



Supply Chain Report 2021

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**HS TIMBER
GROUP**

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Abbreviations

APV – Act de Punere în Valoare (Romanian document of origin, inventory/details of trees for harvesting plots)
 CoC – Chain of Custody
 DDS – Due Diligence System
 EUTR – EU Timber Regulation¹
 FM – Forest Management
 FMU – Forest Management Unit
 FSC® - Forest Stewardship Council²
 HS – HS Timber Group³
 HS DDS Hub – HS Due Diligence Hub, internal web platform covering information of the entire supply chain
 ISO - International Organization for Standardization⁴
 PEFC™ - Programme for the Endorsement of Forest Certification⁵
 SCCC – Supply Chain Control and Certification
 NFI – National Forest Inventory
 FAO - Food and Agriculture Organization of the United Nations
 SD – Supplier Declaration
 SFI – Sustainable Forestry Initiative⁶
 SUMAL - Integrated Timber Tracking Information System (Sistem Informațional Integrat de Urmărire a Materialelor Lemnoase)⁷

¹ [Timber Regulation – Forests – Environment – European Commission \(europa.eu\)](https://european-council.europa.eu/media/en/press-summaries/doc/default-source/forests-environment-forests-2013-12-18.pdf)

² [About us | Forest Stewardship Council \(fsc.org\)](https://www.fsc.org/)

³ [HS Timber Group](https://www.hs-timber.com/)

⁴ [ISO - Standards](https://www.iso.org/)

⁵ [What is PEFC? – PEFC - Programme for the Endorsement of Forest Certification](https://www.pefc.org/)

⁶ [Home - forests.org](https://www.forests.org/)

⁷ [SUMAL 2.0 | Ministerul Mediului \(mmediu.ro\)](https://www.mmediu.ro/)

1 Introduction

HS Timber Group and its subsidiaries (referred to as "HS" in this text) implemented a strict Timber Sourcing Policy. This policy includes a commitment to perform an annual review and to report on the implementation. As a part of the implementation process, the first supply chain report was published in 2018. This report is now the fourth one and reports on HS' supply chain structure and supply chain control status, with a special focus on the Romanian situation. The report intends to serve as a basis for further discussions with stakeholders.

1.1 HS Timber Group policy

HS Timber Group (HS) is a long-established wood processing company of Austrian origin with strong roots in Central and Eastern Europe, especially in Romania. With around 4,000 employees in Austria, Germany and Romania, HS Timber Group produces high-quality wood products for customers all over the world. There is growing public attention towards all companies operating in the wood industry. On the one hand, wood is a sustainable material and efficient wood supply chains can play a key role in addressing climate change and a more sustainable circular economy, on the other hand, there is growing consensus that timber should not originate from forests subject to degradation and deforestation. The legality of the wood supply chain from management planning, to harvesting and transport is always the minimum level of compliance for such material. This report provides an overview of HS' supply chain, risk mitigation and input-related verification activities in the year 2021. More information about the environmental issues can be found in the annual Sustainability Report⁸.

For all its sawmills, HS has developed and implemented an advanced and robust Due Diligence System (DDS) to mitigate risks of purchasing and processing illegal or controversial raw material. The different measures within the organisation's DDS are set up to comply with the requirements of:

- HS Timber Sourcing Policy⁹
- National legal framework of the respective countries HS operates in
- EUTR - Regulation (EU) No 995/2010
- (US) Lacey Act
- (Japanese) Clean Wood Act
- PEFC STD 2002:2013
- Sustainable Forestry Initiative® Label Recognizing Global Standards
- FSC Chain of Custody
- ISO 38200 (Siret branch)

1.2 Production facilities

In 2021, HS continued to operate

- three sawmills in Romania (Sebeș, Rădăuți, Reci),
- one sawmill in Germany (Kodersdorf) and
- two panel factories in Romania (Comănești, Siret).

The overall production capacity of the four sawmills in 2021 was about 5.3 million m³ of roundwood input, which makes HS a large-scale sawmill operator. The main advantage that derives from this is the ability to utilise all wood input (composite products, pellets, energy production). There have been no significant changes in the existing production facilities in 2021, apart from Kodersdorf mill, where pellets production had started the previous year. Additionally, HS started the development of two new production facilities in 2021. The construction of the new sawmill in Belarus in Svisloch, Grodno region was expected to be finalised mid-2022, however, due to the current political situation it is likely that start of operations will be postponed. The second project, the construction of a new sawmill in Argentina together with Belgian joint-venture partner Forestcape, commenced at the end of 2021. The sawmill is located in Gobernador Virasoro in the province Corrientes.

