

Stakeholder Engagement Protocol

January 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, 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. 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.

2.2 Direct stakeholder consultations

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 consultations are carried out at different levels:

Mill level:

- Mails/letters/fax direct contact with relevant local/regional stakeholders;
- Interviews during FM 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);

Group level:

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

2.3 Complaint handling procedures

2.3.1 Supply Chain Control

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 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 further investigations. The investigation shall start without any delay and its substantiation shall be verified - as a rule - within two weeks. 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 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 which has submitted the complaint about the result of the investigation and, if applicable, about how the complaint was taken into account. The complainant is informed about a further appeal process of any other terms of third party verification, if HS Timber Group's response is considered inadequate.

All complaints are kept 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. HS Timber Group publishes all details regarding shipments of wood in Romania which have been delivered by truck, e.g. images of loaded trucks or GPS-based information about the origin of the wood, on www.timflow.com. Any stakeholder or any user 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.

2.3.3 Compliance complaints in general

Complaints from stakeholders on compliance issues (esp. breaches of [HS Timber Group's Code of Conduct](#)) are investigated internally by the Group's Compliance Office.

3. Communication channels

Stakeholder communication is primarily managed by the Group's Chief Compliance and Sustainability Officer (michael.proschek@hs.at)

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 its website (www.hs.at), on its stakeholder platform and updates stakeholders with a quarterly stakeholder newsletter. Input from stakeholders is collected through dedicated stakeholder consultations or can be addressed to the Group's Chief Compliance and Sustainability Officer at any time.