

APPROVED by
General Meeting of Founders
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STANDARDS AND PRINCIPLES OF ENTREPRENEURIAL ACTIVITY
Association of producers of solid fuel from wood waste and wood working industries
“Russian Pellet Union”

Moscow
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1. GENERAL TERMS

1.1. The present standards and principles of entrepreneurial activity (hereinafter referred to as the Standards and Principles) were developed according to:

- The Federal Law “On self-regulating organizations”;
- The Forestry Code of the Russian Federation;
- The Civil Code of the Russian Federation;
- The National standards of the Russian Federation: GOST R 55119-2012, GOST R 55552-2013, GOST R 55566-2013, GOST R 55549-2013, GOST R 55133-2012, GOST R 55127-2012, GOST R 55869-2013, GOST R 54232-2010, GOST R 54233-2010, GOST R 55120-2012, GOST R 55128-2012, GOST R 54235-2010, GOST R 54230-2010, GOST R 54229-2010, GOST R 54226-2010, GOST R 54225-2010, GOST R 55123-2012, GOST R 55122-2012, GOST R 55121-2012, GOST R 54227-2010, GOST R 54234-2010, GOST R 54236-2010, GOST R 54231-2010, GOST R 54228-2010, GOST R 54223-2010, GOST R 54224-2010, GOST R 55132-2012, GOST R 55130-2012, GOST R 55118-2012, GOST R 55131-2012, GOST R 55129-2012, GOST R 55097-2012, GOST R ISO 51379-99, GOST R 54097-2010, GOST R 54098-2010, GOST R 51750-2001, GOST R 53691-2009, GOST R 55099-2012, GOST R 56828.18-2017, GOST R 56828.26-2017;
- the internal documents of Association;

and are applied to the activity of the members of the Association of producers of solid fuel from wood waste and wood working industries “Russian Pellet Union” (hereinafter referred to as the Association).

1.2. The main tasks of the present Standards and Principles are:

- prohibition of business activity of the members of the Association detriment to the other subjects of entrepreneurial activity;
- ensuring compliance of the requirements preventing the unfair competition, commitment of actions that do the moral harm or damage to the consumers of the products produced by the members of the Association and other entities and also damage business reputation of the members of the Association or the business reputation of the Association itself.
- ensuring of the proper moral level of entrepreneurial activity by the players market of solid fuel from wood waste and wood working industries.

1.3. The present Standards and Principles shall be observed by all the members of the Association. In the cases established by the internal documents of the Association the non-observance of the Standards and Principles is a ground for disciplinary actions.

1.4. Business ethics of the members of the Association is a system of ethic (moral) norms declared by the Association, that:

- are the customary rules of conduct when conducting the entrepreneurial activity and good business practices;
- rely upon the ideas of reputation, due diligence, justice and common sense existing in the society;
- function in the sphere of relations regulated and non-regulated by the legal norms.

2. STANDARDS OF ENTREPRENEURIAL ACTIVITY

General principles

2.1. The system of management and control of the Association in the form of the independent bodies with a divided competence was formed by the Members of the Association to improve the quality of the products according to the requirements of the national and international legislation, international mechanisms counteracting the penetration of the wood products of illegal and

unknown origin to the markets (Rules of European Union on wood, US Revised Lacey Act, Law of illegal forest harvesting in Australia)

- 2.2. Association does not recognize corruption in any of its form or kind. The striving of the Association for the anticorruption way is expressed in the development and observance of the rules of business ethics by the Members of the Association to avoid the conflict of interests.
- 2.3. The Association regulates the guarantees and proper fulfilment of the contractual obligations.

Observance of employees' right

- 2.4. The employees of the members of the organization have a comprehensive protection of their rights.
- 2.5. The members of the organization have a safety system that corresponds to the requirements of the current legislation regulating the issues of health and safety of the employees.
- 2.6. When hiring foreigners or stateless people when manufacturing the products the member of the Association shall observe the obligatory requirements of the migration legislation of the Russian Federation.