⁸ [Sustainability Report \(hs.at\)](#)

⁹ [Timber Sourcing Policy EN \(hs.at\)](#)

1.3 Supply Chain Control and Certification Department

HS Timber Group established the Supply Chain Control and Certification (SCCC) Department in 2016, as a fully independent entity from the Purchasing Department, and coordinated directly from the headquarters in Vienna and Bucharest, as part of the Compliance and Sustainability activities of the company.

In 2021, the SCCC department included the Head of the Department at HS Group level, a Romanian manager, two officers in each Romanian sawmill, one in each panel mill, one in Kodersdorf and one in Ukraine. As the construction of a new sawmill started in Belarus, a new staff member joined the team in November 2021, to actively participate in the implementation of the DDS in Belarus.

2 Raw material purchasing

In this section, the purchasing of primary raw material, namely roundwood and standing wood purchase is explained in more detail.

2.1 Roundwood purchase

Since HS operates primarily in the sawmill industry, the majority of the input is roundwood, respectively saw logs, from resinous wood such as spruce, fir and pine. Roundwood, like any other wood-based material, is subject to the most stringent DDS processes, to meet the requirements defined in the national forest and wood trade legislation, EU Timber Regulation (EUTR), certification standards and in HS' own policies. Due to turmoil in the wood market, HS extended its purchase area to four additional European countries in 2021 (Bulgaria, Finland, Sweden, and Latvia), continuing the trend of only purchasing saw logs from within the European Union (EU).

Sourcing country	% PEFC	% FSC	% Non-certified
Germany	63%	1%	37%
Austria	93%	0%	7%
Poland	65%	0%	35%
Romania	0%	12%	88%
Slovakia	0%	0%	100%
Czech Republic	70%	0%	30%
Bulgaria	0%	0%	100%
Finland	0%	0%	100%
Sweden	2%	0%	98%
Latvia	0%	0%	100%

Table 1. Total roundwood input share by country of origin in 2021.

2.2 Standing wood purchase

In 2021, the entire standing wood purchase of 96.3 thousand m³ was exclusively sourced from Romania. All harvesting operations were conducted by service providers. So, even in the case of standing wood purchase, HS does not harvest wood by itself. The wood which was not suitable for HS' operational purposes has been sold to third parties. The standing wood purchase for each sawmill in Romania is shown in Table 2, including the amount that has been sold to third parties. For standing wood purchases, the EUTR guideline states that not the Forest Management Unit (FMU), but the buyer is considered to be the operator, therefore, implementation of a Due Diligence System is mandatory for HS.

The implementation of the new state-run wood tracking system SUMAL 2.0 at the beginning of 2021, led to a significant decrease of standing timber purchase in Romania, because of increased complexity in the procedure of issuing delivery notes. HS expects an even lower purchase volume of standing timber in 2022.

Mill	Used in production (m ³)	Sold to 3 rd parties (m ³)
Sebeş	35,897	14,881
Rădăuți	8,221	5,573
Reci	26,450	5,313
Total	70,568	25,767

Table 2. Standing wood purchase in Romania for each sawmill in 2021.

3 Roundwood Due Diligence System

3.1 Information collection/country level information

As stated above, in 2021, all roundwood input came from EU countries. The applied Due Diligence System (DDS) is country-specific, as it is based on country level risk assessments and, therefore, the implemented measures differ from country to country. In this section of the report, Romanian roundwood Due Diligence is explained in detail, as Romanian purchase activities had received special attention from various stakeholders in the past. Furthermore, Romania has a Corruption Perception Index (CPI) below 50, which classifies the country as a high-risk country to do business in. However, in 2021, only 28% of roundwood input purchased by HS originated from Romania.

For proper risk mitigation, it is crucial to collect the entirety of available information, including media monitoring, stakeholder input, state-run traceability systems and digital available databases, third-party risk assessments and, most important, on site audits. Such information is collected by the SCCC staff, in close cooperation with other HS departments and various stakeholders. In line with this, HS implemented its Open-Door Policy¹⁰, announced publicly on its website.

3.2 Supplier verification levels

3.2.1 Legal background check

Potential purchasing contracts are initiated by the Log Department and verified by SCCC, as well as by the Legal Department. All contracts are handled directly through the internal document management system and, therefore, all steps involved in the approval process are confirmed by timestamps. The Legal Department performs an initial legal background check of each supplier, by verifying financial status, checking criminal records, validating compliance with the Timber Sourcing Policy, investigating potential conflicts of interest, as well as previous suspensions, etc.

