

# Stakeholder Engagement Plan

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*HS BELACON*

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# 1. INTRODUCTION

## 1.1. Background

This document is a Stakeholder Engagement Plan (SEP) for HS Belacon activities in Belarus. This document identifies relevant stakeholders and defines communication channels to be introduced in Belarus.

The SEP provides an overview of national legislation, the European Bank for Reconstruction and Development (EBRD) Environment and Social Policy (ESP) 2014, the EBRD Performance Requirement 10: Information Disclosure and Stakeholder Engagement, European Union (EU) directives and international best practice related to information disclosure. It outlines the general approach to stakeholder engagement and public consultation.

The SEP is rather **a framework of commitment to meaningful stakeholder interaction** than a concrete action plan. The mentioned consultation and communication measures in the programme are possible means of interactions. This plan is a live document, being reviewed periodically during HS Belacon operations in Belarus. It will be updated as necessary in line with new or changed activities, changes in regulations or newly identified stakeholders.

Specific objectives of the SEP are detailed below.

## 1.2. Objective of the Plan

This SEP is a public document, which sets out HS Belacon's commitments relating to planned stakeholder engagement, consultation and disclosure activities in connection with the proposed EBRD investment.

HS Belacon in Belarus is the HS Timber Group substituent company which will directly receive the loan under the HS Timber Group. Currently, the majority of HS Timber Group's production sites are in Romania, operated by HS Timber Productions SRL and HS Baco Panels SRL. Separate Stakeholder Engagement Plans have been developed for HS Timber Groups activities in both Romania and Belarus.

This document presents the stakeholder engagement activities to be carried out in Belarus by HS Belacon, with support from the management company, HS Timber Group GmbH<sup>1</sup>. The public will be able to access and review this SEP (in Russian and English) at the HS Belacon head office<sup>2</sup> in Svisloch, as well as on the HS Timber Group website<sup>3</sup>.

The goal of this SEP is to clearly set out how stakeholder engagement will be carried out by HS Belacon in Belarus and how long-term relationships between the company and the concerned public, including local communities, will be maintained. This SEP also aims to inform, improve and facilitate decision-making that involves affected people and other interested stakeholders in an inclusive and timely manner, and to ensure that these groups are provided with sufficient opportunity to voice their opinions about HS Belacon operations in Belarus.

The SEP briefly describes the public consultation carried out to date and defines activities that will be implemented by HS Belacon to inform stakeholders about the nature and the potential impacts associated with their activities.

The SEP contains a stakeholder identification table where relevant stakeholders are identified with the most appropriate communication channels and strategies, information disclosure requirements and grievance processes that are in place. If there are stakeholders who are not included in the SEP, they can get in touch with the contacts provided below in Svisloch and Vienna to receive information and be added to the stakeholder engagement programme in this SEP.

Specific objectives of the SEP are detailed below:

- Define HS Belacon construction and operation activities in Belarus;
- Identify, map and assess affected parties and other interested stakeholders, and how they may be affected by or interested in HS Belacon activities in Belarus;
- Set out stakeholder analysis undertaken to understand stakeholders, so that appropriate methods and tools to engage them can be developed;
- Provide an action plan for consultation that allows for meaningful stakeholder input;
- Ensure stakeholders have adequate access to information on HS Belacon activities in a timely manner;
- Ensure information disclosed to stakeholders can be understood and locations for consultation are accessible to all who want to attend;
- Ensure that any vulnerable groups are identified and consulted;
- Establish clear mechanisms for answering stakeholders' questions, concerns and grievances; and
- Adequately document formal consultation and information disclosure activities, defining the stakeholder tracking and records management system.

<sup>1</sup> This arrangement is referred to in this document as "HS Timber Group in Belarus"

<sup>2</sup> Grodno region, Svisloch district, Svisloch village council, BLDG. 32, r. 6

<sup>3</sup> <https://hs.at/en/index.html>

### 1.3. Scope of the Plan

This SEP covers HS Belacon's operations in Belarus, including any contractor or supplier activities. The Plan comprises the following sections:

- Chapter 2 – HS Belacon Background
- Chapter 3 – Consultation and Disclosure
- Chapter 4 – Stakeholder Identification
- Chapter 5 – Stakeholder Engagement Programme
- Chapter 6 – Reporting and Grievance Mechanism

## 2. HS BELACON BACKGROUND

The HS Timber Group was founded in Austria as a family-owned company over 400 years ago. Today the Group is organised by a holding company, HS Timber Group GmbH, based in Vienna. Employing around 4,000 people, the Group and its subsidiaries primarily operate in the timber industry but are also involved in lumber trading and bioenergy production and supplier for the solar industry. Their products that are manufactured in six production sites in Romania and Germany, with a sawmill about to begin construction in Belarus, and are exported to more than 70 countries worldwide. Their primary offices are located in Vienna and Bucharest.

### 2.1. Project Description

The European Bank for Reconstruction and Development (EBRD) is providing finance to HS Timber Group's company in Belarus, HS Belacon OOO. The Loan will be partly used to finance construction of a greenfield sawmill ("the Project") in Svisloch, Grodno Region, approximately 200km south-west of Minsk and 15km east of the Polish border.

Svisloch district specialises in agricultural production, such as production of milk, meat, grain, potatoes, sugar beet and vegetables. The main reserve in the increase of gross output of the agro-industrial complex is cattle breeding.

The site is located in Precinct 12 of the "Grodnoinvest" Free Economic Zone in a designated industrial area. The location is presented in Figures 2-1 to 2-3 below. The site is currently greenfield, with no known prior use, other than for agriculture.

Figure 2-1 – HS Belacon sawmill location in Svisloch, Grodno Region, Belarus







Logs will arrive by rail from sources in Belarus, via a siding from the mainline railway and will be unloaded in the western part of the site. A radiation scanner will be used to prevent acceptance of wood from risk areas.

On the site, the logs will be sorted, de-barked, sawn into timber, sorted by quality/size, dried, planed and stored. Finished timber will be dispatched by rail to diverse markets (including in the EU). As well as these dry shavings will be collected in a silo on-site and pressed into pellets. By-products like sawdust and woodchips will be sold for further processing and manufacturing.