Quality of products

- 2.7. The quality control of the products supplied to the market is one of the priority issues in the activity of the Association. The constant quality control in combination with other works directed to the improvement of the quality management system that is ready to the new challenges of the market forms the environment capable to satisfy the requirements in the area of quality of a new time.
- 2.8. The Members of the Association provide the developed quality management system and correspondence of the manufactured products to the requirements of the national and international legislation including, but not exclusively those specified in the cl.1.1 of the present Standards and Principles.
- 2.9. The Members of the Association refuses from the delivery of products the quality of which is quite possibly will not satisfy the quality requirements specified in the sales contract for the premium as well as for industrial pellets.
- 2.10. The Members of the Association has a developed protocol of claims that regulates the profound consideration of the claims and reports on them.

Rational use of natural resources

- 2.11. The Association sets the task to increase the capabilities of the rational use of natural resources, application of the resource-saving and energy-saving technologies, decrease of the negative impact on environment, reduction of the amount of waste by increasing the level of its recycling, search of the new ways of transformation into the by-products and mastering of non-waste technologies.
- 2.12. The voluntary international certification of products is one of the efficient tools of achievement of ecological sustainability. The Members of the Association consider the possibility and utility of certification of quality and/or sustainability of their products.

Assessment of risks and internal audits

- 2.13. The internal audit is carried out in the Association according to the internal documents of the Association. The objective of the internal audit is to assess the possible risks for the normal functioning of the organization, to establish the ways to reduce the revealed risks as well as to increase of the profitability of the business processes of the Members of the Association.
- 2.14. According to the internal documents the Association carries out the audits regularly to analyze the quality management system for:

- correspondence to the planned events, to the requirements of the Standards and Principles, to the requirements of the quality management system developed by the organization;
 - Result of introduction and efficiency of implementation.
- 2.15. The Association develops a plan of events directed to the improvement of the quality management system of the manufactured products. The Members of the Association report about the carried out events.
- 2.16. During the process of development of the quality management systems and introduction of the new branch rules the Association provides the informational support to its Members including as well clarifications on application of the acts that came into force.

Openness of information

- 2.17. The Members of the Association accept the policy of openness and due diligence. Non-confidential information of its Members is placed for public access on the site of the Association.

3. RULES OF BUSINESS ETHICS

- 3.1. A Member of the Association shall act honestly and reasonably in the interests of the market players of solid fuel from wood waste and wood working industries, observe objectivity and unprejudice in regard to all participants of the specified market.
- 3.2. A Member of the Association shall promote the strengthening of trust to the institution of the market players of solid fuel from wood waste and wood working industries in the society and their activity.
- 3.3. Exercise of the rights and obligations by the members of the Association shall not be accompanied by infringing of the rights and legal interests of the state, society and other individuals.
- 3.4. A Member of the Association shall not use the illegal forms of competition and allow the distribution of the unreliable information personally or through the third parties.
- 3.5. A Member of the Association shall provide the carrying out of the entrepreneurial activity engaging the individuals possessing the professional skills and knowledge required for the manufacture of products of the proper quality.
- 3.6. A Member of the Association shall take care about maintaining its business reputation as well as the reputation of the Association, it shall not commit actions directed to making harm to the business reputation of the Association and its Members.
- 3.7. A Member of the Association shall keep the confidentiality of the data protected by the law that it became aware of due to its entrepreneurial activity.
- 3.8. In the course of its entrepreneurial activity a Member of the Association shall be guided by the following main principles of the business ethics:
- to be guided by the real sense of the laws and other statutory and regulatory enactments, to avoid interpretations,
 - do not to use the formal procedures for achievement of goals that are not compatible with business ethics,
 - do not make a wrongful impact on the resolutions of the governing bodies and local authorities to achieve any objectives,
 - In the conflict situation to achieve the settlement of the disputes by negotiations, use the mechanisms of out-of-court settlement.
- 3.9. Act (action or inactivity), that contradicts to the main principles of entrepreneurial activity and business ethics are subjected to blaming from the Members of the Association, and in some cases it leads to the other consequences regardless the fact that such act was mentioned un the present Standards and Principles as non-ethic.

