

IKEA'S HOUSE OF HORRORS

The stolen Russian forests being greenwashed into kids' furniture



EarthSight is a non-profit organisation committed to harnessing the power of primary investigative research and reporting to bring attention to pressing issues of human rights and environmental justice. We aim to get to the core of an issue, using a range of investigative research methods to obtain first-hand, documented evidence of crimes against both people and the planet which is irrefutable and impossible to ignore. By following the money and tracing supply chains, our research also aims to expose the complicity of consumers and financiers in abetting these abuses.

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KEY FINDINGS

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- Ikea, the world's biggest furniture retailer, has for years sold children's furniture made from wood linked to vast illegal logging in protected forests in Russia, an Earthsight investigation has found. It is one of a number of western firms linked to the case.
- The brand's popular Sundvik children's range – which includes chairs, tables, beds and wardrobes – and Flisat doll's house are among the items likely tainted with illegal wood. Earthsight estimates that shoppers have been purchasing an Ikea product containing the suspect Russian lumber somewhere on earth every two minutes.
- Using undercover meetings, visits to logging sites, satellite imagery analysis and scrutiny of official documents, court records and customs data, we traced wood furniture on sale in Ikea stores around the world to forests in remote Siberia. They're controlled by companies owned by one of Russia's top-50 wealthiest politicians, Evgeny Bakurov.
- Our year-long investigation found that Bakurov's businesses broke numerous forestry and environmental laws. Illegal deals helped them harvest 2.16 million cubic metres of wood in protected forests over the last decade. Piled high, the logs produced would rival the Great Pyramid of Giza.
- Loggers felled millions of trees on the false pretext they were dead, dying, diseased or damaged – what's known as sanitary felling. Sick trees are often used as an excuse to flout Russia's logging laws.
- Bakurov's pine was certified by the Forest Stewardship Council (FSC), the leading global scheme for sustainable wood products, and shipped to an Indonesian manufacturer which supplies Ikea stores in countries including the US, UK, Germany, France and other European countries. Bakurov also supplied the retail giant through middlemen in Russia and China.
- Bakurov's tainted wood is also in many other supply chains heading to Europe and the US, aside from Ikea's. A majority of the EU's imports from eastern Russia are potentially contaminated.
- Earthsight holds FSC largely responsible for the logging abuses linked to Ikea and other retailers we connected to the scandal. They rely on the green label and its competitor PEFC to ensure their supplies are sustainable and legally sourced. Our findings provide further proof that this trust is wildly misplaced.
- FSC audits did not mention the rampant illegal logging documented by Earthsight and Russian authorities. Instead, high-risk wood continued to be sold in Ikea stores year after year.
- The findings show that governments in the US and Europe must enforce timber import laws more rigorously to address their role in driving global deforestation.
- Ikea, which denies wrongdoing, announced a temporary ban on sanitary felled wood from Siberia and the Russian Far East after Earthsight got in touch. The retailer insists Bakurov's wood was "legally harvested" – but recently dropped his companies as suppliers, citing unspecified "practices of concern".

PROLOGUE



Ikea Flisat Doll's House in an area of Siberian forest illegally logged by Evgeny Bakurov's ExportLes group of companies

The noise was deafening: a lumbering, wood-munching machine carving through the forest like a knife through butter. Trees in the Siberian province of Irkutsk Oblast had grown slowly, weathering biting winds and frozen winters for over a century. Under the mechanical grip of the Ponsse CTL harvester, they fell within seconds.

As the half-million-dollar machine automatically stripped the trunks of branches and sawed them into logs, Evgeny Bakurov looked on with satisfaction. Heavysset with closely cropped hair, the 44-year-old has the appearance of a heavyweight boxer. The rare visit into the taiga, to the forefront of his logging operation, made a welcome distraction from his usual milieu, hobnobbing with local business leaders and posing for photo-ops.

Control of an area of forest the size of Greater London has given him plenty. His own private helicopter, a boat named after his daughter, multiple properties and an income putting him in the top 50 highest-earning politicians or bureaucrats in Russia.

It has not been easy. Extracting profit from these woods is hard – or at least it would be, if you followed the law, which is supposed to ensure that rights to log are sold competitively at auction, that logging rates remain sufficiently low to allow the slow-growing forest to

recover, and that the most ecologically important tracts are kept largely off limits.

But Bakurov, a businessman-politician whose macho image and penchant for martial arts draw obvious comparisons to the Russian President he so admires, has learned not to worry about the law. For over the course of a long career, Bakurov has mastered the tricks of his trade, which in the world of Russian forestry have little to do with efficient business practices. It is about cultivating allies. A few campaign donations can go a long way.

In his case this is hardly a secret. His companies left a long paper trail laying bare widespread illegal logging, including in protected forests.

Finding a market for all this wood, with the nearest coast a thousand miles away, has also been challenging. Doubly so given its illegal origin. But Bakurov has had a couple of powerful corporate allies overseas too, from distant Sweden and Bonn.¹

Thanks to them, it turns out, a trail leads from Bakurov's remote Siberian forest destruction to children's bedrooms all over the world. It is part of millions of people's 'Wonderful Everyday'.

1. SIBERIA BURNING



Forest fire in Siberia

Taming the taiga

Russia is one of the world’s largest timber exporters and producers. In 2019, the former superpower overtook Canada to export more softwood lumber than any other country, and was on course to ship nearly a quarter of traded timber globally.²

An incredible wealth of woodlands bless the country. Treetops cover nearly half of it, or more than 800 million hectares³, knitting together Arctic tundra and vast eastern steppes in a tapestry of branches forming the largest forest on earth.

Europe and China form the biggest markets for this bounty. An increasingly throwaway culture, plus a rapid shift towards wood-fuelled electricity production⁴ and depleted domestic forests, have made Europeans turn to their giant neighbour to satisfy their hunger for cheap wood. European Union (EU) imports of logs, lumber, pulp, paper and other wood products from Russia are up 42 per cent in the last decade, nearing €3 billion per year.⁵

In spite of the global economic shock caused by the Covid-19 (coronavirus) pandemic, this trade with the EU continued to grow last year, hitting a record high of 14.1 million tonnes⁶ – an amount which required the felling of approximately 200,000 trees per day.⁷

In fact, the amount of Russian wood being consumed in Europe and many other countries is even larger than their direct imports suggest. That is because much of the Russian logs and lumber trundling across the border into China, the world’s largest importer of timber, are re-exported, entering lucrative markets like Europe and the United States after being processed into finished goods like furniture and hardwood flooring. The US is the leading destination for wood product exports from China, valued at more than \$9 billion in 2018.⁸

“It may not be as high profile as Amazonian or Indonesian rainforest but the Russian boreal forest is hugely important.”
Nikolay Shmatkov,
formerly of WWF Russia

While the European portion of Russia offers a ready supply of cheap wood, a significant share of exports come from Siberia and the Russian Far East.

Within these regions sprawls boreal forest or taiga, home to brown bear, wolves, elk and sable (a weasel-like



mammal whose image adorns flags and coats of arms in Siberia). Here, the endangered Siberian Tiger, the world's largest, slinks silently between the tree trunks while flying squirrels leap and dart overhead. Sharp eyes may spot a white-tailed eagle soaring above the canopy, one of the largest living birds of prey.

"It may not be as high profile as Amazonian or Indonesian rainforest but the Russian boreal forest is hugely important," Nikolay Shmatkov, the former director of WWF Russia's Forest Programme, said in 2018.⁹ "It's crucial in regulating global climate – its trees, soils and peat store more carbon than all tropical and temperate forests combined – and are home to many large animals like forest reindeer that are disappearing from transformed and degraded forests."

The forests form a habitat for many, a lifeline for all – and they're dying.

Wildfires and climate change

Analysis by Global Forest Watch found that Russia lost 69.5 million hectares of tree cover since 2001.¹⁰ That's an area of forest the size of Texas. The land lost each year keeps getting bigger, with average annual losses in the 2010s double that of the previous decade. Last year was the second worst year on record for tree cover loss, according to the analysis.

Much of this deforestation is temporary. Unlike in the tropics, logging in boreal forests like those of Russia and Canada commonly involves the complete clearance (clearcutting) of chunks of forest which are then allowed to regrow. But even when such regrowth is taken into

account, the data are stark. During 2001-12, Russia lost 36.5 million hectares but regained only 16.2 million hectares – a net loss of more than 20 million hectares.¹¹

"The main threat to Russian forests is the 'one-off' forest management model, in which the forest is used as a timber deposit, without efficient forestry," Alexey Yaroshenko, head of Greenpeace Russia's forestry department, told Earthsight. "In the vast majority of cases, the logged areas are simply abandoned to the mercy of fate without real concern about what will later grow on them."

With the remaining woodlands becoming increasingly degraded and fragmented, swathes of unbroken woodlands that scientists call 'intact forest landscapes' (IFLs) – each at least 500 square kilometres (or 70,000 football pitches) in size – break into shrinking archipelagos. Previously, the scale of IFLs ensured human impact was minimal. Torn apart, their native animal and plant life and natural processes are left exposed. Global Forest Watch analysis shows the vast majority of this forest loss is happening in eastern Russia, within the Russian Far East and Siberia.

The biggest cause of tree cover loss: fire

Fuelled by unusually hot conditions, colossal wildfires have been burning across Siberia, releasing record amounts of greenhouse gases. Choking clouds of ash and soot engulfed four Siberian regions in 2019, prompting a state of emergency and mobilising the military to help in firefighting efforts. The prolonged heatwave which hit the region in 2020, meanwhile, was "effectively impossible" without human-driven climate change, experts found.¹²

More heat means more flames, which mean more permafrost melting and harmful gases released. And so the downward spiral continues.

Studies show increased logging activity in the Russian Far East and Siberia has also led to more frequent fires. Timber harvesting and logging roads fragment forests and make blazes more intense. The dried-out waste wood that loggers leave behind can act as tinderboxes, turning surface flames fuelled by leaf litter and low-lying vegetation into infernos that consume the whole canopy.¹³

Yaroshenko said wildfires and loggers emboldened by weak official oversight are "acting together" to deplete Russia's forests and push logging into remaining reserves.

“It is generally believed that about 90 per cent of forest fires in Russia are caused by humans (I think that in reality it is even more),” he added.

“A significant part of fires caused by humans are associated with hazardous practices in agriculture and forestry: the burning of logging residues during a dangerous period, the so-called ‘controlled burning’, which are often carried out without the necessary fire safety measures.

“In our experience, this is more [a result of] foolishness and carelessness than malice. We very often see fires occurring in felling sites or in the immediate vicinity of them.”

Illegal logging hotspots

Widespread corruption among Russian politicians and the state officials in their pocket undermines good governance of forests. Logging is lucrative work, and a particularly important source of patronage and cash in the Russian Far East and Siberia. Even Russian president Vladimir Putin decried the “very corrupt” forestry industry during his annual news conference in 2019. The same year, the federal accounts chamber admitted that measures to tackle illegal logging “do not affect” the situation on the ground.¹⁴

According to Greenpeace Russia’s Yaroshenko, the Russian state has mounted a large campaign against illegal logging, but only in the narrowest sense of the term: commercial logging carried out without permits, which accounts for a small fraction of Russia’s total annual timber production. He points out that “legal” or licensed felling often skirts the law, takes place on false or questionable grounds and results in the same devastating environmental impact as this unauthorised logging, but is far more common.

The fact that large volumes of high-risk and illegally sourced wood from Russia end up in key consumer markets like the United States, EU and Japan is well documented. Despite some headline-making successes, however, such as a record \$13 million fine issued for illegal Russian oak flooring found in the US¹⁵, import laws in these countries meant to catch them don’t seem to be working.

When the European Timber Regulation (EUTR), the bloc’s flagship law on timber imports, came into effect in 2013, studies suggest that nearly as much stolen wood was entering its member states from Russia as from all tropical countries combined.¹⁶ Three years later, an EU-commissioned review of the legislation noted Russia was an increasingly prominent source of illegal wood, alongside Ukraine and Belarus.¹⁷ Guidance on EUTR made on the bloc’s behalf identifies the Russian Far East and Siberia as hotspots for illegal logging.¹⁸

“About 90 per cent of forest fires in Russia are caused by humans (I think that in reality it is even more)”

Alexey Yaroshenko, Greenpeace Russia

In December 2020, Earthsight revealed how 100,000 tonnes of timber linked to Russia’s largest illegal logging scandal this century had entered Europe.¹⁹ Our report noted that the case, though large, was unlikely to be exceptional. We were already researching yet another Russian logging scandal, and busy unearthing another route for suspect wood to leave the country.

Russia’s illegal logging capital

The threats facing the Russian taiga – corruption, climate change, illegal logging – are most pronounced in Irkutsk oblast (province). Occupying an area almost twice the size of California, the Siberian heartland in east-central Russia is the country’s largest producer of logs and lumber. It is characterised by broad valleys and rolling hills carpeted with dense forests of larch, pine, fir, spruce, aspen and birch.

The major railway connections in the province offer an easy means of dispatching huge numbers of logs to major ports and processing centres, including those in China. With quick money to be made, it’s no surprise that the region has witnessed some of Russia’s worst deforestation rates. More than a quarter of the net forest loss seen in Russia in the first 12 years of this century occurred in Irkutsk.²⁰

In Russia as in most heavily forested countries where it occurs, illegal logging is far from a clandestine activity. It is undertaken not by individuals but by large companies, using modern machinery. And it happens in plain sight, under the cover of legitimate harvesting. The wood is already laundered before the tree hits the ground.

The location of the Irkutsk Oblast within Russia



Ezhiki / Wikimedia Commons

In the former Soviet world, the most common ruse these companies use to illegally harvest and launder wood is 'sanitary' felling. Forestry regulations meant to ensure that cutting does not harm the forest can be circumvented on the grounds of stopping the spread of disease or pests. Companies abuse these rules to allow them to cut far more trees, in a far more destructive manner, than their logging licenses allow (see 'Russia's problem of illegal sanitary logging').

Alexey Yaroshenko of Greenpeace Russia told Earthsight as much as 90 per cent of recorded sanitary logging in the country is "pseudo-sanitary", or carried out on false or questionable pretexts. This is supported by studies such as one by WWF in 2019, which found that 96 per cent of the planned sanitary felling sites it examined had been allocated improperly.²¹

It is a big red flag, then, that Irkutsk oblast regularly produces more timber through sanitary felling than

anywhere else in Russia. The province has a high-profile history of abusing these rules, and those charged with enforcing them a long history of turning a blind eye. In 2019, Irkutsk's top forestry official, Sergey Sheverda, was arrested for facilitating the illegal felling on false sanitary grounds of woodland in a nature reserve.²²



© Investigative Committee of the Russian Federation

Irkutsk forest chief Sergey Sheverda, arrested in 2019 for facilitating illegal sanitary felling.

RUSSIA'S PROBLEM OF ILLEGAL SANITARY LOGGING

Official data shows sanitary felling, both in clearcut and selective form, accounted for one-seventh (14 per cent) of the total average annual volume of wood produced in Russia in the period 2010-2019.²³

This type of felling is a common cover for illegal deforestation in the country, a loophole for loggers to avoid various restrictions on timber harvesting (including in protected forests) and exceed quotas set by forestry bodies.²⁴

"The experience of our organisations in different regions of Russia shows that the main motive for the authorisation of sanitary logging is a desire to harvest wood in those forests where that is normally not allowed, including due to legal restrictions," the Russian branches of WWF and Greenpeace said in a joint statement in 2016.²⁵

The environmental groups said "skimming the cream" off forests was commonplace, through the harmful application of selective sanitary cutting, which is meant to target dead or damaged trees, to healthy ones. Environmental degradation often resulted in the weaker, more fragile forests that remained, they added.

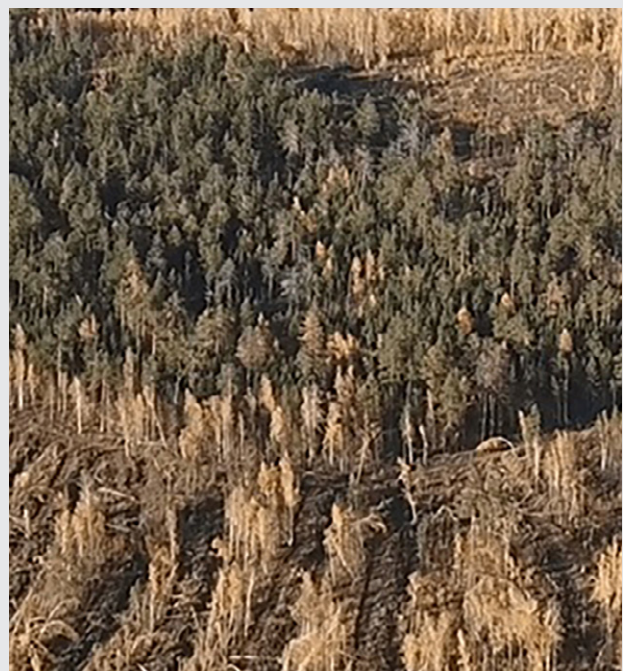
Sanitary clear-cutting, or chopping down whole tracts of trees, was frequently industrial logging in all but name, the statement went on. This was thanks in part to Russia's laws on sanitary felling which, unlike those on commercial logging, set no upper limit of the area which can be levelled.

Commercial logging on sanitary pretexts features prominently in multiple recent high-profile cases of illegal logging involving corrupt local officials, as uncovered by Russian law enforcement agencies.²⁶ Russian authorities estimate that the environmental damage from some of these schemes runs as high as tens of billions of roubles (or hundreds of millions of dollars).²⁷

WWF Russia has also repeatedly raised concerns of widespread use of fraudulent documents used to justify extensive clearances on sanitary grounds. In 2019, the organisation reported that its monitoring of 297 legally mandatory expert reports recommending sanitary felling in Irkutsk revealed

violations in 96 per cent of cases. Following the checks, 52 per cent of the reports were revoked and others revised, preventing 3700 hectares of illegal sanitary logging.²⁸ Confronted with two possible explanations – rank incompetence or corruption – WWF's experts speculated that the evidence suggested that in many cases, the forest pathologists who had signed off on the logging had never even visited the planned felling sites.²⁹

Russian authorities are well aware of the problem of illegal sanitary logging and have had some success in tackling it. Stricter requirements for the prescription, implementation and control of sanitary logging have led to a reduction in the volume of wood produced this way in 2019 and 2020, both across the country and in some of its illegal logging hotspots. There have also been enforcement actions, like the criminal investigation into illegal sanitary logging involving Irkutsk's former forest minister in 2019. But the problem persists, and much more needs to be done if the country is to avoid it bouncing back to its previous peak. In Irkutsk, a total suspension on such logging implemented following the 2019 scandal is due to be lifted later this year.³⁰ The floodgates may be about to reopen.



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2. THE HEIST

Log loader at a Bakurov forest lease in Irkutsk Oblast, Russia

Evgeny Bakurov, logging baron

Evgeny Bakurov, 44³¹, is not everyone's picture of a typical civil servant. His stocky frame and penchant for self-promotion differ dramatically from the stereotype of faceless pencil-pushers trudging up and down the corridors of power. As does his apparent fondness for being photographed shirtless.

The elected member of Irkutsk Oblast's legislative assembly ranked 44th on a Forbes list of Russia's highest-earning civil servants or legislators in 2019, with a declared income of 365 million roubles (more than \$5 million).^{32,33} His most recent declaration of assets included 71 plots of land and a Gazelle AH Mk 1 military helicopter.³⁴

Climbing high above the treetops, roaring into the taiga, his chopper offers spectacular views of the source of Bakurov's wealth: wood. Bakurov is well-known locally for controlling the ExportLes (Russian for "Export Forest") group of forestry firms (see 'The Bakurov empire'), whose forest leases span an area bigger than London.³⁵ He also serves as president of the region's timber trade body.³⁶

If the 2016 promotional video for the ExportLes group is to be believed, Bakurov is a responsible, if eccentric, guardian of nature.³⁷ It features close-ups of certificates

Forbes

НОВОЕ БИЗНЕС ФИНАНСЫ МИЛЛИАРДЕРЫ РЕЙТИНГИ ТЕХНОЛОГИИ ВИДЕО АГЕНДА Life УПРАВЛЕНИЕ ШКОЛА МИЛЛИАРДЕРА КЛУБ COUNCIL ONTOLOGY

0 SHARES

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РЕЙТИНГИ FORBES

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- 1 АЛЕКСЕЙ МОРДАШОВ И СЕМЬЯ \$29100 МЛН
- 2 ВЛАДИМИР ПОТАНИН \$27000 МЛН
- 3 ВЛАДИМИР ЛИСИН \$26200 МЛН

ВСЕ РЕЙТИНГ

Source: Forbes.ru

Evgeny Bakurov ranked 44th on a Forbes list of Russia's highest-earning civil servants or legislators in 2019.

issued to his companies by a global body that vets wood suppliers, the Forest Stewardship Council (FSC), and shots of his workers combatting wildfires. Other, more unconventional footage sees Bakurov boxing and swinging shirtless on an exercise bar.

