

# **Stakeholder Engagement Protocol**

April 2021

## 1. Context

Sustainability is one of the main pillars of HS Timber Group's Mission Statement: "Sustainability leads us in our daily business. We are committed to sustainability and growth throughout our organisation. Our economic success depends on our supply basis, a sustainably managed forest. Sustaining and fostering this natural heritage is crucial. We are fully committed to protecting biodiversity and contribute to climate protection. The origin of our resource can be traced transparently, making our products one of the safest in the industry. The responsible use of our resource and effective environmental management are an integral part of our economic activities, supporting innovation and success. A transparent and honest dialogue with our employees, stakeholders and the general public helps to implement and constantly improve our approach."

As a major player in the international wood market, the HS Timber Group maintains a broad network of stakeholders and service providers. We are in regular contact with our customers, suppliers and business partners, authorities, NGOs and representatives of interest groups, and our own employees. Depending on the stakeholder group, different communication formats are used.

## 2. Tools and procedures to encourage and handle stakeholder input

### 2.1 Open doors policy for NGOs

In line with its commitment towards transparent communication, the HS Timber Group has implemented an open doors policy for NGOs in Romania. 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 Romanian mills unannounced. Our goal is to transparently demonstrate our efforts to ensure a secure supply chain.

### 2.2 Direct stakeholder consultations and other means of engagement

As a part of HS Timber Group's Due Diligence System, the company facilitates consultations with relevant stakeholders. All measures taken have to be filed and protocolled precisely in the central information pool. The company has implemented a stakeholder consultation process to ask for and collect external information about planned supply (at the FMU level). As established in the procedure, the opinion of relevant stakeholders is taken into account for sourcing activities and risk mitigation measures. Especially local stakeholder events are used to cover off HS Timber Group procedures and expectations as well as frequent errors, problems and possible solutions. Stakeholder communication also covers ongoing works, performance, development and future implementation of various measures, as well as project design and construction (for new projects).

Stakeholder consultations are carried out at different levels:

Mill level:

- Emails/letters/fax/direct contact with relevant local/regional stakeholders;
- Interviews during audits.

National level Romania

- Structured dialogue between industry and NGOs (>2/year);
- Regional stakeholder consultation events (2/year for Radauti, Sebes and Reci sourcing areas).

National level Belarus

- Stakeholder consultation events (on an as-needed basis);

- Round table events when requested by stakeholders (on an as-needed basis).

Group level:

- Direct meetings with stakeholders;
- Stakeholder platform on the website ([link](#)).

## **2.3 Grievance handling procedures**

### **2.3.1 Complaints on the Supply Chain**

The HS Timber Group is committed to an open and transparent dialogue with NGOs and civil society. We share the aim of securing sustainability in timber processing and we take criticism and suggestions from stakeholders seriously.

Any written complaint, which might be relevant to certification, supply chain, the company's Due Diligence System or other compliance issues, submitted by internal or external parties shall be registered by either the local Supply Chain Control and Certification (SCCC) officer, to whom the complaint was submitted, or by the SCCC Management in case it was submitted directly to the central office or the Group Compliance Office. The registered complaint on supply chain issues will be assigned to the relevant parties (SCCC officers, SCCC manager, Head of SCCC) for investigation. Investigations shall start without any delay and substantiation shall be verified as a rule within two weeks, 3 months at the latest. In case of a complaint on a certain delivery, this delivery shall be stored separately and cannot be used for production until the complaint is not clarified. All concerned departments shall be informed within three days about the complaint and all relevant documents shall be archived.

If the investigation requires on-site verifications, these shall be carried out – if possible – within two weeks of receipt of the complaint using the relevant (FMU or CoC) verification checklist. If non-conformance (NC) is identified, effective corrective action requirements (CARs) shall be determined setting a deadline and verification date. In such cases, preventive measures are also to be determined if applicable. All NCs shall be graded either as major or as minor.

In cases where repeated complaints have been submitted about a region, which is graded as negligible risk, the company will double check its grading and its risk analysis.

HS Timber Group also informs the party that has submitted the complaint about the result of the investigation and, if applicable, about how the complaint was taken into account.

All complaints are stored for five years and documents are open for third party verification, in line with the company's open doors policy.

### **2.3.2 Complaint handling in Timflow**

Our wood tracking system Timflow is designed specifically for interaction with stakeholders. At [www.timflow.com](http://www.timflow.com), the HS Timber Group publishes all details regarding shipments of wood in Romania which have been delivered by truck, e.g. images of loaded trucks and GPS-based information about the origin of the wood. Any stakeholders or any users among the general public can contact us via the website if there are any perceived irregularities or anything is unclear. Timflow was implemented in all of HS Timber Group's Romanian sawmills in April 2017 and, one month later, its scope was broadened to include all wood collection points owned by the company. Any Timflow complaints will be managed in line with the procedure described at point 2.3.1

### 2.3.3 Grievances and special complaints on compliance issues

Grievances can be submitted in several ways:

- Grievance Boxes in Romania and Belarus: Anybody can use the grievance boxes to be situated next to the entrance at each site.
- Official Channels: In addition, anybody can use the official communication and mail channels to submit grievances (e.g. through the HS Timber Production offices or the official e-mail addresses or the contacts mentioned on the respective grievance forms). Contact details to the factories are made available under: <https://hs.at/en/company/production-sites.html>)
- Compliance Hotline: In any event, but especially for grievances on compliance issues, anybody can use the e-mail address [compliance@hs.at](mailto:compliance@hs.at). This mailbox is exclusively managed by the Group's Compliance Office.

In principle, grievances can be submitted without any specific form. However, for proper handling, the use of the company form is preferred. This is made available on-site by the secretariat of each factory or downloadable under <https://hs.at/en/responsibility/stakeholder-involvement/stakeholder-platform.html>. Grievances can be submitted anonymously as well.

Investigations of grievance matters shall start without any delay and substantiation shall be verified as a rule within two weeks, 3 months at the latest.

All communications will be reviewed in terms of feasibility to make changes in order to satisfy the request or to investigate and resolve issues at the respective level. If the complaint was not made anonymously, the complainant will be informed of the outcome. Complaints on compliance issues (esp. breaches of the [HS Timber Group's Code of Conduct](#)) are investigated internally by the Group's Compliance Office.

### 3. Communication channels

Stakeholder communication is primarily organised and managed by the Group's Chief Compliance and Sustainability Officer:  
Michael Proschek-Hauptmann  
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In Romania he is supported by the local CSR Manager:  
Ionut Apostol  
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In Belarus he is supported by the Assistant Manager:  
Maryna Dauhalava  
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Depending on the issue, local staff (esp. Mill Managers) will be involved.

HS Timber Group commits to open and transparent information, which includes information about new developments, involvements, principles and policies. HS Timber Group provides extensive information about its Action Plan, Mission & Vision, guiding principles and news on the website ([www.hs.at](http://www.hs.at)), the stakeholder platform and updates stakeholders with a quarterly stakeholder newsletter. Input from stakeholders is collected through dedicated stakeholder consultations or can be addressed at any time to the Group's Chief Compliance and Sustainability Officer.

Responsible for the document:

Michael Proschek-Hauptmann  
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Associate Member of the Management Board  
HS Timber Group GmbH