- 3.10. A Member of the Association shall constantly improve the professional level of its employees promoting by this the increase of the level of the Association in general and creation of the reliable attitude to all the Members of the Association in the market.
- 3.11. A Member of the Association shall be attentive and promote the support of the respect to the entrepreneurial activity of all market players including those that are not the members of the Association.
- 3.12. A Member of the Association shall diminish or resolve the conflict of interests of the other members of the Association, bodies of the Association by any means available.
- 3.13. When conducting its entrepreneurial activity a Member of the Association shall inform the authorized bodies of the Association in a written form about the available, possible in the future material or non-material incentive in regard to the Association or the members of the Association that can influence the management of the Association.
- 3.14. A Member of the Association shall observe the interests of the Association, first in regard to the objectives of its activity and shall not use the opportunities related to the conducting of entrepreneurial activity or other activity, or allow the use of such opportunities for objectives that contradict to those specified in the documents of the Association.
- 3.15. A Member of the Association shall shows the due care when conducting entrepreneurial activity, shall not allow the actions causing the arising of additional or other risks for the Association and its members in comparison with the normal risks for their activity.
- 3.16. A Member of the Association shall use only such methods of obtaining, use, processing, storage and protection of information that exclude completely the possibility of arising of moral damage and/or property harm to the third parties.

4. RELATIONS BETWEEN MEMBERS OF ASSOCIATION

- 4.1. Relations between the members of the Association shall be based upon the trust, mutual respect and sense of moral responsibility for conducting the entrepreneurial activity.
- 4.2. A Member of the Association shall be friendly to the other members of the Association, avoid the unfair criticism of their activity and other actions that make harm to the business reputation of the members of the Association.
- 4.3. When disputes or disagreements arise between the members of the Association they shall strive to settle them in the course of negotiations or by submission for arbitration of the authorized body of the Association.
- 4.4. The distribution of the information about the activity of the Association, its members is allowed if the disclosed information corresponds to the truth and is not confidential, its disclosure does not contradict to the interests of the Association and its members.
- 4.5. A Member of the Association has no right to use the confidential information that it possesses for its profit or profit of the third parties.
- 4.6. The members of Association shall refrain from initiating and sending the claims and complaints on the actions of the other members of the Association to the judicial bodies, government bodies and local authorities and shall not become the representatives of the entities sending such claims and complaints. All claims and complaints on the actions of the members of the Association shall be preliminary sent to the management bodies of the Association.
- 4.7. A Member of the Association shall provide the possible assistance and support to the other members of the Association during their entrepreneurial activity.

5. RELATIONS OF MEMBERS OF ASSOCIATION WITH ASSOCIATION

- 5.1. The members of the Association shall promote by its activity to the growth of authority and the further development of the Association, support the business relations with the members of the Association.

- 5.2. A Member of the Association shall produce the information to the Association upon its request about its entrepreneurial activity in the form of reports and according to the procedure and periodicity that are established by the internal documents of the Association as well as the information requested by the Association for checking the entrepreneurial activity, consideration of claims and complaints.
- 5.3. A Member of the Association performs the legal requirements and prescriptions of the Association that can be issued within the frameworks of the powers of the Association.
- 5.4. A Member of the Association shall pay membership fees in the order and in terms established by the internal documents of the Association. A Member of Association bears responsibility specified by the internal documents of the Association for non-payment of the membership fees in due time and in the due amount.
- 5.5. Withdrawal from the members of the Association is performed after completing all disciplinary proceedings and other procedures on consideration of the activity of the member of the Association who placed the application for withdrawal, performed according to the internal documents of the Association, including after consideration of the complains submitted for this member.
- 5.6. In case of circumstances causing the non-correspondence of the Member of the Association to the terms of membership of the Association, during 3 days since the arising of such non-correspondence or revealing of the circumstances that can lead the arising of the non-correspondence to the terms of membership of the Association the entity is obliged to inform the Association about it.
- 5.7. A Member of the Association shall participate in the activity of the Association, assist on the management of the activity of the Association.

6. ENSURING PERFORMANCE OF PRESENT STANDARDS AND PRINCIPLES

- 6.1. Observance of the present Standards and Principles is provided by the members of the Association and its internal bodies. In the cases established by the internal documents of the Association the violation of the norms specified in the present Standards and Principles is a ground for bringing to the disciplinary responsibility.
- 6.2. The cases of violation of the present Standards and Principles by the members of the Association are considered in the order established by the internal documents of the Association.