also to the companies operating in other parts of the North-Western Federal District of the Russian Federation.

Materials kindly provided by the pressservice of the Governor and the Government of Arkhangelsk Region



**Nikolay KROTOV,**  
Government Liaison Director at Arkhangelsk Pulp and Paper Mill, JSC

Our activities are governed by The Forestry Strategy of the Russian Federation 2030. This document was adopted by the Russian Government this past February, and it defines the main mid-term priorities to be pursued within the forest management sector.

According to the UN estimates, the global demand in wood-based products and forest services will be increasing in the years to come. This means that the forest resources and forestry will continue to play an important role in the global economy. In these conditions, it is only logical that the Strategy provides for an increase in the traditional output of the Russian forestry sector. By 2030, the output of sawn timber is expected to increase by 20 million cubic meters per year and that of pulp and paper by 8.3 million tons (a two-fold increase); similar increase will be seen by plywood, biofuels, wood boards, and furniture.

The tasks as ambitious as these will require efforts towards better integrated management of forest resources, including low-quality wood – by creating smaller timber clusters around pulp and paper mills and ensuring more advanced processing of wood by the existing and emerging facilities.

Another solution to invigorating the drivers of Arkhangelsk's timber sector lies in better integrated processing. Everything that is harvested within a cutting area should, of course, be utilized. For Pulp Mill Holding and Titan Group, this is already a fait accompli. For these goals to become a reality, they need to be supported by a cardinaly expanded forest road network, updated forest inventory data, and highly skilled personnel.

## For the record

### AT A HIGHER LEVEL

The development issues of the timber industry have become key theme of recent visit to Arkhangelsk Province of a high-level delegation. Headed by the Russian Minister for Natural Resources and Environment, Alexander Kozlov, it had among its members Yuri Vorobyov, Russian Federation Council Deputy Chairman; Sergey Anoprienko, Deputy Minister for Natural Resources and Environment; Ivan Sovetnikov, Head of Federal Forestry Agency. The visit involved a trip to Chadromsky ranger district and a roundtable on the prospects of reforestation.



**Alexander KOZLOV,**  
RF Minister for Natural Resources and Environment:

Today, when allocation of the cutting areas is a federal responsibility, we are to work out carefully all steps there are to take. It is important to know exactly how and where reforestation should be implemented nationwide. Our common task is to achieve effective reforestation as a way to retain our competitive edge as a timber producing country.



**Yuri VOROBYOV,**  
Russian Federation Council, Deputy Chairman:

There is a number of forestry laws waiting to be finalized, and one of them pertains to conscientious forest management. It is essential that all conscientious forest users should be able to extend their lease, after its 49-year period expires, without any obstacles. We expect the decision to come into effect next year.

Our joint work aims to maintain forests as a renewable resource. It is our goal to make forestry economy as positive as possible and to create an environment where forest businesses would be able to operate sustainably and replant forests while generating profit and creating jobs.

Forest inventory comes first

As we were told by Ivan Shatalin, Deputy Minister for Natural Resources and Forestry of Arkhangelsk Region, the region's forest plan, submitted to the federal authorities, provides for the inventorying to cover, by 2030, 73% of the local forests, or four million hectares annually.

According to the Governor of Arkhangelsk Region, the forests to inventoried first are the leased-out forest lands with a history of heavy exploitation. The area has many forest lands that remain uninventoried for longer than twenty years, so the data on their timber volumes is no longer valid. In most cases, the figures are much larger than the actual volumes.

"We need to know how much timber resources are available to our lease hold-



## Interview

# The mill's big plans

The year 2021 has come to an end. Time to take stock and make new plans. In this interview, Dmitry Zylev, Director General at Arkhangelsk Pulp and Paper Mill (JSC), talks about the performance and the tasks of what stands as one of the largest production teams of the Russian North.



## In the rhythm of time

**Dmitry Igorevich, how would you define the current level of performance at APPM, the giant wood chemistry enterprise near the Northern Dvina?**

Our 2021 cooked pulp capacity came close to one million tons. Thanks to technological upgrading and measures to modernize and increase the energy capacities, Arkhangelsk Pulp and Paper Mill's output of marketable pulp now stands at 291,000 tons, commercial cardboard at 610,00 tons and paper at 82,000 tons. The cutting areas in our leasehold, that we operate jointly with Titan Group, are located in different parts of Russia and take up 5.7 million cubic meters. The mill's current wood consumption rate stands at 3.8 million cubic meters.

At the beginning of last year, we expected a net profit of about 7 billion rubles. However, according to the recent financial and economic estimates, the target figures have been significantly surpassed. As a result, Arkhangelsk Region's budget has received from APPM 1.35 billion rubles more in taxes. Our tentative estimates suggest also that our total revenues are going to be higher than this year's target.

In 2021, tax deductions and payments to budgets of all levels are estimated at about RUB 6.5 billion, which is three times more than last year.

This year, Pulp Mill Holding GmbH (hereinafter, Pulp Mill Holding) sustained an investment expenditure of RUB 7.7 billion. These funds were channeled into Arkhangelsk Pulp and Paper Mill and the manufacturing facilities of its Russian subsidiaries – Arkhbum Tissue Group LLC in Kaluga, Arkhbum JSC in Istra, Podolsk, Voronezh and Ulyanovsk, and Arkhbum-UP-AK LLC in Kolomna – as well into purchasing of cutting-edge harvesting machines.

