

To whom it may concern,

**Nordisk Timber Eireli** is a company with a longstanding history in the wood business. The company started in Brazil in 80's owned by a corporate group located in Denmark with wood dealings around the world. In 2012, the Danish group decided to wind down their Brazilian business wood segment and eventually their worldwide operation, mainly motivated by realizing company resources for further distribution to shareholders, later, decided to sell assets and secure the resources derived therein.

In the course of year 2015, the company and some of its assets, as well as the NORDISK tradename was sold to a Brazilian family. Further in 2016, the new owners decided to return and operate the company with its established name and consolidated market presence, a new market reality, started to export and commercialize wood mainly focused on FSC certified timber.

It is important to mention that the company does not extract native wood from the forest. On the other hand, it buys timber from companies with approved forest management plans, environmental certificates and compliance thoroughly assessed by NORDISK prior to the completion of any purchase transaction. Analysis includes FSC (Forest Stewardship Council) compliance.

Nordisk is committed to the concept of forest sustainability and maintains this commitment to promote the environmental projects, proven by the existence of an owned area of approximately 3,000 hectares wherein November 1992, a technical forestry project of specie identification, fauna and flora analysis and elaboration several research studies in partnership with students and local universities.

These projects were submitted to the Federal Environment Agency (IBAMA) at the time having total control and governance on environment related activities.

These activities were not limited to its technical aspects. In 1993, Nordisk started to plant diverse species such as Mahogany, Teak, locally known species Paricá, Freijo and others, totalling 80,000 trees planted and by its age of almost 20 years, are preserved, protected and maintained. In difference to adjacent areas adopting non-aligned environmental activities. Facts and numbers are verifiable with environmental agencies and local authority registry.

**Table – Planted Trees by NORDISK.**

PLANTIOS ATUAIS PROJETO PATAUA					
TALÃO	ANO PLANTIO	ÁREA	QUANTIDADE	ESPECIES	TIPO DE PLANTIO
I - 1 A	1993	12 ha	16.000	Mogno, Freijo, Eucalipto	Pleno Sol
I - 2 A	1993	19 ha	5.000	Mogno	Linha de Enriquecimento
I - 3 A	1993	10 há	5.000	Mogno	Linha de Enriquecimento
II - 1 A	1993	2 há	2.000	Mogno, Eucalipto, Parica	Pleno Sol
II - 1 B	1995	5 há	9.000	Mogno, Parica, Teca	Pleno Sol
II - 1 C	1996	5 há	9.000	Mogno, Freijo, Teca	Pleno Sol
II - 2 A	1993	17 há	3.000	Mogno	Linha de Enriquecimento
II - 3 A	1993	10 há	4.000	Mogno, Freijo	Linha de Enriquecimento
II - 6 A	1994	11 há	9.000	Mogno, Teca	Pleno Sol
IV - 7 A	2000	5 há	9000	Mogno, Teca	Pleno Sol
IV - 7 B	2000	5 há	9000	Mogno, Teca	Pleno Sol

Besides the tree planting activities and development monitoring, the Company did not restrict means and resources to guarantee the area's fauna and flora preservation, maintaining the intact forest canopy all these years, as shown in the following;

**Figure 1: Sign board identifying the PROJECT (A).**



The last survey was performed in 2018, where an outsourced monitoring team, AMPE – CONSULTORIA AMBIENTAL E FLORESTA, realized fieldwork and inventory, later rendering a complete official report, as such, area limitation verification, specie identification and 100% forest inventory, designed to determine tree growth dimension and forest potential, including observation of forest canopy status. The process involves clear sustainable guidelines on low impact operation and maintenance of preservation areas, fauna and flora protection, as illustrated below.

**Figure 2: DBH Measurement**



The images shows the maintenance work, thinning procedures and area cleaning of the planted areas with growth annual quantification and diameter verification in conformity with established standards.

The process does not only concentrate on planted trees but also considers area deree limitation, as the the images show, the área is also prepared to maximize tgrowth potentials and forest recovery.