Perhaps inspired by Russian President Vladimir Putin, Bakurov is known for macho stunts. Take the YouTube video of him posing for tourists' cameras wearing

THE BAKUROV EMPIRE

In public promotions fronted by Bakurov, his group of companies is referred to under the overall brand 'ExportLes Group': it even has a flashy animated logo.⁴² There is no legal entity of that name, however. Confusingly, the group's website also still refers to it under its old name of the Sibwood Group, which isn't a legal entity either.⁴³ The group does exist, but the links between its separate parts are more complicated than would be expected. Earthsight has identified 16 different registered Russian companies which are either owned, managed or closely connected to Bakurov. They include:

Forest leaseholding companies

Bakurov is the sole owner of five companies to which leases for logging in the Bratsk region have been issued. These are the companies Vilis LLC, Kalinov Most LLC, Vertical-B LLC, DeepForest LLC and Noviy Les LLC.⁴⁴ He is also the registered Director of the first three of these firms.⁴⁵

Logging, timber processing and trading companies

Cutting, processing and trading of wood from these forest leases is handled by a raft of other Bakurov-

linked firms. Angri LLC is owned and operated by Bakurov himself⁴⁶, while multiple sources show that firms Kapel LLC (which carries out logging in Bakurov's leases) and ExportLes LLC (which handles exports) are connected to Angri and part of the wider group⁴⁷, though Bakurov is not a formal shareholder. ExportLes is the listed consignee on all of the Bakurov group's direct exports overseas⁴⁸, but the other Bakurov firms are not formal subsidiaries of it.⁴⁹ Another trading firm, Sibwood LLC, was owned by Bakurov before being liquidated in 2013.⁵⁰ Not to be outdone on the shadiness stakes, Bakurov's group also has a company in a secrecy jurisdiction: Comtel Trade Ltd, registered in the British Virgin Islands.⁵¹



ExportLes Group logo.

Source: ExportLes / Julia Kiseleva / YouTube

only a pair of red swimming shorts.³⁸ Or his profile on VK, the social media platform popular in Russia, which features a picture of him beside a chained tiger. Or his honorary chairmanship of the local Shotokan karate club³⁹, for which, according to a recent profile in Russian publication Verblud V Ogne⁴⁰, he rarely trains but promotes locally and to which he "provides material assistance".

There is also the documentary about his World War II veteran grandfather Vladimir, screened at Evgeny's expense in several Russian cities, in which the pair's lavishly shot boating trip serves as another excuse for Evgeny to bare his torso.⁴¹

"People like me don't drown," the grandson declares before jumping into the water to showcase his butterfly stroke. His political career, so far, has proved him right.

Lawless logging

Razing forests without anyone noticing used to be easy in Irkutsk province. It is remote, with few roads snaking into the seemingly endless taiga. Until recently, guard posts like the illegal ones Bakurov set up to block access to the forest leases controlled by his companies Vilis and Vertical-B were enough to keep unwanted eyes at bay. Not anymore. The dawn of publicly available court papers and high-quality satellite imagery make it impossible for illegal deforesters to hide their activities.

Drawing on these and other sources as well as our own field investigations, Earthsight established that Bakurov's companies have been systematically flouting environmental and forestry laws for years.

The argument made worldwide is that logging can be made 'sustainable' and not damaging to forests or the

Company	Forest lease no.	Illegal amendments to forest lease	Logging without a legally required forest pathology survey	Illegal sanitary logging of healthy trees	Continued logging after it was ordered halted by court	Clearcuts in water protection zones
Vilis	7-09	📄		🌳		🌳
Vilis	91-1/9	📄			🌳	
Vilis	8	📄	📄	🌳		
Vertical-B	91-21-4	📄	📄			
Vertical-B*	91-21-3	📄	📄	📄	🌳	
DeepForest	91-294	📄	📄	🌳		
DeepForest	91-295	📄	📄	🌳	🌳	🌳
Noviy Les	91-21-6	📄				

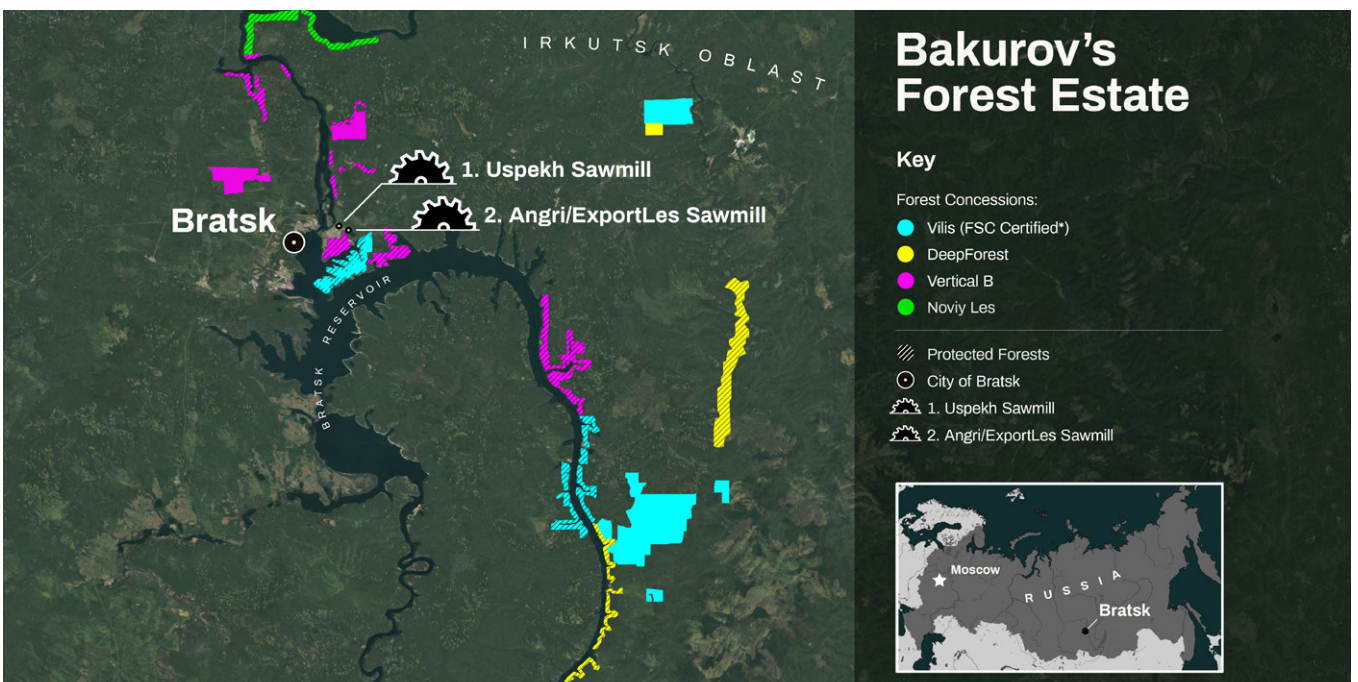
Table 1: Violations of environmental and forestry laws in each of Bakurov's companies' forest lease areas.

Cells with a piece of paper emoji represent violations identified in court judgements or other official records; A satellite emoji, violations identified through Earthsight's field surveys and analysis of remote-sensing data from satellites; both emojis, a combination thereof. Data visualisation: Flourish *This lease was initially held by another Bakurov-owned company, Bratskwood LLC, before being transferred to Vertical-B.

wider environment long term, so long as strict rules are followed. In keeping with this, Russia has detailed regulations limiting licensed logging. The volumes allowed to be harvested in a given area each year – the 'annual allowable cut' or AAC – are carefully controlled. The most important areas of forest for the environment or wildlife within a given lease area are placed off limits. Logging methods must follow strict parameters in order to reduce damage to surrounding forests and soils. Loggers must dispose of their waste carefully. They must also take specific actions to promote regrowth: sowing seeds, planting seedlings and leaving some mature seeding trees standing.

Our evidence shows that all five of Bakurov's logging firms – Vilis, Vertical-B, DeepForest, Noviy Les and Bratskwood – have systematically flouted every one of these rules.

Vast tracts of protected woodlands were illegally felled under the false pretext that the trees were diseased or dying. Doubly-protected trees along the banks of rivers and lakes, critical for fish-spawning and erosion control, were clear-cut in their hundreds of thousands. Forests were turned into tinderboxes by the illegal abandonment of huge volumes of logging residues. Riverbanks and shorelines were torn to pieces with heavy machinery.



Company	Lease no.	No. illegal amendments	Earliest illegal amendment	Original AAC (m ³)	Of which commercial (exc. thinning, m ³)	Additional harvest illegally allowed by amendments (m ³)
DeepForest	91-294	3	07/09/2012	12,767	2,100	156,675
Bratskwood/ Vertical-B	91-21-3	2	18/09/2013	1,100	0	173,467
Vilis	91-1/9	1	09/02/2016	1,200	1,200	31,892
Vertical-B	91-21-4	1	09/05/2016	44,000	30,000	15,330
DeepForest	91-295	1	07/09/2016	5,500	5,500	259,158
Vilis	7-09	1	26/01/2017	5,200	0	37,228
Vilis	8	1	26/01/2017	10,000	10,000	5,198
Noviy Les	91-21-6	1	23/07/2018	8,100	0	9,830
TOTAL		11		87,867	48,800	688,778

Table 2: The illegal changes to Bakurov’s companies’ forest lease deals which massively inflated the number of trees he could cut.

Source: Arbitration Court of Irkutsk Region; Data visualisation: Flourish

Almost none of the required steps to promote regrowth were carried out.

The overall scene resembles a Russian nesting doll of illegal logging, where dodgy deals unravel and reveal crimes inside crimes inside crimes.

Earthsight asked Alexey Yaroshenko, the head of Greenpeace Russia’s forestry department, to confirm our assessment. We asked whether the actions of Evgeny Bakurov’s companies broke the law. His reply? “It seems to me that the report gives a completely unambiguous answer to this question: yes.”

It is a bitter irony that Bakurov, the same man who decried black lumberjacks enriching themselves by “robbing the country”⁵², has presided over the wholesale looting of his region’s natural resources.

Earthsight estimates that his companies illegally extracted 2.16 million cubic metres of wood from protected Siberian forests over the last ten years. That is the remains of some 4 million trees⁵³, many of them over 150 years old.⁵⁴ Piled high, the logs produced from them would rival the Great Pyramid of Giza.⁵⁵



© Earthsight

Floating log rafts cut in Bakurov’s Irkutsk forest leases.

Lead into gold – the illegal deals

The laws his firms have broken are many and varied. But at the heart of this story – and Bakurov’s transformation from two-bit nobody into a multimillionaire politician – is one key trick. Evgeny has mastered the art of turning lead into gold.

The process has several stages. First, Bakurov obtains cheaply at auction a license to cut a small number of trees each year (or buys a company which already has one). Then, by nefarious means, he gets the license illegally amended – sometimes multiple times – to allow him to harvest far, far more trees. Even trees within nominally protected and highly sensitive ecological zones are not spared. Once the forest is stripped, he begins the process anew: new company, new forest, new lease, new amendment. By the time the authorities catch up with him, nothing but stumps remain.

Irkutsk territory’s arbitration court database lists eleven such cases initiated by regional prosecutors between 2014 and 2020 against the five Bakurov firms.⁵⁶ It shows the provincial forest management agency repeatedly bypassed Russia’s legally mandated public bidding process (see ‘Why the lease changes were illegal’)

to illegally sign additional agreements to Bakurov’s forest lease deals. Judges would later invalidate the amendments in a series of rulings.

What may sound like a dry legal dispute was, in environmental terms, a disaster. The additional agreements, agreed between September 2012 and July 2018 and covering eight different forest leases, essentially permitted a logging free-for-all across 132,000 hectares of woodland – 85 per cent (111,700 hectares) of which was protected forest.

The deals broke forestry laws by allowing an additional 689,000 cubic metres of timber to be harvested over a short period of time, far more than the roughly 90,000 cubic metres per year allowed originally (of which 40,000 cubic metres was unprofitable ‘thinning’ of small trees – see Table 2).⁵⁷ Nearly all the added harvest would come from nominally ‘protected’ forests.

With the illegal additional lease agreements signed, all pretence of responsible forest management went out of the window. The deals permitted a huge expansion of logging, overwhelmingly in the form of clear-cuts and other extensive harvesting said to be needed to save protected trees.

WHY THE LEASE CHANGES WERE ILLEGAL

Under Russian law, you can’t chop down a forest just because a bureaucrat lets you.⁵⁸ A careful assessment of how much logging is sustainable is first carried out. Public auctions then determine who receives the rights to harvest the chosen trees, and you can’t change how you bid – or, in normal circumstances, what you are bidding on – even if the other side agrees to it.⁵⁹

These rules form part of the country’s Forest Code. Until October 2015 this stated that forest lease agreements could only be altered to prevent a wildfire emergency arising, or if fires suddenly wreaked havoc on forests under the hammer before a deal was struck. Neither circumstance applied in these cases.

By hiking up the volume of timber allowed to be cut and changing the rent charged on the leases, the leaseholder (Bakurov’s companies) and the

regional forest management body had in effect signed an entirely new contract without conducting an auction, thereby breaking wider laws requiring open competition.⁶⁰ This was the case with the first three of the 11 now-rescinded additional forest lease agreements that Bakurov’s companies signed with Irkutsk province’s forest management agency.

Revisions to the Forest Code introduced in October 2015 allowed some haggling over forests already auctioned, including in the event of fires, floods and other natural disasters, but this could only be brought about by a court ruling.⁶¹ The eight additional amendments signed after the new Forest Code took effect bypassed this process.

In six of the 11 lease amendment cases, the court records also document other wrongdoing, including absent, inaccurate or falsified forest pathology reports used to try to justify the sanitary logging.⁶²

Falsified reports

Because they had breached competition and other laws, the lease amendments would have been illegal even if the felling had been justified. However, they were doubly illegal because the available evidence indicates that the forests concerned were not unhealthy at all.

Details contained in the arbitration court database and inspection reports from the Siberian federal district's forestry department, whose authority includes Irkutsk province, show Bakurov companies DeepForest, Vertical-B and Vilis repeatedly failed to conduct a legally required forest health study before felling trees on the excuse of fighting pests or disease.⁶³ Under the tight rules that govern sanitary logging in Russia, the country's federal

forest agency must first review an expert report known as a "forest pathology act" that recommends trees be removed (see 'How forest pathology acts work'). But, across four lease areas, there was no evidence that any such study had ever taken place.

Court files suggest the lack of forest pathology acts was not an oversight. When the arbitration court in 2014 considered a prosecutor's claim to cancel an additional agreement concerning DeepForest, company representatives presented forest pathology acts as

**Bakurov's
companies'
rapacious logging
bore little relation
to forest health**

supposed proof to justify extensive clear-cutting in the forest lease concerned.⁶⁴

But the acts proved to have been deliberately falsified by Irkutsk's Ust-Udinskiy district forestry chief Yuri Titov, who in May 2021 was sentenced to four and a half years in prison for abuse of office related to the affair.⁶⁵ He is serving his sentence in a penal colony.

The Titov affair received attention in Irkutsk. In April 2015, regional prosecutor Igor Melnikov cited the case as evidence of an escalation of sanitary felling acting as a cover for commercial deforestation across the region.⁶⁶

The arbitration court files and Siberian federal district's inspection reports certainly confirm that Bakurov's companies' rapacious logging bore little relation to forest health. According to the documents,

there was no basis for the clear-cutting they conducted on sanitary grounds, and any selective felling on the same pretext was either not needed or, in one forest lease, only justified for a tiny share (3.3 per cent) of the additional wood allowed to be harvested there.⁶⁷

In November 2018, the district court in Bratsk banned logging in the lease concerned, after a joint inspection by local prosecutors and an independent forest pathologist found one of Bakurov's companies had cut down "viable stands under the guise of damaged trees".⁶⁸

HOW FOREST PATHOLOGY ACTS WORK

Imagine you catch a cold and fall sick. Symptoms develop fast: shivers, shakes and sudden chills turn to sweats and sleepless nights. A fever's struck.

For the brave or foolhardy, now's the time to call for a stiff upper lip; for everyone else, a doctor. When your health is poor, you need expert knowledge to diagnose and treat whatever ails you. After all, there's no point in, say, lopping off a limb if all you need is some rest and relaxation.

A similar thing happens with a sick forest in Russia. If pests or disease take root, a professional known as a forest pathologist can carry out a tree health

check. The specialist conducts a detailed study to see if sanitary felling is needed, jotting down details on: which tree or trees are dead or damaged, their number and distribution within a forest lease, the expert's diagnosis for the problems observed and their suggested treatment.^{69,70}

Like doctors, forest pathologists in Russia are responsible for their decisions. Based on their detailed reports, a plan to treat the trees is drawn up which, if approved by the relevant regional body – the provincial forestry ministry, in this case – is posted on the regional authority's website and sent to Russia's federal forest agency, Rosleskhoz, for review.⁷¹



Evgeny Bakurov

‘People like me don’t drown’

Evgeny was not the only local timber baron to discover this trick. But he exploited it like no-one else, and proved more adept at staying ahead of the law.

It didn’t take too long for the authorities to cotton on to what was happening with illegal sanitary logging in Irkutsk. But it would take much longer for their efforts to bear fruit. In 2014, the same year that the first of Bakurov’s dodgy lease amendments was declared illegal by a court, Irkutsk’s regional prosecutor Igor Melnikov publicly acknowledged that protected forests were being “savagely destroyed” through secretive and unnecessary clearances.⁷² He alleged that the leadership of the local forest authorities were complicit, including in the deliberate falsification of forest pathological inspection reports. He said he and his colleagues were stamping out the problem, having ripped up more than 100 sanitary logging contracts through suits filed in Irkutsk province’s arbitration court and hauled 17 forestry officials before antitrust authorities.

Official data does show sanitary logging fell dramatically across the province between 2012 and 2014, and – following a second wave – fell again from 2018 to August 2020.⁷³ But on both occasions, one businessman notorious locally for this very crime proved able to buck the trend.

The peak year for sanitary logging in Irkutsk was 2018, at which point Bakurov’s firms were responsible for about six per cent of the total amount of such cutting in the province. As the most recent crackdown took hold the following year, the amount of sanitary logging fell by 70 per cent. But Bakurov’s firms proved immune. As a result, by 2020 they would end up with a near-monopoly on the pseudo-sanitary logging business. That year, their share would exceed two-thirds.⁷⁴

It seemed Evgeny the strongman’s claims about being a survivor were no idle boast.

Despite the best efforts of prosecutors to shut down the destruction, nearly all the arbitration suits against Bakurov’s firms were filed roughly two to three years after an additional lease agreement was signed. By that time, tens of thousands of trees had already been felled. Meanwhile Evgeny was busy repeating his trick. The process locked prosecutors in a desperate game of whack-a-mole: when they defeated one agreement in court, another popped up.

Lengthy court disputes also bought Bakurov and his cronies time to drive deeper into protected forests before someone stopped them. The regional prosecutors’ office applied for an interim ban on logging pending a court decision in only three of the 11 cases, and were successful twice.⁷⁵

The loggers, by comparison, delayed and delayed. They appealed six arbitration decisions, each challenge adding another four months on average to keep cutting trees.

With extraordinary chutzpah, in one case the company’s lawyers sought to argue in their defence that there was no point overturning the amendment, because most of the trees had already been cut.⁷⁶

Earthsight’s analysis of satellite images shows that illegal deforestation continued in protected forests controlled by Bakurov’s companies even after their appeals failed.

It was theft in its purest form.

Both Vertical-B and Vilis continued to cut down trees in protected forests after losing their respective appeals. The well-publicised original ruling against Vertical-B made its actions particularly brazen: local environmental prosecutors had celebrated victory over the company in a press release picked up by local media outlets.⁷⁷

But less than a fortnight after the appeals court ruling, in June 2019, long lines of cut trees began appearing in one of Vertical-B’s forestry sites, near Polyanka Bay.⁷⁸

Sentinel satellite images taken every few days revealed fresh clearances sprouting from new logging roads. Within a month, a professional operation had emerged with the site sporting skid trails for dragging logs across the forest floor. Felled trunks could then be hauled down a track connected to the waterway and loaded onto transport boats. Several satellite pictures appear to show barges in the bay or docked at the foot of the track.