The following buildings, structures and operations are proposed to facilitate the above production process:

- Security checkpoint
- Truck & rail weighbridges, including radiation monitoring
- Log sorting line
- Debarking building and log sorting cabin located in the western part of the site
- Dry sorting building
- Saw-building
- Frame tent sheds for pellet production and packaging / storage of finished products
- Log yard
- Single storey administrative building and an adjacent amenities block containing changing rooms, wash areas and toilets. These will be located in the northern part of the site
- Boiler house comprising two bark fired 10 MW boilers, located in the western part of the site and discharging to a single combined flue
- Two continuous drying tunnels, powered by the boilers
- Fuel storage for the boiler room
- Silo for storage of by-products
- Conveyor line for by-products
- Fuel station for diesel
- Transformer substations (x 5)
- Water intake facilities – water will be supplied from two groundwater wells.
- Fire pump station and water tank
- Sewage treatment plant
- Storm sewer treatment facilities, with an oil separator and a pond for percolation and evaporation
- Vehicle wash area
- 10 T and 20 T cranes
- Areas for storing unbarked logs
- Solid waste storage area
- Car & truck parking areas
- Recreation area

The complex will have a capacity of 500,000 m<sup>3</sup> of logs per year and is anticipated to generate the following products each year:

- sawn timber – 275,500 m<sup>3</sup> per year;
- wood pellets – 8,506 tons per year;
- by-products (bark) – 17,000 tons per year
- by-products (wood chips and saw dust) – 100,000 dry tons per year.

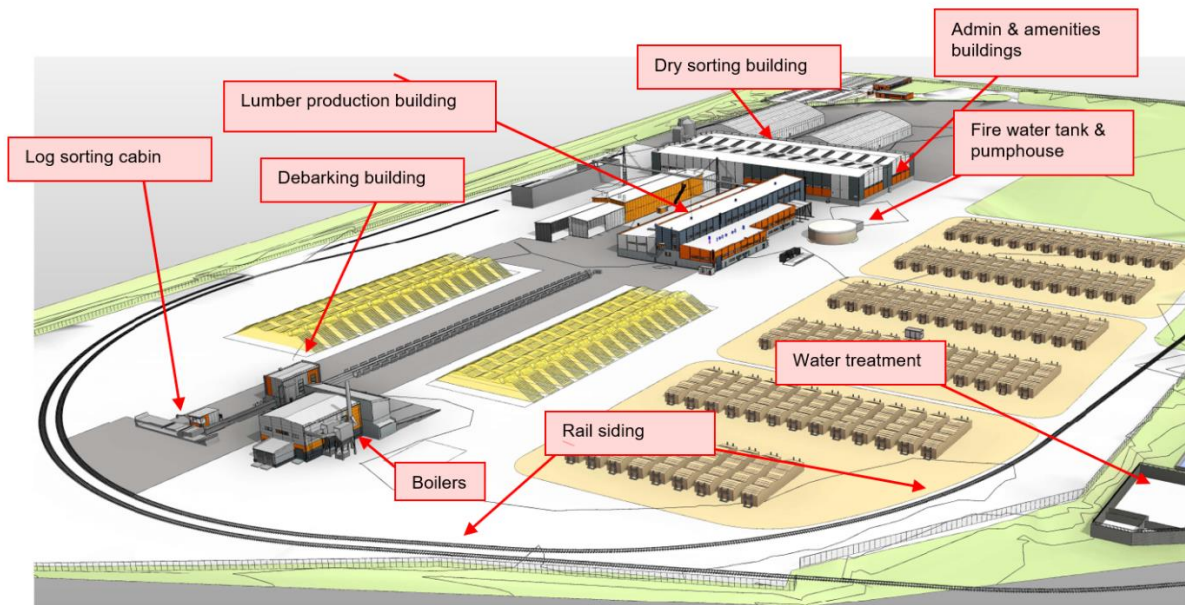
The facility is proposed to operate 260 days per year with 2 x 8-hour shifts, and administrative, technical, engineering functions in a single 8-hour shift. The boiler and the drying and maintenance operation as well as the security staff is proposed to operate 356 days per year. 246 people are anticipated to be employed by the plant. The figures are assumptions that might differ from practical implementation, which is more dependent on capacity utilisation.

The development will also include construction of a railway siding for receipt and dispatch of logs and timber. HS Timber Group reported that approximately 4.5 km of track would be constructed, but site plans indicate that most of this is within the curtilage of the sawmill site. An external connection to the existing public rail line, located adjacent to the site boundary will also be constructed, with some modification of the existing track and a shunting area. An electricity connection to the grid will also be constructed, via underground cable.

A schematic layout for the Project is presented in Figure 2-4 below.



Figure 2-4 – Schematic Layout of Project Site



An Environmental Impact Assessment (EIA), which covers all activities on the Project was conducted for the development in accordance with the requirements of the Legislation of the Republic of Belarus. According to the developed EIA report, the State Environmental Expertise has been passed and a positive conclusion of the Environmental Expertise obtained<sup>4</sup>.

The State Expert Conclusion Report indicates that design aspects of the facility have been completed in line with Belarus Technical Codes for the relevant components.

The EIA identifies that construction of the railway track will involve removal of 17 trees (14 deciduous, 1 fruit & 2 coniferous) and that disturbance of agricultural grassland will be undertaken during construction. The Conclusions of Ecological Expertise states that topsoil excavated during construction must be either reused for landscaping on site, or taken to enterprises for soil reception. Otherwise, no significant impacts are indicated.

The EIA identified no protected zones of objects of historical and cultural heritage at the Project location or within 1 km of the site boundary.

Further information on this site, as well as HS Timber Productions facilities in Romania, can be found on the HS Timber Group website<sup>5</sup>.

<sup>4</sup> Law of the Republic of Belarus No. 399-Z of July 18, 2016. "On State Environmental Expertise, Strategic Environmental Assessment and Environmental Impact Assessment" <https://www.pravo.by/document/?guid=3961&p0=H11600399>

<sup>5</sup> Available here: <https://hs.at/en/company/production-sites.html>



### 3. CONSULTATION AND DISCLOSURE

#### 3.1. National Legislative Requirements

HS Timber Group recognises that their corporate decision-making and operations are relevant to the concerns of various interest groups. These include their customers, employees, and business partners, as well as NGOs and the regions in which their production sites are located which supply them with renewable wood.

Belarus is a signatory of Aarhus Convention of 1998 and therefore disclosure of information to public is embedded in the national legislation. Public participation is mandatory during the Belarusian Environmental Impact Assessment (EIA or OVOS) process. HS Timber Group in Belarus was following this national legislation to ensure open and ongoing dialogue with their stakeholders during the OVOS process, which has already been completed.