3.2.2 Supplier Code of Conduct and Supplier Declaration

The Supplier Code of Conduct¹¹ was introduced in 2020 to provide a behaviour standard HS expects from its suppliers. All roundwood purchases are based on written contracts and regulated by domestic and EU legislation, however, suppliers are also required to adhere to the additional requirements stated in the HS Supplier Code of Conduct. It covers different fields of application, ranging from ethical business behaviour, to environmental protection requirements, health and safety requirements, as well as behaviour toward employees, etc. By accepting the Supplier Code of Conduct suppliers agree to be audited according to the requirements of HS and other third parties. The Supplier Declaration requires the suppliers to provide information about wood origin and is a tool that supports field verification through the entire supply chain. Since the second quarter of 2021, the Supplier Code of Conduct and the Supplier Declaration are integrated into a single document annexed to all purchase contracts, to reduce paperwork. The Supplier Code of Conduct is still available on HS' webpage¹².

3.2.3 Supplier data handing – HS DDS Hub

HS supply chain information and supplier data are registered in the HS DDS HUB, a tailor-made online platform for handling suppliers and related information (sub-suppliers, supplier declarations, audits, volumes, etc) through an encrypted database. The platform became fully operational in 2020 and currently, almost 2.500 entities, ranging from HS entities, suppliers and their sub-suppliers (both active and inactive), are stored in the system. The HUB is integrated with the internal ERP system TiCom and the auditing application iAuditor and provides a full overview of the current status of any given supplier.

Additional features, such as automated e-mail notifications/alerts (new suppliers, certification checks, corrective actions, risk assessments, etc.), comparison of input with available volumes in the documents of origin (for Romanian suppliers), as well as an integration with Inspectorul Pădurii¹³ were introduced throughout 2020 and 2021. A mobile application to help suppliers submit APVs¹⁴ directly to the platform was introduced in 2021. All HS suppliers can receive dedicated credentials for their companies and, through an easy process, can take pictures of the documents, select the name of the entity for the origin and submit these documents which will be added

¹⁰ [Stakeholder involvement \(hs.at\)](https://hs.at/en/responsibility/how-we-do-business/stakeholder-involvement)

¹¹ <https://hs.at/en/responsibility/how-we-do-business/supplier-code-of-conduct.html>

¹² [Supplier Code of Conduct \(hs.at\)](https://hs.at/en/responsibility/how-we-do-business/supplier-code-of-conduct.html)

¹³ [Inspectorul Padurii](https://www.inspectorulpadurii.ro/)

¹⁴ Act de Punere în Valoare

directly to the DDS Hub. The APV number is automatically cross-checked with SUMAL 2.0 - Inspectorul Pădurii to confirm the number, GPS coordinates and type of harvesting treatment.

3.2.4 Chain of Custody audits

In high-risk countries such as Romania the DDS requires intensive field verification and field visits. While certification standards usually apply the square root rule to decide on the number of suppliers to be visited annually, HS DDS applies much higher verification intensity on its suppliers. Based on the Supplier Declaration, SCCC considers the delivery method (logyard or directly from the forest), performs an initial CoC audit verifying and confirming specific indicators from the risk assessment, requesting proof of the origin of the wood (APVs and harvest permits) and documenting location and information through relevant pictures. This includes compliance with health & safety, as well as fire safety regulations, volumes and sources at the moment of the audit, possible non-conformities, etc. Most of the field audits are conducted as second-party audits with our own experts, while in countries where HS staff is not present, we rely on third-party auditors, in all cases from internationally accredited certification bodies. The data for field audits is presented in the table below.

Country	HS second- and third-party audits				
	CoC desk	CoC	FMU	Plot	Total field
Romania	120	278	27	200	505
Ukraine	6	37	14	10	61
Russia	1	4	3	2	9
Slovakia	0	9	0	0	9
Germany	2	2	0	0	2
Poland	0	0	0	0	0
Belarus	0	3	0	0	3
Bulgaria	2	0	0	0	0
Turkey	2	0	0	1	1
Ivory Coast	0	5	0	0	5
Latvia	1	0	0	0	0
Cameroon	0	1	0	0	1
Total	134	339	44	213	596

Table 3. Number of second- and third-party audits in 2021

A field visit of a supplier is a rather static and retrospective surveillance tool, as it is only performed once or twice a year and solely looks at data from the past. Still, it is a very important information gathering and mitigation measure, as we are able to verify information on site and have direct interaction with the supplier. Harvesting plot audits, moreover, give a very good information on how the supplier operates in general, even if there is not a 100% surveillance of all activities. Traditionally, in most countries, the DDS is CoC oriented and focuses on the means of transport, however, the key aim should be to obtain reliable information about the origin of the wood.

3.3 Verification of the origin

In high-risk countries, origin verification is performed through two channels:

- the administrative organisation verification (FMU) and
- the harvest plot verification.