A similar scene emerged later that summer, when satellite images captured logging at a Vilis forestry site nearly 45 miles away. After Irkutsk’s Fourth Arbitration

Protected forests bore the brunt of Bakurov's logging

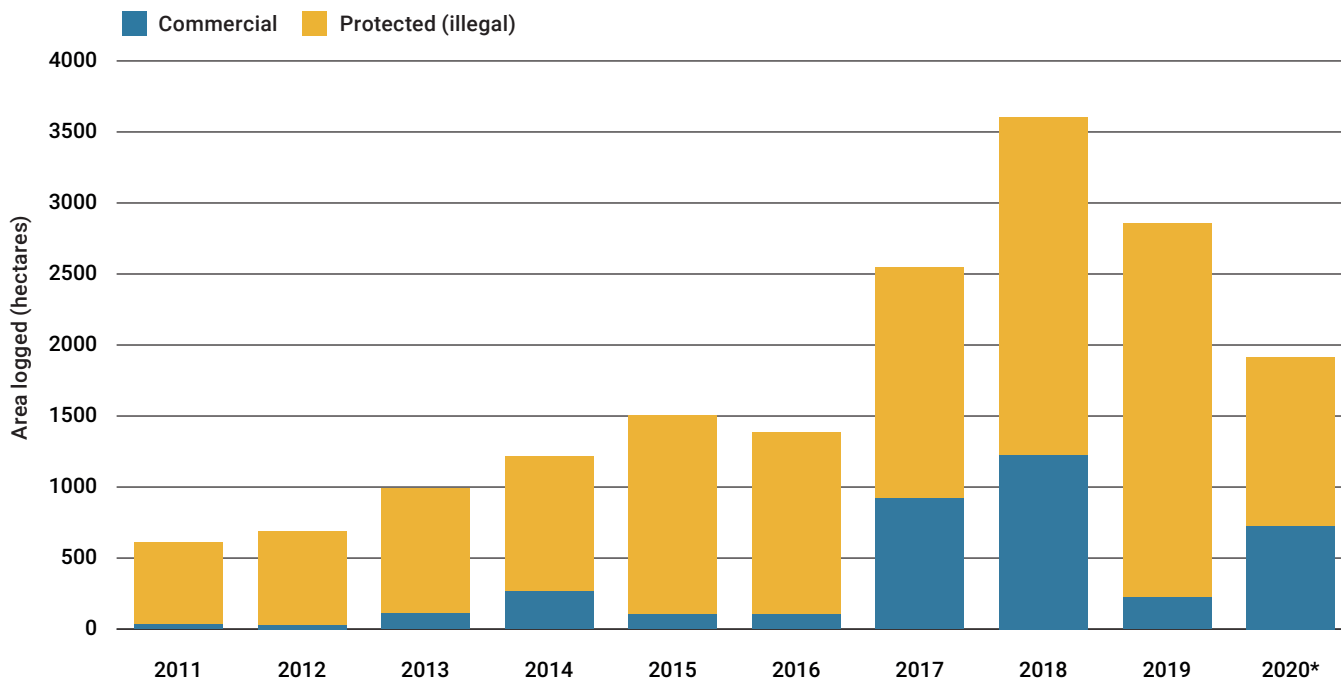


Figure 1: An analysis of satellite images reveals that most of the logging in Bakurov's forest leases in Siberia has occurred in parts of those leases which are supposed to be protected for environmental reasons. Note: some relevant leases only came under control of Bakurov part way through the period. In these cases, only logging taking place in protected forests within those leases after Bakurov took control are included in the analysis and graphic. Timing of when relevant Bakurov firms took control taken from information provided in Arbitration Court records.

Sources: Locations and scale of logging activity: Earthsight analysis of remote sensing data; Boundaries of relevant leases and protected forest zones within those leases: GIS data supplied by WWF, verified against official maps from relevant local forest authorities, publicly available in PDF format. Data visualisation: Flourish

*2020 figure is to August 2020 only.

Court of Appeal on 6 August 2019 upheld the ruling against the company⁷⁹, regular rows of stumps appeared beside a skid trail running to the Angara River. Satellite images suggest felling continued until 15 August 2019, when one image captured what appears to be a barge docked at the riverbank.

Then, in the winter of that year, there were yet more blatantly illegal clearances, this time in a spawning site along the Ilim River. The third and final offender, DeepForest, continued to cut trees in secret for weeks after the regional forest ministry imposed a logging ban in the area, while the court case involving the lease amendment was pending. Satellite pictures show trees were felled from December 2019, when the ban was issued, until February 2020.

Protected forests plundered

It turns out that even the massive windfall from the illegal amendments was not enough to sate Bakurov's appetite

for timber. To find out just how badly his activities had affected protected forests within his forest leases, we analysed satellite images going back over a decade.

Bakurov's companies control 13 forest leases with a combined area of more than 220,000 hectares, representing an empire bigger than London.⁸⁰ Half (51 per cent) of this area – or roughly 112,000 hectares – lies in protected forests spanning shorelines, streams and sources of drinking water.⁸¹

Using remote-sensing data from satellites, Earthsight tracked deforestation in 10 of the 13 forest leases over a period longer than a decade. The study area, more than 200,000 hectares, accounted for most of the land under Bakurov's control, and includes all eight leases where illegal amendments were made.

We discovered that 14,600 hectares of protected forest controlled by his five firms were felled from 2009 to August 2020 – 79 per cent of the total area logged over the period. More than half of this logging in protected



© Earthsight

Logging site in Irkutsk

forest was the most devastating and environmentally damaging kind – clear cuts. As the area under Bakurov’s control grew, so did the area of nominally protected forest being damaged and destroyed, peaking in 2019.

Based on the area logged or deforested and the intensity of logging, Earthsight estimates that Bakurov’s five firms cut 2.16 million cubic metres of wood in protected forests from January 2011 to August 2020.⁸² That is more than three times the volume allowed by the illegal lease amendments. It is wood worth almost a quarter of a billion US dollars.⁸³

The only way any such logging could have been even remotely legal was if it were being carried out for reasons of forest ill-health. There is a fair chance it was just blatant criminality. According to Greenpeace, felling in excess of licensed harvests is even more common in Russia than ‘pseudo-sanitary’ felling.⁸⁴

It is also possible that additional permissions for such harvesting were given, which neither we – nor, it would seem, local prosecutors – are aware of. But even if that were the case, what odds would you get that the forest concerned was truly sick?

We can be more certain about the illegality of much of this logging, however, because the satellite images show that it took place in forests close to the shores of rivers and the Bratsk reservoir. Recognising their crucial ecological value as spawning, feeding and wintering grounds for fish and other aquatic life, as well as for erosion and flood control, legislation prohibits felling in zones within 200 metres of such shorelines.

Even if the forest is diseased, only selective felling is permitted.⁸⁵ Yet the satellite images reveal dozens of locations within the Bakurov forest estate where clear-cuts took place in such areas. These were not small offences. One such illegal clearcut covered an area larger than 50 football pitches and extended along the coast for three kilometres. They were also blatant. In some cases, a thin ‘screen’ of trees was left close to the bank, perhaps to hide the illegal felling from sight. But in many places, the clearances went right down to the shoreline.

One reason they were clearing forest along these fragile shorelines illegally was as a cheap means of transporting their logs out of the forest. Rather than transport the logs by the established logging roads as required by law, which was difficult and expensive, particularly during the muddy summer months, Bakurov’s firms made systematic use of the neighbouring rivers and reservoir instead. Miles of precious shoreline was ripped apart by heavy machinery, as tens of thousands of logs were violently dragged across it to waiting barges.

Bakurov’s firms were caught red-handed in such illegality multiple times. On three separate occasions during 2018-2019, Bratsk environmental prosecutors took logging firms operating under contract in Bakurov’s leases to court for such breaches. The records show that field inspections by the authorities revealed numerous cases where shorelines had been torn up, littered with logging debris and polluted with engine oil.⁸⁶



Satellite images: Maxar Technologies / CNES / Airbus / Google Earth

Satellite images taken from 2016 to 2019 show a protected shoreline within Vilis forest lease 7-09 used to store logs and load them onto barges at Zmeinny Bay, in Irkutsk Oblast, Russia.

Wasteland

Squinting at satellite photos taken from hundreds of miles above the earth wasn't enough. In September 2020 Earthsight visited logging sites within protected forests controlled by Bakurov's companies to witness the destruction for ourselves. We travelled to six sites in Irkutsk's Bratsk and Ust-Udinskiy districts, unearthing yet more violations of environmental and logging laws.

We saw no signs of sickness or pests on stumps that survived sanitary clear-cutting. Nor were neighbouring forest stands visibly weak, dead or dying. In fact, valuable conifers had been chopped down while cheaper species were left untouched. Dead trees which should be priorities for felling and removal during real sanitary logging had also been left standing.

Visiting sites of illegal deforestation along the shores of Bratsk reservoir, we found them strewn with equipment, machinery and vehicles. Vehicle tracks and log piles littered the scene. Along the reservoir, man-made embankments served as temporary berths for loading wood onto barges and the loggers had even set up a parking lot. In one illegal clearance almost a kilometre long along the shore of the lake, we found it pockmarked along its length with channels cutting up to three metres deep into the fragile soil down which logs had been dragged.

In logging site after logging site, we found the ground littered with dead logging residues such as discarded branches and destroyed undergrowth. Illegal abandonment of such residues in the manner seen leads to much greater fire risk. If the forest concerned had indeed been infested with pests and disease as claimed, such illegal behaviour by loggers also promotes further spread and undermines the very purpose of the harvesting.

Earthsight's field visits also confirm that the companies Bakurov controls are systematically failing in their legal obligations to help forests grow back once loggers have left. Such 'reforestation' activities are commonly cited by Bakurov publicly as evidence that his activities don't harm the forest or wildlife in the long-term. Though sometimes seen as relative technicalities, they are a crucial part of the wider logic which the forestry sector uses to justify logging and paint it as environmentally friendly.

Yet arbitration court files contain evidence of his firms skipping some of their required reforestation duties^{87,88}, trying to avoid them^{89,90} and, in some cases, falsely stating that they had performed them.⁹¹ Bakurov's firms have been repeatedly fined as a result. In one case in 2017, to the tune of 5 million roubles (\$84,000).⁹² Our field checks suggest that these cases are the tip of the iceberg, with failures of this kind standard practice in forests under Bakurov's control.



Checkpoint illegally blocking access to Vilis LLC logging leases in Irkutsk.

New friends, new tricks

One likely reason that Bakurov was able to stay ahead of the authorities longer is his powerful political and government connections. But by 2019, his allies were starting to suffer the consequences of colluding with businessmen such as him, and his position was beginning to look increasingly precarious.

First came the downfall of the Irkutsk forest minister Sergey Sheverda in early June 2019, for his role in illegally approving sanitary felling of healthy forest in a nature reserve. Prominent regional political observers immediately and publicly raised Bakurov's name in relation to the case⁹³, and local press reports also alleged the involvement of his firms⁹⁴, though Earthsight could find no evidence to support this.

Less than a month later, his boss was also in trouble, again with a forest-related connection. Floods hit Irkutsk in late June and early July, displacing tens of thousands, killing at least 18 people and hitting the headlines nationwide. Local press reports alleged that the

illegal logging of coastal protection zones – including by Bakurov – had contributed to the devastation.⁹⁵ Greenpeace Russia's forest chief agreed that suspect 'pseudo-sanitary' felling had likely contributed.⁹⁶

The response brought the region to the attention of the Kremlin. Irkutsk's top official, Governor Sergey Levchenko – a key Bakurov ally – came under growing criticism for his poor response to the disaster, and in December 2019 was finally sacked.

With his key allies out of office and illegal sanitary logging in the state garnering unprecedented attention among the public and even as far as Moscow, the net began closing in on Evgeny Bakurov. The flow of dodgy lease amendments stopped and within a year of the floods and Sheverda's downfall logging was finally brought to a halt by the courts in seven of Bakurov's eight remaining illegal amendments. The last one was finally halted, two years too late, in February 2021. Earthsight's satellite eye-in-the-sky confirmed that the party appeared to be over.



Governor Sergey Levchenko

A lesser man might have taken defeat gracefully. After all, though officials had been arrested, sacked or jailed, Bakurov and his companies had pocketed millions and suffered little more than the odd minor fine. He could have rested on his laurels, sat back and enjoyed his new-found wealth. But that would be to underestimate Evgeny Bakurov. Instead, he was quick to cultivate new friends and invent new tricks.

When his long-term ally Levchenko was sacked by Putin in December 2019, Bakurov moved quickly to befriend his replacement. When acting Governor Igor Kobzev looked to confirm his position in the legislative elections of September 2020, timber companies owned or closely linked to Bakurov were among the most generous contributors to his campaign. Records show they supplied 12 million roubles (\$160,000), 10 per cent of the total funds raised.⁹⁷

As well as a new ally, Bakurov also has a new trick. With the sanitary logging scam providing an increasingly difficult route to riches, Russia’s illegal timber barons have hit on a new scheme: Priority Investment Projects (PIPs).

The PIP scheme was designed to promote downstream processing in the Russian wood industry but has evolved into a scam which logging companies illegally abuse to gain cheap access to forests and benefit from state subsidies. One such project was at the heart of Russia’s largest illegal timber scandal this century, which occurred in Khabarovsk in the Russian Far East. As Earthsight documented in an explosive report, in 2019 Russia’s domestic spy agency blew the lid on the case, arresting the timber baron involved. Prosecutors alleged that his company wood processing facility was a sham, used to cover the illegal harvesting of some 600,000 cubic metres of logs. The man in charge of

Khabarovsk’s forest industry during the height of the scam was found guilty of abuse of office in 2020 as a result. The timber baron behind the scam also admitted paying bribes to a federal official in Moscow.⁹⁸

In response to the scandal, Russian president Vladimir Putin ordered his government to strengthen state oversight of priority projects. But with key decisions remaining in the gift of local officials, the opportunity for graft remained.

In December 2020, two months after his successful election, one such official, Irkutsk governor Kobzev, announced three new forest-related Priority Investment Projects for his region.⁹⁹ One of those projects, it later emerged, has been given to Bakurov-owned timber firm Angri LLC, one of those generous political donors.¹⁰⁰ The project will bring with it the rights to cut 422,300 cubic metres of timber – or approximately 700,000 trees – each and every year.¹⁰¹



Earthsight report Taiga King

3. CONNECTING TO THE WORLD



Sundvik chairs from Indonesian furniture manufacturer and Ikea supplier PT Karya Sutarindo on sale in the UK, May 2021

Not so remote

The dense coniferous forests of Irkutsk are about as remote as it gets. To the south stretch the vast empty deserts of Mongolia. To the north, an unbroken expanse of wilderness touches the frozen Arctic. From Bratsk, the nearest open water port is more than 1,600 miles away; Moscow another 800 miles, across a mountain range and five time zones.

It is not a place you would expect to be well-connected to the outside world. And on the face of it, for Bakurov's little timber empire, this would appear to be true. His companies process few of the trees they cut. Most are sold to local wood product manufacturers. The exports he does have are to nearby China.

Yet ours is a globalised world, and the tentacles of big business reach even its remotest corners. As it turns out, there are threads connecting Bakurov's business to every part of the planet – and to one of its biggest corporate names.

The first big clue to how to trace these threads came from Bakurov himself. A promotional video for his

firms published on YouTube in 2016 shows him brag of supplying none other than the largest wood product retailer in the world: Ikea. He said the multibillion-dollar brand had initiated the relationship some years earlier, and claimed the Swedish giant was particularly pleased with his ability to deliver the goods. "After seven years of Ikea's work in Russia with logging companies," Bakurov claimed the retailer had told him, "we chose your company because you send logs faster than we can transfer the money."¹⁰²

"We chose your company because you send logs faster than we can transfer the money"

Comment attributed by Evgeny Bakurov to Ikea representative

Going undercover

In that same promo film, Bakurov claimed to supply wood to factories near the Chinese port city of Qingdao, whose main customer is Ikea. While initially the wood ending up with Ikea was leaving Russia as logs, he also claimed to have

persuaded the Swedish firm to support the setting up of a sawmill in Russia to do primary processing there.

But it remained uncertain which Ikea products were concerned, and which Chinese factories were making them. It was also possible that the business relationship had since broken down, perhaps because of the court



cases and media reports revealing wrongdoing by his firms. Or perhaps Bakurov was simply lying.

Earthsight investigators went undercover early this year to find out. We tried to contact the timber baron. Though he proved elusive – too busy with political campaigning to talk – we were able to speak to his deputy, Vadim Kovalevsky. Kovalevsky confirmed that Bakurov's group

continued to supply Ikea, including via a local processing company called Uspekh – Russian for “success”.

“Yes,” said Bakurov’s right-hand man, “we [still] have buyers who buy wood from us and then sell it in the form of finished products to Ikea.”¹⁰³

Data from the Russian government’s wood tracking system, LesEG AIS, confirmed Bakurov firm Kapel (which conducts the logging in his leases, including Vilis) as the largest supplier of raw materials to Uspekh¹⁰⁴, which is itself located right next door to Bakurov’s own processing site in a town close to Bratsk. Uspekh turns the wood into small, planed pine staves, which are glued together to make boards. During the period from January 2020 to March 2021, nearly half (49 per cent) of Uspekh’s raw materials came from Bakurov’s forest lease-holding companies. And almost all (93 per cent) of Uspekh’s supplies from companies certified by global green auditors the Forest Stewardship Council (FSC) – the only wood that Ikea accepts – came from Bakurov.¹⁰⁵

While undercover, and after an introduction from Kovalevsky, Earthsight spoke to Uspekh’s director, Anna Prelovskaya. She confirmed her company sourced from Bakurov’s group and said that they had been supplying wood used in making Ikea furniture for over six years.¹⁰⁶

Prelovskaya added that Ikea represents a significant share of the company’s total turnover, which varied from 50 per cent to 70 per cent, depending on the season.

Satellite image: Maxar Technologies / Google Earth



Uspekh wood processing factory in Irkutsk Oblast, Russia.



Many of the items in this Ikea display are made by the Indonesian firm which is using Bakurov's wood

She went on to say that the Ikea manufacturers her company supplies include one based in Southeast Asia, but would not provide its name. The director also wouldn't say which specific Ikea products used her company's wood.

Child's play

Sutarindo's main business is in kids' furniture – and it is a booming one.

The global market for children's furniture in 2018 was worth \$29.4 billion, and is expected to grow by almost 5 per cent annually in the coming years.¹¹² More than 60 per cent of this furniture is made of wood.¹¹³ The continued success of the children's furniture market has seen big brands signing licensing deals with top fashion designers and celebrities like Hollywood actress Drew Barrymore. The pandemic accelerated this growth, closing schools during national lockdowns and forcing parents to set up home classrooms.¹¹⁴ Industry experts note that buyers of children's furniture are also more likely to be concerned about sustainability.¹¹⁵

Ikea's children's range accounts for between 6 and 8 per cent of its overall business in its mature markets, though this proportion can be much higher in emerging ones like India.¹¹⁶ Figures contained in Ikea's annual report suggest the company's total sales of kids' products were more than €3.2bn last year.¹¹⁷



Fortunately, we had other means of finding this out. Customs records obtained by Earthsight show Uspek regularly ships large volumes of pine staves and boards to an Indonesian firm called PT Karya Sutarindo (logo shown above).¹⁰⁷ Its factory is in the town of Sukorejo, part of the furniture manufacturing hub surrounding the port of Surabaya, East Java.

At a facility nestled at the base of the active 11,000-foot volcano Mount Arjuno¹⁰⁸, workers clad in matching light-blue shirts – most of them women¹⁰⁹ – have churned out furniture for one of the world's best-known brands for more than 15 years, we learnt.¹¹⁰

Though nominally independent like most Ikea suppliers, Sutarindo depends almost entirely on the Swedish furniture giant for its business. Ikea was responsible for 96 per cent of the company's sales in 2019.¹¹¹



Though it is cheap, the brand's trendy designs draw customers from a broad range of backgrounds. Even the third in line for the British throne, seven-year-old Prince George, has Ikea furniture in his bedroom. During a tour of an Ikea store in Stockholm in 2018, his parents, the Duke and Duchess of Cambridge, better known as William and Kate, revealed they had bought such furniture for his sister too.¹¹⁸

Last year, Sutarindo supplied more than 2.2 million items of children's furniture to Ikea with a retail value of \$60 million, Indonesian records obtained by Earthsight show.¹¹⁹ That's equivalent to 2 per cent of Ikea's total revenues that year. The goods included best-selling products like the discount Latt table and chair set and most of the items in the Sundvik children's range – chairs, tables, beds and wardrobes, among others.