National legislation demands consultation with local communities through information disclosure and public discussions. Further, any stakeholder complaints need to be conveyed to the competent authorities as ruled by a number of codes (such as the Forestry Code of the Republic of Belarus). Public discussions may be held in relation to:

- Design of environmentally significant decisions, such as:
  - Concepts, programmes, plans and schemes which trigger environmental impact and/or are connected to use of natural resources and/or alteration of them;
  - Regulatory legal act design; and
  - Decisions of issuing a permission to remove and/or replant vegetation.
- Strategic environmental assessment; and
- Environmental Impact Assessment (EIA or OVOS) reports

##### 3.1.1. Requirements for this Project

Overall, the requirements for EIA public discussions for this Project involve the following and were respected accordingly in the process:

- Notification on public discussions containing:
  - Information on a project proponent;
  - Justification and description of the planned economic activity;
  - Information on a decision made by a relevant authority in relation to the project;
  - Information on a planned location of the project;
  - Timeframes of a project;
  - Timeframes of public discussions to be held;
  - Information on the venue where EIA report is made available;
  - Information on a local executive and regulatory authority in charge of public discussions' arrangements;
  - Timeframes and procedure of an application to arrange EIA public discussions; and
  - Date and venue of the notification.
- Distribution of an EIA report among relevant authorities/company offices and on the websites of these authorities/companies;
- Ensuring that all interested parties have an opportunity to place their comments, concerns and propositions to an EIA report during the whole period of public discussions;
- In the event that a public assembly application is submitted by citizens or organisations to relevant authorities 10 days after the start of public discussions, this assembly must be appointed 25 days after the start date of public discussions and not later than their end date;
- In case the assembly is called, its procedure will include the following:
  - Register the participants;
  - Report made by of the project representative (oral and/or in a format of presentation);
  - Design organisation report (presentation format);
  - Participants' questions, comments and propositions (oral and written) and answers to them (if the questions cannot be answered immediately, the answers must be provided to relevant address or e-mail within 10 days after the date of the assembly);
  - Speeches made by citizens and organisations' representatives;
  - Assembly's log to be finalised within 5 days after the assembly.
- Public discussions' protocol to be finalized within 10 days after their end date and signed by the members of the commission of preparation and conduction of public discussions.

### 3.2. EBRD Requirements

The Project will adhere to EBRD Environmental and Social Policy (ESP) 2014<sup>6</sup> and the EBRD Performance Requirements (PRs)<sup>7</sup>. The EBRD PR 7 (Indigenous Peoples) and PR 9 (Financial Intermediaries) are not applicable for this Project. The main PR associated with Stakeholder Consultation and Information Disclosure is PR 10. The key pertinent requirements of this PR are presented in the Table below:

**Table 3-1 – EBRD PR 10 Requirements**

<ul style="list-style-type: none"> <li>■ Identify the various individuals or groups i) who are affected or likely to be affected by the Project; or may have an interest in the Project.</li> <li>■ Identify individuals and groups that may be differentially or disproportionately affected by the Project because of their disadvantaged or vulnerable status. The Project may need to use different methods of engagement due to differing issues such as age, gender and ethnicity.</li> <li>■ Disclose relevant Project information to affected stakeholders; information needs to be accessible and culturally appropriate.</li> <li>■ Conduct a meaningful consultation with affected parties; ensure that the consultation is inclusive, culturally appropriate and conducted in the local language.</li> <li>■ Establish an effective grievance mechanism, process or procedure to receive and facilitate resolution of stakeholders' concerns and grievances.</li> </ul>
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### 3.3. Stakeholder Consultation Gap Analysis

The table below contains an overview of the legal requirements of Belarus for stakeholder engagement, relevant to this Project, compared with EBRD PR 10 requirements:

EBRD PR 10 Requirements	Belarus National Requirements
<b>Stakeholder Identification</b>	
Identify people or communities that are or could be affected by the project, as well as other interested parties. Tailor stakeholder engagement to the needs of any disadvantaged or vulnerable groups as they may be disproportionately affected by planned activities due to their disadvantaged status.	Stakeholder identification is required in line with Aarhus convention during the discussion of planned state programmes or other legal document initiated by a governmental body according to the Resolution of Council of Ministers of the Republic of Belarus of 14.06.2016 #458. The same document, however, does not indicate this as a requirement for EIA reports discussion. During EIA public discussions the document refers to stakeholders as 'citizens and/or organisations. No special attention to vulnerable or disadvantaged groups is drawn.
<b>Engagement Timeframes</b>	
Maintain a constructive relationship with stakeholders on an ongoing basis through meaningful engagement during project implementation. Begin consultations early in the environmental and social appraisal process.	Public discussions of national EIAs shall be not less than 30 days after the EIA is made publicly available (according to Resolution of Council of Ministers of the Republic of Belarus of 14.06.2016 #458). Start/end dates of public discussions are indicated in the notification of public discussions. The timeframes for public discussions of issuing the permissions follow the order approved by the Council of Ministers of the Republic of Belarus.
<b>Information Disclosure Procedure</b>	
Ensure that such stakeholders are appropriately engaged on environmental and social issues that could potentially affect them through a process of information disclosure and meaningful consultation. Throughout the life of the project provide ongoing information to identified stakeholders, commensurate to the nature of the project and its associated environmental and social impacts, and the level of public interest. Disclose a non-technical summary in the Belarusian and Russian languages and in accessible and culturally appropriate manner.	Resolution of Council of Ministers of the Republic of Belarus of 14.06.2016 #458 indicates that notification of public discussions in relation to EIA is made available in printed media and on the official website of the proponent of the public discussions no later than the start date of the public discussions. The discussions' proponents shall ensure free access to, inter alia, the following documents: <ul style="list-style-type: none"> <li>• Notifications of the public discussion(s);</li> <li>• EIA report(s);</li> <li>• Results of the public discussions (protocols of the assemblies held, protocols of the public discussions, log</li> </ul>

<sup>6</sup> <https://www.ebrd.com/news/publications/policies/environmental-and-social-policy-esp.html>

<sup>7</sup> <https://www.ebrd.com/who-we-are/our-values/environmental-and-social-policy/performance-requirements.html>

EBRD PR 10 Requirements	Belarus National Requirements
Publish regular reports to external stakeholders on company's environmental and social performance.	<p>of public feedback messages including all the comments and</p> <ul style="list-style-type: none"> <li>• propositions made by citizens and organisations);</li> <li>• Decisions adopted;</li> <li>• Information on the cancellation of the decisions adopted;</li> <li>• Information on the public ecological expertise to be held if applicable; and</li> <li>• Other relevant information</li> </ul> <p>All information listed above and received during the public discussions is kept by the public discussions' proponent in hard copy and/or electronically. This information shall be freely accessed by the public. No information on continuous information disclosure is provided.</p>
<b>Manner of Engagement Process</b>	
Stakeholder engagement will be free of manipulation, interference, coercion, and intimidation, and conducted on the basis of understandable and accessible information, in a culturally appropriate format.	Forestry Code of the Republic of Belarus indicates that citizens have a right to participate in decision-making process related to use, reproduction and protection of forests via referenda or other direct democratic means.
<b>Stakeholder Engagement Plan</b>	
Stakeholders should be able to provide comments and recommendations on the draft Stakeholder Engagement Plan.	No Stakeholder Engagement Plan development is required.
<b>Grievance Mechanism</b>	
Establish a grievance mechanism, inform the affected communities and ensure that the mechanism addresses concerns promptly and transparently, in a culturally appropriate manner, and is readily accessible to all stakeholders.	Submission of Grievances is possible during the public consultation processes

### 3.4. Existing Stakeholder Engagement and Community Awareness Programmes

No continued or extensive engagement activities have thus far been carried out in Belarus. The only public disclosure about the sawmill thus far has been connected to the publishing of the Environmental Impact Assessment. The period for public discussions on the EIA report was held from 08/05/2020 to 07/06/2020. The notice of public discussions on the EIA Report was published in the regional newspaper Svislatskaya gazeta No. 35 on 08/05/2020, as well as on the website of Svisloch District Executive Committee.