In addition, this year's surplus profit has enabled us to repay some of our loans and to prepare for the upcoming series of large-scale investment projects.

Arkhangelsk Pulp and Paper Mill's current staff size is nearly 4,000, and every employee is estimated to produce a monthly pulp volume of 21 tons.

## APPM undergoes upgrading

**What upgrades do you expect Arkhangelsk Pulp and Paper Mill's capabilities to receive in 2022?**

There will be a forest breeding and seedling center with a capacity of 9 million seedlings per year. Work will be continued to convert the mill's energy facilities to gas. Our pulp production technology will be upgraded to oxygen-alkaline delignification. Also, our third-phase facilities (in the drying section) will be in-

stalled with an upgraded pulp packaging line. It will have a daily capacity of 1,250, compared to the current one of 1,000 tons. The refurbishment plans will cover also the gas purification systems and condensate treatment facilities at the third- and fourth-phase vacuum evaporators and in the digester house. We are doing this solely for environmental reasons: once the refurbishment is completed, the air in the town of Novodvinsk will become much cleaner. Further, the boiler turbine at Thermal Power Plant 1 will receive new Turbine Unit 6. Railway tracks 9, 10, 11 and 12 are going to be extended, and, in parallel to their reconstruction, we will modify the overhead road that leads to our pulp production site.

And, of course, work will continue on what represents Arkhangelsk Pulp and Paper Mill's most important project in the coming years – the construction of the full-scale manufacturing facility that will house a third cardboard machine (project PRORYV-2027/BREAKTHROUGH-2027). Notably, the construction of another factory within our existing premises in harmoniously in line with the Russian Timber Industry Development Strategy 2030.

Our yearly agendas seek not only to maintain our technologies in working condition, but also to invest larger amounts of money in re-tooling. Investments are key to a successful future. When setting about new projects, our every decision is preceded by careful analysis and accurate identification of growth points.

## How would you evaluate APPM's progress towards its environmental agenda?

In July 2021, Arkhangelsk Pulp and Paper Mill was issued its Integrated Environmental Permit (IER). The very fact of its issuance speaks to our reputation as an environmentally responsible producer. This document contains a set of environmental standards ensuring comprehensive reduction of negative environmental load.

An integral element of IEP is our Environmental Efficiency Program (EEP) that spans 2021-2027. EEP lists twenty-two environmental measures that are going to receive from the mill a funding of 18.2 billion rubles.

The most significant among these measures are the installation of the oxygen-alkaline delignification technology in pulp production section; installation of a local wastewater treatment unit for the cardboard and paper shops; conversion of APPM's energy facilities to gas; re-equipment of the second-phase wastewater treatment facility; construction of post-treatment, three-stage facilities for full-scale biological treatment, which involves installation of a cooling tower and a treated water supply line to Filter Units 1 and 2.

Once our Environmental Efficiency Program is fully implemented, the mill will achieve a performance consistent with the best available technologies and the best international practices.

Our plan to convert the mill to natural gas will benefit its fuel balance not only through lower amounts of wastewater discharge, as there will be no more coal ash and slag dumping, but also through significantly reduced greenhouse gas emissions, achievable by replacing coal with less carbon-intensive natural gas.

## Team as a core asset

**Arkhangelsk Pulp and Paper Mill is a large enterprise. Its manufacturing planning goes hand in hand with social responsibility.**

The economic well-being of Novodvinsk, which is a single-industry town, and of the entire land of Pomors is, indeed, largely contingent on our performance. In the regional stage of the Russian Competition for the Best Socially Responsible Russian Company, Arkhangelsk Pulp and Paper Mill landed awards in three key categories. This competition is designed to attract corporations' attention to the importance of social issues and to identify the best social projects.

We rank first in nominations "Reducing Occupational Injuries and Morbidity" and "Towards Healthy Lifestyle", and we hold the third place as an industry with the best agenda for "Promoting Human Resources Development".

Every year, Arkhangelsk Pulp and Paper Mill invests about 350 million rubles in various social initiatives. Significant amounts of money are channeled into personnel training, morbidity prevention, and occupational risk reduction. As much as 140 million rubles was spent on improving the occupational conditions and safety in 2020.

Arkhangelsk Pulp and Paper Mill's 2020 voluntary medical insurance costs amounted to RUB 38.5 million, covering all the options offered by the scheme. In place is the agreement for the provision of health services to employees. The expenditures relating to the maintenance of the health post are estimated at RUB 19.2 million, providing the employees with the gratis access to the health improvement programs at the sanatorium and health care center Zhemchuzhina Severa (Pearl of the North).

APPM is a member of a non-state pension scheme. Administered in cooperation with VTB Pension Fund, the scheme entitles its members to a non-state pension along with the state one. Every year, APPM awards the families of its younger employees money awards for the purchase of new housing.

The anti-COVID campaign has been in progress at APPM for two years now. The

spending on preventive care for the employees has exceeded RUB 25 million. The vaccination campaign is in full swing at APPM, assisted by the mill's health post and targeting the mill's employees and their families, as well as employees of the contracting parties. The mill's vaccinated employees currently number 1,600. In addition, during the acute period of the pandemic, great assistance was provided by APPM to the area's healthcare facilities.