The records also reveal the Indonesian company ships to Ikea stores in countries worldwide, including the United States, China, Russia, Japan, Germany, France, Italy, the United Kingdom, Spain, Belgium and Canada. Of these sales, 45 per cent were destined for the European Union, and another fifth for the US.¹²⁰

Pine, the main material in these products, does not grow in Indonesia. Sutarindo must instead import it from overseas.

Digging further, Earthsight discovered that the Russian processing company closely linked to Bakurov, Uspek, is one of Sutarindo's largest suppliers of pine. Nearly a quarter, by value, of the pine the Indonesian firm imports to make Ikea furniture comes from Uspek, which sends it about 200 tonnes of pine staves each month. Packed into cargo containers, the goods trundle along the Trans-Siberian Railway to Vladivostok in the Russian Far East, from where they are shipped.¹²¹

Roughly 1,700 Russian trees, nearly all of them supplied by Bakurov and many illegally logged, flood into this Indonesian Ikea factory each month.¹²² By a conservative estimate, one Ikea product containing this wood is sold somewhere on earth every two minutes.¹²³

Responding to our allegations just prior to publication, PT Karya Sutarindo told Earthsight that it does not use wood "from the region you speculated" (i.e. Russia) for two specific Ikea products (the Latt table and Mala easel), but pointedly did not deny using Russian wood from Bakurov's company for other products which they supply to the Swedish giant. They went on to say that they were investigating our allegations and "continue to insist on procuring legally sourced wood".

Destination (Ikea region)	Sundvik chair	Flisat wall storage	Flisat stool	Finnvard trestle	Flisat book display	Flisat table	Sundvik table
USA	66,418	99,738	64,318	24,970	27,460	26,938	20,558
Germany	68,180	45,660	73,482	21,556	2,050	6,016	1,548
China	21,378	42,606		2,450		18,458	13,980
Poland	27,792			13,450	9,432		
UK	19,740			16,700	22,032		6,284
Italy	11,708			14,550			5,632
France	14,058			21,550		282	9,810
Japan	75,882		6,204		8,304	1,836	880
Benelux	39,168			8,900	16,416		5,148
Russia	20,761	5,509	3,114	1,850	1		
Australia	6,256		13,598		7,776	15,754	1,276
Canada						8,432	
Spain				12,700			2,596
Middle East	4,302						2,244
Sweden	15,952			5,150	1,368	1,020	12
Austria	1,152			650	1,296		1,610
Turkey						1,176	
South Korea							

All roads lead to Ikea

While the clearest route by which Bakurov's dirty wood reaches Ikea stores is via the children's furniture made by PT Karya Sutarindo in Indonesia, it is not the only one.

Bakurov's firms continue to ship large volumes of logs and lumber certified by the Forest Stewardship Council to China, home to some of Ikea's largest suppliers.¹²⁴ Those suppliers remain heavily dependent on the steady flow of FSC certified wood from Russia. And when he spoke to us, Bakurov's deputy Vadim Kovalevsky said he believed this wood was still being used to make Ikea goods in China (although he didn't know the names of the factories doing this).¹²⁵ During discussions with undercover Earthsight investigators, Uspek's director also claimed to have recently sold wood to an Ikea supplier in the country but refused to give its name.¹²⁶

Bakurov has previously mentioned Ikea suppliers in the Qingdao area of the province of Shandong using

his wood. If so, this was likely done through a handful of large Ikea suppliers clustered in the small district of Zhucheng, well-known locally as the 'home of woodenware'. At least five big Ikea suppliers crammed cheek-by-jowl around one village, Shiqiaozi, together churn out upwards of 10 million items of furniture

and other wood products for Ikea every year.¹²⁷ Like their Indonesian counterpart, they are technically independent but utterly reliant on the Swedish cash cow.

Wang Shiliang, export manager of one of the largest of these firms, a company called Song Yuan, says the entirety of its \$57 million in annual sales goes to the furniture giant.¹²⁸ Ikea places the factories under huge pressure to deliver rapidly increasing volumes at bargain prices. Executives confess that Ikea's power exerts a stranglehold

over them, forcing them to be obedient to its demands and cut costs. Otherwise, they worry, Ikea could easily drop them, leading to inevitable bankruptcy.¹²⁹

Wang and his boss explained to a Chinese journalist in 2019 that the biggest problem they face in delivering

Ikea places the factories under huge pressure to deliver rapidly increasing volumes at bargain price.

Flisat doll's house/wall shelf	Sundvik rocking chair	Sundvik extendable bed	Norddal bunk bed	Stora loft bed	Latt table & chairs*	Mala easel*	Grand Total
1,470	2,226	12,320		2,704	72,638	127,274	549,032
10,908	4,746				48,756	28,402	311,304
	1,356	3,460	6,082	1,098	48,160	12,218	171,246
8,484	1,974				48,244	47,160	156,536
378	1,974				42,308	39,810	149,226
9,996	630				36,682	56,940	136,138
5,086	756				36,346	32,328	120,216
			3,018		12,660	8,760	117,544
210	1,344				15,876	23,190	110,252
3,215	294				2,129	50,070	86,943
			162		9,848	19,438	74,108
		2,144		16	24,948	34,500	70,040
						52,410	67,706
1,386	1,806				13,890	42,876	66,504
378	761	3			12,432	28,037	65,113
	84				1,624	1,500	7,916
42							1,218
			1			3	4

Table 3: PT Karya Sutarindo shipped these Ikea products in 2020.

Source: Indonesian export records for PT Karya Sutarindo, Feb 2019 to Feb 2021, obtained from Panjiva.com. Data visualisation: Flourish

*PT KS denied having used Bakurov's wood for the items highlighted in yellow

on Ikea's demands is their supply of raw materials from Russia. The imports account for more than half of the cost of the finished products they make, and with the difficulty of transporting logs and lumber from Siberia and the Russian Far East shortages of supplies are common.¹³⁰ To get around the issues, many of these Ikea suppliers have made their own investments in Russia, including in Irkutsk province. Song Yuan alone has invested \$30 million in the country and claims to control 260,000 hectares of forest.¹³¹

These Chinese firms sell a wide range of products made from Russian wood – mostly pine, but also birch – to Ikea, including step stools, wine racks and wooden bowls. Many likely contain Bakurov's tainted timber.

A third route into Ikea runs through Russia itself. Both the director of Uspekh and Bakurov's deputy claimed to directly supply or have supplied Ikea's own factories in the country. Uspekh's director said her firm sold wood to them until early last year, when Covid-19 interrupted business.¹³²

Ikea has three sawmills in Russia, churning out furniture and furniture parts. The largest, at Novgorod, uses only chipboard, but its mill at Vyatka uses solid pine to make

popular items such as Neiden bedframes and Lerhamn tables. Records show the products are shipped to countries including the USA, UK, Germany and France.¹³³

Tainted trade

Ikea is by no means the only buyer of Bakurov's dodgy wood in Europe or the United States. Sutarindo, we learned, also ships children's furniture to two of Ikea's biggest competitors in the United States. Though in response to our finding the Indonesian company insisted that none of these exports were made with their Russian pine, if true it appears this was more by chance than by design.

And while Bakurov's companies don't ship to Europe directly, they supply several large local mills which do. Trawling through the data, we established that in total, European firms import at least €170 million a year in wood products tainted with illegal logs from Bakurov's operations.¹³⁴ His suspect goods contaminate a large proportion – perhaps even a majority – of eastern Russia's exports to the continent.

4. LAUNDERING MACHINE



The mark of responsible forestry

Full list of FSC product groups and other data about the certificate scope of the certificate holder can be found in FSC database at the internet at <http://www.fsc.org>

Сертификат является собственностью ООО «Икеа» (Икеа) и должен быть передан на хранение или уничтожен по окончании сертификации в сроки, указанные в соответствующем законодательстве

This certificate shall remain the property of Forest Certification Ltd, and has to be returned or destroyed upon request from all copies or reproductions of the certificate

Сертификат не может быть использован иначе, чем в соответствии с условиями программы сертификации, включая FSC, сертификационный план производителя или FSC контролируемый источник. Продукция произведенная поставщиком или производителем древесины сертифицирована, имеет статус компетентный и является действительным сертификатом, если в соответствующем и утвержденном документе четко указано соответствие требованиям FSC

This certificate does not constitute evidence that a particular product supplied by the certificate holder is FSC-certified or FSC Controlled Wood Product (CWP), except as used by the certificate holder can only be considered correct by scope of this certificate when the required FSC claim is clearly stated on product and shipping documents

100, 11, Pöytäkatu 11, 00100 Helsinki, Finland
Phone/Fax: +358 (0)9 440 44 92 / +358 (0)9 440 44 93
URL: <http://www.fsc.org> or www.fsc.org/fsc/cert

FSC certificate featured in 2016 promotion video for Bakurov's ExportLes group.

Tip of the iceberg

EarthSight's findings represent just the tip of the iceberg with respect to the presence of illegal Russian wood in both Europe and Ikea.

Ikea's consumption of Russian wood has skyrocketed in recent years. The firm used 1.9 million cubic metres of Russian logs in 2019, almost double that of five years earlier. The staggering volume represents at least a million felled trees.

Russia is Ikea's second-largest source of wood after Poland. Its forests represent a growing share of the company's supplies with stocks from elsewhere already maxed out. In 2014, 6.5 per cent of Ikea's wood came from Russia. By 2019 the proportion had risen to 9 per cent.¹³⁵

Ikea even has its own forests in Russia. But these supply only 7 per cent of its Russian wood needs.¹³⁶ The rest comes from a raft of third-party suppliers, of whom Bakurov is just one.

To ensure this wood is legitimate, Ikea relies heavily on the Forest Stewardship Council (FSC) certification scheme. Founded in the early 1990s by a group of environmental charities and progressive timber firms, FSC has grown into a behemoth. Its auditors visit and check 2.3 million square kilometres of forest worldwide

each year¹³⁷ (an area one quarter the size of the United States), supposedly ensuring that logging there is both legal and kind to people and wildlife. FSC's cuddly green tree-tick logo adorns thousands of everyday products, from tissue paper to furniture, books and even clothes made from viscose pulp.

Though it was originally meant to be a tool for environmentally conscientious consumers to ensure that they weren't contributing to global deforestation, FSC's label has increasingly become a must-have for companies wanting to stay within the law or sell to governments and other big buyers. Some forest countries have made certification from FSC or its equivalent compulsory for loggers and timber traders, while many of the biggest international markets for wood, including the US, EU, UK, Australia and Japan, have passed legislation which makes it hard to import or sell the stuff without it.

Brothers in arms

The biggest driver of FSC's growth, however, has been Ikea. The Swedish furniture retailer was among the organisation's founders and is by far the largest consumer of wood carrying its label. Ikea committed a decade ago to source all its fresh wood from FSC-certified forests, a target it achieved last year. The brand

Ikea and FSC in Russia

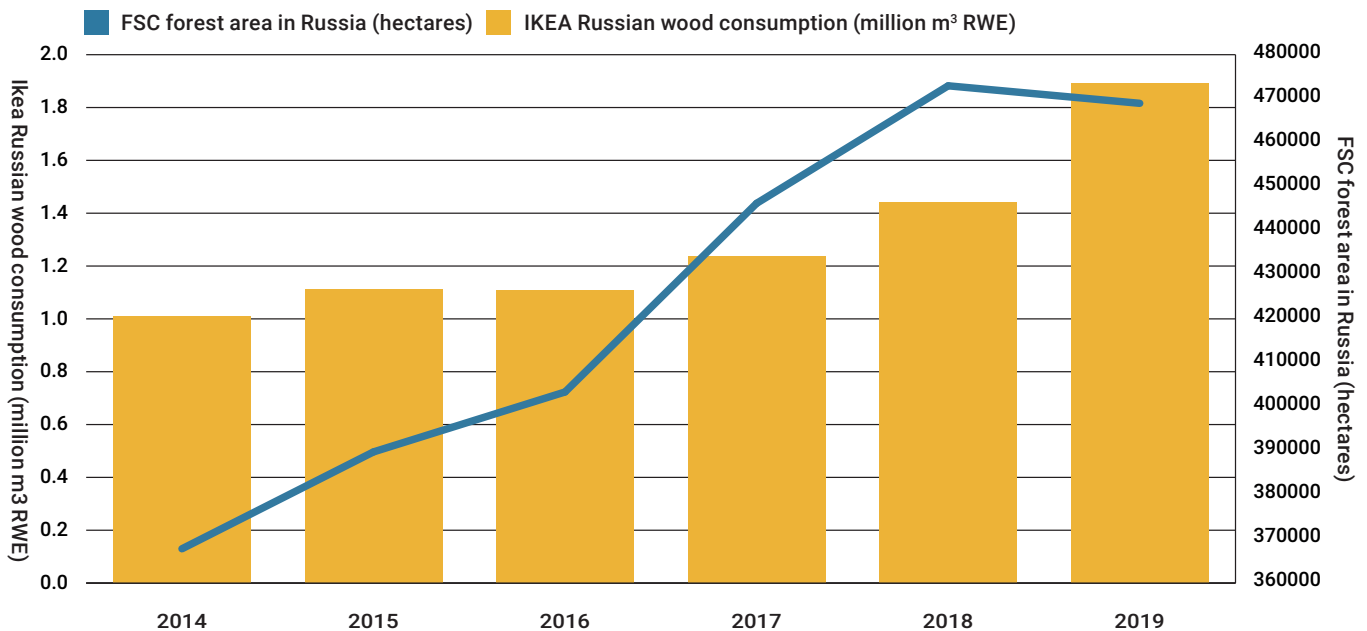


Figure 2: Ikea's growing Russian wood consumption has driven a rapid increase in FSC-certified forest in the country. Sources: Ikea annual sustainability reports; FSC Russia (figures for 1 July of each year)

almost failed to meet its goal – and would have done so were it not for Russia.

Almost entirely due to demand from Ikea, the area of FSC-certified forest in Russia has grown dramatically. With growth elsewhere flatlining, business from Russia has been the principal driver behind FSC's aggressive worldwide expansion.

In the five years to 2019, Russia represented 62 per cent of net global growth in FSC's certified forest area. Most of the remaining growth came from neighbouring Ukraine and Belarus, which are plagued by similar problems. Ikea's demand for wood from Russia has risen in lockstep with the area of FSC forest in the country (see Figure 2).

An area of Russian forest the size of France is now FSC certified¹³⁸ – equivalent to 14 per cent of its production forest (woodland in which logging is allowed).¹³⁹

Of this area, 30 per cent is in Siberia or the Russian Far East. And the largest expanse of certified forest within this region by far? Irkutsk province. Woodlands under the FSC banner in the remote territory include parts of the Bakurov empire where Earthsight documented rampant lawbreaking.

Ikea's support for FSC in Russia should have been a good thing. The vast country was well known for poor forest governance, with illegal and unsustainable logging the norm. By bringing in third-party auditors and ending the reliance on governments to police logging, FSC was

supposed to improve things. In some ways it has. But fundamental flaws in how it works have led it astray.

Alexey Yaroshenko from Greenpeace Russia is well aware of FSC's flaws. He told Earthsight that voluntary forest certification schemes are unable to protect precious forests or guarantee that accredited wood products are made from legal and sustainable materials.

"We appreciate the striving of our colleagues from the FSC to make Russian forestry and forest exploitation more responsible and legal," he added, "but we understand that so far this has not been very successful."

FSC's failures would prove costly in the Bakurov saga, particularly for Ikea.

Elephant in the room

When auditors visit a logging company to assess its activities against the FSC criteria, they are required to publish a summary of their findings. This transparency is intended to ensure that anyone can see what the auditors found and how they came to their decision. Often, the most revealing details of what is really happening in a forest come not in the form of what these reports say, but what they miss out.

Over time, such reports can run into hundreds of pages. With language largely impenetrable to all but a select

Vilis accounts for large share of illegal felling in protected forests

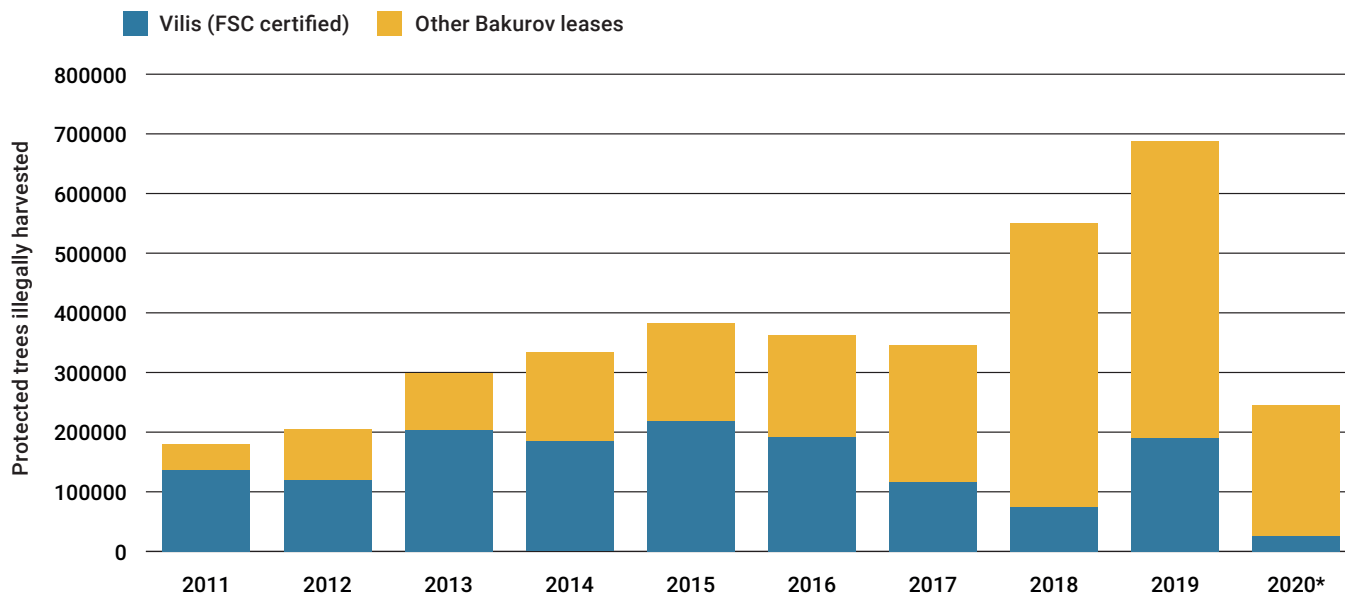


Figure 3: A large proportion of the illegal felling in nominally 'protected' forests within Bakurov's forests took place in his FSC-certified concession.

Source: Measurements using satellite imagery of logging in protected forests in Bakurov lease areas during the years each was under his control, multiplied by average yield rates in cubic metres of commercial timber per hectare given by his own company (211 for clearcuts, 92 for selective), and divided by the average yield per tree (0.5-0.7 cubic metres) as stated publicly by Bakurov himself.

