

Braşov, 12 April 2019

## Active dialogue: public consultation on wood purchasing and measures to diminish the risk

- **Regular stakeholder debates play an important role in the company's actions to assure a secure and sustainable supply chain**
- **The series of public consultations organised by Holzindustrie Schweighofer will continue**

Holzindustrie Schweighofer has hosted on Friday, 12 April, in Braşov, the public consultation on wood purchasing and measures to diminish the risk.

This was the sixth event of this kind, in the context of the implementation of the company's action plan for a secure and sustainable supply chain.

Over 130 representatives of employers' associations, public institutions, wood harvesting, wood processing and transport companies, private forest administrators, representatives of Forestry Directions and Chambers of Commerce, representatives of the academic environment as well as other industry players have taken part in the event.

Dan Bănaçu, general manager of Holzindustrie Schweighofer Romania, said: "Our mission, which we believe in and which we support, is perfection in timber. Each and every one of us is driven by passion and you will see our colleagues always speaking passionately about what they do. We answer the civil society's questions from the past years. We have developed a complex and detailed due diligence system, we have trained a very competent compliance team, we have introduced the Timflow traceability system and we are working on extending it to make sure that all logs delivered to our mills can be traced to their origin, even if they go through logyards."

Holzindustrie Schweighofer representatives presented the company's sourcing policy, the measures implemented as a result of the previous public consultations, the certification of the custody chain, the due diligence and the Timflow traceability systems.

"We take these meetings very seriously and we try to come up with solutions, we try to solve the problems you tell us about," said Lucian Filigean, supply chain control and certification officer at Holzindustrie Schweighofer Sebeş. As proof, we have listened to the transporters' wishes and we decided to cover all expenses connected to Timflow, starting 1 March 2018."

The first part of the event was broadcast live on the company's Facebook page. The series of consultations with all those interested about both the company's activities and the evolution of the forestry sector will continue.

### More details

#### Romania's forests are growing

- The volume of wood in Romanian forests is growing. Between 2012 and 2018, the growing stock (volume of trees) increased by 6% to 2.4 billion m<sup>3</sup>, according to the latest National Forest Inventory (NFI).
- **The softwood growing stock (primarily spruce) increased by 8%, to 750 million m<sup>3</sup>.** The hardwood growing stock increased by 5%, to 1.6 billion m<sup>3</sup>.

- The forest stock increase is significantly higher than previously assumed. According to the NFI, 58.6 million m<sup>3</sup> of new wood grows per year. Of this volume, 39.3 million m<sup>3</sup> are hardwood and 19.3 million m<sup>3</sup> are softwood. **According to official numbers, only 18.5 million m<sup>3</sup> are harvested per year—less than one third of the annual growth.**
- The forested area in Romania has remained more or less constant over the past years at 29.5% of the country's total territory; to be precise, it has decreased slightly, by 8,450 ha. This decrease is owed to ongoing infrastructure and tourist development pressure and is low.

#### Holzindustrie Schweighofer's action plan for a sustainable and secure wood supply chain

In January 2017, Holzindustrie Schweighofer publicly presented an action plan for its activities in Romania. Sustainable and transparent sourcing is one of Holzindustrie Schweighofer's key principles. Fighting unlawful logging in Romania and the clear commitment to a constructive dialogue with all relevant non-governmental organizations and other stakeholders will therefore remain to be Holzindustrie Schweighofer's primary focus. Transparent communication and an overall enhanced control system are key elements for the improved company policy to ensure a secure, sustainable and comprehensible supply chain.

##### ■ GPS-tracking – transparency for the supply chain

Holzindustrie Schweighofer has implemented a GPS tracking system in Romania (Timflow). This system surpasses all legal requirements by far. Every truck delivering saw logs to the company's sawmills is equipped with a GPS device, which proves the logs' exact loading place. The results are public on [www.timflow.com](http://www.timflow.com).

