

Due Diligence System (DDS)
of
TIMBER CW

Name of the company

Address and country

according to European Union Timber Regulation (EUTR) No 995/2010

1. General provisions

1.1 **TIMBER CW**, hereinafter referred to as Importer, implement for timber and timber products, exported from the Russian Federation and placed on the European Union market following requirements for due diligence to ensure compliance with the EU Timber Regulation № 995/2010.

Definitions of technical terms used in this Due Diligence System and comments to them are given in Appendix 6.

1.2 The requirements of this Due Diligence System established with regard to fact that Exporter is the holder of valid FSC Chain of Custody certificate and supply timber products with FSC category **FSC Mix Credit** or **FSC Controlled Wood**, which are in compliance with requirements of forest certification standards FSC-STD-40-004 and FSC-STD-40-005.

1.3 This Due Diligence System designed for timber products exported from the Russian Federation, and takes into account the national legislation of this country.

1.4 The compliance with requirements of this Due Diligence System is responsibility of Exporter (the supplier of timber products under the contract with **TIMBER CW**).

1.5 The Exporter bears full responsibility for violation of this Due Diligence System in proportion to responsibility resting on **TIMBER CW**, as an Operator, in accordance with Article 19 of EUTR No 995/2010.

1.6 Each transport party of timber products supplied under the contract between Importer and Exporter should be accompanied by the **Supplier's Declaration** of compliance with Due Diligence System in the form given in Annex 1, drawn up in English.

2. Information about timber origin

2.1 Exporter's Declaration about timber origin

2.1.1 In order to comply with requirements of Article 6 EUTR No 995/2010 for access to information about contracts for timber harvesting ("concession of harvest" - Article 6, paragraph 1, ii) Exporter provides to Importer the "**Declaration of FSC certified supplier about origin of timber products**" in the form given in Annex 2.

2.1.2 The obligatory attachment to Declaration of timber origin (given in Annex 2) are Registers of contracts for timber supply and agreements for wood harvesting. The Register should contain information about: all chains of contracts, all forest sites of timber harvest and permitted volumes for harvest with dividing by species.

2.1.3 The Declaration should be submitted to the Exporter in English twice a year on 1st of March and 1st of September of current year.

2.2 Procedures for obtaining and control information about timber origin by Exporter

2.2.1 Declaration about timber origin provided in paragraph 2.1 Exporter should draw up based on the similar declarations, submitted by Exporter's suppliers and sub-suppliers, in accordance with the reporting requirements provided for Declarations in agreements for timber supply concluded between them.

2.3 Obtaining and control by Exporter information about timber origin with category FSC 100%

2.3.1 The contracts with Exporter's suppliers (and sub-suppliers) of timber with category FSC 100% should provide the following Supplier's obligations:

- 1) Supply timber with category "FSC 100%" and confirm this category by FSC claims in payment or shipment documents which are accompany party of timber products.
- 2) Adopt and submit to the Exporter before start of supplies the "**Declaration of FSC certified supplier about origin of timber products with category FSC 100%**" in the form given in Annex 3. Require compliance with Declaration from sub-suppliers. The declaration must be accompanied by Registers of contracts for supply and agreements for wood harvesting of timber with category FSC 100% in the forms F1 and F2 given in Appendix 2.
- 3) Sign and submit to Exporter new Declaration within no more than 20 days after changing of contracts with subcontractors and/or agreements and forest

declarations by which timber harvesting is carried out.

- 4) Provide, upon Exporter's request, the copy of contracts, specified in the Declaration (confidential information not related to tracing of timber origin can be hidden).
- 5) Provides the rights to Exporter and Importer carry out inspections of information contained in Supplier's Declarations of the origin of timber, with field inspection of forest harvesting areas and production sites.

