



LegalSource™ Audit Report for JSC Ilim Group Koryazhma Branch

Assessment 2020

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Organisation Contact

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A. Introduction

The purpose of this report is to document conformance with the requirements of the LegalSource standard by JSC Ilim Group Koryazhma Branch hereafter referred to as "Organisation". The report presents findings of LegalSource auditors, who have evaluated the Organisation's systems and performance against the applicable requirements. The sections below provide the audit conclusions and follow-up actions required by the Organisation.

Dispute resolution: If stakeholders have concerns or comments about the LegalSource standard or the auditing body, they are encouraged to contact their closest NEPCon regional office. Formal concerns and complaints should be sent in writing.

B. Scope

The LegalSource audit, report and certificate covers the following scope:

Report Type	
Report type:	Confidential

Organisation Details	
Primary contact:	Iraida Shabanova, Head of management systems and certification department
Address:	42 Dybtsina street, Koryazhma, Arkhangelsk region, 191025, Russia
Tel/Web/Email:	Tel.: +7(921)246-15-69 https://www.ilimgroup.ru/ iraida.shabanova@krm.ilimgroup.ru
Jurisdiction of primary legal entity:	Russian Federation
Primary Activity	Primary Manufacturer
Description of Organisation:	The organization is the largest pulp and paper producer in Russia. The head office is located in Saint Petersburg and production branches are in Koryazhma, Bratsk and Ust-Ilimsk. Only the Head Office and the Koryazhma branch are included in the scope.

Certificate Scope	
Certificate Type	<input type="checkbox"/> Single site certificate <input checked="" type="checkbox"/> Group/ Multi-site certificate
Standards Evaluated:	<input checked="" type="checkbox"/> LegalSource Standard (LS-02) v2 <input checked="" type="checkbox"/> NEPCon Generic Chain of Custody Standard (NC-STD-01) <input type="checkbox"/> NEPCon Generic Group & Multi-Site Standard (NC-STD-02)
Product scope:	Product types: Pulp, Paper and Cardboard. Full list of product species: Pinus sylvestris, Picea abies, Betula pubescens, Betula pendula, Populus tremula.

	Origin: Russia
Changes to certificate scope since last audit:	Not applicable
Certificate Sites or Group members	
<input type="checkbox"/> In place of below table, details are found in Exhibit	
Site 1:	
Site name:	JSC Ilim Group, Head Office in Saint Petersburg
Site Address/ Tel/Web/Email:	17 Marata street, Saint Petersburg, 191025, Russia Tel.: +7(812)718-54-02 https://www.ilimgroup.ru/ ilya.verveyko@ilimgroup.ru
Site Activity:	Administration activities
Product Scope:	Same as in Certificate Scope table above. Pulp and paper of Chapters 47 and 48 of the Combined Nomenclature, with the exception of bamboo-based and recovered (waste and scrap) products.
Site visited during audit:	<input checked="" type="checkbox"/>
Site 2	
Site name:	JSC Ilim Group, Koryazhma branch
Site Address/ Tel/Web/Email:	42 Dybtsyna street, Koryazhma, Arkhangelsk region, 165651, Russia Tel.: +7(921)246-15-69 https://www.ilimgroup.ru/o-gruppe-ilim/filialy/koryazma/ iraida.shabanova@krm.ilimgroup.ru
Site Activity:	Primary Manufacturer
Product Scope	Same as in Certificate Scope table above. Pulp and paper of Chapters 47 and 48 of the Combined Nomenclature, with the exception of bamboo-based and recovered (waste and scrap) products.
Site visited during audit:	<input checked="" type="checkbox"/>

Evaluation Process	
Audit team:	Mikhail Rai NEPCon Auditor. He successfully completed the LegalSource lead auditor training course and has participated in a number of LegalSource risk assessments in Russia.

	<p>Nikolai Tochilov NEPCon International Senior Auditor (Witness Auditor). He successfully completed the LegalSource lead auditor training course and has participated in a number of LegalSource risk assessments in Russia.</p> <p>Roman Verin NEPCon Auditor. He successfully completed the NEPCon Chain of Custody and Forest Management lead auditor training course and has participated in a number of different types of assessments in Russia.</p>
Description of Audit Process:	<p>Assessment started with the opening meeting with responsible staff at Koryazhma branch.</p> <p>During the working week (11-13 November 2019) auditors reviewed the documents and systems developed and implemented by the Organisation, conducted staff interviews and participated in field inspection of controlled material supplier (12 November 2018).</p> <p>On 4 and 20 December 2019 auditors reviewed the documents and systems developed at Organisation's head office in Saint Petersburg</p> <p>The final meeting was held at Organisation's head office in Saint Petersburg on 20 December 2019.</p>
Actions taken by Organisation prior to report finalisation:	Not applicable
Notes for the next audit:	During the assessment suppliers of both types of feedstock (roundwood and wood chips) and all supply chain types have been evaluated. It is recommended that the next audit focusses on the non-certified wood chips supply chains.