No comments on the EIA report were received within the allotted period of public discussions. Overall, no proposals or comments on the EIA report were received. Public discussions of the EIA report on the facility are recognised as being officially held and now closed.

In Romania, HS Timber Group operates a Stakeholder Engagement Protocol. In this protocol, they list the following engagement activities for Romanian operations:

- **"Open doors" policy for NGOs**
- **Direct stakeholder consultations**, including public consultations, direct correspondence and regular meetings, as well as targeted discussions with NGOs, relevant market participants, municipalities and authorities and other interested stakeholders.
- **HS Timber Group newsletter**
- Participation to **Romanian NGO / Industry Roundtable**

### 3.5. Existing Corporate Social Responsibility Initiatives

As well as these current engagement activities, HS Timber Group possess a Corporate Social Responsibility (CSR) Strategy which outlines their commitment to community development. The CSR Strategy presents their commitment to sustainable forestry and their sponsoring of projects in local communities to improve their access to adequate social, education and healthcare services. In 2010-2020, HS Timber Group's sponsorships in Romania amounted to approximately €10.8 million. The CSR Strategy is based on three pillars: Social, Environmental and Forward-looking:

- **Social** – HS Timber Group supports projects and initiatives in the communities and regions where it operates, bringing improvements in community services. They work in kindergartens, schools, housing for disadvantaged people, facilities for the poor and elderly, emergency services, healthcare, public buildings as well as community events.

- **Environmental** – HS Timber Group supports and develops projects and initiatives that contribute to sustainable forest management (including forest certification), wood traceability, reforestation and protection of biodiversity-rich areas.
- **Forward-looking** – HS Timber Group supports education, research, development and innovation in forestry and the wood industry by means of scholarships (at universities and technical schools), endowment of laboratories, projects and events.

Currently, the HS Timber Group's CSR Strategy is focussed on their activities in Romania. No activities are currently ongoing in Belarus. The following initiatives are currently being implemented by HS Timber Group subsidiaries in Romania:

1. **Tomorrow's Forest:** In 2017, HS Timber Group started Tomorrow's Forest afforestation programme in Romania. The aim is planting one million seedlings during a period of five years. This program was developed together with stakeholders like the AAP (Asociația Administratorilor de Păduri) and the University of Suceava. The Tomorrow's Forest Foundation, established in 2019 with strategic support from the HS Timber Group, has the mission of contributing to the protection and responsible management of the forests and the development of sustainable forestry in Romania. In the beginning, Tomorrow's Forest was HS Timber Group's commitment to support the regeneration of the forest fund on degraded land owned by private owners. The scope of Tomorrow's Forest has now enlarged, with the support of HS Timber Group stakeholders.

Tomorrow's Forest afforestation programme planted over 600,000 seedlings in the past three years – a 60% completion of the programme. To date, with HS Timber Group sponsorship, 146 hectares in total were covered by the project. In 2020, despite the lockdown imposed by the COVID-19 pandemic, 13 new projects in six counties were carried out, representing a total of 57.6 hectares.

In December 2020, with support of HS Timber Productions SRL the Tomorrow's Forest Foundation has set up a funding programme for the implementation of social and environmental projects promoting the responsible development of forests and forest-based communities in Romania in December 2020. The programme will prioritise social support for deprived communities, restoration activities in Romanian forests, appropriate waste management systems for clean-up of forests contaminated with litter, environmental and biodiversity maintenance and, dialogue platforms to promote stakeholder discussion on forest related topics.

2. **'Together!'-Initiative:** In 2020, HS Timber Group launched the 'Together!'-Initiative to make a direct contribution and support the actions of local organisations in the fight against COVID-19. In order to stop the spread of COVID-19, HS Timber Group supported the local communities where it operates with PPE (e.g. anti-chemical suits, goggles, visors, disposable gowns, single use footwear, antibiogram sticks, un-powdered nitrile gloves and protection masks), contactless thermometers, disinfectant, sanitary alcohol, molecular biology labs and centrifuges needed for COVID-19 test processing.

## 4. STAKEHOLDER IDENTIFICATION

HS Timber Group operates a Stakeholder Engagement Protocol, published in December 2019 and updated in January 2021. As a major player in the international wood market, the HS Timber Group maintains a broad network of stakeholders and service providers, and are in regular contact with their customers, suppliers and business partners, authorities, NGOs and representatives of interest groups, and their own employees.

The table below provides an overview of the key stakeholders identified. The purpose of this stakeholder identification is to prioritise stakeholders for consultation. Stakeholder identification is an ongoing process, and thus key stakeholders will continue to be identified by HS Belacon in Belarus. As a result of the stakeholder mapping, stakeholders are categorised into two main categories:

- a) Primary stakeholders - individuals and groups who are affected directly by HS Belacon activities in Belarus; and
- b) Secondary stakeholders - those parties which have influence on, but are not necessarily directly impacted by HS Belacon activities in Belarus, and those indirectly impacted by the Company.

The key stakeholders identified are presented in Table 4-1.

**Table 4-1 – Identified Key Stakeholders**

### Primary Stakeholders

<b>Internal Shareholder – Operating Company</b>
HS Belacon OOO (BE) - Sawmill in Svisloch - Client of EBRD and Loan Recipient. Constituent company of HS Timber Group. Responsible for implementation and operation of HS Timber Group's activities in Belarus.
<b>Internal Shareholder – Management Company</b>
HS Timber Group GmbH - Management company of HS Timber Group, based in Vienna. Company directly influences and impacts operations through the decision-making process and management of substituent companies.
<b>Employees</b>
HS Timber Group employees - Responsible for implementation of Group activities.
<b>Local communities</b>
Communities close to HS Belacon sawmill site in Svisloch, potentially affected by construction and subsequent operations - These communities may be positively (e.g. employment) or negatively (e.g. noise) affected by construction and operation.
<b>Vulnerable Groups</b>
Individuals in local communities who may be more sensitive to construction nuisances, e.g. disabled and elderly persons. These groups could be more significantly affected by this Project than other users and communities.

