

HS Timber Group Timber Sourcing Policy

Version October 2022

This policy applies to all timber processing and trading companies of HS Timber Group.

Sustainably managed forests have the highest priority for HS Timber Group. We are committed to ensuring that all our timber is responsibly sourced from sustainably managed forests.

We will purchase timber only from non-controversial sources and in full compliance with our Timber Sourcing Policy.

We require all suppliers and vendors to demonstrate compliance with all legal requirements for forest management, timber harvesting and related trade as a basis for long-term partnership.

We operate a robust security system. As a responsible business, we verify the origin of the timber we use in order to exclude controversial sources.

The following sources are considered controversial:

- Illegally harvested wood;
- Territories in which traditional and civil rights are violated;
- Territories and regions with armed conflicts;
- Wood from forests whose high conservation value is threatened;
- Natural forests that have been converted to plantations;
- Forests that are planted with genetically modified trees;
- Areas where the Core Conventions of the International Labour Organisation as defined in the 1998 "Declaration on Fundamental Principles and Rights at Work" are violated.

We are explicitly committed to excluding material sourced from virgin forests and non-intervention areas as well as material originating from forest land whose property title is being effectively disputed in court and when courts or authorities have ordered the suspension of operations. Moreover, we refrain from buying material originating from National Parks in Romania and Ukraine.

We do business only with partners whom we have reason to trust as acting with due diligence and professional prudence. Where executive managers or staffs in similar functions has been convicted by a final binding court decision for illegal wood harvesting or corruption, we will as a rule exclude their companies from our supply chain for three years. In severe and justified cases, we reserve the right to delist suppliers at any time appropriate. To re-enter the supply chain thereafter requires a comprehensive audit demonstrating full compliance with all requirements of this Timber Sourcing Policy.

We believe forest certification to be an instrument that helps to promote sustainable forest management. We are actively supporting the development of sustainable forest management in our sourcing areas.

Our target is to source 100% of our timber from forests certified to PEFC and/or FSC® forest certification schemes by 2025.

We encourage our suppliers to seek certification for sustainable forest management and chain of custody, and we want to take this path collectively. Suppliers unable to meet our sourcing standards shall take corrective actions.

We invite stakeholders to an open and constructive dialogue to help us continuously improve our business and our performance in regard to responsible forest trade.

This policy will be reviewed and a public statement on its implementation will be issued annually.