**Figure 4: Data collection and analysis**



**Figura 5: Plantio de Mogno brasileiro**



The Mahogany plantation is widely seen as an aggregate on forest value being an already extinct specie, thereby promoting NORDISK, the maintenance of its presente stage of growth and preservation has been maintained by the company for more than 20 years, with no comercial exploration, but with only on a pure sustainability point of view.

A preserved area with its forest cover and protection against animal hunting and fishing, in accordance with recent verification by company employees with warning signs installed around the area.

**Figure 6: Restriction of activities at Fazenda Pataua.**



**Figure 8: Boundary identification and restricted access.**



**Figure 9: Signs promoting good habits and environmental education.**



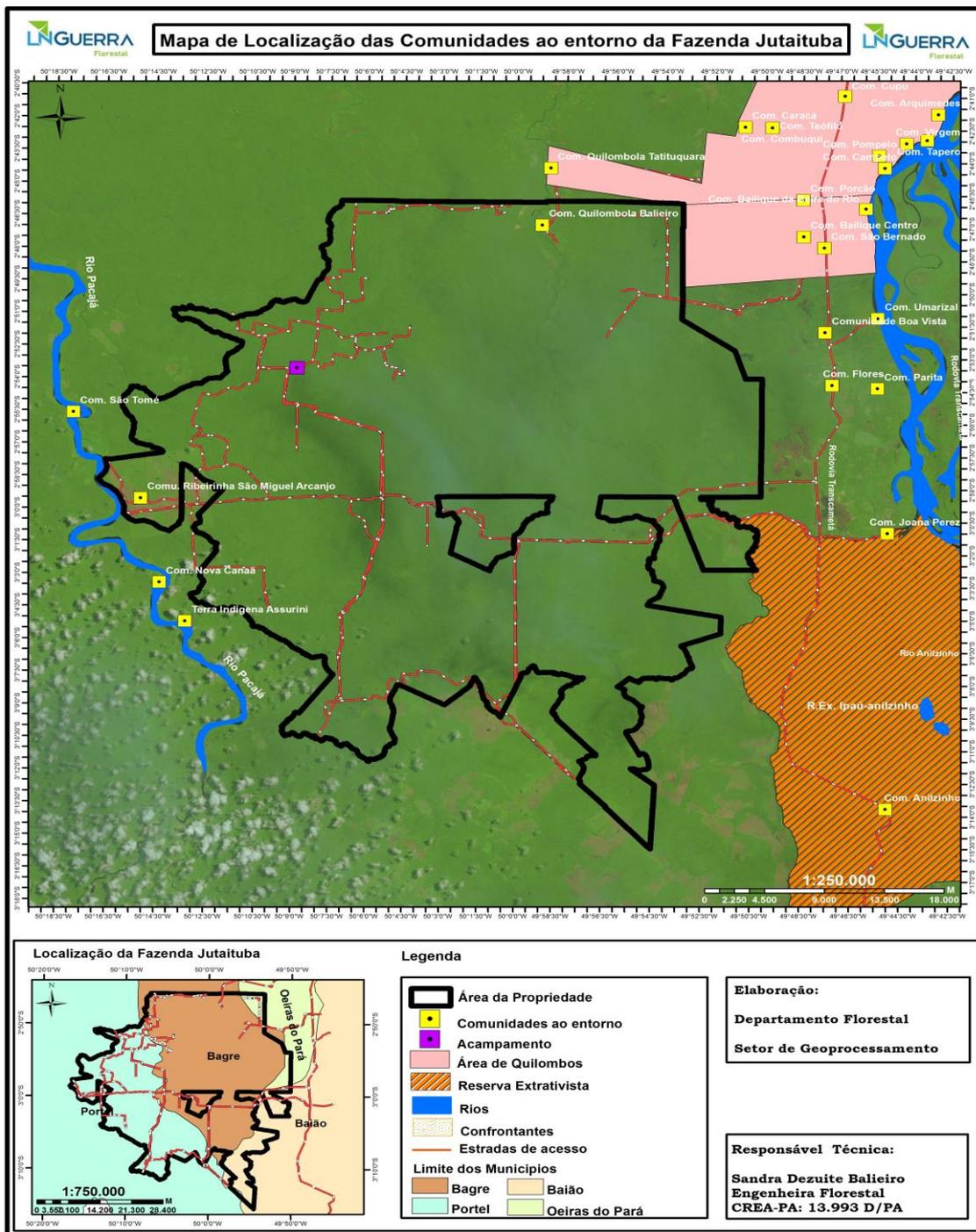
NORDISK forest action are not limited to the area it owns, it also contributes to other Companies' possessing FSC forest certification, abiding auditing rules, not only State sponsored, but also external audits, giving a high level of comfort, transparency and verified informatio of its industrialization processes, completing a closed cycle of verification of primary materials from its suppliers.