*2020 figure is to August 2020

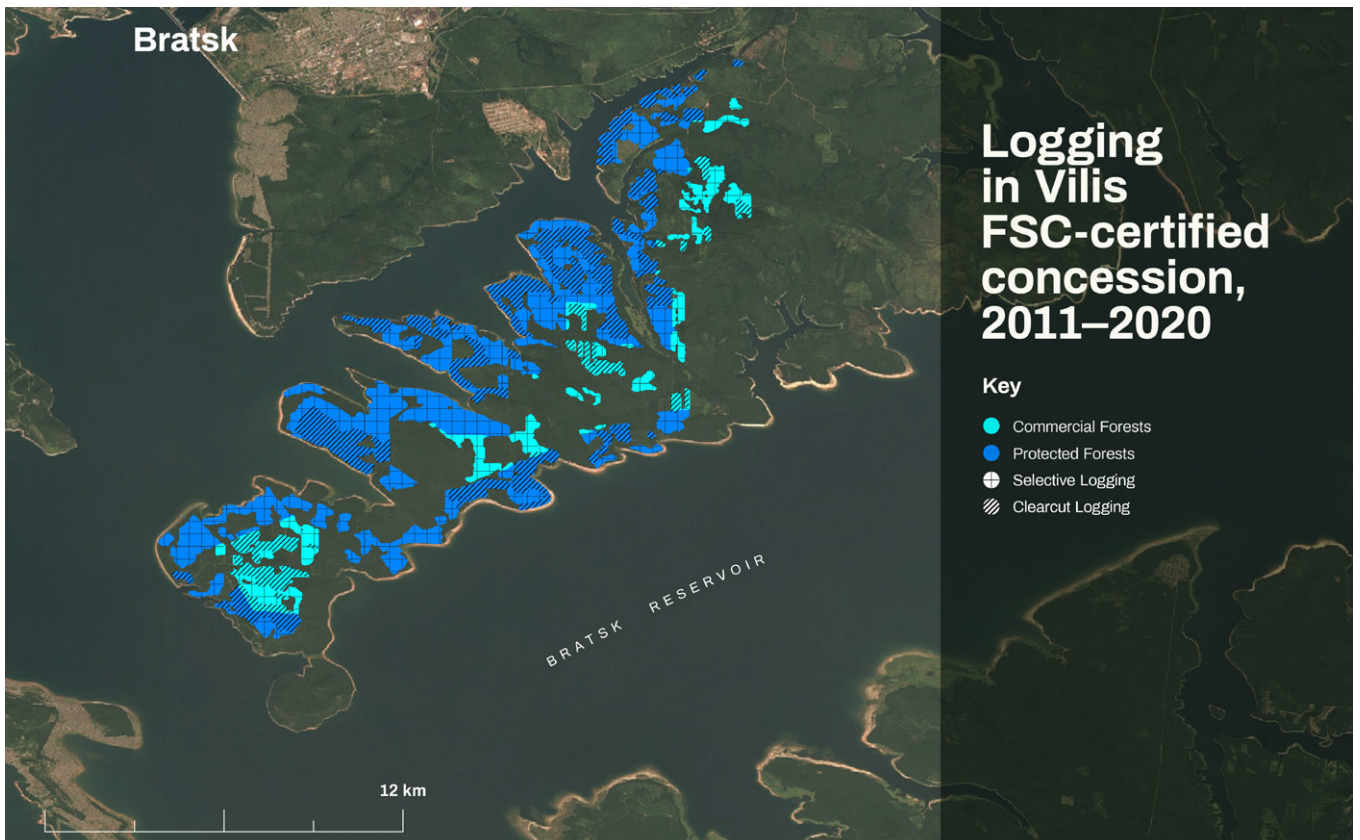
few, they include microscopic details on trivial matters. Yet all too often they also manage to omit – or perhaps deliberately obscure – hugely important facts. In one forest in Ukraine, for example, audit reports obsessed over the type of trousers loggers were wearing – while neglecting to mention the rampant lawbreaking the environmental police had exposed there.¹⁴⁰

The proverbial elephant in the room in the Bakurov case was far larger. This is because, shockingly, some two-fifths of the forests where Bakurov's companies have been engaged in wanton destruction in recent years have had the FSC imprimatur that whole time. After more than 10 years of checks, the published reports run to a combined 234 pages.¹⁴¹ The auditors found time to record how many ambulances the local hospital has, along with a single case of a fuel storage tank being put in the wrong place. But, somehow, they failed to notice an illegal timber grab of quite startling dimensions happening right in front of their eyes.

The logging in 95,000 hectares of forest leased to Bakurov's Vilis LLC was first certified in December 2010 by Forest Certification LLC, Russia's home-grown FSC-accredited auditing firm. Since then the company's auditors have been back no fewer than 13 times. What they missed confounds belief.

All the illegal acts described in Chapter 2: 'The heist' were detected by Russian authorities or Earthsight in Bakurov's FSC-certified Vilis concession, as well as in other Bakurov forest leases. The charge sheet is stark: court decisions have ruled that amendments to three of the five FSC-certified Vilis leases were illegal; field evidence confirms the unjustified and illegal nature of this sanitary logging by showing that the forest concerned was healthy; in one of the FSC-certified leases, satellite images show illegal logging continued even after the courts invalidated the lease amendment concerned; the illegal sanitary clearcuts within the Vilis concessions included some of the largest areas within the wider Bakurov estate in protective zones along the edges of lakes and rivers, areas especially important for the spawning of fish and prevention of erosion and pollution of water sources; in 2019, 86 per cent of all timber cut within the Vilis concession certified by FSC came from illegal sanitary harvesting in protected forests; and more than 40 per cent of trees illegally harvested in protected forests across the Bakurov empire over the last decade were cut in Vilis's certified land leases (see Figure 3).

In short: there have been publicly available indications of wrongdoing by Bakurov's companies, including within the FSC-certified Vilis concession, for years. FSC



Logging in protected and commercial forests within one of Bakurov's FSC-certified Vilis concessions, lease 7-09, near Bratsk, Russian Siberia, 2011-2020

auditors reported none of this information. Instead, the lease amendments which vastly increased the scale of felling in the concession went unremarked on. Auditors also made no mention of the controversy regarding the legality of these lease amendments, despite the allegations by local prosecutors having been a matter of public record since September 2014 for Bakurov's wider group and October 2018 for Vilis in particular, and court decisions relating to these allegations being a matter of public record since December 2014 for Bakurov's wider group and in April 2019 for Vilis in particular.

The scandal regarding this illegal sanitary logging by Bakurov's companies, including Vilis, has also been repeatedly mentioned in the local press since 2015. Yet once again FSC auditors did not mention this in their annual inspection reports.

Nothing to see here

So how did auditors seem to miss such obvious illegal logging and environmental crimes? Were they asleep, hoodwinked or simply incompetent? At best, the case indicates wilful blindness on their part.

Despite glaring omissions, the summary reports show that the auditors weren't entirely in the dark. The documents suggest auditors knew that the allowable cut in the Vilis leases had dramatically increased, since they dutifully reported the revised numbers.¹⁴² But they didn't note or comment on the changes. The reports also reveal that auditors were aware as early as 2010 that Vilis was conducting sanitary logging in protected forests.¹⁴³ And while auditors did not need to visit each separate part of the company's FSC-certified land leases on an inspection, the reports claim that auditors paid multiple visits to the two leases where we know widespread sanitary felling was happening in protected forests, at the time it was happening.¹⁴⁴ In every report, the auditors claim that their field checks included ones relating to the justifiability of sanitary felling. They also claim to have included visits to the boundaries of protected forest zones along the banks of water sources.¹⁴⁵

It certainly seems implausible that forestry professionals could be ignorant of Russia's problem of illegal sanitary logging, or the scandal surrounding it in Irkutsk, the country's biggest timber producing province. The matter was well known to all those engaged in the forest sector,

be they in the remotest taiga or Moscow. It is also hard to see how the systematic breaches of regulations during harvesting, as detected by Earthsight's research, do not appear to have been spotted during the annual field checks that supposedly took place.

However, while individual failures by the Russian company doing the audits likely played a part, the certification scheme's flawed systems and procedures were at least as important in explaining this fiasco. Earthsight and others have highlighted such structural defects in previous reports relating to FSC certification in other countries, but still they remain.

Blinkers on

The problems started the moment the certification was first approved.

To avoid its brand being used to mask, or greenwash, environmental abuses and wrongdoing, FSC requires logging companies to declare all of the forests they control, not just the land they are looking to have certified. Uncertified forests are not subject to the full list of FSC's checks, but auditors are expected to carry out some basic due diligence on logging within them like ensuring it meets minimum legal standards.¹⁴⁶

Importantly, however, the rules don't require the auditors to check whether the company being certified has been honest in its declaration. They also leave some room for interpretation over which of its affiliated corporate entities need to be declared.¹⁴⁷ In this case, Bakurov's logging companies DeepForest, Vertical-B and Noviy Les were never declared in FSC public summaries for Vilis despite all four firms being owned by the same man. As a result, auditors were under no obligation to monitor whether they were engaged in criminal activity, despite plentiful clues that they formed part of a larger whole.

It was for this reason that auditors did not notice – or could ignore – the scandals involving Bakurov's uncertified firms long before they spread to Vilis. One of the most damning examples of confirmed illegal, unjustified sanitary felling in protected forests considered in this report involved Bakurov outfit DeepForest, in which a forest official was jailed for falsifying documents claiming trees in one of the

company's forest lease were diseased. Local press reports also alleged the involvement of Bakurov's wider group with the illegal sanitary logging in Tukolon Wildlife Refuge which resulted in the arrest of the provincial forest minister (Earthsight was not able to substantiate these claims). The FSC reports mention none of this.

Timber laundering

The lawbreaking taking place in the parts of Evgeny Bakurov's forest estate that are not certified are potentially more important to this story than they might first appear. And again, the fault lies with FSC's core systems.

Ensuring illegal wood is not laundered through certified supply chains is a crucial function for forest certification schemes

Ensuring illegal wood is not laundered through certified supply chains is a crucial function for forest certification schemes. Unfortunately, a series of scandals shows FSC is failing to stem the flow of dirty timber despite a growing arsenal of technologies now available to detect it.

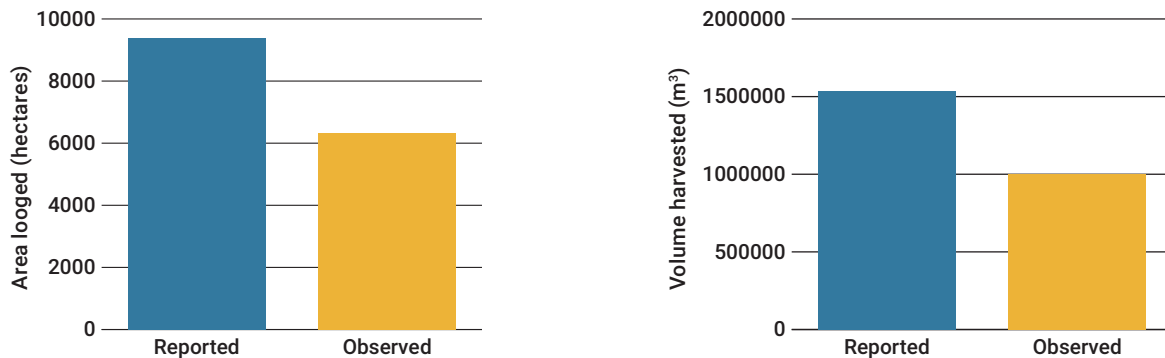
FSC's 'chain-of-custody' system is entirely paper-based, and predicated on a level of trust in logging and timber processing companies which has been shown time and again to be undeserved. Companies merely have to show they have the necessary safeguards in place to keep certified and uncertified wood separate, and not that they actually use them. FSC's proposed 'Online Claims Platform' could have eliminated the problem of uncertified wood slipping into certified supply chains by ensuring only as much FSC wood was sold as was harvested. But the certification scheme abandoned the plan after pressure from timber industry members.

Earthsight's research suggests uncertified timber from Bakurov's forest estate was very likely laundered into FSC supply chains. Earthsight's estimate of logging activity in Vilis leases in the period 2014-2019, drawn from remote-sensing data, indicates the company reported in its official declarations that a much larger area of forest was cut down each year than was actually the case. Nearly 9,400 hectares of forest was declared to FSC as having been logged over the period¹⁴⁸ – an area 48 per cent larger than the remote-sensing data's estimate of 6,300 hectares.

The discrepancy means that 535,000 cubic metres of wood, a volume six times as big as London's Royal Albert Hall and representing a third (35 per cent) of the 1,539,057

Possible evidence of timber laundering

Logging in five Vilis leases, 2014-19



EarthSight's assessment of satellite imagery of Bakurov's FSC certified forests revealed much less logging than his company claimed, suggesting harvest volumes could have been exaggerated to allow non-FSC wood to be laundered from elsewhere.

Sources: Earthsight analysis of remote-sensing data; Angri LLC declarations of logging areas and volumes in Vilis leases 2014-2019

cubic metres Vilis declared to have harvested over the period (excluding wood obtained through thinning), could not be accounted for by the observed activities.¹⁴⁹

Though a methodology of this kind is necessarily open to some small level of error, this cannot explain such a huge discrepancy. This is supported by the fact that an identical analysis by Earthsight of a nearby non-Bakurov lease produced an estimate of harvest area within 6 per cent of that which had been reported.

So how to explain the gap between the company's data and the satellite evidence? A likely explanation is that wood harvested elsewhere was falsely recorded as coming from Vilis forest concessions, and subsequently laundered as FSC-certified.

There could yet be other, more innocent explanations. But no-one really knows, and given Bakurov's history, it would seem unwise to give him the benefit of the doubt.

FSC does have powers to spot timber laundering and stop it from happening, but, in a classic Catch-22, will only use them if there is evidence that timber laundering is already taking place. The forest certification scheme expects NGOs to provide that evidence – but doesn't publish the data they would need to find it.

Race to the bottom

Even the failure of individual auditors and auditing firm Forest Certification to follow FSC rules in this case can arguably be placed at the green label's own door. For many years, environmentalists have highlighted a glaring flaw in how the certification scheme works. It subcontracts auditing duties to for-profit firms which

are paid directly by the very companies they are meant to police. With third-party auditing bodies competing for business from logging firms, wood processors and traders, the system engages them in a so-called "race to the bottom", driving down auditing standards.

Forest Certification, the auditing firm which certified Bakurov's empire and failed to notice the rampaging elephant in the room, is a case in point. Whereas other FSC certification firms are international companies operating pretty much everywhere, Forest Certification is a Russian-owned company specialising in certifying forests in the former Soviet Union – particularly Russia and Ukraine. Over the last few years, it has carved out a niche for itself in the high-risk region.

While in 2016 the Russian firm was responsible for monitoring 10 per cent of the area of FSC certified logging in its home country, by 2019 this proportion had grown to 58 per cent. Forest Certification's services have also been particularly sought-after in Russia's most lawless regions. Though it is responsible for 41 per cent of FSC 'forest management' certificates in the European part of Russia, it has issued almost two-thirds of them in Siberia and the Russian Far East. In Irkutsk, the proportion is even higher. Of the 30 certificates active as of December last year, Forest Certification was responsible for 21 – including Bakurov-owned Vilis.¹⁵⁰

Forest Certification also has a growing business in Ukraine, where it is now responsible for monitoring a quarter of the total FSC certified forest area.¹⁵¹ Its reputation there isn't great. One of its first jobs was certifying a large, state-owned forestry enterprise in Polissia, in the north of Ukraine. A previous report by Earthsight, published in

2018, revealed that the enterprise was at the centre of a major ongoing criminal corruption probe, and was illegally exporting logs in the guise of “fuelwood” in volumes greater than any other state-backed forestry business in the country. Forest Certification’s auditors appeared not to notice either.¹⁵²

FSC subsidiary Accreditation Services International (ASI), tasked with watching the watchdogs, is meant to prevent these mistakes. But its oversight of the competing certification bodies has failed to stop environmental abuses from happening right under their noses. This is because ASI only examines a small sample of FSC-accredited forests, following the same flawed procedures as the certifying bodies it is meant to police.

As it happens, ASI never felt Vilis was worthy of their attention, despite one of Forest Certification’s auditors – quickly overruled by his superiors – describing the company as “high-risk”.¹⁵³ ASI did carry out a general audit of Forest Certification’s headquarters in September 2020, but gave the certification body a clean bill of health. Exactly why is not clear, because the findings of the audit are kept secret.¹⁵⁴

Clean slate

In November 2020, during Vilis’s five-year FSC recertification audit, the company’s FSC certification was amended to remove four of its five forest leases. At the same time, the remaining lease was transferred to another Bakurov-owned company, Kalinov Most. No plausible explanation for these changes is provided by the auditors in the FSC public summary.¹⁵⁵

A possible reason for the changes is that the illegal sanitary logging which had been taking place within the forest leases for years could no longer be kept from (or ignored by) the auditors. Therefore, to retain his FSC accreditation, Bakurov removed the Vilis leases within which the illegalities had occurred from the scope of the certificate. The leases were certainly not removed because of belated action by auditors.

So why transfer the remaining lease from Vilis to Kalinov Most? This may also have been done to circumvent FSC’s partial certification rules and avoid auditors having to consider what had occurred in the areas

now out of scope. Kalinov Most, a separate legal entity untainted from past scandals, could claim it had no responsibility for the actions of Vilis.

With his business reputation increasingly called into question, and perhaps mindful of the possibility that

FSC might one day – belatedly – catch up with him, Bakurov has also sought backup from FSC’s global competitor, Programme for the Endorsement of Forest Certification (PEFC).

PEFC’s reputation is worse than FSC’s, and so are its standards. Though it doesn’t quite have the cachet of the leading green label, and will not suffice for Ikea, its certificates are nevertheless enough for most of Europe’s eco-conscious wood buyers. In December 2020, Earthsight revealed how timber linked

to the largest Russian illegal logging case this century had received the PEFC stamp and flooded into Europe as a result.¹⁵⁶

PEFC certainly did no better in noticing Bakurov’s illegalities. In April this year, they approved a certificate covering two of the ex-Vilis leases and a third lease held by Kalinov Most.¹⁵⁷ Again, the two Vilis leases where the rampant illegal harvesting had been occurring until very recently were excluded. That the PEFC auditors didn’t pick up on Bakurov’s shady background perhaps isn’t surprising, since they were from the same firm – Forest Certification – which had somehow failed to spot anything fishy while certifying his company for FSC for the previous 10 years.

Though the rotten leases were excluded from the scope of these certificates, this did not mean the risk of illegal wood being rubberstamped by the two green labels had disappeared. Given the evidence of laundering of uncertified wood by Bakurov’s firms, their reputation for other illegalities, and the record of the auditors, that would surely have been a rather false hope.

There is also the small matter of Russia’s many other FSC-certified and PEFC-certified forests to consider, all audited using the same flawed systems and many by the same local auditing firm. Similar issues are almost certainly to be found in these other forests. Indeed, we know that what has happened within Bakurov’s FSC-certified forest leases is not unique, in Russia let alone the wider world.

What has happened within Bakurov’s FSC-certified forest leases is not unique, in Russia let alone the wider world

5. DÉJÀ VU



Illegal sanitary logging site in Velyky Bychkiv, Ukraine

Broken silence: Ikea's Ukrainian wood supply

Earthsight has caught Ikea selling illegal wood laundered by FSC before. Both the furniture retailer and the global wood watchdog ignored important lessons from the scandal and, until they reform, are doomed to keep repeating the same mistakes.

We revealed in an investigation published in June 2020 how some of Ikea's bestselling products, the Ingolf dining chair and folding Terje chair, among others, had been made from illegally felled beech trees from one of Europe's last great forests.¹⁵⁸

Our report found the world's largest furniture retailer was a major buyer of illegal wood from the once-dense Carpathian Mountains in southwest Ukraine, home to some of Europe's rarest wildlife. The 18-month investigation caught Ikea's suppliers in Ukraine breaking numerous environmental and logging laws.

As in Russia, healthy trees were cut under the false pretext they were diseased or dying out. Such sanitary logging also occurred at a time known as the 'silence period' when it is banned so that animals can breed.¹⁵⁹ And as in Russia, the forests and firms concerned were given the green light by FSC, despite rampant and sustained rule-breaking.

We also demonstrated that it was very likely that FSC-certified logs on which bribes had been paid into the offshore accounts of a corrupt Ukrainian forest minister had made their way into Ikea's products in the past.

Ukraine scandal fallout

Earthsight's investigation into Ikea's wood supply from Ukraine made headlines worldwide¹⁶⁰ and caused a scandal in a country struggling at the time to cope with severe storms and floods in its western provinces.¹⁶¹

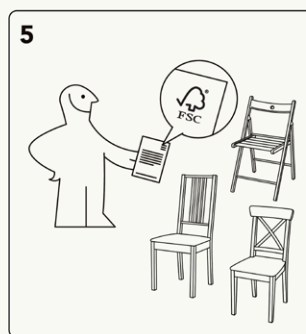
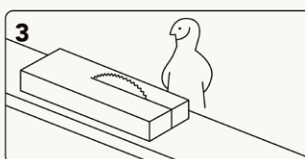
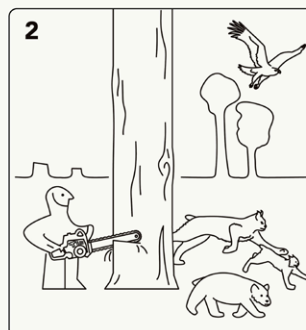
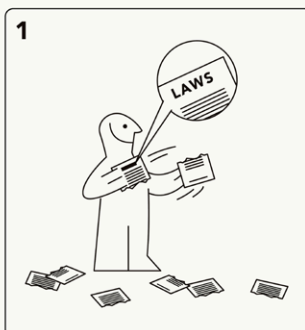
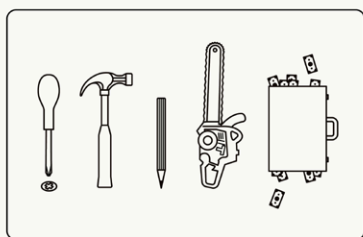
The Ukrainian Prime Minister, Denys Shmygal, pledged a crackdown on illegal logging in the country days after we published our findings.^{162,163}



Ukrainian Prime Minister Denys Shmygal

FLATPÅCKED FÖRESTS:

IKEA's illegal timber problem and the flawed green label behind it.



