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Holzindustrie Schweighofer: Action plan for sustainable timber industry in Romania successfully implemented

- **EUR €1 million invested in security architecture**
- **5,200 user inquiries on the public Timflow portal – the company’s GPS tracking system for saw log trucks**
- **Open doors policy: 600 participants in four public consultations, 80 Romanian and international journalists visited mills**
- **Pilot project for log tagging currently taking place**

At the beginning of 2017, Holzindustrie Schweighofer implemented a state of the art action plan to fight illegal logging in Romania and to support a sustainable timber industry. Overall, the company invested €1 million in strengthening the security of its supply chain. A major pillar of this action plan is the company’s Timflow-system, a unique GPS-tracking system that monitors the transport routes of saw log trucks from loading point to saw mill gate. Overall, these measures by far exceed the requirements of the Romanian laws and regulations. One year after implementation, the company is now taking stock of its measures and wants to share this information with the public.

Transparency

Since 1 April 2017, Holzindustrie Schweighofer monitors all saw log trucks delivering wood to its mills via GPS. Since then, 800 trucks from 500 transport companies have been equipped with the system. Holzindustrie Schweighofer is the only company in Romania that makes the collected data publicly available: www.timflow.com. Up to now there were 5,200 user inquiries on the Timflow portal.

Holzindustrie Schweighofer maintains a zero tolerance policy regarding saw log deliveries from unclear sources and takes consequences in such cases. Following this principle, the company has so far delisted a total of around 100 suppliers, either temporarily or permanently, for reasons of non-compliance with Holzindustrie Schweighofer’s purchasing policy.

To support a sustainable supply chain in Romania that meets the FSC standards, Holzindustrie Schweighofer pays its suppliers a bonus for FSC-certified logs. Since 2012, Holzindustrie Schweighofer has so far paid an amount of €1.4 million (€350,000 in 2017).

On 5 March 2018, the Romanian NGO Agent Green published a study about the performance of international wood processing companies operating in Romania. Holzindustrie Schweighofer was the only one of the 11 companies surveyed to have met all the assessed criteria. Agent Green’s study is published [here](#).

Dialogue

Holzindustrie Schweighofer actively engages with its stakeholders. In an effort to maximize transparency, the company organized four public consultations involving 600 participants during the past year. In 2017 about 80 Romanian and international journalists visited the mills of Holzindustrie Schweighofer. In that connection 10 open days on which the local, central and international media were invited to the company’s mills were held.

Planting actions

Holzindustrie Schweighofer is engaged in the Tomorrow's Forest planting project (padureademaine.ro/en). This is a multiannual project developed together with the Association of Forest Administrators (AFA) and the "Ștefan cel Mare" University of Suceava. The project's goal is to plant around one million trees until 2024. Since the launch of the project it attracted around 300 volunteers. At the first planting in Poieni-Solca on 11 November 2017, 21,000 seedlings were planted on 4.7 ha. Six new planting actions are scheduled for this spring with 142,600 more seedlings to be planted on 34.9 ha.

Pilot project to investigate the feasibility of single log tracking

Holzindustrie Schweighofer is constantly working on improving its measures and procedures. Currently, the company is carrying out a pilot project for single log tracking whereby logs are identified using bar-coded tags. All relevant information about each log (dimension, species, quality, supplier data, origin, GPS data) is stored in a database and can be retrieved with a special scanning device or simply with a modern mobile phone.

The pilot project is taking place on Holzindustrie Schweighofer's log collection site in Leordina, Maramureș County. "This pilot project proves that we are pioneering, when it comes to a robust and traceable timber supply chain," Dan Bănac, General Manager at Holzindustrie Schweighofer Romania, comments. Holzindustrie Schweighofer will provide updates on the pilot project's progress during the course of the first half year of 2018.

Background information:

About the 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, forest management, bioenergy production and real estate. The industry division of the Schweighofer Group operates three sawmills and two wooden panel productions in Romania and one saw mill in Germany. It takes a leading role in the European timber-processing industry, currently providing around 3,500 jobs. Holzindustrie Schweighofer exports products to over 70 countries worldwide

Holzindustrie Schweighofer's measures for a sustainable forestry industry in Romania

- **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 Romanian saw logs to the company's saw mills is equipped with a GPS device, which proves the logs' exact loading place. The results are publicly accessible at www.timflow.com.
- **Holzindustrie Schweighofer supports the introduction of FSC® standards in Romania by paying a bonus of 10 RON/m³ (2 €/m³) 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, Holzindustrie Schweighofer has paid a total of RON 6.4m (about €1.4m) for this FSC-bonus.
- **Improved stakeholder consultation**
During the past two years, Holzindustrie Schweighofer improved and intensified its dialogue with its stakeholders. Holzindustrie Schweighofer is committed to an open and transparent dialogue with NGOs and civil society. It shares the aim of securing sustainability in timber processing.
- **Comprehensive audit by the renowned Indufor group**
In January 2016, Holzindustrie Schweighofer subjected its purchasing 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 harvesting volume estimation "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 shipments from national parks**
Holzindustrie Schweighofer implemented a "Zero Timber 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.
- **Afforestation projects**
In September 2017, Holzindustrie Schweighofer, together with the Romanian Association of Forest Administrators (AFA) and University of Suceava, launched the multi-year afforestation project "Tomorrow's Forest / Pădurea de Mâine". The project targets degraded forest areas of small, private owners and communities. With this large-scale project Holzindustrie Schweighofer wants to contribute to the protection and regeneration of the Romanian forests. Holzindustrie Schweighofer is investing around €1 million in this project, which aims at planting around one million trees until 2024. More info is available at www.padureademaine.ro.
- **Open doors policy for NGOs**
In line with its commitment towards transparent communication, Holzindustrie Schweighofer has implemented an open-door policy for NGOs. Interested NGOs are invited to register with the Group's Compliance Department and to sign a standard non-disclosure agreement with regards to the technology used. Thereafter, registered NGOs can enter the company's mills at any time to make unannounced inspections and audits of the entire supply chain.
- **Information on our website www.schweighofer.at**
Holzindustrie Schweighofer is committed to a transparent and open public dialogue. The website www.schweighofer.at/en/responsibility is part of the company's contribution towards this discourse and showcases its efforts to improve sustainability.

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