Even not in direct possession of forest activities, sustainable forest acitivities, etc., as its principal designation, the company has dedicated a Forest Engineer to take care of forest related activities, control checks and outsourced a Company to render technical support – AMPE, concentrated on controls and verification in a form of pre-auditing procedures for procurement and handling at Nrdisk Timber.

As can be seen belowm its major supplier, LN Guerra tha possesses a provate concession agreement with the Martins Group. an area 100% FSC certified, with all work stages being daily audited as to its internal control procedures by LN Guerra itself, Martins Group and yet audited by environmental agencies and annual audit by FSC – IMAFLORA. Martins Group is audited by KPMG as to fiscal, Labor and environmental compliance.



Figura 10. Aerial Map taken by Landsat 8 de 2018. Source: IMAZON



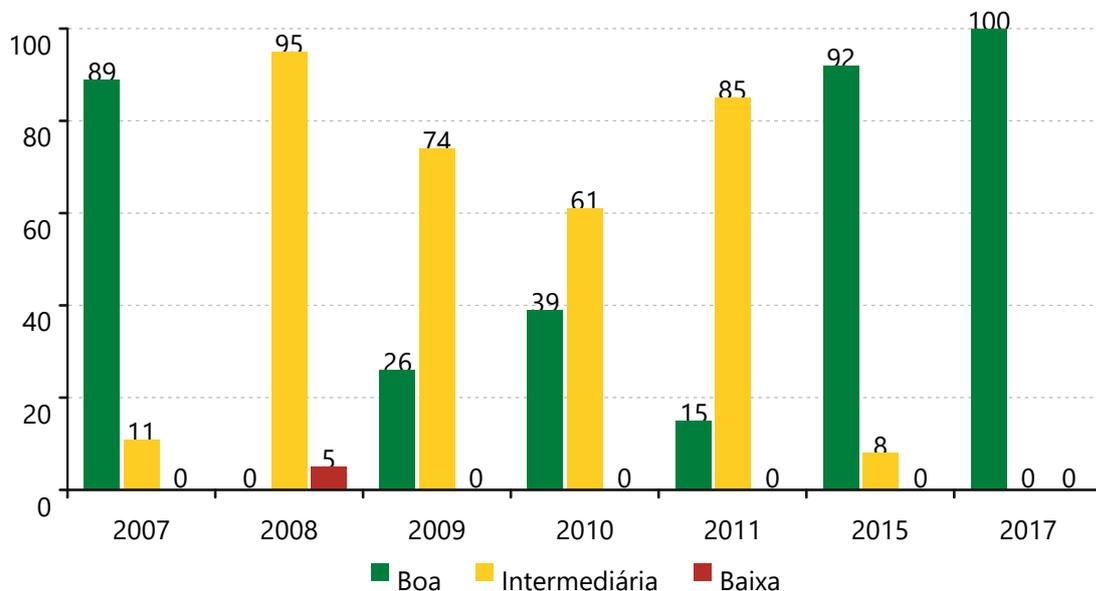
Forest Management área 100% FSC Certified, monitored by IMAZON, with information published publicly where any person can verify.

The image below shows the extent of the forest operation and the practice of low impact logging, clearly demonstrating the source of primary materials for Nordisk, where a high standard can be observed.