On June 1, 2021, Arkhangelsk Pulp and Paper Mill raised the hourly rates and salaries of its employees by 10 percent. I would like to note that salary increase is an annual practice at APPM.

APPM maintains a productive cooperation with the Northern (Arctic) Federal University and Novodvinsk School of Industry. We maintain the mutually elaborated personnel strategy until 2030. Besides, Arkhangelsk Pulp and Paper Mill operates a collective agreement that regulates the social, economic and labor relations with its employees. In terms of the scope and level of the social benefits and guarantees available to our employees under this collective agreement, APPM stands one of the best in the industry.

Human resources and robust teams are our key asset. Our success largely depends on their professionalism, energy, and responsible attitude to their jobs. There is an opportunity to contribute to the mill's better performance, as improvement proposals and ideas as to how production efficiency can be enhanced are welcome from everyone. The authors of the viable proposals are awarded money prizes that can be as high as one million rubles. The year 2021 welcomed fifteen improvement proposals that are expected to generate a cost-effectiveness of RUB 9,860 million per year. Their authors shared a total money prize of 1.857 million rubles. Along with that, APPM is running its Lean Manufacturing program, which is aimed at intensifying its production process.

## About the mission

**How would you define the mission of Arkhangelsk Pulp and Paper Mill?**

Briefly and to the point, I would define our mission as striving for effective work that would enable us to make a worthy contribution to the economy of this region and entire nation. As a responsible employer, we see our mission as contributing to better quality of life of our employees and the population in the areas where we have our production facilities.

**Dmitry Igorevich, thank you for the interview!**

Own information



# Partnership for the future

**Novodvinsk School of Industry, M.V. Lomonosov Northern (Arctic) Federal University and Arkhangelsk Pulp and Paper Mill have entered into a one-of-a-kind agreement that has never been a practice in the local timber industry. Now, the graduates of the School of Industry can pursue the shortened programs of continuing professional education at NArFU.**

## A professional learning path

This was made possible through the cooperation agreement signed by the heads of NArFU, APPM and the School of Industry. A trilateral training format of this kind has never been tested in the area before.

The signing took place at Novodvinsk School of Industry in a solemn setting. Witnessing the event were honorary

guests – Oleg Rusinov, Arkhangelsk Minister of Education, Sergey Andreev, Chief Executive Officer at Novodvinsk Municipality, representatives of NArFU, APPM, Titan Group, and Traktorodetal Group LLC.

“Our common goal is to make the timber industry look more attractive to prospective students. The path towards career success is always through lifelong learning and development,” said Dmitry Zylev, APPM Director General.

In this context, an important role belongs to the employers, including potential ones. Who else but employers know where the learning process should be improved to provide students with adequate skills?

“In our region, timber industry is a major contributor to budget revenues,” added NArFU Rector, Elena Kudryashova. “We are in need of new approaches to the training process that would benefit also

the majors relating to forestry. NArFU has a proven track record as a reliable partner of APPM and Titan Group. We are a source of manpower, providing also our research facilities for testing purposes, for example in the field of reforestation. We see our task as helping NSI graduates to build a professional learning path that would make sure they can stay in the industry and continue to enhance their competence.

## Preferential admissions

The trilateral cooperation agreement was signed by Dmitry Zylev, APPM Director General, Elena Kudryashova, Rector of NArFU, and Natalia Tarasova, Director at Novodvinsk School of Industry.

“This agreement grants our graduates preferential conditions for admission to the Northern (Arctic) Federal University. Given the credit transfer opportunity, the academic load could be reduced for our students,” commented Natalia Tarasova. “NArFU and NSI are currently working to align their curricula and to elaborate admission tests equivalent of the Unified State Exam. We know already now that the opportunity to continue studies at NArFU will be definitely pursued by the students of Novodvinsk School of Industry.”

NArFU is willing to create conditions enabling to satisfy the needs of the NSI graduates in terms of mode of study, choice of majors, and adjustments to curricula. “The agreement grants NSI graduates a fast track university admission,” added Elena Kudryashova. “We are elaborating a series of joint curricula that will provide NSI graduates with face-to-face instruction and all the learning and laboratory facilities there are to be involved in their learning process at NArFU. As for the mode of study, the majority of NSI students said they would prefer the mixed attendance mode as allowing to juggle study and work.”

In the trilateral cooperation agreement, the role of Arkhangelsk Pulp and Paper Mill is that of a strategic partner and provider of guaranteed employment for students majoring in field-specific specialties. The concept of lifelong learning can significantly enhance the forestry training by equipping graduates with necessary skills and creating the environment for better professional performance.

## Trends and prospects

The signing ceremony involved also the extension of the bilateral training cooperation agreement between NArFU and Arkhangelsk Pulp and Paper Mill. One more important event witnessed by the ceremony was the opening of a modern forestry class installed with dedicated software to simulate the processes of timber harvesting and harvester operation.

This classroom is intended for students training to be harvester and skidder operators – the skills in high demand at Titan Group and Traktorodetal Group, the latter being a partner to Novodvinsk School of Industry since recently. Another current development to mention is Novodvinsk School of Industry’s plan to start, in the upcoming academic year, two more majors – Heat Engineering and Supply, and Vehicle Servicing and Maintenance.

“We are always willing to meet our partners’ wishes by adjusting our own curricula,” added Natalia Tarasova, Director of Novodvinsk School of Industry. “We are going to be the region’s first vocational school with program in heat engineering.”