Earthsight report Flatpacked Forests (2020) exposed illegal wood from Ukraine in Ikea supply chains

While the crackdown was welcome, it did not address the systematic policy flaws at the root of the problem. Five leading Ukrainian civil society groups sought to address this inadequate response in an open letter demanding that Ukrainian authorities implement sweeping reforms to the country's forest sector and calling on the EU to support those changes.^{164,165}

In early 2021, the European Union did make one ground-breaking move in response to Earthsight's reports about Ukraine. The bloc issued a guidance document for Member States acknowledging that neither FSC systems nor government documents could ensure that Ukrainian wood was legal. They said that if companies in Europe were to comply with its law on legality of wood imports, they would have to do a lot more, and if they could not, they must halt purchases.¹⁶⁶

At the same time, pressure continued from the public and policymakers for Ikea to clean up its act. The Swedish retail giant's role driving deforestation in Ukraine was mentioned in a debate at the European

Parliament and more than 200,000 people signed an online petition demanding the brand take actions including setting targets to reduce its wood use and halting timber supplies from virgin forests.¹⁶⁷

But what of Ikea and FSC themselves? Their responses were at best lacklustre and tried to spin the systemic scandal into the very thing we warned against: a case of a few bad apples.

The rotten apple argument

Our report covered a wide range of Ukrainian supply chains connected to Ikea, and made clear that the issues identified were systematic. It also made clear that the implications went

beyond Ukraine, with similar problems very likely to be found in other high-risk Ikea supplier countries like Russia. Ikea and FSC, however, honed in on just one specific Ukrainian supplier and ignored everything else. The narrow scope of their responses ensured that the conditions that created the scandal have not gone away.

Responding to our findings last year, Ikea issued a

Pressure continued from the public and policymakers for Ikea to clean up its act



Ikea Terje chairs were linked to illegal Ukrainian timber in Earthsight's Flatpacked Forests report.

blanket denial of accepting illegal wood¹⁶⁸ – even as Ukrainian authorities unearthed fresh evidence of lawbreaking by its supplier.¹⁶⁹

FSC's response, meanwhile, neither welcomed the findings nor promised to look into them.¹⁷⁰ Instead, the wood watchdog shifted into damage-control mode, publishing a 19-page document in an FAQ format skirting well-documented issues and pushing misleading – and in some cases factually incorrect – claims.¹⁷¹ Earthsight debunked the corporate spin, point by point.¹⁷²

Then, in October 2020, Ikea issued a one-page press release announcing that an internal probe and another conducted by an obscure Ukrainian outfit “showed no indications that illegally logged wood had entered our supply chain.”¹⁷³ The firm it hired for this purpose also issues FSC certificates to Ukrainian timber companies and forest bodies, an obvious conflict of interest.

Ikea's statement could not be independently verified. Ikea refused to share the reports with Earthsight and

other NGOs, claiming that it had to keep the documents secret “to preserve the integrity of the individuals and partners involved, as well as the methods deployed by the auditor for this investigation in Ukraine.”¹⁷⁴

To absolve itself of responsibility for perhaps the most egregious illegality we found in the single supply chain they chose to investigate, Ikea decided that it was better placed to interpret Ukrainian law than a Ukrainian government agency. Ignoring that agency's decision that sanitary felling had occurred illegally during periods when such logging was not allowed, Ikea said instead that the law was unclear and “open to interpretation”.

Tellingly, nowhere in its response did Ikea address the need for meaningful reform of FSC. Instead it backed the piecemeal efforts FSC announced in Ukraine, isolated actions that will not make FSC fit for purpose.

The stage was set for another scandal.

6. CONCLUSION: TOO LITTLE, TOO LATE



Floating log rafts near industrial centre in Irkutsk Oblast, Russia

What took you so long?

Earthsight shared the key findings in this report in advance of publication with the principal protagonists, including Ikea and FSC. We sent them to Bakurov too, but he never replied.

In an email response to our findings, Ikea admitted doing business with Bakurov but maintained that “the wood in question which entered our supply chain is legally harvested”.

Nonetheless, the retailer went on to say in its email on 15 June that it had been “analysing the forestry sector in Siberia including the practices of the business operator in question [i.e. Bakurov]” for several months and decided to “no longer accept wood from these companies” sometime in spring 2021, citing unspecified “practices of concern”. The decision was taken as an “extra safety measure in accordance with our internal Due Diligence System,” the statement continued.

Ikea’s statement did not address why it had taken so long to drop its supplier, given evidence of serious illegalities by Bakurov’s companies had first become public nearly seven years earlier.

The retailer refused to answer additional questions about the exact date of the decision (which does not rule out the period after Earthsight first got in touch), what

From: Mikhail Tarasov
Sent: 06 July 2021 10:03
To:
Subject: RE: Information in our upcoming report pertaining to your company

Dear Mr Lawson and Mr Elliott,

Thank you for your mail.

At this point in time we believe we have made our position clear. We would be happy to have a meeting to discuss these matters further after the vacation period in early Autumn. **we will not be providing further information.**

Kind regards
 Mikhail Tarasov

Mikhail Tarasov
 Global Forestry Manager, IKEA of Sweden AB

Tulpanvägen 8, Box 702
 S-343 81 Älmhult, Sweden

Mobile

email:
www.ikea.com



Ikea refused to answer additional questions about the exact date it dropped Bakurov’s companies as suppliers (which does not rule out the period after Earthsight first got in touch). Source: Earthsight

exactly the “practices of concern” were, and how and when the company found out about them.

Ikea also claimed that our assessment that the company had failed to address illegalities in Ukraine is “incorrect”, though as evidence presented only a claim that the firm had continued to “work to address the issue of conflicting legislation” in the country.

Tech troubles

FSC International's statement on 15 June did not address Earthsight's specific findings about its apparent failure to spot rampant illegal logging conducted by Bakurov's companies, or how illegal wood bearing its logo ended up in furniture stores around the world. The global green label did, however, issue a general statement on its activities in Russia.

"FSC is aware of the risks associated with partial certification in forests within countries where local law enforcement is weak," FSC's head office in Bonn, Germany, said in the statement. "We acknowledge that this potentially poses a risk to FSC System Integrity and we are looking at ways of mitigating these risks in different ways."

Disappointingly, none of the examples cited by FSC look likely to achieve this.

FSC told Earthsight it has used scientific tests to check wood species and origin, but the weblink they provided suggests this technology is a service they offer to companies rather than an enforcement mechanism.¹⁷⁵ The tests would also have been meaningless in both the Russia and Ukraine cases involving Ikea which Earthsight exposed, neither of which involved false claims over wood species or origin.

FSC went on to say that its existing (read: unsystematic) use of Transaction Verification is "evolving into a more systematic approach through Blockchain", which it is currently piloting in Ukraine and China. Again, the technology would have made no difference in this case. No technology, however flashy, can tell auditors whether the harvest data a logger enters into the FSC system is actually true. Plus, FSC has not committed to making any kind of transaction verification a standard part of its systems. Without such a commitment, these technologies are little more than a public relations exercise.

Something similar can be said of another recent development FSC was keen to highlight, a GIS portal for use by certification bodies which shows maps of tree cover loss. In fact such maps – notably WRI's Global Forest Watch – have been readily available for the best part of a decade. The problem is that auditors are not required to use them – something that remains

unchanged. FSC isn't even willing to demand that certified companies publish the boundaries of their forests.

In its statement, FSC also stressed that it had been working to study and seek to better address the problem of illegal sanitary logging. Though the sustainable wood label claimed that it can help companies carry out the 'due diligence' checks required by the EU Timber Regulation (EUTR) because its supply chains "mitigate risks of illegal timber", it acknowledged that retailers and other companies importing wood or wood products from high-risk countries like Russia must perform

additional checks to comply with the EU import law or other equivalent international regulations.

Blame game

FSC's wider response to our findings was characterised by a combination of buck-passing and panic.

In its official statement, FSC International seemed to imply that blame for poor oversight of Bakurov's companies lay with its subcontracted auditors in Russia.

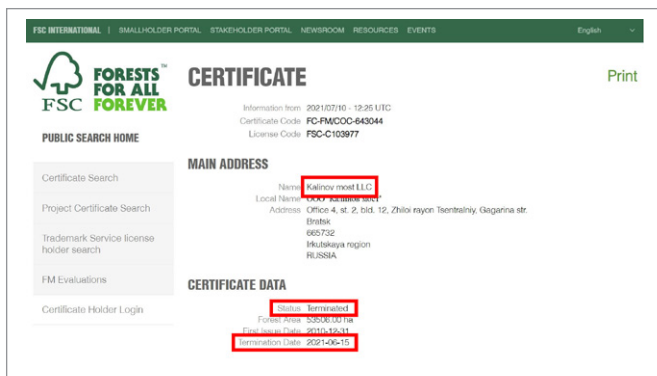
FSC's wider response to our findings was characterised by a combination of buck-passing and panic

The FSC head office stressed that it was "not directly accountable for non-compliance of third parties", like the certification bodies carrying out annual audits on the ground. It also said certification bodies do sometimes "overlook or miss non-compliance", though without admitting this was the case here.

The certification body concerned, meanwhile, threw the blame right back. In its response to Earthsight, Forest Certification LLC on 14 June did not deny being aware of the illegalities happening in Bakurov's uncertified forest leases¹⁷⁶, but instead stressed that [according to FSC rules]: "one legal entity [i.e. Vilis] cannot be held liable for another legal entity just because they are owned by the one owner."

Even though Forest Certification claimed its inspections of Vilis sanitary felling sites "did not reveal any violation of legislation", it was at pains to emphasise that FSC "does not require specialised forest pathological measures at the level of specific felling." Auditors, it added, therefore relied primarily on official documents and consultations with stakeholders to assess whether such logging was legal. The certification body also blamed Russian officials for interpreting contradictory laws differently to each other. Such situations, it said, meant certain practices once considered legal were

“suddenly” reclassified as breaking the law. Yet in the next sentence, the company claimed to apply a “risk-based approach” to assessing clients. If this was true, then why didn’t Bakurov’s certified firm Vilis represent such a “risk”?



FSC certification for Bakurov company Kalinov Most (which now controls the remaining certified leases previously held by Vilis) was quietly terminated at the same time FSC and its auditors sent statements to Earthsight denying wrongdoing and insisting all was well (screenshot taken 10 July). Source: FSC

Adding to the confusion, a strange thing happened at the very same time FSC and its auditors fired off responses to Earthsight denying any wrongdoing and insisting all was well. Without any warning or explanation, the FSC certification for Bakurov’s company Kalinov Most (which now holds the remaining certified leases previously held by Vilis) was quietly terminated. A webpage on the green label’s online database of certificates was updated on 15 June to reflect the change¹⁷⁷, which went unmentioned in both parties’ official responses. Earthsight could find no public summary or other document uploaded to explain the move. We doubt the timing is a coincidence.

Still, at least FSC were kind enough to respond to Earthsight’s request for comment. A similar email sent to their business rivals, PEFC, went unanswered.

Root and branch reform at FSC

Panic, passing the buck and scrapping one certificate years too late will not solve the entrenched problems facing FSC, in Russia or more widely. As Earthsight documented in our 2020 *Flatpacked Forests* report, FSC’s failures are not just limited to Russia and Ukraine. Illegal logging. Corruption. Human rights abuses. Precious rainforests razed. Beatings and murder of forest communities. You name the crime and

companies carrying the FSC logo have been accused of being complicit in it.

When the timber trade remains a major driver of global deforestation and forest degradation, processes which are in turn responsible for one tenth of climate-changing emissions¹⁷⁸, what’s happening in forests certified by FSC has consequences for the whole world. Given that FSC encompasses between one-fifth and one-quarter of the world’s industrial wood production¹⁷⁹, and likely a much greater share of wood imported and sold in Europe and the US, when its auditors allow the wholesale plunder of precious forests, whether knowingly or not, the environmental costs are huge.

As the *Flatpacked Forests* report explains in more detail, the good wood label’s issues stem from its failure to address its fundamental flaws.

The FSC stamp and standards, backed by the retail giant Ikea, thus provide false reassurance to shoppers concerned about the environmental impact of the books, napkins, paper, straws, wardrobes and other wood products they buy. The clean, green logo hides an ugly reality.

The Bakurov case provides further evidence of the urgent need for deep-rooted reforms – a complete overhaul of systems and procedures to prevent FSC rubberstamping more stolen trees into our children’s bedrooms.

FSC needs above all to stop denying its problems or believing they can be fixed with a generous smattering of technological wizardry. Immediate actions it could take include forcing auditors to make routine use of satellite imagery, court documents and media reports when conducting audits, and to clarify partial certification rules to avoid someone like Bakurov running roughshod over them.

But such small, procedural steps won’t be enough.



FSC members vote on a motion

© FSC Russia

The forest certification scheme must also address its structural flaws. This may be hard, as the organisation's industry members will need to be on board for the necessary steps to be approved in votes at FSC's General Assembly. But if FSC is to retain any credibility, such reforms are essential. Necessary changes include making transaction verification compulsory, shifting the burden of proof for serious illegalities and removing the conflict of interest at the heart of the system regarding how auditors are paid.

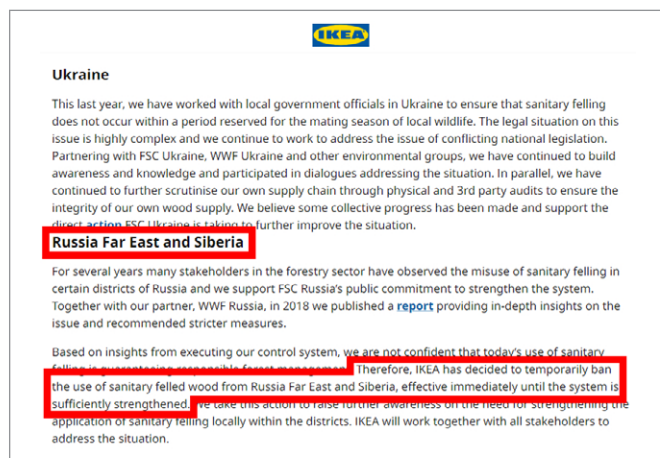
Taming the tree-munching machine

Though its response to Earthsight's findings did not acknowledge any wrongdoing or fault on its part, Ikea's actions since suggest that it is finally, belatedly realising that it has a real problem on its hands.

Rushing to get ahead of the coming scandal after being alerted to our findings in advance, Ikea on 29 June announced a raft of new steps clearly triggered by them. The company announced that it would increase its own audits of supply chains in high-risk countries by 30 per cent, third party audits by 50 per cent and unannounced supplier audits by at least 20 per cent. It also announced plans to make greater use of technology to verify its wood supplies.

Most importantly, Ikea declared an immediate ban on the use of sanitary-felled wood from the Russian Far East and Siberia.¹⁸⁰

But these steps, while welcome, won't prevent the Swedish giant being embroiled in further scandals.



Ikea declared an immediate ban on the use of sanitary-felled wood from the Russian Far East and Siberia after Earthsight alerted the retailer to our findings.

Source: Ikea

Sanitary-felled wood from elsewhere in Russia is also at high risk of illegality, but remains welcome in Ikea's products. There are illegalities aplenty relating to non-sanitary felling as well. Given the propensity for fraud by Russian loggers, it is also unclear how Ikea can ensure that sanitary-felled wood is not laundered as originating from other types of logging and therefore able to continue entering its supply chains. More audits won't help if they aren't better designed, more meaningful and more independent as well. Throwing technology at the problem will be no more effective for Ikea than it will for FSC, for reasons previously mentioned.

By trying to work around FSC's flaws without publicly acknowledging them, Ikea is also failing in its wider responsibilities. As by far its biggest supporter and consumer, the global furniture giant has the power to drive change at FSC. The retailer must demand the necessary reforms – and threaten to ditch the green label if they are not achieved within a given timeframe.

Ikea should publicly acknowledge that the Bakurov case represents a serious failure of policy implementation by both it and FSC. It should then commission a truly independent audit of its wider purchasing in Russia, to include inspections of FSC certified supplier forests. It must then publish a summary of the results, and explain how it will address them.

Ultimately, however, Ikea needs to go beyond even these steps. It needs to acknowledge that buying FSC-certified materials will never be enough to ensure its wood consumption is environmentally sustainable.

The root of the problem lies in the retail giant's 'fast furniture' business model. Though the brand has piloted schemes like leasing or buying back some used furniture, they account for a marginal share of its overall operation. The company is the world's largest wood consumer, munching through a mind-boggling 21 million cubic metres of the stuff in 2019¹⁸¹ – roughly equivalent to one tree every second.¹⁸² Wood products make up three-fifths of the company's sales.¹⁸³

This appetite is huge – and expanding. To maintain growth, Ikea must keep finding new sources of timber. Its published reports suggest its wood consumption doubled in the last decade and each year the company consumes between 1.8 million and 2.5 million trees more than the previous one.¹⁸⁴

Like other behemoth brands, Ikea exerts a relentless pressure on the vast pool of contractors competing for its business. Its relentless, and growing, demand



About IKEA / Newsroom / IKEA launches new 2030 forest agenda to push for improved forest management and biodiversity globally



25 January 2021

IKEA launches new 2030 forest agenda to push for improved forest management and biodiversity globally

The IKEA business has for many years been committed to using its size and reach to eliminate forest degradation and deforestation around the world. Today, a new forest agenda for 2030 is announced as a way to ramp up the work to further enhance biodiversity, mitigate climate change and drive innovation to use wood in even smarter ways – as the pressure on the world's forests continues to grow.

Ikea's '2030 Forest Agenda' was a tacit admission that FSC certification alone cannot ensure its wood consumption is sustainable. Source: Ikea

for cheap, sustainable wood encourages its business partners to cut corners to keep up supplies. Earthsight has previously shed light on Ikea's near monopolistic power over suppliers. For a supplier, deceiving a multibillion-dollar brand on sustainability is risky; but refusing to give it what it wants, suicidal. Forced to choose between environmental standards and bankruptcy, a supplier may see felling trees against the law as a no-brainer.

Ikea did take one broad positive step following our report, when in January 2021 it announced a new 'Forest Agenda 2030' including a commitment to source a third of their wood raw material from recycled sources by that date.¹⁸⁵ This was a welcome, albeit tacit, admission that FSC certification alone is not enough. But it is a disappointingly low target, considering that 12 per cent of the firm's wood is already from recycled sources.

They need to go much further. To address its outside impact on the world's forests, Ikea must commit to a timebound plan to first eliminate all sourcing of wood from relatively intact natural forests, then eliminate all wood from any natural forests, and ultimately source all wood from recycled sources. High-risk countries like Russia should be a priority throughout this process, rather than – as at present – being expected to do much of the heavy lifting in supplying Ikea's ever-growing appetite for wood.

The importance of government action

In all Earthsight's stories, one lesson shines through: the vital importance of action by governments.

If humanity is to avoid catastrophic climate breakdown, this is the only way it will happen. And what is true of global heating more broadly is equally true of this specific case.

The Russian government must act urgently to address the rampant illegality, corruption and environmental degradation in its forest sector, but so, too, must the countries consuming cheap Russian wood.

In Russia, the government must impose a temporary ban on sanitary felling in Irkutsk Oblast to let the province put its house in order. This will involve steps including the implementation of a requirement to make pathology reports and inspection reports relating to sanitary felling publicly accessible, and ensuring that regional forestry authorities do not depend on taxes on timber from this kind of harvesting for funding.