**Figure 11.** Forest operation in 2017 per satellite imagery. Souces: IMAZON.



**Figure 12.** Quality comparison between Forest operation in 2007, 2008, 2009, 2010, 2011, 2015 e 2017 with images of NDFI in 2008, 2009, 2010, 2011, 2012, 2016 e 2018, respectively.



The above área of MARTINS, beyond being continuously audited still is subject to further checks in real time by IMAZON, subject of annual reports, detailed notes of activity in the referred area.

IMAZON is Non-governmental Organization (NGO), specializing in verifying deforestation, fire outbreaks and by partnerships verifies Forest Area in the State of Pará. IMAZON does not have any partnership with the private sector except with the Martins Group, the lone company where monitoring activities are applied on a experimental basis, a specific daily monitoring agreement since 2013 until 2018. Reports can be accessed at IMAZON website.

Link: IMAZON Report - <https://1drv.ms/b/s!AurbG3u3J5U5kCCduLQfO3hRUx19?e=XUkg7F>

Adapted practices and efforts by NORDISK preserving its own forest area, environmental study, assistance on doctorate thesis formulation focus on tropical forest, preservation, flora and fauna protection, sourcing of primary materials with the FSC Certification, has always been the practice to raise its level of commitment to legality, transparency respect to the environment and sustainable work guarantee.

It was a big surprise and appalling moment receiving news about a report elaborated by NGO-AMAZON WATCH, pointing out irregularities in the part of NORDISK linked to deforestation, unverified informations totally different with the reality of the Companys activity, the reported information in minimum being strange and unverified on the part of author.

The allegations in the report were based on infringement notices, said in the article about deforestation, places NORDISK as a company in the British Virigin Islands, whereas these information requires source and authenticity checking, based on the follwoing apects:

- 1. Nordisk Timber, never was in its history a British Company.**
- 2. Nordisk Timber, never in its history engaged in direct forest exploration.**
- 3. Nordisk Timber, never was incriminated for deforestation.**

The following details below can render much clarity on these aspects and is possible to be verified in the two reports attached to settle any doubt to whom it may concern, in a general forma to demonstrate our practices were never out of context, considering our proper commitment to be a Company active within the legality required by Brazilian laws and our commitment with the environmental criteria audited by third parties and verified by FSC – IMAFLORA, IMAZON, UNIFLORESTA, etc.,

As to the Amazon Watch’s allegations, we simply do not have access to the content of the Notice of Infringement in the first place.



Even though Nordisk had received four (4) Notice of Infringement from IBAMA, two in the parent company and two in its subsidiary, these violations has nothing to do with the commercialization of wood alleged by the NGO. Below are recognized notices received by Nordisk:

1. **Notice of Violation No. 8338/E (administrative process No. 02018. 102535/2017-15)** – According to this Notice, the company allegedly threw industrial solid waste in open air (residue of timber activity) with destination prohibited by the Law No. 12.305/2010, violating these rules: art. 70, I, art. 72, II and VII of the Law No. 9.605/98; art. 3, II and VII, art. 62, X of the Decree-law No. 6.514/08; art. 47, II of the Law No. 12.305/10. Thus, the company was fined in the amount of R\$ 2,555,000.00.
2. **Notice of Violation No. 8339/E (administrative process No. 02018.102536/2017-51)** – According to this Notice, the company failed to meet the restriction established in the environmental license (LO No. 9512/2016), violating these rules: art. 70, I, art. 72, II and VII of the Law No. 9.605/98; art. 3, II and VII, art. 66, sole paragraph, II of the Decree-Law No. 6.514/08; art. 8, III, of the CONAMA Resolution No. 237/97. Thus, the company was fined in the amount of R\$ 2,010,500.00.
3. **Notice of Violation No. 8336/E (administrative process No. 02018. 102537/2017-04)** – According to this Notice, the company allegedly threw industrial solid waste in open air (residue of timber activity) with destination prohibited by the Law No. 12.305/2010, violating these rules: art. 70, I, art. 72, II and VII of the Law No. 9.605/98; art. 3, II and VII, art. 62, X of the Decree-law No. 6.514/08; art. 47, II of the Law No. 12.305/10. Thus, the company was fined in the amount of R\$ 7,555,000.00.
4. **Notice of Violation No. 8337/E (administrative process No. 02018.102543/2017-53)** – According to this Notice, the company failed to meet the restriction established in the environmental licence (LO No. 9512/2016), violating these rules: art. 70, I, art. 72, II and VII of the Law No. 9.605/98; art. 3, II and VII, art. 66, sole paragraph, II of the Decree-Law No. 6.514/08; art. 8, III, of the CONAMA Resolution No. 237/97. Thus, the company was fined in the amount of R\$ 3,010,500.00.

