

Bucharest, 25 April 2017

Update Holzindustrie Schweighofer-Action Plan for a sustainable timber industry in Romania: Security systems well in place - Timber tracking successfully implemented

Holzindustrie Schweighofer has implemented a state of the art action plan to fight illegal logging in Romania. The company has strengthened the security of its supply chain so that only timber destined for harvesting is able to enter the company's saw mills. In this regard, Holzindustrie Schweighofer successfully launched Timflow, a unique GPS tracking system that monitors the transport routes of saw log trucks from loading point to saw mill gate. The system went live in early April 2017 and after a testing phase, is functioning well.

Since then, the company registered approximately 3,500 transports and over 70 users have signed up to review the loads on the publicly available website www.timflow.com. No transports had to be rejected so far. According to the company this is a clear indication that the zero tolerance policy of the company regarding questionable sources is executed, well accepted and understood.

Holzindustrie Schweighofer requires all its suppliers to equip their log trucks with the Timflow system. The majority complied, but not all. Those who refused to participate in Timflow, were excluded from Holzindustrie Schweighofer's supply chain. "We did register a small decline in deliveries and suppliers' base. Nevertheless, Holzindustrie Schweighofer is fully committed to a transparent and secure supply chain and is convinced that Timflow can ensure it," said Dan Banacu, Holzindustrie Schweighofer Romania general manager.

Background information

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 has implemented a GPS tracking system in Romania (Timflow). This system surpasses all legal requirements by far. Every truck delivering logs to the company's saw mills is equipped with a GPS device which proves the logs' exact loading place.
- **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 Indufor group**
In January 2016, Holzindustrie Schweighofer subjected its internal processes to an in-depth analysis. The independent Finish consulting firm Indufor 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.

Schweighofer group

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.

For further information please contact

Luciana Petrescu

Communication manager

Tel: (+40) 725 352 700

E-mail: luciana.petrescu@schweighofer.ro