2.4 Obtaining and control by Exporter information about timber origin with categories FSC Mix Credit and/or FSC Controlled Wood

2.4.1 The contracts with Exporter's suppliers (and sub-suppliers) of timber with categories FSC Mix Credit and/or FSC Controlled Wood should provide the following Supplier's obligations:

- 1) Supply timber with category FSC Mix Credit and/or FSC Controlled Wood and confirm this category by FSC claims in payment or shipment documents which are accompany party of timber products.
- 2) Adopt and submit to the Exporter before start of supplies the "**Declaration of FSC certified supplier about origin of timber products with categories FSC Mix Credit and/or FSC Controlled Wood**" in the form given in Annex 2. Require compliance with Declaration from sub-suppliers. Require compliance with the Declaration from its suppliers (sub-suppliers). The declaration must be accompanied by Registers of contracts for supply and agreements for wood harvesting of timber with categories FSC Mix Credit and/or FSC Controlled Wood in the forms F1 - F3 given in Appendix 2.
- 3) Sign and submit to Exporter new Declaration within no more than 20 days after changing of contracts with subcontractors.
- 4) Provide, upon Exporter's request, the copy of contracts, specified in the Declaration (confidential information not related to tracing of timber origin can be hidden).
- 5) Provides the rights to Exporter and Importer carry out inspections of information contained in Supplier's Declarations of the origin of timber, with field inspection of forest harvesting areas and production sites.

2.4.2 The Supplier of timber with categories FSC Mix Credit and/or FSC Controlled Wood, each year, not later than 1st of February must submit to the Exporter a copy of Acts of Controlled Wood supply inspections, and certification bodies reports, which are

confirm compliance of non-certified sub-suppliers with requirements of standard FSC-STD-40-005 in previous calendar year.

2.4 Obtaining and control by Exporter information about timber origin supplied by non-certified suppliers with Controlled Wood category

2.4.1 The contracts with Exporter's non-certified suppliers (and sub-suppliers) of timber with Controlled Wood category should provide the following Supplier's obligations:

- 1) Adopt and submit to the Exporter before start of supplies the "**Declaration of Controlled Wood Supplier**" in the form given in Annex 4. Require compliance with Declaration from sub-suppliers.
- 2) Sign and submit to Exporter new Declaration within no more than 20 days after changing of contracts with subcontractors.
- 3) Jointly with Declaration submit copies of permissive documents specified in the Declaration (contracts with sub-suppliers, lease agreements for forest lands and current forest Declarations by them, contracts for sales of timber stands), by which the Supplier and sub-suppliers (if any) held supplies and harvesting of timber, delivered under contract.
- 4) Provides the rights to Exporter and Importer carry out inspections of information contained in Supplier's Declarations of the origin of timber, with field inspection of forest harvesting areas and production sites.

3. Risk assessment of placing products from illegally harvested timber on the EU market

3.1 Taking into account that FSC certification system meets the criteria of Article 4 of Regulation (EU) No 607/2012 applicable to risk assessment and risk mitigation procedures, [TIMBER CW](#) adopted the following decisions for risk assessment:

3.2 FSC-certified supply chains. For supply chains of timber with category FSC 100%, FSC Mix Credit and FSC Controlled Wood risk of supplying illegal timber was recognized as low. In this case, all participants of timber supply chain must be FSC certified.

3.3 Supply chains with Controlled Wood. For supply chains with Controlled Wood from forest harvesting sites to the FSC certified buyer, which is controlled the compliance of non-certified sub-suppliers with requirements of standard FSC-STD-40-005 for FSC Controlled Wood, the risk of placing illegal timber products on the market considered as low if successfully implemented additional measures for risk reducing, provided in paragraph 4.

4. Minimizing the risk of placing products produced from illegally harvested timber on the EU market

4.1 Measures to minimise the risk

4.1.1 In case, when Exporter supply FSC certified products, minimization the risk of placing on the market products from illegally harvested timber, for supply chain, provided by the following measures:

- 1) Verification of FSC Chain of Custody Certification - availability of valid FSC certificates, specified in Supplier's Declarations and Registers of supply in FSC database: <http://info.fsc.org/>.
- 2) Inspections by FSC certified buyers their non-certified suppliers (and sub-suppliers) concerning information submitted in Supplier's Declaration and other requirements of the standard FSC-STD-40-005 for Controlled Wood. Random checks of the Controlled Wood supply certified buyers perform independently and with participation of the certification body according to procedures specified in the standard FSC-STD-40-005.
- 3) Annual audits of FSC-certified buyers of Controlled Wood by FSC certification body.
- 4) By provision the rights to Exporter and Importer carry out inspections of information from Supplier's Declarations, with reviewing of the original documents and field inspection of forest harvesting areas and production sites.

4.1.2 The Exporter must provide possibilities' to Importer's representatives at their request:

- 1) To participate the audits of supply chain and random inspections of controlled wood supply under standard FSC-STD-40-005.
- 2) To carry out special inspection of the compliance with this Due Diligence System with reviewing of the documents related to the origin of timber, with field inspection of forest sites of timber harvesting and Exporter's, its suppliers and sub-suppliers production lines.

