

From: Наталия Трушевская [REDACTED]
Sent: 14 June 2021 21:31
To: Tom Elliott [REDACTED]
Сс: Алексей Савулиди [REDACTED]
Subject: No 168 to 14.06.2021 Information in our upcoming report pertaining to your organisation

Dear Mr. Sam Lawson,

We are sending you a reply to your letter dated June 7, 2021

Best regards, Nataliia Trushevskaiia
«FOREST CERTIFICATION» LLC, Director
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Ref. No. 168 dated June 14, 2021

**Director Earthsight
Sam lawson**

Dear Sam!

Forest Certification LLC received a letter from the environmental non-profit organization Earthsight from various sources with information on the results of their research, including the clients of Forest Certification LLC and their suppliers. Forest Certification LLC is puzzled by the questions raised in the letter and considers it necessary to comment.

The letter from Earthsight refers to the company Vilis LLC, which until November 2020 was an FSC certificate holder. The scope of certification included 5 leased forest areas. Since September 2020, in accordance with agreements on the transfer of all rights and obligations under lease agreements, the rights and obligations under three lease agreements have been transferred to Kalinov Most LLC. Another lease agreement was transferred to Kalinov Most LLC from RusSibLes LLC in December 2020.

In November 2020, the FSC certificate was transferred from Vilis LLC to Kalinov Most LLC with a decrease in the certification scope. The scope of certification was reduced due to the fact that at the time of the audit, the transfer of rights and obligations under only one lease agreement was completed.

In April 2021, Kalinov Most LLC was issued a PEFC certificate. Three of the four leased forest areas were included in the scope of the PEFC certificate. The auditors were provided with a written explanation why the fourth forest area was not included in the scope of certification, the company intended to sell it to third parties.

Vilis LLC and Kalinov Most LLC really belong to Yevgeny Bakurov. The letter from Earthsight indicates that the auditors did not take into account the violations identified in other companies owned by Yevgeny Bakurov. As part of the audits, auditors should identify and assess forest areas for which the certification applicant or certificate holder is responsible to varying degrees. Vilis LLC and Kalinov most LLC were not in any way responsible for the forest areas of other companies. One legal entity cannot be held liable for another legal entity just because they are owned by one owner.

All audits of these companies were carried out in accordance with the applicable requirements of the relevant voluntary forest certification scheme. As part of the audits, the auditors performed a mandatory analysis of permits and a survey of stakeholders (in 2017 and 2018, consultations were held, including with representatives of the NP "Transparent World" (<http://www.transparentworld.ru/>), providing information support to environmental organizations using GIS technologies, space images and the Internet.

In addition, as part of the FSC control audits, the auditors visited sanitary felling sites. In particular, sanitary fellings were visited in 2017 and 2019. In 2017, sanitary felling was visited in lease agreements No. 91-1 / 9 of 01/13/2009 and No. 7-09 of January 16, 2009, in 2019, sanitary fellings were visited in lease agreements No. 91-1 / 9 dated 13.01.2009, No. 7-09 dated 16.01.2009 and No. 8 dated 09.09.2008. A survey of stakeholders, analysis of documents and field inspection did not reveal any cases of violation of legislation in the appointment and implementation of sanitary cuttings.

All fellings, including sanitary ones, were designed based on forest inventory materials, forest inventory materials were put into effect by the Acts of the Ministry of Forestry of the Irkutsk Region, entered into forestry regulations, the state forest register (GLR) and the forest plan of the Irkutsk region, on the basis of which forest development projects were developed that carried out the state expertise.

In addition, it should be noted that the requirements of certification systems themselves prescribe the assessment of the viability of sanitary felling according to permits. The auditor takes as a basis a risk-oriented approach to assess the correctness of the appointment of sanitary felling, primarily by analyzing the documents submitted, information in the public domain and consultations with stakeholders.

In practice, this means that if there is a projected and agreed sanitary felling in the leased forest areas of the company, the certification system does not require specialized forest pathological measures at the level of a specific felling.

In a number of cases with sanitary felling in the lease of Vilis LLC we requested additional information, which is reflected in the full version of the reports on the results of forest management audits. The publicly available summary records do not contain this information in the certification system database.

It is also worth noting that from 2015 to 2020, the same auditor has never been appointed to audits of Vilis LLC for two years in a row. And also, in 2017, the auditor of Forest Certification LLC was appointed as the lead auditor, whose work experience as a forest pathologist is 4 years. In 2015, this leading auditor defended his Ph.D. thesis on the topic "Forest pathological monitoring in protective forests ..." (copies of supporting documents are available in Forest Certification LLC).

Forest Certification LLC has no reason to question the qualifications of its auditors. At the time of the appointment of sanitary cuttings, the legislation allowed the appointment of sanitary cuttings based on the results of the forest inventory. It was common practice to enter into additional agreements to lease agreements. Additional agreements were concluded with many tenants and not only in terms of the purpose of sanitary felling.

The fact that the additional agreements were declared illegal by the court decision only confirms the fact of violation when concluding these additional agreements by the Ministry of Forestry of the Irkutsk Region. The cancellation of additional agreements to lease agreements does not in any way indicate that these plantings did not need sanitary and recreational measures and these measures were assigned illegally.

If Vilis LLC or Evgeny Bakurov personally had anything to do with the illegal appointment of sanitary felling, then, firstly, the law enforcement agencies would initiate appropriate criminal proceedings against the relevant individuals and legal entities, and secondly, the Ministry of Forestry of the Irkutsk Region would terminate lease agreements with this tenant.

On the territory of the Russian Federation today, such a practice has developed that forest management authorities often interpret the requirements of the legislation at their own discretion. At the same time, tenants are forced to work according to the requirements that are imposed on them.

Subsequently, after a long time, as a rule, based on the results of prosecutor's inspections, it suddenly turns out that the practice that has developed in the subject does not fully comply with the current legislation. This is also facilitated by the high degree of bureaucratization of the forestry system in Russia, which has a large number of regulatory legal acts that directly or indirectly contradict each other.

Unfortunately, such situations, when for a long time everything has been normal, and then, after the fact, it suddenly turns out that there are serious violations of the law, take place.

Forest Certification LLC always applies a risk-based approach in assessing clients for the applicable requirements of certification systems. Not all those who go for certification receive these certificates. Speaking about the companies mentioned in the EarthSight report, it should be noted that the companies Vertical-B LLC and Dipforest LLC, having passed the main assessments of FSC forest management in March 2018, did not receive FSC certificates.

We are ready to provide clarifying information, and also invite EarthSight specialists to take part in the subsequent assessments of these companies as an interested party.

Yours faithfully,
Director of Forest Certification LLC



Trushevskaya N. A.