### Secondary Stakeholders

<b>NGOs</b>
Organisations concerned with nature conservation and sustainable forestry in Belarus. The role of these groups is to - Protect and campaign, plant trees, and restore forests for the benefit of wildlife and people; - Create a platform for planting trees on degraded lands and lands affected by the Chernobyl disaster, fires, storms, epidemics, etc.; - Climate change mitigation via afforestation, reforestation and deforestation avoidance.; - Enhance local and global partnership for sustainable development and environmental protection.; - Promote women's environmental leadership.
<b>Media</b>
Digital and print media reporting on activities of interest to the general public. Writing and publishing of articles and reports on illegal logging and corrupt practises allowing this to occur in Belarus.
<b>General Contractor</b>
TRASKO INVEST Sp. Z O.O.; Construction of the sawmill in Svisloch, Belarus. Obligated to meet local Belarus legislation, as well as the higher Health & Safety standards of HS Timber Group. The Construction Environmental Management Plan (CEMP) will be developed by the General Contractor, with HS Timber Group support, within the first two months of being contracted.



<b>Sub-contractors</b>
Local sub-contractors hired to support the General Contractor in the construction of the sawmill in Svisloch. Specific construction-related tasks and following of the CEMP developed by TRASKO INVEST.
<b>Construction workers</b>
Hired by contractors of this Project to carry out the construction works.
<b>Transporters</b>
Belarusian Railways, the national state-owned railway company of Belarus operating all of the rail transport network in Belarus. Public entity engaged by HS Belacon to transport wood materials to the proposed sawmill and transport products to markets via rail.
<b>Permitting bodies, local governmental agencies, including national auditors</b>
The Ministry of Natural Resources and Environmental Protection of the Republic of Belarus (Minprorody) is the main Ministry regulating environmental protection activities within its powers <sup>8</sup> . The Ministry includes the Committees of Natural Resources and Environmental Protection. For Grodno region it is Grodno Regional Committee of Natural Resources and Environmental Protection <sup>9</sup> . - The Svisloch District Inspectorate of Natural Resources and Environmental Protection within the Regional Committee is tasked with the local inspections of natural resources and environmental protection. The District Inspectorate is guided in its activities by the legislation of the Republic of Belarus and legal acts of the Ministry of Natural Resources and the Committee.
<b>International regulating bodies for sustainable forest management</b>
Forest Stewardship Council ® (FSC) Programme for the Endorsement of Forest Certification™ (PEFC)
<b>Customers</b>
HS Timber Group's products are sold to around 70 countries. Over 70% of customers are based in Europe. However, the distribution by volumes sold is different. Japan in particular is HS Timber Group's key export market. The main customers are distributors and Do-It-Yourself stores. Industrial companies, from the construction and furniture industries represents 37% of HS Timber Group's portfolio.
<b>Universities and Research Institutions</b>
HS Timber Group supports education, research, development and innovation in forestry and the wood industry by means of scholarships, endowment of laboratories, projects and events. The company is a partner of several Romanian educational institutions. Universities and/or research institutions are yet to be engaged in Belarus. A major collaboration has been agreed with the Technical University in Vienna, financing research on extracting lignin from wooden biomass with the target to produce tailor-made bio composite products.
<b>Forest Management</b>
The Ministry of Forestry <sup>10</sup> manages the preservation, protection, logging and reproduction of all forests in Belarus, based on the principles of sustainable forest management and conservation of the biological diversity of forest ecosystems. Ensure protection of forested areas in Belarus and manage the logging of trees across the country. Within the Ministry, there are 189 harvester companies, 256 forwarders, 633 vehicles for transport of assortments, and 1167 load-haul-dump machines and other equipment.
<b>Lender</b>
<b>Lending Organisation - EBRD</b>
This organisation will provide the loan to carry out the Project, alongside certain environmental, social and technical requirements.

#### 4.1. Vulnerable Groups

The stakeholder identification process examined if there are any groups of affected people who might be more vulnerable to current and potential impacts of HS Belacon.

<sup>8</sup> Website of the Ministry of Natural Resources and Environmental Protection of the Republic of Belarus  
[https://minpriroda.gov.by/ru/new\\_url\\_1439334141-ru/](https://minpriroda.gov.by/ru/new_url_1439334141-ru/)

<sup>9</sup> Grodno Committee of Natural Resources and Environmental Protection, located in Grodno, Sovetskaya str., 23. Hotline number (0152) 62-01-60, fax (0152) 62-01-69, E-mail: [oblkomprios@mail.grodno.by](mailto:oblkomprios@mail.grodno.by)

<sup>10</sup> Ministry website available here: <https://www.mlh.by/en/about/>

During the assessments and the preparation of this SEP, it was assessed whether there will be any groups who might be affected by the projects differently due to their gender, age, ethnicity, religion, physical or mental disability or other attributes. Specific measures will be put in place to ensure vulnerable groups are not negatively affected. To ensure that other vulnerable groups are suitably protected, vulnerable groups will be specifically invited to consultation events. If HS Belacon identifies affected vulnerable groups in the future, these groups will then be added to this SEP and appropriate communication methods will be identified.

## 5. STAKEHOLDER ENGAGEMENT PROGRAMME

### 5.1. Disclosure of Information

The types of information disclosed and the specific methods of communication to be undertaken for this project are summarised in the Stakeholder Engagement Programme in Table 5-1. The objectives of external communications are to provide engagement with affected and concerned people, as well as with other relevant stakeholders, informing them about the proposed Project design and construction, ongoing works, performance, development and future implementation.

The SEP is a live document that will be revisited on a regular basis (or when changes are made) and updated (if necessary), to reflect the changes in stakeholder engagement due to project developments, construction progress and new stakeholders. It is important to mention that the programme is rather a framework of commitment than a concrete action plan and will strongly depend on the needs of stakeholders. Over time it will be integrated into the group's stakeholder engagement protocol. The information that is required to be disclosed may change if HS Timber Group's operations and/or area of influence alter. The external and internal communication methods and information for disclosure identified in Table 5-1 are not exclusive and HS Timber Group may choose to disclose more information upon request by stakeholders.

The HS Timber Group Chief Compliance Officer (CCO) is responsible for internal and external communications regarding HS Timber Group operations and will be the main contact point for concerned parties. He will be closely supported by the HS Belacon Assistant Manager for General Issues who will ensure all grievances submitted in Belarus are escalated appropriately.

All related documents and communication related to HS Timber Group's activities will be available in English and Russian.

### 5.2. Stakeholder Engagement Programme

Consultation and engagement activities are required to address current and future stakeholder suggestions, ideas or concerns. In order to receive their full engagement, stakeholders will be able to use several channels (phone, e-mail, and website) for receiving more details about HS Timber Group's operations and/or stating their comments and ideas. Stakeholders will be able to attend consultation meetings and be informed of project activities, contact persons and the established Grievance Redress Mechanism in detail, including channels for receiving information. Minutes will be taken at public consultation meetings and will include a signed attendance register.