As the non-profit Environmental Investigation Agency (EIA) points out, FSC's outward appearance of good forest management and sourcing practices doesn't just fail to protect forests in Ukraine, Russia and other



countries around the world – it undermines meaningful efforts to do so. Why should countries plagued by illegal logging try to tackle the problem when suspect wood can hide behind FSC branding and retain access to lucrative international markets like the EU? As well as hoodwinking eco-conscious consumers and businesses, FSC increasingly undermines timber import laws in major wood-consuming markets like Europe and the US.

Laws like the EU Timber Regulation (EUTR) and US Lacey Act ban illegal wood from overseas and force importers to carry out 'due diligence' into their supplies. Under EUTR, for instance, these checks must reduce the risk of placing illegal wood on the trade bloc's market to a 'negligible' level. Meeting this threshold requires a much higher level of traceability, knowledge of suppliers and transparency than FSC papers provide.

The European legislation is clear: third-party certificates like those from FSC alone do not prove that a company complies with the rules. But most wood importers – and many of the bodies enforcing EUTR in each member state – treat them like they do. This has been actively encouraged by FSC in the past, including in Russia.¹⁸⁶

The gap between EUTR requirements and how they are enforced has caused a surge in demand for FSC

certificates, including in corrupt countries like Russia and Ukraine. Today, pretty much every wood importer in Europe and the US has FSC certificates to hand.

This arrangement benefits FSC and Ikea, which have both lobbied for EUTR to formally recognise FSC.¹⁸⁷ This would effectively make it exempt from supply chain checks, if not in principle then in practice. Given the serious flaws in certification schemes like FSC it is all the more important that authorities in key western markets step up their scrutiny of companies that import timber from countries with weak forest governance.

Using the laws they already have on the books, places like the EU, UK and US have the power to drive change in Russia and elsewhere. They must implement those laws more rigorously. If that means Russian wood loses markets and value until reforms are made, so be it.

Asked whether better enforcement of these laws could drive Russian authorities to take a stronger stance and thereby protect Russia's forests, Alexey Yaroshenko of Greenpeace Russia was categorical. "Yes," he said. "At the very least, this will make officials pay attention to the problems that now remain hidden and ignored."

It took the EU more than two years to start taking meaningful action on Ukraine in response to our findings. It needs to work faster this time.

ANNEX: RECOMMENDATIONS

For authorities in Russia:

The Federal Forestry Agency, Department of Forestry for Siberian Federal District must:

1. Block any further sanitary felling in Irkutsk Oblast until the systemic causes of violations in their prescription and implementation are eliminated.
2. Develop a comprehensive public database of forest pathological survey reports in open data format, thereby enabling third party monitoring, and ensure through regulation that this is complete and kept up-to-date.
3. Oblige regional governments to also publish on their websites for public access all reports of inspections of sanitary felling areas.
4. Ensure the cost recovery from the offenders and liable companies for damage caused by the illegal (permitted by unjustified) sanitary felling which were revealed during the audit of the Ministry of Forest Complex of Irkutsk Oblast by the Federal Forestry Agency in 2019.
5. Conduct an intra-departmental audit to identify and prosecute the employees of the territorial forest management bodies responsible for drawing up reports of inspection of felling areas after sanitary felling in the lease areas of the Bakurov group companies.
6. Allocate additional funding for Irkutsk Oblast for the implementation of the delegated powers in the field of forest management and the maintenance of the organizations necessary for this, thereby eliminating the need to depend upon funds received from the sale of wood from sanitary felling (OGAU "Leskhov of the Irkutsk Oblast").

Russian law enforcement agencies must:

1. Initiate criminal investigations of the companies of the Bakurov group, their owners and managers, and officials collaborating with them, including under a) Section 3, clause 260 of the Criminal Code of the Russian Federation (large scale illegal logging) and b) Section 3, clause 286 of the Criminal Code of the Russian Federation (abuse of office causing serious consequences).

2. Make publicly available the results of the earlier criminal review of the actions of officials of the Ministry of Forest Complex of the Irkutsk Oblast relating to the signing of illegal amendments to forest lease agreements issued to the companies of the Bakurov group.

The regional government of Irkutsk Oblast must:

1. Calculate the damage caused to the environment by activities of the companies of the Bakurov group as a result of violations of forest, environmental and water legislation.
2. Provide public access to the results of calculations of the damage caused.
3. Pursue cost recovery for damage caused, as required by law.

For forest certification schemes and their affiliates:

The Forest Stewardship Council (FSC International) must:

1. Publish a full explanation of the termination of the Vilis/Kalinov Most FSC FM certificate which occurred after our draft findings were sent.
2. Commission an urgent special audit of the concessions concerned and of the Vilis FSC Chain-of-Custody (which remains valid) by ASI, and publish the results.
3. Request that ASI carry out a Transaction Verification Audit of all FSC certified companies in Russia, with priority given to those in eastern Russia.
4. Set up an independent review panel to consider this and other FSC scandals, and make recommendations for changes to core systems and procedures including both immediate and longer-term changes requiring approval of FSC members, including the following:
 - a. IMMEDIATE CHANGES (to be implemented within 1 year, with priority given to high-risk countries):
 - i. Routine use of satellite imagery in conducting audits.
 - ii. Routine review of relevant publicly available court documents during audits.

- iii. Routine searches of relevant media articles about a company, its owners and related corporate entities during audits.
 - iv. Requiring auditors to assess the legality of amendments to forest lease/concession agreements.
 - v. Requiring auditors to proactively identify companies in the same corporate group as the entity under assessment and carry out due diligence on their operations in advance of issuing certificates to ensure they do not breach policies of association.
 - vi. Amend partial certification rules such that cases where a certified company is linked to uncertified companies via individual ownership in common are captured.
- b. LONGER TERM CHANGES (to be implemented within 2-3 years):
- i. Removing the conflict of interest whereby auditors are paid directly by the firms they audit.
 - ii. Compulsory transaction verification, using a publicly accessible database.
 - iii. Increasing transparency by requiring the publication of summaries of Chain of Custody (CoC) audits and 'headquarters' audits of accredited certifiers, as well as FM/COC audits.
 - iv. Amending the burden of proof with regard to serious illegalities, with a precautionary approach taken to such risks in keeping with the EU Timber Regulation.

FSC Russia must:

1. Prohibit all sanitary felling inside FSC certified concessions or by FSC certified companies, until such time as better controls are in place to ensure the legality of such logging.
2. Ban the use of wood from FSC 'Controlled Wood' forests without full FSC Forest Management certification where sanitary logging is being conducted from being used in FSC Mixed products either.
3. Review national-level FSC criteria and indicators in light of this case, including considering the 'immediate changes' referred to in the section above regarding FSC International.
4. Call on FSC International to address wider systemic flaws in FSC systems and procedures which are undermining FSC Russia's efforts and credibility.

FSC subsidiary Assurance Services International (ASI) must:

1. Carry out an urgent special inspection audit of the Vilis/Kalinov Most concession and the Vilis FSC Chain of Custody certification.
2. Carry out an urgent certifier audit of Forest Certification LLC in Russia.
3. Carry out inspection audits of all other FSC certified forest management units in Russia, starting with those known to have been carrying out extensive sanitary felling.
4. Make use of remote sensing/satellite imagery during those audits, rather than relying solely on field visits to sample sites.
5. Conduct a broad-based Transaction Verification Audit of all FSC certified companies in Russia, and if the results so warrant, make Transaction Verification compulsory in the country.
6. Make public the full results of all the above investigations.

Programme for the Endorsement of Forest Certification (PEFC) must:

1. Terminate the certification of Kalinov Most.
2. Carry out equivalent improvements to its systems and procedures in Russia as are outlined for FSC above.

For Ikea and other importers and retailers:

Ikea must:

1. Conduct an in-depth investigation into the circumstances behind the individual case outlined in this report and publish the results.
2. Commission an independent audit of Ikea's wider purchasing in Russia, to include inspections of FSC certified supplier forests, with a particular focus on compliance with sanitary felling rules. To be truly independent, it is essential that any such audit is not conducted by an FSC certifying body. To be credible, as with FSC Policy of Association investigations, such an audit should include representatives of NGOs or NGO experts, including those who have shown themselves willing to be critical of FSC in the past.

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3. Expand its recently announced ban on the use of sanitary-felled timber from the Russian Far East (RFE) and Siberia to all of Russia.
 4. Amend its own audit procedures of suppliers to ensure they address the current flaws in FSC assessments (see IMMEDIATE CHANGES in FSC section above), and publish these revised audit procedures.
 5. Publicly acknowledge the serious failure of policy implementation by both Ikea and FSC that this case represents.
 6. Acknowledge that the repeated failings by FSC are symptomatic of deep-seated structural problems and commit to work to ensure that FSC addresses these problems as a matter of urgency.
 7. Demand that FSC make these changes within a given timeframe if it is to retain Ikea's support.
 8. Publicly withdraw its recommendation to the EU that FSC timber be given a green lane in the EUTR.
 9. Publicly acknowledge that ensuring that its use of wood is not environmentally harmful will require Ikea to go beyond FSC certification.
 10. Commit to a timebound plan to first eliminate all sourcing of wood from relatively intact natural forests, then eliminate all wood from any natural forests, and ultimately source all wood from recycled sources. Prioritise high-risk countries like Russia in this process.

Other importers and retailers must:

1. Interrogate supply chains and immediately cease sourcing of wood originating from Bakurov-controlled leases in Irkutsk Oblast, Russia, or wood at risk of originating from those concessions.
2. Conduct a wider review of all use or purchase of wood from Russia and cease the use of such wood until such time as more reliable checks than FSC are available for ensuring its legality.
3. Publicly call on FSC to address the systematic flaws in its systems which are undermining its goals.
4. Until such time as those flaws are addressed, no longer consider FSC certification alone as proof of legality, sustainability or compliance with laws such as EUTR/UKTR and the US Lacey Act.

For governments in countries which import wood from Russia:

The European Commission must:

Urgently develop new EU Timber Regulation (EUTR) guidance on Russia, acknowledging that third-party certification schemes like FSC and PEFC cannot reduce the risk of illegality from imports of Russian wood to the required "negligible" level, that neither can Russian government-issued paperwork, and that businesses which import wood from Russia must prove they have consulted materials other than those listed above in their due diligence systems to comply with EUTR.

EUTR/UKTR Competent Authorities must:

1. Urge the European Commission to develop the guidance referred to above and approve that guidance as a matter of urgency.
2. In the meantime, take account of the evidence in this report and our prior report of December 2020 about illegally sourced PEFC-certified Russian wood when assessing due diligence systems of operators, and consider issuing own national guidance on Russia in line with the European-level guidance recommended above.

US Lacey Act Authorities (Department of Justice / APHIS) must:

Investigate the case documented here as a possible breach of the US Lacey Act.

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which the forest stands were damaged by diseases and pests and required sanitary clearcut of an area of 120 hectares. The members of the commission refused. Titov then formed another commission, which, under his pressure, signed the falsified Acts. Titov then approved the Acts and sent them to the Forestry Agency of the Irkutsk Oblast, and these acts became the rationale for including sanitary logging in the amendment to the lease agreement of DeepForest LLC. In autumn 2013, based on this amendment, the company conducted sanitary clear-cutting on an area of 83 hectares. According to an official estimate the forest suffered damage in the amount of 13 million roubles. In 2014, when the arbitration court considered the prosecutor's claim to cancel the additional agreement of 27/09/2013 concerning DeepForest, the company's representatives presented the relevant fabricated Acts as proof of the justification of sanitary felling. (See: Investigative Department of the Investigative Committee of the Russian Federation for the Irkutsk Region, 'В Иркутской области вступил в силу приговор в отношении бывшего начальника территориального отдела агентства лесного хозяйства', 18 Mar 20201, <https://irk.sledcom.ru/news/item/1570663/> and Decision of the Arbitration Court of the Irkutsk Region No. A19-14878 / 2014 dated 12 Jan 2015, https://kad.arbitr.ru/Document/Pdf/8c5afe8b-980a-41aa-a04a-3013f5963aba/71f9e2c9-0246-4ec9-b873-3b804ef07617/A19-14878-2014_20150112_Reshenija_i_postanovlenija.pdf?isAddStamp=True)

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81. GIS data supplied by WWF, verified against official maps from relevant local forest authorities (Lesnichestvo), publicly available in PDF format.

82. Calculated from area detected in satellite images as having been logged, multiplied by an assumed yield per hectare of 211 cubic metres per hectare for clearcuts and 92 cubic metres per hectare for selective cuts, those being the yields calculated from logging areas and volumes reported by Angri LLC for logging in the five Vilis leases between 2014 and 2019. That data was published on the Angri website at <http://sibwood-bratsk.com/about/sertivikat/> in 2020 as part of its FSC obligations but has since been removed.

83. Russian export records for exports of raw logs to China by Bakurov's logging

leaseholding firms Vilis, DeepForest and Noviy Les during 2019 give an average declared value of US\$111 per cubic metre. Multiplying by the estimated harvest volume gives a possible total value of \$239,760,000. This is a rough estimate only. On the one hand, some of the volume estimated to have been harvested will have been of lower quality than demanded for export and of consequently lower average value. However, on the other hand many of the highest value logs will have been diverted into lumber production and not exported as logs, thereby suggesting a possibly higher average value at point of harvest. The added value and profit obtained by Bakurov's firms from the primary processing of these logs is also not included in this estimate.

84. Greenpeace Russia, 'Approximate shares of different categories of legal and illegal logging in the total timber harvesting in Russia' (Greenpeace estimate 2019-2020), as shown in Greenpeace Forest Forum film Как миф о черных лесорубах помогает скрывать самые острые лесные проблемы, Youtube, 9 Jan 2021, <https://www.youtube.com/watch?v=7ACh-OZwGLUE>. The graph indicates that half of all illegal logging is harvesting in excess of licensed volumes within the boundaries of legal cutting areas, while a further 30 per cent is illegal logging under the guise of pest and disease control (pseudo-sanitary felling).

85. Article 104, Part 3, Forest Code of the Russian Federation. In July 2019, amendments to the Forest Code (FZ No.538 27 Dec 2018) took effect which allowed sanitary clearcuts in water protection zones. Most of the clear-cuts in these zones which we identified in Bakurov leases took place before this, however. Additionally, the revision allowed such clear-cuts only after approval of a forest pathology survey, and for those examples we identified after the change in the law, no such reports were listed for the areas concerned on the relevant page of the Irkutsk forest authority (<https://irkobl.ru/sites/alh/OhranaZaschita/AktiNew/2019/>)

86. Decision of Padun District court, Bratsk, 23 Mar 2017, Case No. 2-496/2017; Decision of the Padunsky District Court of Bratsk dated 25 Sep 2018 in case No. 2-1616 / 2018; The decision of the Padunsky District Court of the city of Bratsk dated 30 Oct 2018 in case No. 2-1957 / 2018; Loggers were forced to clean up the littered areas of the coastal strip of the Bratsk reservoir / "Znamya" (newspaper of Bratsk and Bratsk district), No. 46 22 Nov 2019.

87. The decision of the Arbitration Court of the Irkutsk Region on 22 Apr 2014 in the case No A19-19198/2013, https://kad.arbitr.ru/Document/Pdf/e7e3b5f8-9d04-48b9-8deb-9b21ff73a390/f88fbed5-c02c-49f8-b0a3-b5daaf0ac36f/A19-19198-2013_20140422_Reshenija_i_postanovlenija.pdf?isAddStamp=True

88. The decision of the Arbitration Court

of the Irkutsk Region of 15 May 2012 in the case No A19-3791/2012, <https://kad.arbitr.ru/Card/fc351971-05dd-462e-a38d-1085625335d0>

89. Decree Fourth Arbitration Court of Appeal of 29 Jan 2019 in the case No A19-23790/2017, <https://kad.arbitr.ru/Card/92c-947cd-4738-4a81-8217-0828240c427c>.

90. Decision of the Arbitration Court of the Irkutsk Region to refuse to grant the application for review on newly discovered circumstances from 9 Jul 2019 in the case No A19-23790/2017, https://kad.arbitr.ru/Document/Pdf/92c947cd-4738-4a81-8217-0828240c427c/849c43e3-5e9c-4ac0-8efd-da825bfc6516/A19-23790-2017_20190709_Opredelenie.pdf?isAddStamp=True

91. Decision of the Arbitration Court of the Irkutsk Region on 24 Feb 2014 in the case No A19-19199/2013, https://kad.arbitr.ru/Document/Pdf/21c8f005-435c-44a1-9df5-cbce05023334/b17d583a-b384-49dc-8b13-35f02adf4431/A19-19199-2013_20140224_Reshenija_i_postanovlenija.pdf?isAddStamp=True

92. Decision of the Arbitration Court of the Irkutsk Region to refuse to grant the application for review on newly discovered circumstances from 9 Jul 2019 in the case No A19-23790/2017, https://kad.arbitr.ru/Document/Pdf/92c947cd-4738-4a81-8217-0828240c427c/849c43e3-5e9c-4ac0-8efd-da825bfc6516/A19-23790-2017_20190709_Opredelenie.pdf?isAddStamp=True

93. Facebook post by Galina Solonina, 7 Jun 2019, <https://www.facebook.com/100001090247417/posts/2328720043840981/>

94. For example, see: IRK.ru, 'Как чиновники минлеса Иркутской области разваливают уголовные дела против ведомства', 14 February 2019, <https://www.irk.ru/news/articles/20190214/court/>; MK.ru, 'Стала известна причина задержания иркутского министра Шверды', 6 June 2019, <https://www.mk.ru/social/2019/06/06/stala-izvestna-prichina-zaderzhaniya-irkutskogo-ministra-sheverdy.html>; Тайга.инфо, 'Изображая жертвователя: кто спонсировал избирательную кампанию главы Иркутской области', 1 October 2020, <https://taiga.info/159965>

95. Ren TV, "Хозяева тайги": как в Иркутской области уничтожают лес, провоцируя наводнения', 7 Jul 2019, <https://ren.tv/news/v-rossii/435701-khozi-aeva-taigi-kak-v-irkutskoi-oblasti-unichtozhaiut-les-provotsiruia-navodneniia>

96. Greenpeace Forest Forum, 'On the threat of new catastrophic floods due to pseudo-sanitary felling in the Irkutsk region', post by Alexey Yaroshenko, Head of the Forest Department, Greenpeace Russia, 17 Jul 2019, <http://www.forestforum.ru/viewtopic.php?t=23579>

97. Kommersant. 'Каждый агитационный рубльКандидаты в губернаторы Иркутской области отчитались о тратах на выборах' [Each campaigning ruble: Candidates for governor of the Irkutsk region reported on their expenditures in the elections], Kommersant (Irkutsk). No. 157, 9 Jan 2020, <https://www.kommersant.ru/doc/4474823>; 'Early elections of the Governor of the Irkutsk Region: information on the receipt and expenditure of funds from the electoral funds of candidates' (based on data provided by the branch of Sberbank of Russia) as of 9 Aug 2020.

98. Earthsight, Taiga King: How European firms fed a Russian tycoon's billion-dollar illegal logging scam, December 2019, <https://earthsight.org.uk/taigaking>

99. Arenina K., Alykova Y. Portraying a donor: Who paid millions of rubles to the electoral funds of candidates for governors and received government contracts, positions and attention of officials / "Important stories", 1 Oct 2020, <https://istories.media/investigations/2020/10/01/izobrazhaya-zhertvovatelya/>

100. List of priority investment projects in the field of forest development, 9 Apr 2021, https://minpromtorg.gov.ru/docs/#!perechen_prioritetnyh_investicionnyh_proektov_v_oblasti_osvoeniya_lesov

101. Ibid. The project includes an 'allowable cut' of 422,300 cubic metres. At 0.6m3/tree (information from Bakurov statements – see earlier references) this equates to an estimated 700,000 trees.

102. Youtube ExportLes promotional video, Презентационный фильм группы компаний "Экспорт Лес", 27 Oct 2016, <https://www.youtube.com/watch?v=W7e-j9fshSVQ>, relevant quotes at timecode 03:11-04:06.