The trend towards updating the conceptual frameworks for vocational training is obviously common in all parts of the country, including Arkhangelsk. This trend sees employer involvement as essential to quality curricula and further professional training. Arkhangelsk Pulp and Paper Mill is fully supportive of this important trend.

Anna DOVYDENKO  
Photo by Sergey SYURIN



**Oleg RUSINOV,**  
Minister of Education  
of Arkhangelsk Region:

“Highly qualified, and more importantly, highly sought-after specialists represent a vital asset here in the land of Pomors. Any staffing strategy has far-reaching effects and should be more attentive to the employer needs. Not to be underestimated is also the influence of real economy on education management. A cooperation format like ours will make us better equipped for the delivery of hands-on training and competent examination, as well as for ensuring that graduates land jobs. These are the tasks where we are making some good progress. The case of Arkhangelsk Pulp and Paper Mill, Novodvinsk School of Industry and Northern (Arctic) Federal University joining together for mutually beneficial cooperation is truly unique and will certainly lead to new achievements.

# Growth Point in Novodvinsk

**Arkhangelsk Pulp and Paper Mill offered its assistance to Novodvinsk School 6 in starting the Growth Point, the name commonly used to refer to learning centers with concentration in live sciences and technology.**

The Novodvinsk-based Growth Point is installed with modern technologies that were purchased with a subsidy of 1.5 million rubles, received from the federal budget within the framework of “Modern School”, a sub-project of the national project “Education”. Another 1.7 million rubles were provided by APPM. This money was used to renovate the classrooms on the second floor where Growth Point learning center is located.

The learning center has a concentration in live sciences and information technologies. Its organization involved upgrading of the classrooms and equipment for studying

physics, chemistry, biology and computer science.

Centers like Growth Point are designed to provide a cardinaly upgraded environment for children to explore new technologies, expand their horizon and enjoy educational options outside the curriculum. They also offer career guidance activities. One important thing to note: conceptually, the renovation went further than repairs in particular classrooms, it targeted to upgrade the whole sector of the school.

Ivan Dementiev, Deputy Chairman of the Government of the Arkhangelsk Region, commented that thanks to such centers teachers have more tools to make their lessons more interesting, while schools receive enjoy more opportunities for starting extra-curricular activities in interactive formats.

Own information



## News from Titan Group

# Honorary title

Arkhangelsk Government has recently held a ceremony honoring the region's patrons and sponsors. The socially responsible business leaders received their awards from the hands of Governor Alexander Tsybulsky. The honorary "Benefactor to Arkhangelsk Region" title went to Titan Group.

Titan Group, represented at the ceremony by Titan LLC director general, Alexey Kudryavtsev, was among the first to be honored. The governor awarded it the Benefactor to Arkhangelsk Region title.

This year, the group's charitable spending exceeded RUB 100 million. Of these, 76 million were allocated by Titan within the framework of the socio-economic partnership agreement with Arkhangelsk government – as funding for the large-scale projects in the municipalities of Kargopol, Konosha, Pinega, Verkhnyaya Toima, Nyandoma, and Arkhangelsk.

"Our partnership rose to a whole new level. We are joining our efforts to support the initiatives, events and projects that seek to benefit the residents of Arkhangelsk and its municipalities. By pooling

ideas and opportunities together, we have managed to achieve quite a lot already. The appearance of Arkhangelsk and its districts is changing for the better and so does living in the North," said Alexey Kudryavtsev.

It should be added that Titan Group earned public recognition much earlier than this year. In 2020 and 2015, its contribution was celebrated by the award of "Patron of Arkhangelsk Region" title.

# 100

Titan Group's charitable spending stands at RUB 100 million



# Down by the river

Titan Group has summed up its timber floating operations. Floated to its river landings was a total of 845,000 m3 of wood, which is 20% more than last year. This increase was achieved despite the abnormally low water levels that affected most of the sections of the Northern Dvina River. In Verkhnyaya Toima district, the low water level persisted for especially long time.

Traditionally, the floating operations involved rafting and barges. This year, Arkhangelsk Pulp and Paper Mill and Sawmill 25 received 20 rafts with a total volume of 234,000 cubic meters of wood; another 611,000 m3 were transported by barges, of which 450,000 thousand m3 arrived from Verkhnyaya Toima and the rest from the districts of Kholmogory and Pinega.

The Titan Group member in charge of transportation of wood by river is Belomorskaya Splavnaya Kompaniya LLC (Belomorskaya Rafting Company). BSK is currently the largest shipping company operating on the Northern Dvina River. With a fleet of 100+ floating facilities – tugs, barges, floating cranes – BSK engages in logistics, as well as construction and repair of ships. In 2021, Belomorskaya Splavnaya Kompaniya received the status of a resident of the Arctic Zone of the Russian Federation: the company is expanding its industrial premises and has a plan to build a series of shallow-draught tugs



of the upgraded Yaroslav project. In 2022 alone, this plan will receive an investment of RUB 353 million.

By pursuing a well-coordinated plan to expand and modernize its fleet, Titan Group has its volume of wood transported by water increasing every year. Transportation by water represents an import-

ant line of operations within the group. By increasing the portion of wood delivered in rafts and on barges, Titan reduces the load on the area's road network and environment. In the next navigation season, the floating operations are expected to reach 1 million cubic meters of harvested wood.

