

Dear Mr. Bismark:

About your request, I answer about it.

Sourcing balsa wood from natural forests in the Amazon is not inherent linked to illegal logging, deforestation, or harm to local communities because responsible and sustainable practices can be followed. Balsa is a fast growing tree that regenerates naturally, especially in disturbed or secondary forest, making its extraction compatible with forest health if done properly. Legal and well regulated harvests ensure that the wood is sourced in compliance with environmental standards, preventing illegal logging.

Several studies conducted in Ecuador after 2019-2020 surge in balsa wood demand driven by the Chinese wind energy market, have concluded that this spike in demand did not directly result in widespread deforestation. These studies found that, contrary to concerns about environmental degradation the increased demand for balsa actually encouraged the expansion of sustainable plantations. Researchers highlighted that most balsa extraction occurred in secondary forests or degraded areas, not in primary Amazonian forests.

Additionally, the profitability of balsa incentivized landowners to establish new balsa plantations, which contributed to an increase in tree cover rather than deforestation, these findings have underscored that well-regulated markets can lead to sustainable rather than ecosystem harm. In fact, Ecuabalpro belongs GRUPO INMAIA, and we had a program called the Forest Development Plan (DEFOR), an attractive strategic alliance plan with farmer partners and Balsa wood producers for the supply of Balsa seeds and seedlings, together with the technical advice of the care and maintenance of the plantations, with the commitment of the future acquisition of the wood at the time of its forestry exploitation, aligned with the group's reforestation commitment. You can see more info at [inmaia.com.ec](http://inmaia.com.ec)

ECUABALPRO can emphasize that their wood sourcing strictly complies with Ecuadorian regulations, which are reconognized by the European Commission as stringent and environmentally conscious and prevent illegal logging. I hereby can demonstrate that all our wood is legally sourced by providing detailed documentation, including transportation authorizations, This transparency and adherence to regulatory frameworks not only ensure legal compliance but also reinforce their commitment to sustainability which aligns with international standards.

We can further be subject to an audit from third party organizations that can verify our compliance with both national and international forestry and environmental laws.

Best regards,

Adriana Izquierdo de Salazar

General Manager

ECUABALPRO SA

INMAIA GROUP