



Holzindustrie Schweighofer statement regarding the Environmental Investigation Agency report

Bucharest, 21st of October, 2015 – With regard to the report about illegal logging in Romania, released today in Vienna by Environmental Investigation Agency (EIA), which includes tendentious and incorrect information about Holzindustrie Schweighofer's activity, we want to make the following statements.

Holzindustrie Schweighofer has always been the advocate of responsible woodworking. The illegal logging seriously affects the forests, as well as the entire woodworking industry, so it is in our best interest to promote sustainability, to have a rigorous and efficient origin control system and to process only wood with complete and correct documents which comply with all Romanian and European Union regulations. Our PEFCTM and FSC[®] international certifications, which we voluntarily obtained and that were reconfirmed this year, represent an additional evidence of our care for the future of the forests, proving that the wood we purchase and process comes exclusively from sustainably managed forests.

Holzindustrie Schweighofer already makes all possible efforts that can be made by a company active in the woodworking industry to help end the illegal logging phenomenon: transparently offer information about the traceability of the wood we purchase, decline and report suspect wood deliveries, comply with all existing laws and impose to our suppliers to respect as well all legal provisions. Furthermore, Holzindustrie Schweighofer makes a step forward by optimizing the suppliers selection standards, levels all the internal rules and launches a new way of work with its suppliers, terminating the contracts with the companies that fail to respect this code.

Also, we would like to make the following clarifications regarding the main accusations brought to HS in the EIA report.

Each wood delivery, before reaching our factories, must present the legal expedition documents and the information registered in the authorities' monitoring system – Woodtracking. Thereby we accept only deliveries that have all the data required by the law filled in (unique code, the exact date and time, the availability), but there is no obligation for each log to be marked with a stamp. According to the Governmental Decision 470/2014, only the logs with the diameter bigger or equal to 20 cm that are transported from the harvesting site must be marked. Due to our production technologies, over 50% of the purchased wood has a diameter smaller than 20 cm. Also, the logs are marked only at one end, so, in the case of a wood cargo, if the stamps are placed on the interior ends, they are not visible from the exterior.

With regard to the video released this year by EIA, in which two representatives of Holzindustrie Schweighofer are present, we would like to mention again that their statements were taken out of context. Although we have requested the entire video recording from the producers, we have received only fragments, eight months after the first filming, which proves that it was simply an attempt to manipulate the public opinion. However, even in the statements included in the materials, the company's representatives do not say at any given moment that they accept illegal wood, but only that they accept a higher volume of raw material, which is absolutely normal and benefic in any business context, as long as it complies with all legal provisions. Moreover, the bonuses offered by Holzindustrie Schweighofer are for all the suppliers that fulfil all the provisions of the contract. Our bonification system is transparently presented on our website, at this [link](#).

Regarding the speculations about the lands owned by Cascade Empire, part of the Holzindustrie Schweighofer group, we want to state that all forestland purchases of Cascade Empire went through a careful and detailed legal Due Diligence performed by international law companies, that guarantee the compliance with all legal provisions. There is no pending lawsuit concerning any of the lands owned by Schweighofer via Cascade Empire SRL. There is however a legal inquiry into the right of ownership of one individual who subsequently sold a small plot of land to Cascade Empire SRL. The small plot currently under judicial investigation represents only 5.7%, respectively 833 hectares of a total area of 14.500 hectares under the property of Cascade Empire SRL.

By a superior capitalization of a renewable natural resource – the wood - and through significant investments in modern production units that comply with all legal provisions, Holzindustrie Schweighofer supports in Romania a correct and responsible model of industrial development adopted by numerous countries in the world. The company's profits are constantly reinvested in Romania to create new jobs, to generate more added value and to ensure the optimal use of the raw material. We believe that the woodworking industry should not be condemned by the civil society, but encouraged and recognized for the benefits that it can bring to the evolution of the economy and of the entire society.

We trust that the illegal logging can be stopped through a close collaboration between the competent authorities, the environmental NGOs and the companies from the wood industry. That is why, Holzindustrie Schweighofer has repeatedly shown openness to dialogue and cooperation with all the parts interested to discuss this matter, and, with this occasion, we would like to reiterate our commitment to engage in initiatives and projects that aim at improving the situation of the forests in Romania.

About Holzindustrie Schweighofer

Holzindustrie Schweighofer is part of the Schweighofer Group and has its roots in an Austrian family business with more than 400 years of experience in woodworking. Currently, the company is leader in the European wood processing industry and is also active in viscose pulp production, bioenergy production, forestry and real estate.

Holzindustrie Schweighofer opened its first sawmill in Romania in 2003, at Sebes. Currently, the company is running on the local market other two sawmills in Radauti and Reci, an edged glued panel factory in Siret and a blockboard factory in Comanesti, generating over 3,000 people directly in these locations and more than 10,000 in related industries. Since entering the local market until now, Holzindustrie Schweighofer has invested 778 million euro in Romania, and in the last 4 years it has contributed to the state budget with over 100 million euro. The profit made by the company in the last 10 years is reinvested in Romania, creating each year new jobs. Holzindustrie Schweighofer imports annually from neighbouring countries over 1 million m³ of logs, for which it pays taxes to the Romanian state amounting over 40 million RON, while Romania exports every year especially to the Far East about 400,000 m³ of unprocessed wood.