# 845

845 thousand cubic meters of wood were transported by river by Titan Group member, Belomorskaya Splavnaya Kompaniya

# Investing in development



Titan Group has adopted its investment program for 2022. With structured investment of RUB 4.9 billion rubles, the program provides for technical refurbishment of members that engage in timber harvesting. Their needs will be supported by an investment of RUB 3.3 billion, which will be spent on 25 harvesting machines, 40 timber trucks and semi-trailers, 14 dump trucks, etc. – a total of 40+ different items.

RUB 1.2 billion will be invested in upgrading the group members' infrastruc-

ture. Of these, RUB 362 million are intended for the construction of machinery repair shops, service centers, administrative buildings and utilities.

Work will continue to modernize the railway infrastructure: large-scale repairs of railway tracks will take place in Ust-Pokshenga, Svetlozersk, Karpogory, Dmitriev and Velsk offices of the group. The costs will amount to RUB 268 million.

A separate investment category is represented by Titan's logistics enterprise, Belomorskaya Splavnaya Kompaniya LLC (Belomorskaya Rafting Company). An in-

vestment of RUB 353 million will be channeled to repairs of its office and industrial premises, fleet refurbishment, and the construction of shallow-draught tugs of the upgraded Yaroslav project.

# 4.9

Titan's 2022 investment spending is estimated at 4.9 billion rubles

# Green beauty in the heart of Arkhangelsk

On Chumbarov-Luchinsky Avenue in Arkhangelsk stands a beautiful Christmas tree with flashing lights. This green beauty is Titan Group's traditional gift to Arkhangelsk.

The first time a Christmas tree was installed on Arkhangelsk's main pedestrian street was in 2005, upon the initiative of

Vladimir Krupchak. Since then, the group has been creating a festive mood for residents and guests every year for 16 years in a row.

This year, Chumbarov-Luchinsky Avenue welcomed the Christmas tree after renovation. Completed in early November, the renovation works covered its entire area and were carried out within the frame-

work of the agreement between the Government of Arkhangelsk Region and Titan Group.

The group has provided for renovation purposes more than 50 million rubles. The renovation works involved repair of the pedestrian zone, painting the facades of fifteen buildings, construction of a stage in front of the Commercial Assembly House, and installation of benches, litterbins and new playground.

The group hopes that the renovated avenue will continue to be the main attraction for the residents and a landmark of the city. With Christmas tree and nicely decorated window displays of the nearby Central Department Store, the avenue enjoys a festive atmosphere, giving a special charm to the evening Arkhangelsk.





# A contract for renewal

In 2021, Arkhbum JSC (a subsidiary of Arkhangel'sk Pulp and Paper Mill with Pulp Mill Holding as sole shareholder) signed a contract with BW Papersystems Hamburg GmbH (member of Barry-Wehmillers group, headquartered in Phillips, USA) for the manufacture and supply of three MarquipWardUnited rotary die cutters for its production premises in Podolsk, Istra and Ulyanovsk.

## Guided by experience

According to Irina Sherstneva, Arkhbum CEO, MarquipWardUnited technologies are among the best in their segment due to their high performance, high printing and die-cutting accuracy, ease of operation, reliability excellence and, consequently, relatively low maintenance and service costs.

Irina Sherstneva also stressed that Arkhbum has more than ten years of experience in operating MarquipWardUnited machines on its production sites in Podolsk, Istra and Voronezh.

As stated in the contract, the commissioning of new machines is scheduled for 2022.

Two servo-motor lines Ward Servo-Pro 16.28, each with a monthly capacity of 4 million m<sup>2</sup>, are to be installed on

the premises in Ulyanovsk and Podolsk. The production site in Istra will receive model MaxPro 16.28, the robust servo controlled rotary die cutter with wide working width and monthly capacity of 5 million m<sup>2</sup>. MaxPro 16.28 sets itself apart by set-up-while-run option, belted feeder and belted vacuum transfer for superior registration, and excellent cutting and print quality.

All MaxPro machines will have four print sections and a vacuum stacker. For heavy duty operation periods, these die cutters are equipped with upgraded bearing capacity and journal strength. Their simple architecture with minimum number of components ensures increased durability.

## For better automation and logistics

Also, the premises in Istra will be installed with BOBST FFG 618, a four-colour flexo machine for making regular-slotted boxes with a monthly capacity of up to 3.5 million m<sup>2</sup>. BOBST FFG 618 is scheduled for commissioning in August 2022.

"To achieve high-quality process automation and in-house conveyance and logistics, we are negotiating the supply of auxiliary equipment – automatic feeders, palletizers, strapping machines. These will be installed on three production sites. One additional conveyance system will be supplied to Arkhbum's premises in Ulyanovsk," said Irina Sherstneva.

Own information



**3** Arkhbum is to install its production premises in Podolsk, Istra and Ulyanovsk with 3 rotary die cutters by MarquipWardUnited

# 2022: Boosting growth

In 2022, Arkhbum's plan to modernize and expand its processing capacities and manufacturing infrastructure will cover all four production sites. The amount of investments needed for this purpose is estimated at 4.5 billion rubles.