4.2 Registration of measures results for risk minimization

To confirm the measures for risk minimization the Exporter each calendar year no later than 1st March and by request, must provide to the Importer the following documents:

- 1) Acts of Controlled Wood supply inspections, held by FSC certified Suppliers of Controlled Wood, which are confirm sub-supplier's compliance with Supplier Declarations, with requirements of standard FSC-STD-40-004 and FSC-STD-40-

005, as well as requirements of European Union Timber Regulation (EUTR) No 995/2010, in the form given in Annex 5.

- 2) Copies of FSC certification body annual audit report in relation to FSC certified buyers of Controlled Wood (Confidential information from the reports which are not related to compliance with applicable legislation may be hidden).

On behalf of the **TIMBER CW**:

Position

Signature

Name

Date

**Supplier's Declaration Form on compliance with
requirements of European Union Timber Regulation (EUTR)
No 995/2010**

**DECLARATION
on compliance with European Union Timber Regulation (EUTR) No 995/2010
by Due Diligence Systems (DDS)**

1.

JSC "CHFVK"

 as a supplier
of timber products under the contract No

BEL-11-12

 dated

26.01.2012

hereby confirm, that the party of products specified in the attached document:

Invoice	№ 1373	19.04.2013
<small>document name</small>	<small>document number</small>	<small>issued</small>

in compliance with the requirements applicable by

TIMBER CW	Germany
<small>company's name</small>	<small>country</small>

Due Diligence System (DDS) on compliance with European Union Timber Regulation (EUTR) No 995/2010

2. The timber products are manufactured using wood of the following species:

Spruce - Picea abies
<small>Species names - trade (English) or botanical (Latin)</small>

3. Wood for manufactured products were harvested in the following areas of Russia::

Vologda region
<small>Region name (in English)</small>

On behalf of the Supplier:

Position	Signature	Name	Date
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Annex 2 - Supplier's Declaration Form of FSC certified supplier about origin of timber products with category FSC Mix Credit and/or FSC Controlled Wood (sample)

DECLARATION No **dated**
of FSC certified supplier about origin of timber products with category with category FSC Mix Credit and/or FSC Controlled Wood

as a supplier of timber products under the contract № dated by this Declaration confirms the origin of the forest products used in the manufacture of all transport parties of timber products supplied under the contract from the date of this Declaration.

1. Register of contracts for supply of timber with category FSC 100%

The timber products were delivered by formalized and complying with the legislation of the Russian Federation contracts, listed in the Register of contracts for timber supply (Form F1), - Annex 1 to this Declaration.

2. Register of contracts providing the harvesting of timber with category FSC 100%

Harvesting of timber performed by formalized and complying with the legislation of the Russian Federation lease agreements mentioned in the Register of contracts providing the timber harvesting with category FSC 100%, (Form F2) - Annex 2 to this Declaration.

3. Register of contracts providing the harvesting of Controlled Wood (CW)

The timber supply and harvesting by non-certified suppliers and forest users held by formalize and comply with Russian Federation legislation contracts, which are specified in the Register of contracts for supply and harvesting of Controlled Wood (Form F3) - Annex 3 to this Declaration.

4. FSC certification of forest management and chain of custody

Suppliers of timber specified in the Register - Annex 1 have valid FSC chain of custody certificates that which are provide supply of timber with categories FSC 100%, FSC Mix Credit or FSC Controlled Wood. The forest users specified in the Register - Annex 2, have valid FSC forest management and chain of custody certificates.

FSC certified suppliers, compiled a Register of contracts by Annex 3, control and ensure compliance of their non-certified suppliers and forest users requirements of standard FSC-STD-400-005 for FSC Controlled Wood.

During harvesting, transportation and manufacturing of products supplied under the contract provided low risk of mixing timber, delivered under the contracts specified in Annexes 1-3 with wood from different origins.