103. Telephone interview between Vadim Kovalevsky and undercover Earthsight investigator, 21 April 2021.

104. Russian Federal Forestry Agency, Unified State Automated Information System, <https://lesegais.ru/open-area/deal>

105. Sales records from Russian Federal Forestry Agency, Unified State Automated Information System, <https://lesegais.ru/open-area/deal>, cross-checked against database of FSC certificate holders at <https://info.fsc.org/certificate.php>

106. Telephone interview between Anna Prelovskaya and undercover Earthsight investigator, 28 April 2021

107. Indonesian import shipment records, Feb 2019- for Sutarindo obtained from Panjiva.com; Russian export shipment records, 2019. Also confirmed by export sales records in the Russian Federal Forestry Agency, Unified State Automated Information System, <https://lesegais.ru/open-area/deal>

108. Smithsonian Institution National Museum of History Global Volcanism

- Program, <https://volcano.si.edu/volcano.cfm?vn=263290>, accessed 8th June 2021.
109. Google Earth Streetview imagery of the outside of the factory reveals large numbers of female employees clad in this manner coming and going.
110. Shipment records for US imports dating back to 2005 show sales by Sutarindo as far back as then (Panjiva).
111. Calculated from Indonesian export shipment records for Sutarindo obtained from Panjiva.com
112. Grand View Research, Kids Furniture Market Size, Share & Trends Analysis Report By Product, By Raw Material (Wood, Polymer, Metal), By Application (Commercial, Household), By Region, And Segment Forecasts, 2019 – 2025, January 2020, <https://www.grandviewresearch.com/industry-analysis/kids-furniture-market>
113. Ibid.
114. Business of Home, 'Children's furniture is cooler than ever. Why?', 28th Oct 2020, <https://businessofhome.com/articles/children-s-furniture-is-cooler-than-ever-why>
115. Ibid.
116. Times of India, 'India likely to be Ikea's top market for children's range', 26th February 2011, <https://timesofindia.indiatimes.com/business/india-business/india-likely-to-be-ikeas-top-market-for-childrens-range/articleshow/81223528.cms>
117. Proportion of 8 per cent (ibid.) multiplied by IKEA revenues in 2020 of €39.6bn (IKEA Annual Report, 2020)
118. MarketWatch, 'Prince William and Kate Middleton bought Ikea furniture for their children's rooms', 31st Jan 2018, <https://www.marketwatch.com/story/10-retail-tricks-that-make-you-spend-more-2013-12-04>
119. Indonesian import records for PT Karya Sutarindo, Feb 2019 – Feb 2021, obtained from Panjiva.com. Retail values of each item in USA obtained from IKEA US website, and multiplied by numbers of items recorded in the trade data.
120. Indonesian import records for PT Karya Sutarindo, Feb 2019 – Feb 2021, obtained from Panjiva.com
121. Ibid.
122. Calculated from figures in weight obtained from customs records previously referred to in the text. These show shipments of 200 tonnes per month on average. Typical moisture content of the kinds of pine products being shipped is 8-12 per cent; Density of *Pinus sylvestris* at that moisture level averages 514kg/cubic metre (Konofalska, E., et al., Technical Quality of the Wood of Scots Pine (*Pinus sylvestris* L.) of Diverse Genetic Origin. *Forests* 2021, 12, 619. <https://doi.org/10.3390/f12050619>); Bakurov's own claim that individual trees in his leases yield from 0.5 to 0.7 cubic metres of logs (Lesozagotovka.com, undated, 'Разные реалии в одном лесу', <http://lesozagotovka.com/rybriki/biznes-i-professiya/raznye-realii-v-odnom-lesu/>); that typically only 60-80 per cent of that volume can be expected to be commercial wood (as opposed to firewood); and assuming a typical conversion rate from logs to sawn wood of 1.8.
123. Calculated by multiplying the total number of items supplied to IKEA in 2020 (2.1 million, Indonesian export records, Panjiva.com) by the proportion of PT Karya Sutarindo's total pine supply which comes from Uspek (11 per cent by weight; Indonesian import records, Panjiva.com), giving a figure of 231,000, compared with 525,600 minutes in a year. This figure is conservative because it is possible that pine from different sources gets mixed together at PT KS, so a specific IKEA pine product it sells might be made partly from Uspek wood. So the true figure is arguably anywhere from 230,000 – 2.1 million items of IKEA furn each year containing at least some wood from Uspek.
124. Russian export shipment records for the period Jan-Dec 2019 and May-July 2020 (the latest month for which data were available) show log exports by Vilis to China of approximately 3000 cubic metres per month during 2019 and over 10,000 cubic metres per month during May-July 2020.
125. Telephone interview between Vadim Kovalevsky and undercover Earthsight investigator, 21 Apr 2021.
126. Telephone interview between Anna Prelovskaya and undercover Earthsight investigator, 28 Apr 2021
127. US Panjiva import records for sample 76 day period 16 Sep-30 Nov 2019 (pre COVID) showed a total of 837 tonnes of products shipped to IKEA in the US alone by Songyuan, Shunhe, Shuer and Tongan during that time. Extrapolated to a year, that suggests exports of 4000 tonnes/year to IKEA USA. PT KS by comparison exports just under 2000 tonnes/year to the USA, and has total exports of 2.1 million IKEA items worldwide. This suggests around 4 million items shipped by these Chinese firms worldwide (assuming similar proportion go to IKEA US). But it is likely the total number of items is actually much higher, as these Chinese firms are known to supply some very small wooden items e.g. tableware, so the average weight of their items is likely much lower than that of PT KS. Note that the largest of these Chinese suppliers, Song Yuan, says it sells all its production to IKEA and claims on its website to have an annual output of 6 million pieces of furniture (<http://www.songyuanwood.cn/>). Another Chinese news source says Shiqiaozi produces 20 million pieces of wooden ware per year (Finance.China.Com, 从贴牌到自有品牌, 10 Sep 2016, <http://finance.china.com.cn/roll/20160910/3900250.shtml>)
128. China Industrial Economic Information Network news article Nov 2019, <http://www.cinic.org.cn/xy/sd/663628.html>
129. China Youth Network investigation published Sep 2017 in Sina Comprehensive, <http://finance.sina.com.cn/changjing/gsnews/2017-09-18/doc-ifykywuc6620610.shtml>
130. China Industrial Economic Information Network news article Nov 2019, <http://www.cinic.org.cn/xy/sd/663628.html>
131. Songyuan website, <http://www.songyuanwood.cn/>
132. Telephone interview between Anna Prelovskaya and undercover Earthsight investigator, 28 Apr 2021
133. Russian export shipment records for the period Jan 2018-Dec 2019 and May-July 2020
134. Calculated from analysis of all Russian shipment records for exports of wood or wood products from Russia to Europe by companies known (based on Russian forest agency LesAGAI's sales records) to be sourcing raw materials from Bakurov's companies, 2019
135. IKEA Annual Sustainability Reports, 2014-2019
136. Calculated from annual harvesting data in relevant FSC public summaries for the IKEA-owned forests, compared with its total Russian wood consumption, as calculated from total wood consumption and proportion from Russia as reported in IKEA Annual Sustainability Reports.
137. FSC Facts & Figures, <https://fsc.org/en/facts-figures>, accessed 11 June 2021
138. FSC Facts & Figures, <https://fsc.org/en/facts-figures>, accessed 2 Jul 2021, gives area certified as 59.2 million hectares.
139. Ibid, compared with total figure for Russian production forest of 415 million hectares (UN FAO, Global Forest Resources Assessment 2015, Country Report: Russian Federation, Rome, 2014, <http://www.fao.org/3/az316e/az316e.pdf>)
140. Earthsight, Flatpacked Forests, June 2020
141. And that isn't including the reports for 2012, 2013, 2014 and 2018, all of which are mysteriously missing from the FSC database. Source: Forest Certification LLC, Public summaries of audits of Kalinov Most/Vilis, FSC Certificate Code FC-FM/COC-643044, 2010-2020, downloaded from FSC Database at <https://info.fsc.org/details.php?id=a0240000006u5hHAAQ&-type=certificate>, June 2021.
142. Forest Certification LLC, Public summary of the 1st Surveillance FSC FM/CoC audit of Vilis LLC, August 2017, <http://fsc.force.com/servlet/servlet.FileDownload?file=00P300000ozy1yEAA>
143. Forest Certification LLC, Public sum-

mary of the re-certification FSC™ FM/CoC audit of Vilis LLC, October 2015, <http://fsc.force.com/servlet/servlet.FileDownload?file=00Pf300000nSdeSEAS>

144. Auditors visited lease 7-09 in October 2015, August 2017, 2018, April 2019, July 2019 and September 2020; they visited lease 91-1 in October 2015, August 2017 and April 2019 (Source: Forest Certification LLC Public Summaries, 2015-2020, downloaded from FSC certificate database page for Kalinov Most (ex-Vilis), 8 Jun 2020, <https://info.fsc.org/details.php?id=a0240000006u5hHAAQ&type=certificate>)

145. Identical text making these claims is included in the section on 'Evaluation procedure' in all of the Forest Certification LLC FSC public summaries for Vilis from April 2014 onwards (Source: Forest Certification LLC Public Summaries, 2011-2020, downloaded from FSC certificate database page for Kalinov Most (ex-Vilis), 8 Jun 2020, <https://info.fsc.org/details.php?id=a0240000006u5hHAAQ&type=certificate>)

146. Forest Stewardship Council, FSC Policy: Partial Certification of Large Ownerships, FSC-POL-20-002 (2000) - <https://fsc.org/en/document-centre/documents/resource/219>

147. Ibid. FSC's partial certification guidelines require that "The applicant for certification must make a full disclosure of all forest areas over which the applicant has some responsibility, whether as owner (including share or partial ownership), manager, consultant or other responsibility". However, they do not make clear what is meant by "the applicant". In this case, the corporate entity (Vilis) does not have legal control over any other forests, but its owner does, and it is part of a wider corporate grouping, albeit not one with a traditional ownership structure.

148. Logging areas and volumes reported by Angri LLC for logging in the five Vilis leases between 2014 and 2019. That data was published on the Angri website at <http://sibwood-bratsk.com/about/sertivikat/> in 2020 as part of its FSC obligations but has since been removed.

149. Earthsight calculated the amount of "excess" wood from unidentified sources using the following criteria:

- Unfound (excess) felling in leased areas in exploitation forests (666 hectares) are taken as clearcuts with an average intensity of 233 cubic metres per hectare (average harvesting per hectare by clearcut according to reports of Vilis LLC)

- Unfound (excess) logging in lease areas in protective forests (2,395 hectares) is broken down into sanitary clearcuts and selective sanitary at the ratio 56/44 (1,341 and 1,054 hectares, respectively) with an average harvesting volumes of 211 cubic metres per hectare and 92 cubic metres per hectare, respectively (distribution by

type of felling and average harvesting per hectare by sanitary logging according to reports of Vilis LLC).

Volume of excess wood = (666 multiplied by 233) plus (1,341 multiplied by 211) plus (1,054 multiplied by 92) = 535,097 cubic metres.

The estimated volume is 34.8 per cent of the total harvested volume of Vilis LLC in the period 2014-2019 (1,539,057 cubic metres excluding thinning) cited in Vilis LLC monitoring reports, published on its website as a condition of its FSC certification. The monitoring reports have since been removed.

150. Earthsight analysis of FSC FM/CoC certificates valid in Russia as of 1st December 2020, downloaded from FSC Russia website.

151. Earthsight analysis of individual FM/CoC certificates for Ukraine valid as of 8-6-2021, accessed on the FSC certificate database at <https://info.fsc.org/certificate.php>

152. Earthsight, Complicit in Corruption, 2018. The SFE referred to is Emichinsky in Zhytomyr.

153. Forest Certification LLC, Public summary of the 1st Surveillance FSC FM/CoC audit of Vilis LLC, 21 Sep 2017, <https://fsc.secure.force.com/servlet/servlet.FileDownload?file=00Pf300000ooy1yEAA>, page 18

154. ASI, FSC FM & COC Head Office assessment of FC in Russia from Sep 28 2020 to Sep 30 2020, as recorded on ASI assessment database, <https://www.asi-assurance.org/s/map>. FSC rules do not require public summaries of head office audits to be made public.

155. The public summary is contradictory in its attempts to explain the change of scope. At one point it says the request was made by the client (Vilis) mid-way through the September audit. At another point it claims that the auditors suggested to change the scope in order to address one minor CAR about unfulfilled reforestation duties.

156. Earthsight, Taiga King: How European firms fed a Russian tycoon's billion-dollar illegal logging scam, 16 Dec 2020, <https://www.earthsight.org.uk/taigaking>

157. PEFC Certificate Database, Certificate Number FC-PEFC-RU-0124, <https://www.pefc.org/find-certified/details?CID=C-BFY-SWB&LID=&EID=E-DRUFQD>, accessed 2 Jul 2021.

158. Earthsight, 'Flatpacked Forests: IKEA's illegal timber problem and the flawed green label behind it', 23 June 2020, <https://www.earthsight.org.uk/flatpackedforests-en>

159. Ukrainian Law, 'On Wildlife', Article 39, <https://zakon.rada.gov.ua/laws/show/2894-14>

160. The New York Times, The Times of London, France's Le Figaro, Channel 4 News in Britain, Ukrainian Pravda and

Germany's Die Zeit were a small selection of the media outlets who covered our 2020 report, as Earthsight reported here: Earthsight, 'FSC digs heels in as pressure builds for it to act on Ikea illegal timber scandal', 22 July 2020, <https://www.earthsight.org.uk/news/blog-fsc-digs-heels-in-as-pressure-builds-for-it-to-act-on-ikea-illegal-timber-scandal-ukraine>

161. The New York Times, 'Floods Afflict Ukraine as It Tries to Control the Coronavirus', 24 June 2020, <https://www.nytimes.com/2020/06/24/world/europe/ukraine-flood-coronavirus.html>

162. Reuters, 'Ukraine to crack down on illegal logging', 25 June 2020, <https://www.reuters.com/article/us-ukraine-logging-idUSKBN23W281>

163. Earthsight, 'Ukraine Prime Minister pledges crackdown on illegal logging after Earthsight exposé', 25 June 2020, <https://www.earthsight.org.uk/news/press-release-ukraine-logging-crackdown-flat-packed-forests-ikea-report>

164. Earthsight, 'EU and Ukraine authorities urged to 'systematically reform' forest sector', 6 July 2020, <https://www.earthsight.org.uk/news/blog-eu-ukraine-government-must-reform-forestry-sector-logging-urge-ngos>

165. Earthsight, 'Urgent plea for EU support to clean up the billion-Euro Ukraine-EU timber trade', 6 July 2020, <https://www.earthsight.org.uk/media/download/899>

166. European Commission, Annex to the summary record of the 2nd Commission Expert Group/MultiStakeholder Platform on Protecting and Restoring the World's Forests, including the EU Timber Regulation and the FLEGT Regulation in its composition limited to Member States (EG) Meeting of 9 December 2020. Conclusions of the Competent Authorities for the implementation of the European Timber Regulation (EUTR) on the application of Articles 4(2) and 6 of the EUTR to timber imports from Ukraine, https://ec.europa.eu/environment/forests/pdf/201209%20EUTR%20EG%20Country%20Conclusion%20Ukraine_final.pdf

167. SumOfUs, 'Ikea: Cheap chairs aren't worth the destruction of our natural forests', accessed 9 June 2020, <https://actions.sumofus.org/a/ikea-cheap-chairs-aren-t-worth-the-destruction-of-our-forests>

168. Reuters, 'IKEA to review its Ukrainian wood supply after critical report', 23 June 2020, <https://www.reuters.com/article/ikea-supplychain-ukraine-wood-idUKL8N2E053U>

169. Earthsight, 'Ukraine Prime Minister pledges crackdown on illegal logging after Earthsight exposé', 25 June 2020, <https://www.earthsight.org.uk/news/press-release-ukraine-logging-crackdown-flat-packed-forests-ikea-report>

170. Forest Stewardship Council, 'FSC Statement on Earthsight Report 2020', 24 June 2020, <https://fsc.org/en/newsfeed/fsc-statement-on-earthsight-report-2020>

171. Forest Stewardship Council, 'FAQ: Flatpacked Forests by Earthsight', 24 June 2020, https://fsc.org/sites/default/files/2020-06/Ukraine%20Earthsight%20Final_1.pdf

172. Earthsight, 'Flatpacked Forests FAQ: Earthsight responds to FSC', 16 July 2020, <https://www.earthsight.org.uk/media/download/911>

173. IKEA of Sweden AB, 'Summary of IKEA investigations into Ukrainian Wood Supply Chain', accessed 9 June 2021, <https://preview.thenewsmarket.com/Previews/IKEA/DocumentAssets/569809.pdf>

174. Earthsight, 'Ikea's response to its illegal timber scandal is a sham. Here's why', 29 October 2020, <https://www.earthsight.org.uk/news/blog-ikea-response-illegal-timber-scandal-is-a-sham-heres-why>

175. FSC International website, undated, 'Wood Identification Techniques', <https://fsc.org/en/supply-chains/wood-identification-techniques>

176. Indeed, the company provided information which suggested that they had additional reason to be well aware of both Bakurov's ownership of other forest leaseholders DeepForest and Vertical-B, and their sketchy records. They admitted to having carried out FSC 'main assessments' of these two firms' forest holdings in March 2018, which they say did not subsequently receive FSC certificates (though they do not explain exactly why).

177. FSC International Certificate Database, Certificate Code FC-FM/COC-643044, <https://info.fsc.org/details.php?id=a0240000006u5hHAAQ&type=certificate>, accessed 15 Jun 2021.

178. Union of Concerned Scientists, 'Measuring the Role of Deforestation in Global Warming', 9 December 2013, <https://www.ucsusa.org/resources/measuring-role-of-deforestation-global-warming>

179. Forest Stewardship Council, 'The Share of Sustainable Wood: Data on FSC's Presence in Global Wood Production', 14 November 2018, <https://fsc.org/en/news/the-share-of-sustainable-wood-data-on-fscs-presence-in-global-wood-production>. The study estimated that 22.6 per cent of global industrial roundwood production (excluding fuel wood) was FSC certified, with a margin of uncertainty of +/-5 per cent

180. IKEA, 'Taking new action to further improve global responsible forest management', undated, <https://about.ikea.com/en/about-us/our-view-on-taking-new-action-to-further-improve-global-responsible-forest-management>. Though the announcement is undated, metadata and other information obtained by Earthsight

indicate that it was published on 29 Jun 2021, with WWF publishing a coordinated response the same day.

181. IKEA 'Our view on forestry', 17 October 2019, <https://newsroom.inter.ikea.com/about-us/our-view-on-forestry/s/99346cb9-f887-4d39-b06a-a1933c41910d>. The figure is in 'round wood equivalent', i.e. it is how many logs are estimated by Ikea to have been needed to produce all of the wood received by it; a proportion will have been lost as waste

182. Calculated from the 21 million cubic metre consumption figure, conservatively assuming an average tree diameter at breast height of 30cm, yielding 0.6-0.8 cubic metres of commercial roundwood.

183. IKEA 'Our view on forestry', 17 October 2019, <https://newsroom.inter.ikea.com/about-us/our-view-on-forestry/s/99346cb9-f887-4d39-b06a-a1933c41910d>.

184. Calculated from average increase in cubic metre roundwood equivalent consumption 2010-2018, conservatively assuming an average tree diameter at breast height of 30cm, yielding 0.6-0.8 cubic metres of commercial roundwood.

185. IKEA Press Release, 'IKEA launches new 2030 forest agenda to push for improved forest management and biodiversity globally', 25 Jan 2021, <https://about.ikea.com/en/newsroom/2021/01/25/ikea-launches-new-2030-forest-agenda-to-push-for-improved-forest-management-and-biodiversity-globally>

186. In a statement published in February 2013, as the EUTR was about to take effect, FSC Russia stated that 'FSC believes that those companies that supply FSC certified wood do not need additional verification of legality', and noted that 'FSC has repeatedly stated that the requirements of the FSC standards generally meet the EU requirements for legality', FSC Russia, 'В отношении систем должной предосторожности, несвязанных с FSC', 26 Feb 2013, <https://ru.fsc.org/preview.fsc-26-02-13.a-1953.pdf>. That this remains FSC's position is demonstrated by the current FSC Russia website, which states that 'certification... ensures compliance... with the legislation of the EU, the USA and a number of other countries on the legality of wood'; 'Для КОМПАНИЙ: Почему надо сертифицировать ваше производство'. https://ru.fsc.org/ru-ru/cht_my_delaem/1047108510721095108010841086108910901100-fsc/10551088108610801079107410861076108010901077108311031084, accessed 1st July 2021.

187. European Commission, 'Illegal logging – evaluation of EU rules (fitness check)', feedback from Forest Stewardship Council, submitted on 27 February 2020, <https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/11630-Illegal-logging-evaluation-of-EU-rules-fitness-check-F506721>

gal-logging-evaluation-of-EU-rules-fitness-check-F506597 ; feedback from IKEA Range and Supply, submitted on 28 February 2020, <https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/11630-Illegal-logging-evaluation-of-EU-rules-fitness-check-F506721>