These investments are split between Arkhbum's manufacturing sites in Podolsk (RUB 1,802 billion), Istra (RUB 872 million), Voronezh (RUB 198 million) and Ulyanovsk (RUB 1,579 billion). An additional 50 million will be spent on Arkhbum's IT infrastructure.

The factory in Podolsk is to receive a new storage site for raw materials and be connected to a railway platform. Its production lines will be added with a rotary die cutter.

A similar addition will be made to the premises in Istra, which are to be

installed with flexo-folding machine and palletizers.

The factory in Voronezh is to receive another storage site. Its existing production lines will be computerized and made more energy-efficient. The factory in Ulyanovsk is busy constructing its second-phase facilities which, once fully operational in 2023, will be annually producing 192 million m<sup>2</sup> of corrugated cardboard.

**4.5** Pulp Mill Holding is to invest 4.5 billion rubles in expanding the production capacity of Arkhbum factories in 2022



# For man and nature

Arkhangel'sk Pulp and Paper Mill's daughter Arkhbum Tissue Group, JSC (member of Pulp Mill Holding) continues to debut innovation-driven products to the market. The company boasts a successful track record in marketing its products across Russia, CIS countries and Europe under its own brand Soffione.

## Silver and perfect

Soffione has removed, to the fullest extent possible, all labeled ingredients from its compositions and application technology, bringing in safer substitutes. Its recent market launches are two – three-layer, silver-containing paper towels Soffione Maestro Chef, and toilet paper Soffione Fiore Ideale with hypoallergenic fragrance applied solely to the roll sleeve.

In addition, in 2021 Arkhbum Tissue Group introduced one more unique know-how – Hydro Bond, a novel technology for paper layers fastening that uses water instead of glue.

As we were told by the company itself, environmental friendliness is key to Arkhbum Tissue Group. Users of sanitary and hygienic products do care about the composition and technologies used in manufacturing of products that they buy. Many people look at the environmental trace of products. Arkhbum Tissue Group refers to its motto, Safe Nature Safe Human, as the driving force of its development.

## A know-how in Kaluga

Arkhbum Tissue Group is based in Vorsino Industrial Park (Kaluga Region). Pulp Mill

Holding's largest investment project, its cost is estimated at more than 30 billion rubles.

The company has a plan to scale up and achieve, within two years, an expanded range of hygiene products. Work is currently in progress to construct the second- and third-phase facilities. The construction of two buildings to house two paper machines will involve Valmet and general design contractor.

Operations are in progress to set up a new converting shop, raw paper storage site and pulp warehouse. Also, work is underway to install new treatment facilities. Arkhbum Tissue Group's total expenditure on the second- and third-phase facilities stands at more than 20 billion rubles.

Once completed, these facilities will make it possible for the company to achieve, by 2023, the annual output to 140,000 tons with potential market target of 210,000 tons.

Own information



**20** Arkhbum Tissue Group's second- and third-phase facilities require a total investment of more than 20 billion rubles

## Trending topic



# ESG is here to stay

## Businesses, investors and government agencies are facing new reality

Arkhangelsk Pulp and Paper Mill (JSC) has introduced into its structure a new unit – Department for Sustainable Development. Tasked with implementing the concepts being advocated by the mill's shareholder and senior management, this department is a successor to the previously existing unit for organizational development, which oversaw general implementation issues, certification, overall management and risk management, social initiatives competition, efficiency proposals, etc.

### ESG gains momentum

Sustainable development is about facilitating the economic changes to meet the needs of modern society without compromising the ability of future generations to meet their own needs. Being committed to sustainable development means being in constant pursuit of the balance between three basic components – environment, societal needs, and governance. The first letters of these words have coined the term ESG (Environmental, Social, Governance).

Experts in sustainable development presume that in the near future testing for compliance with the principles of sustainable development, as well as having relevant internal procedures, will be a norm for every company wishing to attract investors or financing organizations or having in their

supply chains partners represented by large corporations.

The concept of sustainable development took shape in the 1970s–1980s and is rooted in the recognition by the global community of the problems faced by modern society and science, and the challenges relating to depletion of natural resources and environmental degradation.

In 2015, the UN General Assembly developed seventeen Sustainable Development Goals (SDGs), colloquially known as Agenda 2030. These goals seek to eradicate poverty, promote environmental protection and resource saving, and enhance the quality of life through improved health services, education and employment.

### The mill takes action

A big role in achieving the Sustainable Development Goals is played by privately owned businesses and investors, since they are key drivers of the economic growth. Businesses create jobs and financial flows, they develop new technologies and introduce know-hows.

"Industry leaders like Arkhangelsk Pulp and Paper Mill consider sustainable development as their social mission and Sustainable Development Goals as ensuring longevity and meeting the needs of the economies and stakeholders," says Maria Nesterova, head of the Department of Sustainable Development, APPM.



The mill's numerous projects and programs are

in accord with the majority of SDGs. One example is Low Carbon Development Strategy 2030, which rests on the mill's years-long efforts in greenhouse gas management and has earned it a leading place among the Russian industries.

In the coming year, APPM expects its energy management system to be fully implemented and compliant with the ISO 50001 standard. By doing so, the company achieves increased energy efficiency, reduced GHG emissions and more cost-effective energy management. Since 2006, APPM has been maintaining its responsible forest user certificate under FSC certification system, believing that the principles of FSC help to promote responsible forest management, preserve biodiversity, and ensure the rights and interests of local communities.