On behalf of the Supplier:

Position	Signature	Name	Stamp
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to Declaration of FSC certified supplier about origin of timber products No **3** dated **12.06.2013**

Form F1

Exporter	JSC "CHFMK"
Exporter's Supplier	JSC "Cherepovetsles"

Last updated **30.06.2013**Register of contracts for supply of timber **F1-1**This register has links to the accompanying Registries № **F2-1, F3-1**

Contract number	Buyer FSC certificate code	Supplier FSC certificate code	Details of contract for supply		Products under the contract		Type of transportation for supplied products (Auto, Rail, Watercraft, Raft)	Supplier's type of activity (Purchase, Delivery, Manufacturing, Transshipment Harvesting)	Raw materials purchased or harvested by the Supplier		Information about Contracts for the supply of assortments	
			Number	Date	Name	FSC category			Name	FSC category	Register number	Contract number
1	2	3	4	5	6	7	8	9	10	11	12	13
1	JSC "CHFMK" GFA-COC-001259	JSC "Cherepovetsles" GFA-COC-001259	324	01.02.13	Veneer logs, Birch	FSC 100%	-	Purchase and Sale	Veneer logs, Birch	FSC 100%	2	-
2	JSC "Cherepovetsles" GFA-COC-001259	JSC "Belozersky LPH" GFA-FM/COC- 001346-A	123	01.02.13	Veneer logs, Birch	FSC 100%	Auto	Harvesting	Veneer logs, Birch	FSC 100%	2	1-5
3	JSC "Cherepovetsles" GFA-COC-001259	JSC "Belozerskles" GFA-FM/COC- 001346-B	124	01.02.13	Veneer logs, Birch	FSC 100%	Auto	Harvesting	Veneer logs, Birch	FSC 100%	2	6-11
4	JSC "Cherepovetsles" GFA-COC-001259	JSC "Vashkinsky LPH" GFA-FM/COC- 001346-S	125	01.02.13	Veneer logs, Birch	FSC 100%	Auto	Harvesting	Veneer logs, Birch	FSC 100%	2	12
5	JSC "Cherepovetsles" GFA-COC-001259	JSC "Babaevsky LPH" GFA-FM/COC- 001346-D	127	01.02.13	Veneer logs, Birch	FSC 100%	Auto	Harvesting	Veneer logs, Birch	FSC 100%	2	13-17
...												

to Declaration of FSC certified supplier about origin of timber products No **3** dated **12.06.2013**

Form F2

Exporter	JSC "CHFMK"
Exporter's Supplier	JSC "Cherepovetsles"

Register of contracts providing the harvesting of timber with category FSC 100% **Φ2-1**Last updated **30.06.2013**This register has links to the accompanying Registries № **Φ1-1**

Contract number (and chain of contracts)	Information about the contracts for assortment's supply		Forest User (Lessee) FSC certificate code	Forest management state authority (Lessor)	Details of the lease agreement		Forest sites of harvesting - Forestry	Wood species Total volume of wood permitted for harvesting under the contract, thousand m ³ (marketable)						
	Register number	Contract number			Number	Date		Conifers		Softwood		Hardwood		Volume Total
								Species	Volume	Species	Volume	Species	Volume	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1	F1-1	2	ОАО "Belozerskij LPH" GFA-FM/COC-001346-A	DLK Vologodskoj obl.	02-02-16/239-2008	27.08.08	Belozerskoe	Pine Spruce	51,74 40,65	Birch Aspen	125,6 41,85	-	-	259,8
2	F1-1	2	ОАО "Belozerskij LPH" GFA-FM/COC-001346-A	DLK Vologodskoj obl.	02-02-16/236-2008	20.08.08	Belozerskoe	Spruce	0,27	Birch	0,77	-	-	1,04
3	F1-1	2	ОАО "Belozerskij LPH" GFA-FM/COC-001346-A	DLK Vologodskoj obl.	02-02-16/235-2008	20.08.08	Borisovo-Sudskoe	Pine Spruce	14,48 13,79	Birch Aspen	28,04 22,14	-	-	78,45
...														

to Declaration of FSC certified supplier about origin of timber products No **1** dated **12.06.2013**

Form F3

Exporter, VAT	JSC "CHFMK"
Exporter's Supplier, VAT	OOO "WOOD", VAT 7712345678

FSC certificate code	GFA-COC-001234
FSC certificate code	GFA-COC-004321

Register of contracts for supply and harvesting of Controlled Wood No **F3-2**

This register contains information about the chain of contracts, starting from the Supplier under the contract number **21** in Register № **F1-1**

