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Holzindustrie Schweighofer on FSC disassociation: “We will continue to roll out our action plan for sustainable timber processing in Romania”

- **Constructive dialogue with the Forest Stewardship Council (FSC) to define a roadmap for re-association**
- **Clear commitment to fight unlawful logging in Romania – despite the fact that Holzindustrie Schweighofer does not harvest any trees itself**
- **Investments of around EUR 1 million to improve the security architecture of the Romanian timber supply chain already in 2017**
- **Holzindustrie Schweighofer continues to support the introduction of the FSC-standard in its Romanian supply chain**

The Schweighofer Group takes FSC’s current decision to disassociate from the group as a cause to further intensify its efforts to implement and optimize its control system to ensure a sustainable timber supply chain in Romania. In mid-January 2017, the company presented a comprehensive set of measures aimed at installing a new security architecture that is unmatched in Romania’s forestry industry and surpasses all regulatory requirements. In 2017, the Schweighofer Group is investing about EUR 1 million in its new control system. The company is determined to do everything it can to convince FSC and its stakeholders of the new system’s effectiveness. Holzindustrie Schweighofer aims at developing a roadmap for re-association together with FSC as quickly as possible.

FSC recognized Holzindustrie Schweighofer’s action plan that was implemented during the past three months and acknowledges it as a good foundation to continue the dialogue and to develop a roadmap for re-association. FSC took its decision on the basis of information with regards to possible violation of timber measurement standards that were brought forward during the probation phase. The FSC Board of Directors explained that new investigations were not compatible with the probation status and hence led to disassociation.

Considering that Holzindustrie Schweighofer has calibrated measuring equipment as well as a very strict compliance system, these allegations are surprising. Nonetheless, the company has pledged FSC its full support in the ensuing investigations.

Moreover, Holzindustrie Schweighofer will make every effort to convince FSC and other stakeholders of the effectiveness of its measures and of its commitment towards sustainable business practices.

Fighting unlawful logging in Romania

Frank Aigner, Managing Director of the Schweighofer Group: “We remain fully committed towards fighting unlawful logging in Romania, even though we ourselves do not harvest any trees. We will wholeheartedly continue our course based on transparency, dialogue with environmental organisations and on implementing our action plan for a sustainable forestry industry in Romania”. The company continues its constructive dialogue with FSC and will develop a roadmap for re-association. Our guiding principles remain clear: We will continue to follow the strict regulations laid down by the FSC, regardless of whether the group remains disassociated.

Holzindustrie Schweighofer supports FSC certification in Romania

Due to these continued efforts, Frank Aigner is optimistic that the procedure for re-association could be started soon. “FSC’s disassociation from us is a good basis to calmly prepare for a new start with FSC”, says Aigner. He also points out that Holzindustrie Schweighofer will continue to promote the FSC-standard within its supply chain via an incentive scheme. “Since 2012, we have supported the FSC-certification of our suppliers with around EUR 1 million. We will of course keep this commitment”, Aigner confirms.

Roadmap for re-association

Frank Aigner welcomed FSC’s acknowledgement of the measures taken by Holzindustrie Schweighofer during the past three months as part of their development of a preliminary plan for corrective action. FSC sees these measures as a foundation for the development of a roadmap to end the disassociation.

Next steps

“The next steps are clear”, says Frank Aigner “we will readily discuss with FSC and NGOs, offer our full support to the ensuing investigations and will immediately inform the public as well as our stakeholders as soon as new developments arise”.

Further information

Holzindustrie Schweighofer’s new measures for a sustainable forestry industry in Romania

- **Holzindustrie Schweighofer supports the introduction of the FSC standard in Romania by paying a bonus of 10 RON/m³ (2 €) for FSC-certified saw logs**
To ensure a sustainable supply chain in Romania that meets the high FSC standards, Holzindustrie Schweighofer pays its suppliers a bonus for FSC-certified logs. Since 2012, HS has paid a total of 4.77m RON (€1.04m) for this FSC-bonus.
- **GPS-tracking – Transparency for the supply chain**
Holzindustrie Schweighofer is currently implementing a GPS tracking system in Romania (Timflow). This system surpasses all legal requirements by far. Once it is fully rolled out, every truck delivering logs to the company’s saw mills and collecting sites (log yards) will be equipped with a GPS device which proves the logs’ exact place of origin. The system will go online still in the first quarter of 2017.
- **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 civil society. We share the aim of securing sustainability in timber processing.
- **Comprehensive audit by the renowned Indofur group**
In January 2016, Holzindustrie Schweighofer subjected its internal processes to an in-depth analysis. The independent Finnish consulting firm Indofur examined all processes as well as the supply chain and the mills in Romania. Their conclusion: Holzindustrie Schweighofer’s due diligence system surpasses the regulatory requirements by far and complies with the standards laid down by the European Timber Regulation (EUTR) for placing legal wood on the European Single Market.
- **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 identify regions that are susceptible to unlawful logging. If Holzindustrie Schweighofer buys timber 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 timber harvesting (the authorized document proving the harvested amount “APV”, the waybill (Aviz) and the forest management plan) with maximum attention.
- **Strengthened compliance team**
A rigorous due diligence process requires an adequate number of trained experts. Holzindustrie Schweighofer doubled its team for compliance and certification during the past months 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.
- **Holzindustrie Schweighofer does not accept timber from national parks**
Holzindustrie Schweighofer implemented a “Zero Timber Transports from National Parks”-Policy in Romania, although the legislation would allow for logging in so called national park buffer zones and in case of sanitary cuttings.
- **Compliance and anti-corruption training**

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

- **Schweighofer-initiative.org**

Holzindustrie Schweighofer is committed to a transparent and open public discourse. The website www.schweighofer-initiative.org is part of the company's contribution towards this discourse and showcases its efforts to improve sustainability.

Background information:

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 but also in dissolving pulp production, forest management, bioenergy production and real estate. The industry division of the Schweighofer Group operates three sawmills and two wooden panel productions in Romania, one saw mill in Germany and a dissolving pulp production in Austria. It takes a leading role in the European timber-processing industry, currently employing around 3,700 employees. Holzindustrie Schweighofer exports products to over 70 countries worldwide

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