The first two Notice of Infringement were issued to the parent company and the least two to the subsidiary. Given the above information, it is clear that the company did not commercialize illegal wood.

The environmental authority claims that the company has disposed wood waste from processing to the riverbank, which, in addition to setting pollution, corresponds to the breach restrictions cited in the environmental license.

The Notice of Violation wrongly accuses Nordisk of polluting the water on the shores of the ports where the company it is actually located. Such port has never been used by the company, since the ports have no activities since 2014, prior to the establishment of the company in the locale, a fact that IBAMA itself acknowledge in the report attached to the administrative process.

The company has hired lawyers to defend itself from these false accusations as mentioned in the Notice of Violation. A formal defense was filed Federal Environmental Authority, however, up until this day, the petition is yet to be analyzed.

As it can be observed, the accusation formulated by Amazon Watch deserves no credit, for even though Notices of Violations were issued, they have no relation at all to statements mentioned by the NGO. There is no final decision by IBAMA to condemn Nordisk to pay the established fines.

And lastly, NORDISK will continue to work based on good practices of sustainability, preservation and protection of the environment in every possible way, always within the legal bounds of the law.

Based on the above, it is fitting to declare our deep regret on the articles being thrown at Nordisk without minimum care to check and verify allegations, that in turn are being read as truth and bringing up serious consequences. Aside from the time spent justifying against these unfounded allegations, report elaborations, legal counselling and commercial interruptions are not worthwhile to measure the extent of an accusation poorly designed downgrade Nordisk's company image.

**A few questions to ponder with:**

- Why would a company with 80 thousand trees planted wasnt deforestation?
- Why would a company spend resources on monitoring, preservation, research and partnerships, promote deforestation?
- How could an FSC Certified company, diversely audited, with established social programs promote deforestation?
- How could a totally mistaken article, want to know the origin of a Company's credibility?

- How could an NGO, by objectional attitude on the part of IBAMA, contaminate the ground with wood waste (biodegradable), tie-up the subject and state as if true, that is deforestation.
- Who has a primary interest on a News as it is?
- Who does it serves? Why?

Nordisk intends to clarify its activities historically and tries to prove the contrary with facts and verifiable documents and attaching two (02) separate opinions about the NGO published article. One being issued by Legal Counsel with an unblemished reputation, and the other, from a wood based association, UNICONSULT (UNIFLORESTA), both legal and technical to demonstrate the truth, also show the proof of arguments of their undertakings in the environmental preservation of the 3 thousand hectares with trees replanted realized by **AMPE CONSULTORIA AMBIENTAL**, already at its 20th year with annual verification and the fact that its environmental licenses were not suspended nor revoke for an act of deforestation.

**Links:**

1. Uniconsult - <https://1drv.ms/b/s!AurbG3u3J5U5kB7Ka0wmQFhNQdFy?e=Quzhnc>
2. Legal Letter – R&R - <https://1drv.ms/b/s!AurbG3u3J5U5kB83ttjUy2rwr4iv?e=rPjNgL>

NORDISK has always been a partner various actions as environmental primers, promotes social programs, furniture and utensils production uplifting the FSC value with adherence to social oriented projects.

NORDISK will maintain and pursue to clarify such situations by demonstrating our legality at all times, but also to fight against unfortunate accusations in the light of the truth based on facts.

Sincerely yours,

**Nordisk Timber**