Last updated	30.03.2012
Assortment	Veneer logs
Species	Birch
Assortment code	-

Number of contracts with suppliers	Total volume of assortment supplied under the contracts, m ³	Actual volume of delivered assortment, m ³	Number of agreements for forest sites lease and sales of forest stand	Number of permissive documents for timber harvesting	Available volume (species) by permissive documents m ³	Average coefficient of output by assortments	Total output of assortment, m ³	Available output of assortment, m ³	The total volume of removal from shipping points, m ³	Number of field inspection of supply
25	430650	364094	97	98	764055	0,57	435511	71417	39488	14

Contract number	Number of supply chain	Type of contract (Supply, Forest sites lease, Sales of forest stand)	Buyer (FSC certificate code, if available)	Supplier, Subcontractor, or Forest management authority	Contract requisites		Total volume of assortment supplied under the contract, m ³	Actual volume of delivered assortment, m ³	Actual forest declarations requisites		Available volume (species) by permissive documents m ³	Coefficient of output by assortments	Output of assortment, m ³	Wood origin - Point of removals (Forestry, quarter)	The total volume of removal from shipping point, m ³	Information about held field inspection of supply
					Number	Date			Number	Date						
1		Supply	WOOD Ltd	LESTORG Ltd	BF-16	01.02.11	46050	40231								
2		Supply	LESTORG Ltd	EvroDomStroj Ltf	-	01.01.12										
3	1	FS lease	EvroDomStroj Ltd	DLK Vologodskoj obl.	315	25.11.09			-	10.11.12	4 612	0,57	2 629	Судиславское кв 123	1 673	Акт №7 от 2012-05-07
...																

Annex 3 - Supplier's Declaration Form of FSC certified supplier about origin of timber products with category FSC 100%

DECLARATION No **dated**
of FSC certified supplier about origin of timber products with category FSC 100%

as a supplier of timber products under the contract
№ dated by this Declaration confirms the origin of the
forest products used in the manufacture of all transport parties of timber products supplied under the contract
from the date of this Declaration.

1. Register of contracts for supply of timber with category FSC 100%

The timber products were delivered by formalized and complying with the legislation of the Russian Federation contracts, listed in the Register of contracts for timber supply (see Annex 1).

2. Register of contracts providing the harvesting of timber with category FSC 100%

Harvesting of timber performed by formalized and complying with the legislation of the Russian Federation lease agreements mentioned in the Register of contracts providing the timber harvesting with category FSC 100% (see Annex 2).

3. FSC certification of forest management and chain of custody

The Buyers and Suppliers of timber, specified in the Register by Appendix 1 have valid FSC chain of custody certificates and supply timber with category FSC 100%.

Forest management on forest sites specified in the Register by Appendix 2 are FSC certified.

During harvesting, transportation and manufacturing of products, supplied under the contract, mixing of timber with category FSC 100% and timber with different origin not available.

On behalf of the Supplier:

Position

Signature

Name

Stamp

Annex 4 - Supplier's Declaration Form about timber origin and compliance with requirements of standard FSC-STD-40-005 for Controlled Wood

Supplier Declaration No **OT**
about timber origin and compliance with requirements of standard FSC-STD-40-005 for Controlled Wood

as Suppliers under contract

№ dated confirm the origin of timber for all transport parties supplied since date of this Declaration.

1. Timber origin

The wood is harvested in the following districts and forest areas:

Region of Russia	District	Forestry

2. Contract for timber supply and harvesting

Timber was harvested in accordance with the following officially documented (contract for supply - if the sub-suppliers, the lease agreements with forest declarations or contract for sale of forest stands)

Number of supply chain of contracts	Contract type, parties, number and date of registration. Information about current forest declarations for lease agreements
1	JSC "CHFMK" -
2	JSC "CHFMK" -
...	JSC "CHFMK" -
Total number of lease agreements	
Total number of contracts for forest stand sales	
Total amount of contracts (lease agreements and forest stand sales)	

Note: Each chain of contracts must end by lease agreement or contract for forest stand sales. Contracts with subcontractors can be submitted without the confidential information about prices.

Copies above mentioned documents are attached.

Timber harvesting held in compliance with the requirements of these documents.

3. Compliance with Controlled Wood requirements

The Supplier ensure that the supplied wood meets the Controlled Wood requirements set in the standard FSC-STD-40-005, which is to say, in harvesting regions and areas and during harvesting activities conditions listed in section 3.1 - 3.5 are fulfilled.