### In a comprehensive and systemic manner

It wasn't long before compliance with the ESG principles and commitment to sustainable development became an important business practice for a wide range of entrepreneurs in the European Union.

"Our short-term tasks in this area involve streamlining for better planning and analysis of our SDG-related performance; setting of specific, quantifiable performance objectives for the mill and its specific processes and divisions; and developing the agenda for expanded scope of ESG activities," added Maria Nesterova.

In promoting green economy, sustainable development is key. However, along with working towards more responsible attitude to the environment, it is important to focus also on the social side and the quality of corporate governance. It would be impossible to achieve the desired level of business transformation by developing only one of the components, as all the three are interconnected. ESG should be approached in a comprehensive and systemic manner.

### Actions speak louder than words

Along with increasing its production output and upgrading its technologies, Arkhangelsk Pulp and Paper Mill embarked on social and environmental strategies long before it adopted the ESG agenda. The corporate governance (G) part of APPM's activities is governed by ISO 9001 – the international standard of quality management system that serves as a useful guide for business management.

'Actions speak louder than words' is not just a beautiful slogan. It is one of the basic principles being adhered to by Arkhan-

## For the record

The trend towards ESG (sustainable business practices) has gained great momentum in the global economy in recent years. This partly relates to the concerns of the millennials (people born between the 1980s and early 2000s). This age category is currently the most active and solvent part of the world's population. Millennials' values are different from those of the previous generation. Alongside business profit, they are particularly concerned about climate change, sustainable consumption, environmental protection and social well-being.

gelsk Pulp and Paper Mill's shareholder and management. By implementing large-scale environmental projects and being an active contributor to social initiatives, the mill is moving with the times and remains transparent to the public. It intends to make its non-financial reporting more open.

Corporate ESG strategies often include charitable programs. For their purposes, Vladimir Krupchak Charitable Foundation was created, with Arkhangelsk Pulp and Paper Mill as one of its founders. The Foundation currently finances all the winning projects of APPM's social initiatives contest "4D: Darite Drugu Dobro" (4D: Doing Good for Those Around You), started by residents of Novodvinsk.

Today, the sustainable development processes need involvement from each and every person. It is essential that people feel committed to the goals of environmental responsibility, self-development, healthy living, sustainable consumption, lifelong learning, respect for the environment, etc.

Own information

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**Vladimir KRUPCHAK,**  
Development Director  
at Pulp Mill Holding:

The ESG concept is an important guide and benchmark for Arkhangelsk Pulp and Paper Mill. Our history of investing in converting our production facilities into eco-friendly factories began twenty years ago. We started it not only to achieve more sustainable resource consumption, but also to reduce emissions and discharges.

We stay committed to our approach, putting greater effort to achieve better environmental efficiency. The feasibility of APPM's every project is considered from economic, social and, importantly, environmental side. In 2021, our climate program was ranked by the United Nations among the world's best practices towards Sustainable Development Goals.

In addition to the Russian market, APPM is currently selling to the environmentally and socially oriented markets in Europe. No less important is APPM's role as the region's primary tax-payer. It is therefore an important part of our work to identify and adopt the best national and international practices, one being the institute of sustainable development.

The fact that ESG is currently a trend in Russia can be attributed to businesses starting to adhere to the best available technologies. A carefully measured approach should be in place for the government and business sector to be able to harmonize environmental legislation and enhance the regulatory efficiency by integrating relevant frameworks into the usual business processes.

## ЦЕЛИ В ОБЛАСТИ УСТОЙЧИВОГО РАЗВИТИЯ 17 ЦЕЛЕЙ ДЛЯ ПРЕОБРАЗОВАНИЯ НАШЕГО МИРА



Arkhangelsk Pulp and Paper Mill (JSC) is a socially oriented enterprise that pays great attention to promoting the development in the territory of its presence by running a series of socially important initiatives. During this difficult time of the COVID-19 pandemic, which has impacted all areas of life, the company continues to support its employees by keeping its social agenda moving. The land of Pomors and Russia must be made strong, successful and prosperous.

**Taking care of society as a conscious choice**

In the land of Pomors, as Arkhangelsk is often referred to, APPM is a major budget revenue generating enterprise and a leader among local and Russian socially responsible pulp and paper manufacturers. Its excellent performance has landed it multiple prizes from sector-specific competitions, expert panels, public authorities and local government.

“There isn’t a family in Novodvinsk that doesn’t have among its members a veteran or current employee of APPM,” said Dmitry Zylev, APPM Director General. “The mill’s social policy encompasses not only its current staff, but also their relatives and ultimately the entire local population.”

By maintaining the productive cooperative ties with various civil society organizations, public authorities and local self-government, the mill provides its support to the socially-oriented programs and initiatives. These cooperative ties often produce synergies that do benefit the town of Novodvinsk, the land of Pomors and Russia.

**Leading along the road of creative capacity**

The early days of new year is the time when we normally make plans and forecasts, and sum up our performance, including charity.

It has become a good tradition for Arkhangelsk Pulp and Paper Mill (JSC) to support the ‘good deeds marathons’, and 2021 was no exception. Among the recently supported projects are the regional motor rally “Let’s Help the Children of the Pomorland”, dedicated to the Knowledge Day, and the charitable environmental outreach initiative in support of children with special needs “Availing Caps”. On the eve of the World Charity Day “Generous Tuesday”, the mill has organized the charitable collection of New Year’s gifts for children in families in difficult life situation.

