



Global Witness

Via email : contact@@globalwitness.org

Geneva, January 13, 2017

Dear Sir or Madam,

We refer to the unsigned letter which your organization has sent by e-mail on December 19, 2016 to our Forestry Project Manager in Liberia.

We would like you to take into account the following comments on our part:

a) scope of SGS services

SGS provides services to the Government of Liberia under a contract, which was awarded to SGS following an international tender, initially in 2007. The contractual scope of our activity includes the following:

1. to develop and manage a Chain of Custody System allowing for the traceability of forest products from the stump to the point of export;
2. to prepare and process timber export permits requests for final approval by the Forestry Development Authority (FDA) of Liberia;
3. to invoice and monitor payments of export and stump duties by logging companies to the Government;
4. to provide training to key staff of governmental agencies with a view of transferring skills and allowing a handover of the services to the Government at the end of the contract.

As you well know from previous exchanges that we had with your organization, the scope of this first SGS contract with the Government of Liberia does not extend to the verification of the legality of felling of logs but is focused on protecting the Governments revenue and taxes derived from the forestry activity.

To complement this first contract, SGS was hired, following a second international bid, to execute a program financed by DFID within the frame of a the Voluntary partnership Agreement signed between the EU and Liberia, and which will become fully operational once its implementation completed in 2017. The scope of this second mandate comprises:

1. The establishment of a timber Legality Verification Department (LVD) within Liberia's Forest Development Authority (FDA);
2. A complete review of the current standard operating procedures, including new procedures for legality verification and FLEGT licensing;
3. The development of an IT solution "LiberTrace" adapted to comply with the VPA in Liberia;
4. Capacity building of FDA/LVD staff with the objective of making the LVD fully functional under the management of FDA.

Once again, this program is still in its development phase and it is expected to become progressively operational from 2017.



In both contracts, SGS acts as a service provider, under the instructions of the FDA which has jurisdiction over forestry matters. When performing its services, SGS tracks the origin, volume and species of timber. This information is collected for the benefit of the FDA, under whose authority export permits are issued. All export permits are signed and issued by the FDA, not by SGS, who does not exercise any governmental authority and is not an agent of the Government.

b) allegations of conflict of interests against a former SGS employee

In the course of 2014, SGS was made aware of allegations that one of its Liberian employee had interests in a consulting firm providing assistance to logging companies. SGS has a strong compliance culture, which is based on its Code of Integrity, which prohibits its employees to have any form of conflict of interests, or receiving any form of improper advantages or bribes.

The allegations have been thoroughly investigated by investigators of SGS Corporate Security department, who have conducted interviews with various parties, and analyzed forensically the computer and phone/SMS communications history of several employees of SGS Liberia. From this internal investigation, it was concluded that one SGS employee had an improper interest in a consultancy firm providing services to logging companies and had received, directly or indirectly, a remuneration for these services. These facts constitute a serious violation of SGS Code of Integrity and the employee was suspended immediately in the course of the investigation process. Disciplinary actions were taken against him which resulted in his termination for cause with immediate effect from his employment with SGS.

SGS has informed fully and transparently its client, the FDA, about the conduct and outcome of its internal investigations. The matter was closed by June 2014.

Subsequently to this incident, SGS has implemented a number of changes in its organization in Liberia and strengthened its procedures to prevent the risks of its services being compromised by undue interference from logging operators in Liberia.

Conclusion

Whilst SGS does not dispute that one its former employees had an improper interest in a consultancy firm, it wishes to put on record that the SGS Group has taken swift and decisive actions to investigate the allegations. It has taken appropriate disciplinary actions and improved its organization to prevent the risks of recurrence of conflict of interests in the conduct of the Liberia forestry contract. SGS has also been extremely transparent with the Government of the Republic of Liberia in providing full investigation report and in agreeing on actions to be taken which lead to a change in the Management of SGS in Liberia. In addition, your presentation of SGS as a government agent is not correct, nor is the allegation that SGS is tasked with the determination of the legality of logging. This is outside the scope of the contract. Finally, your suggestion that SGS could be "potentially liable" for violations of Liberia forestry legislation is defamatory. We thank you in advance of removing any such inaccuracies from any public statement which you may choose to publish.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Roger Kamguing'. The signature is written in a cursive style with a large initial 'R' and a long horizontal stroke extending to the right.

Roger Kamguing
Executive Vice President