3.1. Wood supplied is not illegally harvested

The Supplier ensure that:

- timber harvesting held in accordance with permissive documents specified in paragraph 2,
- all prescribed taxes and fees for timber harvesting are paid on time,
- were no supply of timber with unknown origin.

3.2. No violations of traditional and civil rights during timber harvesting

Do not found large unsettled disputes concerning the rights of long-term ownership or use, involving indigenous people living on this territory or in which a large number of interests affected. In case of any dispute with the local population Supplier undertakes to solve them with local authorities.

3.3. Timber harvesting are not conducted in forest areas where high conservation values are threatened during use

Forest area on which conducted timber harvesting:

- is not a part of or does not include intact forest landscapes
- does not contain elements of high conservation value that are not protected by national or local regulations.

Supplier refrain from timber harvesting till clarifying issue, if there is no confidence in the absence of high conservation value allocated in areas for harvesting.

3.4. During timber harvesting does not violate any of fundamental conventions of the International Labour Organization (ILO) appointed in ILO Declaration on Fundamental Principles and Rights at Work.

4. Compliance with requirements for Controlled Wood requirements by subcontractors

Поставщик обязуется предъявлять требования к контролируемой древесине, указанные выше (в п.1-3) к своим субпоставщикам.

Supplier is obliged to implement compliance with requirements for Controlled Wood referred above (in item 1-3) by own suppliers.

Supplier:

Position	Signature	Name	Stamp
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Buyer

Verification act for Controlled Wood supply No _____ dated _____

1. Verifiable chain of contracts and forest area of timber harvest

Reason for inspection (scheduled/non-scheduled - reason):
Supplier , number and date of contract for timber supply, assortment, species, volume of timber provided by contract and the actual volume delivered at the date of inspection: ----- -----
Subcontractors: Buyer - Supplier, number and date of contract for timber supply between them: ----- -----
The document for harvest Forest User - Forest management authority, contract type, number, date of actual Forest declaration, available volume of assortment by species: ----- -----
Forest site chosen for verification - Forestry, quarter, , logging site, available volume by species (for assortment): ----- -----
Inspected warehouses and production lines: ----- -----

2. Participants of inspection (organization, position, Name and Surname)

From Operator:
From Exporter:
From Supplier:
From Subcontractor:
From Forest user:

3. Participants and results of stakeholders' survey

From forestry: -----
From local administration: -----
From non-governmental organizations: -----
From Forest users' employee: ----- -----
From local population: ----- -----

4. Checklist for certain categories for Controlled Wood supply

Indicator	Yes/No
Category 1: Legality of timber	
1.1. Does the supplied volume of timber under the contract with Supplier correlate with potential yield of assortment according to permissive documents? Comments:.....	
1.2. Does the production facilities of supply chain participants correlate with volume of supplied assortment? Comments:.....	
1.3. Does the documents for timber harvest and Technological map of logging site comply with legislation?? Comments:.....	
1.4. Are all of requirements of contract for timber harvest and requirements of Technological map of logging site are fulfilled? Comments:.....	
1.5. Are commercial and transport documents for transported timber properly issued? Comments:.....	
1.6. Is risk of mixing Controlled Wood with timber with unknown origin along all of supply chains (in harvest, transportation and storage) low? Comments:.....	
1.7. Have no arrears on payments under the contract for harvest and taxes from Forest user? Confirmation:.....	
Category 2: Traditional and civil rights of employees	
2.1. Does the compensation of employees performed on time and in full? Confirmation:.....	
2.2. Are conflicts of Forest users' employees concerning to uniting in the trade unions, conclusion of employment contracts and collective labour agreements missing? Confirmation:.....	
2.3. Does the salary of forest user' employees corresponds to the average for industry? Confirmation:.....	
2.4. Are major conflicts with local and the indigenous population in relation to forest management missing? Comments:.....	
2.5. Have cases of use by forest user forced or child labour been reported? Comments:.....	
2.6. Are violations of rights of local population to pick berries and mushrooms, hunting and fishing missing? Comments:.....	
Category 3: The high conservation values threatened by forest management activities	
3.1. Does timber harvesting forest areas not belong to Protected Areas (PAs) or Intact Forest Landscape (IFL)? Confirmation:.....	
3.2. Are any protection forests or specially protected forest areas allocated on timber harvesting forest areas?	