Any concern or grievance raised will be collated and logged by the company. Stakeholders can use the grievance boxes to be situated on the Project site, as well as through the HS Belacon offices in Svisloch. These grievances can be submitted anonymously.

All comments received will be reviewed in accordance with the commitments made under best international practice presented within the 'EBRD Requirements' section provided in Section 3. All communications will be reviewed for the feasibility to make changes to satisfy the request and interest and the communicator will be informed of the outcome.

The Stakeholder Engagement Programme is detailed in Table 5-1 below:

**Table 5-1 – Future Stakeholder Engagement Programme**

Stakeholders	Communication Method	Information to be Disclosed	Timeframe
<b>HS Timber Group &amp; HS Belacon</b>	<ul style="list-style-type: none"> <li>▪ Regular internal HS Timber E&amp;S compliance meetings with the Chief Compliance Officer and all local compliance officers.</li> <li>▪ Meetings on an 'as needed' basis, to discuss responses to submitted grievances and upcoming consultation events.</li> <li>▪ At least one meeting with the General contractor to outline the E&amp;S requirements</li> </ul>	<ul style="list-style-type: none"> <li>▪ Updates on the ESAP, SEP AND CEMP implementation if necessary.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Meetings held upon contract signing, and as needed during construction</li> </ul>
<b>Local communities (including local business owners and vulnerable group representation – elderly and disabled persons)</b>	<ul style="list-style-type: none"> <li>▪ Public consultation events</li> <li>▪ Sustainability Reports</li> <li>▪ Newsletter</li> </ul>	<ul style="list-style-type: none"> <li>▪ Due diligence system and E&amp;S Management System.</li> <li>▪ Specific measures put in place to ensure that vulnerable residents and local</li> </ul>	<ul style="list-style-type: none"> <li>▪ Public consultation held as soon as practicable; later on an 'as needed' basis.</li> <li>▪ Meetings between HS Belacon and concerned individuals from local</li> </ul>

Stakeholders	Communication Method	Information to be Disclosed	Timeframe
		<p>communities are not negatively affected.</p> <ul style="list-style-type: none"> <li>▪ Grievance Redress Mechanism</li> <li>▪ Local communities attending consultations will be provided with the GRM contact person's details and site manager details and able to visit the site.</li> <li>▪ Employment and economic opportunities (e.g. accommodation and catering for workers).</li> </ul>	<p>communities on an 'as needed' basis.</p>
<b>Vulnerable Groups</b>	<ul style="list-style-type: none"> <li>▪ Public consultation events and grievance mechanism</li> </ul>	<ul style="list-style-type: none"> <li>▪ Due diligence system, staffing plan and E&amp;S Management System.</li> <li>▪ HS Belacon and contractor commitment to equality and community safety.</li> <li>▪ Grievance Redress Mechanism</li> <li>▪ GRM contact person's details and site manager details.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Public consultation held as soon as practicable; later on an 'as needed' basis.</li> <li>▪ Meetings between HS Belacon and concerned individuals from local communities on an 'as needed' basis.</li> </ul>
<b>NGOs</b>	<ul style="list-style-type: none"> <li>▪ Public consultation events</li> <li>▪ Roundtable events</li> <li>▪ Meetings at site</li> <li>▪ Sustainability Reports</li> <li>▪ Newsletter</li> </ul>	<ul style="list-style-type: none"> <li>▪ Due diligence system and E&amp;S Management System</li> <li>▪ Initiatives to prevent illegal logging and reforestation</li> <li>▪ Grievance Redress Mechanism</li> </ul>	<ul style="list-style-type: none"> <li>▪ Public consultation held as soon as practicable; later on an 'as needed' basis.</li> <li>▪ Roundtable events on an 'as needed' basis</li> <li>▪ Meetings between HS Belacon and concerned NGOs on an 'as needed' basis</li> </ul>
<b>Ministry of Forestry</b>	<ul style="list-style-type: none"> <li>▪ Roundtable events</li> <li>▪ One-to-one meetings</li> <li>▪ Sustainability Reports</li> <li>▪ Newsletter</li> </ul>	<ul style="list-style-type: none"> <li>▪ Due diligence system and E&amp;S Management System</li> <li>▪ Initiatives to prevent illegal logging and reforestation.</li> <li>▪ Grievance Redress Mechanism</li> </ul>	<ul style="list-style-type: none"> <li>▪ Roundtable events on an 'as needed' basis</li> <li>▪ Meetings between HS Belacon and forested/protected area managers on an 'as needed' basis</li> </ul>

Stakeholders	Communication Method	Information to be Disclosed	Timeframe
<b>Construction site workers</b>	<ul style="list-style-type: none"> <li>▪ HS Belacon local management discuss CEMP with contractors leads who will instruct and direct site workers in E&amp;S measures and processes on-the-job.</li> </ul>	<ul style="list-style-type: none"> <li>▪ CEMP – E&amp;S (particularly Health &amp; Safety) measures and process to follow.</li> <li>▪ Code of Conduct</li> </ul>	<ul style="list-style-type: none"> <li>▪ On induction</li> <li>▪ Throughout construction</li> </ul>
<b>Universities and research institutions</b>	<ul style="list-style-type: none"> <li>▪ Sustainable forestry initiatives</li> <li>▪ Sustainability Reports</li> <li>▪ Newsletter</li> </ul>	<ul style="list-style-type: none"> <li>▪ Interest in developing sustainable forestry initiatives in Belarus, alongside research institutions</li> </ul>	<ul style="list-style-type: none"> <li>▪ Throughout construction and operations</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>▪ One-to-one meetings</li> <li>▪ Sustainability Reports</li> <li>▪ Newsletter</li> </ul>	<ul style="list-style-type: none"> <li>▪ Updates on HS Belacon construction in Belarus and operations</li> <li>▪ Due diligence system and E&amp;S Management System.</li> <li>▪ Initiatives to prevent illegal logging and reforestation.</li> <li>▪ Grievance Redress Mechanism</li> </ul>	<ul style="list-style-type: none"> <li>▪ Meetings between HS Belacon and customers on an ‘as needed’ basis</li> </ul>
<b>Transporters</b>	<ul style="list-style-type: none"> <li>▪ One-to-one through procurement</li> <li>▪ Public consultation events</li> <li>▪ Roundtable events</li> </ul>	<ul style="list-style-type: none"> <li>▪ Supplier Code of Conduct</li> <li>▪ Transport Policy</li> <li>▪ Due diligence system</li> <li>▪ Initiatives to prevent illegal logging and reforestation.</li> <li>▪ Grievance Redress Mechanism</li> </ul>	<ul style="list-style-type: none"> <li>▪ When procured</li> <li>▪ Public consultation held as soon as practicable; later on an ‘as needed’ basis.</li> <li>▪ Roundtable events on an ‘as needed’ basis</li> </ul>
<b>Contractors/Suppliers</b>	<ul style="list-style-type: none"> <li>▪ One-to-one through procurement</li> <li>▪ Public consultation events</li> <li>▪ Roundtable events</li> </ul>	<ul style="list-style-type: none"> <li>▪ Supplier Code of Conduct</li> <li>▪ Due diligence system</li> <li>▪ Initiatives to prevent illegal logging and reforestation.</li> <li>▪ Grievance Redress Mechanism</li> </ul>	<ul style="list-style-type: none"> <li>▪ Public consultation held; later on an ‘as needed’ basis.</li> <li>▪ Roundtable events</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>▪ E-mail and interviews (if required)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Due diligence system and E&amp;S Management System.</li> <li>▪ Initiatives to prevent illegal logging and reforestation.</li> <li>▪ Grievance Redress Mechanism</li> </ul>	<ul style="list-style-type: none"> <li>▪ On an ‘as needed’ basis</li> </ul>
<b>International Regulating Bodies – FSC®, PEFC™</b>	<ul style="list-style-type: none"> <li>▪ Audits and inspections and connected meetings</li> </ul>	<ul style="list-style-type: none"> <li>▪ As requested</li> </ul>	<ul style="list-style-type: none"> <li>▪ In-line with the inspection and audit schedules required for each organisation</li> </ul>