##### ■ Holzindustrie Schweighofer does not accept wood from national parks

Holzindustrie Schweighofer implemented a "Zero Wood from National Parks"- Policy in Romania, although the legislation would allow for logging in the so called national park buffer zones.

##### ■ Open doors policy for NGOs

In line with its commitment towards transparent communication, Holzindustrie Schweighofer has implemented an *open door* policy for NGOs. After registering with the company's Compliance Department and signing a standard non-disclosure agreement regarding the technologies used, representatives of recognized NGOs can visit our mills unannounced. Our goal is to transparently demonstrate our efforts to ensure a secure supply chain.

##### ■ Regular EUTR controls confirm Holzindustrie Schweighofer's due diligence system

Between March 2015 and March 2018, Holzindustrie Schweighofer's Romanian sawmills and panel factories were subject to 12 controls under the European Timber Regulation (EUTR). All confirmed that Holzindustrie Schweighofer's due diligence system complied with the standards laid down by the European Timber Regulation (EUTR). The EUTR is the legal framework ensuring that only legally harvested wood enters the European Union's market. The core of the 'due diligence' notion is that operators apply a risk management procedure appropriate to minimize the risk of placing illegally harvested wood, or timber products containing illegally harvested wood, on the EU market.

##### ■ Improved stakeholder consultation

During the past two years, Holzindustrie Schweighofer improved and intensified its dialogue with all stakeholders. Holzindustrie Schweighofer is committed to an open and transparent dialogue with NGOs and the civil society. We share the aim of securing sustainability in wood processing.

##### ■ Strict controls for sensitive forest areas

Holzindustrie Schweighofer has developed a system for risk minimization based on geographical maps issued by the Romanian Association for Forest Certification, which identifies regions that are susceptible to unlawful logging. If Holzindustrie Schweighofer buys wood from these regions, or from sites that are located in close vicinity to national parks or virgin forests, our employees act with the highest degree of sensitivity, by inspecting the most important documents necessary for legal wood harvesting (the authorized document proving the harvested amount - the APV - and the forest management plan) with maximum attention.

##### ■ Compliance and anti-corruption training

For its Romanian employees, especially for those working in the area of purchasing, Holzindustrie Schweighofer organizes anti-corruption and compliance trainings on a regular basis.

##### ■ Strengthened compliance team

A rigorous due diligence process requires an adequate number of trained experts. Holzindustrie Schweighofer doubled its compliance and certification team to 16 employees.

##### ■ Exclusion of suppliers who do not comply with Holzindustrie Schweighofer's purchasing policy

If suppliers don't follow the company's purchasing policy, they are excluded from the supply chain.

##### ■ Afforestation projects

In September 2017, Holzindustrie Schweighofer, together with the Romanian Association of Forest Administrators (AFA) and University of Suceava, launched the multi-year afforestation project *Tomorrow's Forest/Pădurea de Mâine*. The project targets degraded forest areas of small, private owners and communities. With this large-scale project Holzindustrie Schweighofer wants to contribute to the protection and regeneration of the Romanian forests. Holzindustrie Schweighofer is investing around 1 million Euro in this project, which aims at planting around one million trees until 2024. More details: [www.padureademaine.ro](http://www.padureademaine.ro)

- **Information on our website:** [www.schweighofer.at](http://www.schweighofer.at)

Holzindustrie Schweighofer is committed to a transparent and open public dialogue. The section [www.schweighofer.at/en/responsibility.html](http://www.schweighofer.at/en/responsibility.html) is part of the company's contribution towards this discourse and showcases its efforts to improve sustainability.

#### **About the Schweighofer Group**

The Schweighofer Group has its roots in a traditional Austrian family company with over 400 years of experience in wood processing. Today, the Group is primarily active in the wood processing industry, forest management, bioenergy production and real estate. The industry division of the Schweighofer Group operates three sawmills and two wooden panel production units in Romania and one sawmill in Germany. It takes a leading role in the European wood-processing industry, currently employing around 3,100 people. Holzindustrie Schweighofer exports products to over 70 countries worldwide.

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