Annex 6 - The basic special terms and comments

Taking into account purposes of this Due Diligence System and specifics of Russian Federation legislation, in describing of system and its Annexes the following special terms were used:

1 The key participants in chain of custody of timber

1.1 Territorial entity of Forest management authority (in region, republic or territory) of Russian Federation - State authorities which are authorized to perform specific functions, given in the Forest Code of the Russian Federation, on the management of forests under the state ownership in the Territorial entity of Russian Federation. Forest management is realized in accordance with Forest Plan of the Territorial entity of Russian Federation.

1.2 Forestry - state organization, subordinate to the Territorial entity of Forest management authority of Russian Federation, which is performing specific forests management function on a particular part of territory of Russian Federation - Forestry's territory. The location of forest area (logging sites) on areas is provided by belonging to Forestry's territory and by specific quarter inside of it. Forest management activities are performed in accordance with Forestry's regulations.

1.3 Forest user - legal entity or individual entrepreneur, which holds timber harvesting under the agreement, concluded with Territorial entity of Forest management authority of Russian Federation. It is not required to receive any special licenses or permits for timber harvest in Russian Federation.

1.4 Buyer and Supplier - legal entities or individual entrepreneurs, which are parties of the contract for supply of timber or timber products. In Russian Federation where are no any legal requirements to issue special licenses or permits, concerning sale, export, purchase, processing or transportation of timber and timber products. For performing of these activities, legal entity or individual entrepreneur should have state registration certificate and state tax authority certificate.

1.5 Subsupplier - legal entity or individual entrepreneur, which supplies products to Supplier in the supply chain.

1.6 Exporter - legal entity or individual entrepreneur, which is Supplier under the contract for supply timber or timber products for export.

1.7 Importer - legal entity or individual person, which is the Buyer of timber or timber products from the Exporter. In EUTR No 995/2010 terminology Importer mentioned as Operator.

1.8 Timber products supply chain on Russian Federation territory - path by which timber or timber products follows from harvesting to export.

1.9 Participants of supply chain of timber or timber products in Russian Federation - sequence of owners Owner (state), Forest user, Subsupplier, Supplier, Exporter) which are transfer

ownership of timber or timber products to each other in accordance with agreements/contracts concluded between them.

1.10 Chain of contracts for supply timber products on Russian Federation territory - the sequence of contracts for supply timber or timber products. For purposes of timber supply traceability within this DDS, chain begins with the contract between the Supplier and Exporter and ends with agreement between Territorial forest management authority and Forest user. Chain can consist of single contract, if the Exporter is Forest user. In the supply chain, which consists of several contracts, intermediate parties (Suppliers, Subsuppliers) represented as a Buyers under one contract and as a Suppliers on the next contract of supply chain.

2 Major documents regulating timber harvesting

2.1 Forest lands lease agreement - Main type of agreements, stipulated by Russian Federation Forest Code, according to which timber harvesting is performed. Under the terms of this agreement the Lessor (on behalf of the state) is the Territorial entity of Forest management authority and the Leaser is Forest user. The lease agreements duration are 10 - 49 years. In order to use leased forest area Leaser should to develop a Forest development project, which must pass the state examination.

3 Documents provided by Due Diligence System

3.1 Supplier's Declaration on compliance with European Union Timber Regulation No 995/2010 - document which accompanies each transport party of timber products and used by Customs and other regulatory authorities in the country of destination, as well as an official confirmation to Importer of Exporter's compliance with Due Diligence System. In order to simplify in Declaration instead of description of products items, given a reference to the accompanying invoice for party of products, and in his absence - to other accompanying document. Additionally, the Declaration provides information about tree species of used in manufacturing of timber products and regions of Russia, in which timber harvesting was held.

3.2 Declaration of FSC certified supplier about the origin of timber with category FSC 100% - official document in which FSC certified Supplier of timber products provides to Exporter information about all chains of contracts, forest areas of timber harvesting, volumes of timber permitted for harvest with separation by assortments and species. Submission of this information and supplying of FSC certificated products with category FSC 100% ensure the compliance with requirements for legality of used timber according to EU Timber Regulation No 995/2010.

3.3 FSC certification body Report - document which is contains the results of annual audit by certification body (third party) of compliance with requirements of FSC certification by Exporter, certified and non-certified Suppliers, including compliance with applicable laws for legality of used timber according to EU Timber Regulation No 995/2010.