

6th February, 2018

Dear Michael Proschek-Hauptmann,

I hope you are well. I am writing to you to follow-up on the findings of our report, 'Complicit in Corruption' released in July 2018. I am writing today with a questionnaire for your company, which will help to gauge action taken by you in response to the report. I would very much appreciate if you could send detailed answers to these questions at your earliest convenience, and no later than 28th February 2019.

-Has your company's sourcing policy and Due Diligence Systems with respect to material of Ukrainian origin changed since we first brought EarthSight's findings of illegality and corruption in your supply chain to your notice at the beginning of 2018 and/or since the public release of our report 'Complicit in Corruption' in July 2018?

-If yes, please list in full what changes were made to your sourcing policy and Due Diligence Systems for Ukrainian imports.

-Has your company continued to import timber and timber products from Ukraine after July 2018, either directly or via intermediary companies?

>If the answer is yes and whether or not your company was the first placer on the market of these products, please state what additional criteria was used to determine whom to source from and what actions were taken to ensure risk of illegality for these products have been reduced to negligible levels.

>If the answer is no and your company is no longer sourcing material from Ukraine, please state the reasons for such a decision.

-If your company has ceased imports but plans to continue imports/using Ukrainian timber in the future, what criteria will determine whom your future suppliers are and when you will recommence such sourcing?

-What steps have been taken to address the instances of corruption and illegality we identified pertaining to your company's Ukrainian supply chain? Please note that as a reminder these instances are listed in the attached letter, which was previously sent to your company before the publication of our report.

-Specifically, please state whether each instance of risk identified by EarthSight was investigated, and disclose in detail what the findings of these checks were. We believe that given the serious nature of risk identified for timber supply from Ukraine to your company, it is in the public interest for these findings to be released in full.

-Has your company been subjected to checks by EUTR authorities since the release of our report in July 2018? If yes please detail the name of the authority, the date of the checks, the nature of the checks and the result of these checks.

-Is your company aware of an EU report made public by the EU and Ukrainian Ministry of Food and Agrarian Policy in November 2018 (direct link to the [EU's website](#) and on Ministry's [website](#)) which reiterates Earthsight's findings of widespread corruption in the Ukrainian forest agency [SAFR]? The report's authors concluded that:

- the SAFR is “extensively prone to corruption”;
- the system of forest control in Ukraine is “not functioning”;
- SAFR's official figures massively understate the scale of illegal logging, since they do not include “illegal logging ‘with papers’ that involves corruption”;
- such corruption is a “far larger problem” than illicit felling.

-Has this recent confirmation of corruption findings in the SAFR by the EU led to any further changes in sourcing policy with respect to your ongoing and planned Ukrainian timber imports?

-Earthsight, the EU and others in Ukrainian government and civil society have agreed that the only meaningful way to reduce the corruption in the State Agency of Forestry Resources of Ukraine [which as you will know is the authority that issues the primary documentation for timber exports] is for the inherent conflict of interest within the Agency to be removed. You can read more about this in a November 2018 statement by Earthsight, available here: <https://www.earthsight.org.uk/reformsstallevenasnewstudiesrelease>

-In light of this conclusion by the EU, Earthsight and others, has your company taken or does it plan in the near future to take steps to support this particular reform to remove this conflict of interest and increase the chances that Ukrainian timber supply will be free from risk in the future? If yes, please specify how it plans to support this reform process. If no, please provide reasons for the decision.

Thank you very much, hope to hear from you soon.

Warm wishes,



Sam Lawson
Director
Earthsight