Stakeholders	Communication Method	Information to be Disclosed	Timeframe
EBRD	<ul style="list-style-type: none"> <li>▪ Environmental, social and Health &amp; Safety updates.</li> <li>▪ Annual Environmental and Social Reports.</li> <li>▪ Provided through meetings and/or email by the Project Director.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Updates on the ESAP and SEP implementation and overall E&amp;S performance.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Annually and on an 'as needed' basis meetings before construction, during construction, and during operations</li> </ul>

In summary of the table above, the key communication methods for this assignment are described below:

#### 5.2.1. HS Timber Group GmbH, HS Belacon OOO & General Contractor E&S Meetings

These meetings will provide time for HS Timber Group (both management and HS Belacon) to organise the implementation of environmental and social actions, as well as an opportunity for the Contractor to provide updates on their implementation of E&S actions during construction. The interaction between HS Timber Group and the contractors will be stipulated in their scope of works, included in their individual contracts. This will involve regular, daily communication between all three parties. During operations, internal meetings (over Skype/Teams) will be carried out between the responsible project manager, the local site manager (if required) in order to discuss and update the Environmental & Social Action Plan (ESAP) and SEP, as well as respond to grievances.

#### 5.2.2. EBRD E&S Meetings

HS Timber Group GmbH will provide annual environmental, social, health and safety updates to the EBRD. These updates will demonstrate the implementation of environmental and social actions agreed before the loan ratification.

#### 5.2.3. Direct Stakeholder Consultations

The Project measures and activities will be explained through public meetings organised during and post-construction to inform on Project progress and consult on on-going issues. The first of these meetings will be organised as soon as practicable. Formal minutes and attendance registers will be taken during these meetings. When selected, the Contractor Lead will attend these meetings especially during construction. If any issues are identified from vulnerable groups, these will be passed on to HS Belacon for discussion and resolution. HS Belacon will specifically discuss the measures to be put in place by the Contractor for the protection of the public.

During the first public meetings owners of businesses neighbouring the site will be invited and consulted to ensure that the planned construction does not hinder their specific business activity.

During operations, public consultations will be organised by the HS Belacon on an 'as needed' basis. These will be conducted in person where possible, although health related restrictions and precautions during the COVID-19 pandemic mean that virtual meetings are likely to be needed in some instances.

#### 5.2.4. Direct Meetings

HS Belacon will seek direct discussion with NGOs in Belarus as an integral part of its stakeholder management. Grievances are recorded and processed according to the mechanism. The company commits to a high level of transparency by sharing material information with the relevant organisations.

#### 5.2.5. Roundtable Events

HS Belacon intends to organise roundtable events on an 'as needed' basis. If selected, the frequency of these events will be agreed with stakeholders and will assemble suppliers, the Ministry of Forestry, NGOs, customers and other concerned individuals to discuss sustainable forestry practises. This could include discussions on HS Belacon's due diligence system and enaction measures to prevent illegal logging in Belarus. HS Belacon intends to conduct these virtually during the COVID-19 pandemic. These events will also be used to provide updates on construction and efforts to ensure protection of the nearby protected forested areas.

## 6. REPORTING AND GRIEVANCE MECHANISM

### 6.1. Monitoring, Reporting and Feedback Mechanisms

In order to monitor the implementation of this SEP and the functioning of the grievance mechanism, HS Timber Group will confirm annually to EBRD that the arrangements are in place and operating. This will include the sharing of documentation on public hearings, information disclosure and any other form of stakeholder engagement undertaken as part of the SEP, including the resolution of grievances. In line with HS Timber Group's submission of the Annual E&S Report, EBRD will also annually assess the SEP implementation.

Through the public consultation events, HS Belacon will encourage the local community to report any complaints or observations through the process below.

### 6.2. Grievance Mechanism

The same grievance mechanism process being carried out by HS Timber Group in Romania will be introduced in Belarus. HS Timber Group's Grievance Mechanism is managed by the Chief Compliance Officer, who will receive support from the HS Belacon General Manager and Assistant Manager. Any comments or concerns can be brought to the attention of the Company verbally or in writing or by filling in a grievance form. Any grievances submitted to the General Contractor and their staff will be escalated to the HS Belacon General Manager.

Grievances can be submitted through the following channels:

- E-mail or telephone call to the General Manager, Assistant Manager (HS Belacon) or Chief Compliance Officer (HS Timber Group);
- Grievance form (see Appendix I.1) completed and sent through the HS Timber Group online crowd-sourcing function, or through the post, via email, in person, or via the grievance boxes at the office/site;
- Verbally at consultation events;

The grievance form and information on the procedure (including contact persons) will be made available on the HS Timber Group website, during consultations and other engagement activities, and at their offices and sites. Stakeholders have the option to submit these grievances anonymously. Information banners, including GRM contact persons details, will be placed on the border of the construction site.

HS Timber Group's Chief Compliance Officer manages an internal ticketing system, ensuring that all grievances from the above sources are recorded and undergo a structured investigation and resolution. The Chief Compliance Officer is responsible for receiving, logging and solving complaints/grievances.

All verbal or written complaints or grievances will be logged immediately. Complaints will be responded according to Belarusian legislation. They will be acknowledged and responded (first response) within 3 working days and seek to be resolved within 2 weeks, depending on the complexity of issue, with a maximum resolution time of 3 months for complex issues. HS Timber Group will aim to respond to complainants and resolve the issues as quickly as possible from the date of receipt.

