



To the Director General of Arkhangelsk Pulp and Paper Mill

Mr. Zylyov D.I.

Dear Dmitry Igorevich!

In response to your concerns about negative communications in media about Arkhangelsk pulp and paper mill, Sawmill 25 and the Group of companies "Titan" in relation to logging and use of wood from intact forest landscapes (IFL) I would to provide our statement. All three of the above companies are holders of FSC certificates in the chain of custody and controlled wood and forest enterprises included in GC "Titan" are the holders of certificate for forest management. Throughout the period of ownership certificate of the above, the company adhered to the principles of responsible forest management and compliance with environmental, social and economic requirements of Russian national FSC standard in their forest management. This is confirmed by the open audit findings on the basis of an annual surveillance.

Titan group is a supplier of raw materials to the sawmill 25 in Arkhangelsk pulp and paper mill, has a valid FSC certificate the chain of custody and controlled wood (NC-COC-014137, NC-CW-014137). The requirements of current Russian standards of forest management scheme the Forest stewardship Council (FSC STD RUS v6-1-2012), one of the developers which is the Greenpeace of Russia, there are plans to identify and manage high conservation value forests, which includes intact forest landscapes (IFL). The standard foresee the approval procedure of management in virgin forest areas, including the delineation of zones of strict protection and restriction of economic activity in the other parts of IFL's in lease of the FSC CH with stakeholders, including environmental organizations. The approval procedure is to determine the most valuable parts of IFL, which are subject to conservation and to identify those parts of the IFL, where it is appropriate to provide some economic activities, taking into account requirements for conservation of biodiversity. The result of negotiation is the signing of agreements on the conservation of IFL, signed by the certificate holder FSC and stakeholders. According to information available to us, such agreements were signed by a representative of the Group of companies "Titan" and a representative of Greenpeace Russia and WWF. Moratoria agreements are publicly available on the Internet (<http://hcvf.ru/moratorium>). These agreements provide partial protection of the array of MLT in the rental of the group Titan (including within the boundaries of the projected reserve in the Dvina - Pinega interfluve). Thus, the use of a Group of companies Titan of the timber from MLT lawful because it complies with the requirement of the FSC standard, approved by leading environmental organizations, including Greenpeace and WWF.

In the whole of the Arkhangelsk region in the framework of management agreements MLT there are more than 357.000 ha of the most valuable parts of IFL (about 240 thousand hectares in "Titan" leased forests), accounting for 27% of the total area of IFL, are leased by FSC certified companies.

According to available information, Greenpeace currently calls for a total rejection of the use of IFL by FSC certified companies. This requirement looks attractively from the environmental point of view, but the implementation in practice may undermine the current consensus on the



management of IFL's between representatives of the environmental, economic and local social organizations, which is the basis of sustainable forest management.

According to our information in the Arkhangelsk region the Global forest watch identified 8.8 million hectares of IFLs, of which at 3.14 million hectares are in lease, of which 1.33 million hectares in lease by FSC certified companies. Thus the management risks to IFL's are present to 3.14 million hectares of IFL's, of which 58% of the IFL's do not belong to FSC certified lease and not protected, even partially, from economic use.

Also in the Arkhangelsk region there is a growth of forest area for other less demanding forest certification systems that do not ensure protection of IFL's. Currently, about 1.5 million hectares are certified by such schemes, and another 650 thousand hectares are in the process of certification. Unfortunately, under the criticism Greenpeace is addressed mainly to those companies that are certified in the FSC scheme and provide better protection part of IFL's, but do not address companies certified by other certification systems, or conducting non-certified forest management, using wood from IFL's. This creates a significant risk of leaving the transparent and credible consumers certification scheme to other schemes; and creating the risk for protection of high conservation value forests, resulting in a sharp increase in logging of these valuable forests.

We support the idea of environmental organizations on the better conservation of high conservation value forests, and in particular IFL's. However, the implementation of this approach should be based on increasing long-term market attractiveness of FSC products, the economic incentives of forest users, preserving IFL's - through markets based mechanisms of ecosystem services.

The creation of the reserve in the Dvina - Pinega interfluve will allow us to save the unique virgin forest territory, while the borders of that territory should be determined through a constructive dialogue between the Executive authorities of the Arkhangelsk region, business and NGOs. We are informed that the Group of companies "Titan", Arkhangelsk pulp and paper mill and sawmill 25 supports the process of making the official status of the reserve and encourage all stakeholders to determine the boundaries of the reserve at the negotiating table. We call for use of non-discriminatory measures either from the ecological organization and government agencies.

We encourage all stakeholders to act in an open and constructive manner.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Andrei Ptichnikov', written in a cursive style.

Andrei Ptichnikov,
FSC Russia Director