The important social programs – those designed to assist the families with children with disabilities (“Together we can do more”) and support the APPM veterans council and the local civil society organizations – are prolonged year on year.

The year 2021 witnessed the start of “We Are Different, But We Are Together” – the program which is supervised personally by APPM Board member Vladimir Krupchak and aims to promote inclusion of children and young people with special needs.

To facilitate more charitable initiatives, there has been set up Vladimir Krupchak Charitable Foundation, with Arkhangelsk Pulp and Paper Mill as one of its founders. The Foundation is currently financing projects that are winners of the APPM public initiatives contest called “4D: Darite Drug Drugu Dobro” (4D: Doing Good for Others), which celebrated its fifth birthday last year.

# The philosophy of kindness



The 4D movement has so far given a go to 180+ projects in Novodvinsk and the adjacent municipalities of Primorsky District, Arkhangelsk Region. These projects seek to increase the leisure infrastructure and activities for local population while promoting patriotic education and healthy lifestyle.

**Time to transform**

Thanks to the constructive cooperation between Arkhangelsk government, administration of Novodvinsk, and Arkhangelsk Pulp and Paper Mill, the year 2021 was marked by the re-start of recently renovated community center Anastasia – a popular venue for social activists and a place for celebrations and meetings.

Another socially significant project that became a reality thanks to the support from APPM is the open-air museum park. Housed by Novodvinsk Children and Youth Center, the museum park offers a cozy environment that invites visitors not only to relax but also learn about the little-known pages of the history of their home town.

The mill has contributed to the creation, in Novodvinsk School No.6, of a modern learning platform “Growth Point”, having allocated 1.7 million rubles for its repair works.

Last summer, Novodvinsk completed the reconstruction of the memorial to the

victims of local conflicts. The works continued for two years at the expense of regional grants and with the financial support from APPM.

In 2021, Arkhangelsk Pulp and Paper Mill (JSC) repeatedly provided financial assistance to the municipal property management company Zhilcomservice. In January, upon the initiative of Vladimir Krupchak, an agreement came into effect that has written off Zhilcomservice’s debt of 42 million rubles. The debt first accrued in the early 2000s. Past October, Arkhangelsk Pulp and Paper Mill provided Zhilcomservice with the additional funding of 86 million rubles, which did help the company to regain its position after solving quite a number of the problems in the communal housing sector.

In addition, at the request from the head of Novodvinsk, Sergey Andreev, APPM’s shareholder and senior management have allocated 5.3 million rubles to help the town to prepare for the upcoming heating season.

**Assisting the heroes in white coats**

Healthcare services is an important sector in the life of every municipality. Arkhangelsk Pulp and Paper Mill (JSC) is supporting the activities of Novodvinsk Central City Hospital; district hospital in the village of Bolshoe Anisimovo (Pri-

morsky District); and Novodvinsk Medical Center LLC. The district hospital in the village of Anisimovo is a regular participant in APPM’s 4D contest and uses its grant funding to update its infrastructure.

To Novodvinsk Central City Hospital, Arkhangelsk Pulp and Paper Mill is an important partner. Since the onset of the coronavirus pandemic, the hospital has been receiving from APPM – the principal employer and mainstay of the entire town – lung ventilators, pulse oximeters, and drinking water for its infectious diseases department. Receiving the support is not only the hospital’s “infected zone”: supplies such as water heaters and specialized equipment are provided by APPM also to other departments.

Like Novodvinsk Central City Hospital, Novodvinsk Medical Center LLC stands guard over the health of the mill’s employees. Here, they undergo regular medical examinations and have access to treatment by the specialist doctors under the voluntary health insurance policy. With a highly professional team and comfortable conditions for treatment and examination, Novodvinsk Medical Center offers its services to all residents.

In 2021, APPM purchased for Novodvinsk Medical Center the latest ultrasound scanner LOGIQ F8. This new device is a fully digital, multi-functional ultrasound system of the highest class.

Today, the social responsibility stands as high as the environmental responsibility, becoming a primary concern and contributor to APPM’s investment attractiveness. More and more businesses globally are joining the trend of contributing to tackling social problems, and Arkhangelsk Pulp and Paper Mill (JSC) is no exception. The mill strives for new achievements, while preserving its traditions and helping those in need.

**180**  
**APPM public initiative contest 4D: Darite Drug Drugu Dobro (4D: Doing Good for Others) has given a go to 180 projects that seek to promote leisure infrastructure, patriotic education and healthy lifestyle**



**Sergey ANDREEV,**  
 Head of the City District of Arkhangelsk Region – Town of Novodvinsk:

Arkhangelsk Pulp and Paper Mill is a powerful flagship of the Russian forestry industry and Novodvinsk’s principal employer with a long history, diverse experience and high level of social responsibility to its staff and society. The mill contributes to the well-being of our town, strengthening its position as the land of Pomors’ industrial heart. I have every reason to believe to our mutually beneficial, time-tested partnership will bring even greater results, including in terms of social efficiency.

**114.3**  
**Arkhangelsk Pulp and Paper Mill has waived a debt of RUB 114.3 million owed by Municipal Unitary Enterprise “Zhilcomservice” that accrued 13 years ago**