C. Audit Findings

Audit Conclusion:	
Organisation approved: Minor non-conformance(s) issued	<input checked="" type="checkbox"/>
Organisation not approved:	<input type="checkbox"/>
Additional comments:	

Non-Conformances

Non-conformance reports (NCRs) describe the non-conformances identified during audits. NCRs include defined timelines for the Organisation to demonstrate conformance. MAJOR non-conformances issued during assessments/reassessments shall be closed prior to issuance of the certificate. MAJOR non-conformances issued during annual audits shall be closed within the timeline specified in the NCR, or result in certificate suspension. Where applicable, all non-conformances against standard requirements are shown below:

Non-Conformance #:	01/19	
Non-Conformance Grading:	MAJOR <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
Standard & Requirement:	LegalSource Standard (LS-02) v2, Requirement 6.3 The Organisation shall ensure that all information listed under requirement 6.1 of this standard is kept up to date. 6.3.1 The Organisation shall ensure that suppliers notify the Organisation of changes to supply chains prior to these changes being made.	
Description of Non-conformance:		
<p>Field inspection showed that not all the suppliers notify the Organisation of changes to supply chains prior to these changes being made. The Organisation has concluded the supplementary agreement dated 01.07.2019 with one of the suppliers (REDACTED FROM PUBLIC SUMMARY), to purchase wood chips. The supplier has declared all the supply chains they had at the moment of the supplementary agreement had been signed. Later in September of 2019 during scheduled verifications of the suppliers the Organisation has identified that REDACTED FROM PUBLIC SUMMARY has 2 more supply chains, but the supplier has not provided the information about these supply chains prior to changes been made. Thus, the procedures the Organisation implements related to the notification of changes in the supplier's supply chains are not sufficient.</p> <p>Since the Organisation has identified this case during scheduled verifications, and at the moment of the assessment necessary control measures have been implemented, the NEPCon team consider the non-conformity as minor.</p>		
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.	
Timeline for Conformance:	12 months from report finalisation date (21.01.2021)	

Evidence Provided by Organisation:	PENDING
Findings for Evaluation of Evidence:	PENDING
NCR Status:	OPEN
Comments (optional):	

Observations

Observations (Obs) are issued for the early stages of a problem which does not in and of itself constitute a non-conformance, but which the auditor considers may lead to a future non-conformance if not addressed by the Organisation or where general improvements may be made. Where applicable, all observations are shown below:

Observation #:	01/19
Standard & Requirement:	<p>LegalSource Standard (LS-02) v2, Requirement 6.3</p> <p>The Organisation shall ensure that all information listed under requirement 6.1 of this standard is kept up to date.</p> <p>6.3.1 The Organisation shall ensure that suppliers notify the Organisation of changes to supply chains prior to these changes being made.</p>
Description of Observation:	
<p>The Organisation controls the permitted volume of input feedstock using forest declarations. For each forest declaration, the permitted volume equals a sum of volumes of particular species for each harvesting area listed in the forest declaration. Nevertheless, according to the interview with the suppliers and the Organisation's representatives, the supplier could also supply roundwood from declared harvesting areas to different customers other than Ilim. Therefore, cases when the supplier has permits to supply roundwood but actually, all roundwood had been sold, are possible. The Organisation's procedures do not include a requirement for the supplier to notify the Organisation when the declared volume of roundwood has sold</p> <p>Since no cases of supplying from not declared harvesting areas have been identified, the NEPCon team made an observation.</p> <p>The Organisation should ensure that suppliers notify the Organisation of changes to supply chains prior to these changes being made.</p>	

D. Closed Non-Conformances

Closed Non-Conformances

This section indicates where the Organisation has adequately addressed non-conformances issued during or since the last audit.

Any non-conformances which cannot be closed remain open and appear in Section C (above). Failure to comply with a minor non-conformance results in the NCR being upgraded to major; the specified follow-up action is required by the Organisation or involuntary suspension will take place.

Not applicable