Individuals can request the right to have their name kept confidential and this mechanism does not preclude the right for stakeholders to process grievances through other judicial means.

Grievances submitted will be solved and followed-up swiftly. Registered complaints will be assigned to the relevant parties by the Chief Compliance Officer or the Assistant Manager - depending on the level where the grievance was issued (e.g. site managers, compliance officers etc.) for further investigation. Investigation shall start without any delay and substantiation shall be verified as a rule within 2 weeks.

**Supply chain complaints** – In case of a complaint on a delivery of wood material, this delivery shall be stored separately and cannot be used for production until the complaint is clarified. All concerned departments shall be informed within 3 days about the complaint and all relevant documents shall be archived.

**On-site verifications** – If the investigation requires on-site verifications, these shall be carried out (if possible) within 2 weeks of receipt of the complaint. If non-conformance is identified, effective corrective action requirements (CARs) are determined setting a deadline and verification date. In such cases, preventive measures are also to be determined if applicable.

### 6.3. Roles and Responsibilities

HS Timber Group GmbH is the managing company of HS Belacon in Belarus and are ultimately responsible for HS Timber Group operations and safeguard compliance. The Chief Compliance Officer, with support from local compliance officers in Belarus, is responsible for ensuring that all related activities are carried out in accordance with Belarusian legislation as well as EBRD PR 10.

Contact details:

HS Timber Group GmbH (Austria)

Michael Proschek-Hauptmann  
Chief Compliance Officer

Address: Favoritenstraße 7/2  
1040 Vienna  
Austria  
Phone: +43 1 585 68 62-0  
Fax: +43 1 585 68 62-20  
Email: michael.proschek@hs.at

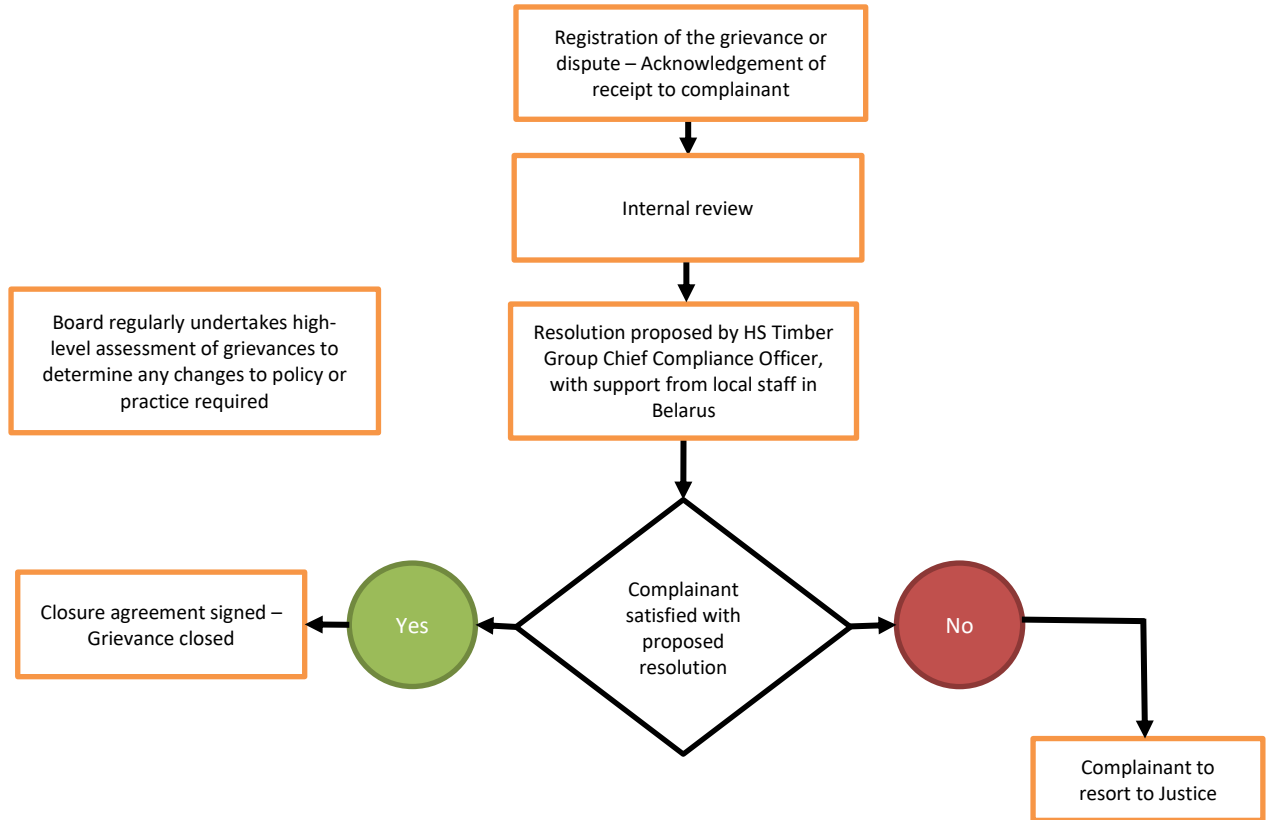
HS Belacon OOO (Belarus)

Vytautas Slankauskas  
General Manager – HS Belacon

Address: Grodno region, Svisloch district, Svisloch village  
council, BLDG. 32, r. 6  
Republic of Belarus  
Phone: +375 29 121 56 00  
Email: vytautas.slankauskas@belacon.by

## APPENDIX I – Complaint Procedure and Grievance Form

Appendix I.1. GRC Process Chart



Appendix I.2. Grievance Form

Reference No:

Full Name

Note: you can remain anonymous if you prefer or request not to disclose your identity to the third parties without your consent

First name \_\_\_\_\_

Last name \_\_\_\_\_

- I wish to raise my grievance anonymously  
 I request not to disclose my identity without my consent

Contact Information

Please mark how you wish to be contacted (mail, telephone, e-mail).

- By Post (Please provide mailing address):

\_\_\_\_\_

\_\_\_\_\_

- By Telephone: \_\_\_\_\_

- By E-mail \_\_\_\_\_

Preferred Language for communication

- Belarusian     Russian     English     Other \_\_\_\_\_

Description of Incident or Grievance:

What happened? Where did it happen? Who did it happen to? What is the result of the problem?

Date of Incident/ Grievance

- One time incident/grievance (date \_\_\_\_\_)  
 Happened more than once (how many times? \_\_\_\_\_)  
 On-going (currently experiencing problem)

What would you like to see happen to resolve the problem?

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Please return this form to:

HS Belacon OOO (Belarus)

Vytautas Slankauskas  
General Manager – HS Belacon

Address: Grodno region, Svisloch district, Svisloch village council, BLDG. 32, r. 6  
Republic of Belarus  
Phone: +375 29 121 56 00  
Email: vytautas.slankauskas@belacon.by