3.3.1 FMU verification

For the last five years, suppliers were required to always provide their harvest documentation, therefore HS' DDS is based on reliable information from the Forest Management Unit (Ocol Silvic in Romania) regarding the wood origin. The aim of the FMU verification is to confirm the existence and approval of management plans, check public information regarding potential previous illegal activities and levels of protection, etc. For FMU level verification, HS' DDS considers third-party certification as a reliable risk mitigation tool and assesses the content of publicly

available FM reports. HS is committed to promote and use forest certifications such as PEFC and FSC, not only as a risk mitigation tool, but also as an important indicator towards sustainable forest management¹⁵. As a supporting tool, media monitoring is available daily (for Romania and Ukraine). Additionally, HS' DDS is open to receive and assess any stakeholder input, in any country.

In Romania, there is an ongoing debate about the approval stages of environmental evaluation for forest management plans of Natura 2000 forests. On 10 November 2021, two new Ministry orders were enforced in Romania, to properly regulate how and when the environmental assessment must be performed for the forest management plans.

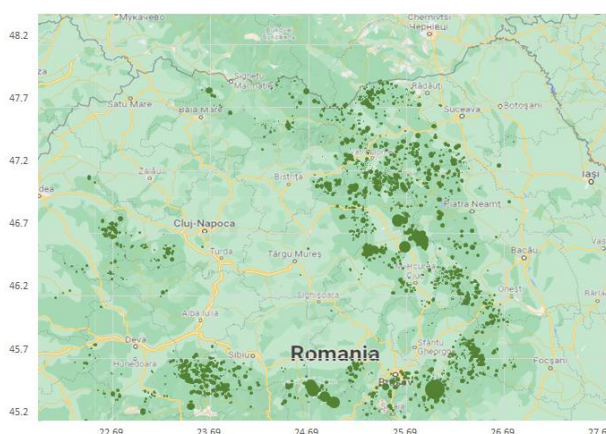
- Order No. 1946/2021 - Order of the Minister of Environment, Water and Forests for the approval of the methodology for the application of the environmental assessment for forest management
- Order No. 1947/2021 - Order of the Minister of Environment, Water and Forests on the method of reviewing forest management that partially or completely overlaps with protected natural areas of community interest

Following the implementation of these two orders, the Association of Forest Administrators in Romania (AAP) contested them in court, since these orders (more specifically No. 1947/2021) would have made 3,150 management plans (out of 4,478) the subject of (retrospective) review. Due to the appeal, the court decided on 16 December 2021 to suspend the Ministry's orders until a final decision is reached.

3.3.2 Harvest plot verification

In addition to the FMU level verification, it is also important to verify the specific harvesting plot from which the purchased wood originated. The harvest plot verification is performed as a document review in all cases and as field inspection for sampled plots. Starting 2020, all APVs are not only stored as physical documents, but the content is also digitalised, to allow more effective data handling of the descriptive data, such as total and coniferous saw logs volume – spruce, fir, harvest start and end date, FMU, ownership (private or state), harvest area, etc. Digitalised information creates the possibility to have better statistics of HS sourcing areas, such as harvest intensity, age of the stands and intervention types. Based on this information, more reliable risk assessments can be made and SCCC can perform a better targeted plot sample selection.

As previously emphasised, the requirement to have all documents of origin is a key feature of HS' DDS. In case of a missing APV, wood cannot enter production, and it is stored on a separate area in the logyard marked as "under investigation". Efficient wood processing requires active information channels between HS and its suppliers. The new mobile (Android) application established in 2021 makes it easier for suppliers to send the required documentation directly into the HUB and, therefore, the efficiency of the process is increased.



Picture 1. Harvest plot locations from where wood was purchased in 2021

¹⁵ CoC: CoC certification is not considered by HS a risk mitigation function in terms of traceability, e.g., certified companies are also subject of second, or third-party verification, as the non-certified ones.

In technical terms, a plot visit describes an inspection of an ongoing harvest operation and its compliance with legal and certification standards, which covers - among others - the checking of the harvest activity, documentation, marking of the trees, reviewing applied health and safety measures and the verification of low impact forestry features, such as water stream protection, soil damage, seedlings or trees damage, or type of machinery used for harvesting and transport in the forest: skidders, forwarders, horses, etc. Like any other field inspections, plot audits are conducted with the iAuditor auditing application and the collected data (images, findings, location, date) is stored digitally.

In 2021, all four plots older than 160 years which are located in Natura 2000 were visited by HS staff to check potential effects on biodiversity protection requirements. During the HS staff audits, no non-conformities were identified.

3.4 Delivery level verification

In the last decade, most East European countries demonstrated significant efforts to reduce illegality in the forestry sector. To achieve this, measures towards more transparent management planning processes, stricter legislation, stronger forest control authority, increased verification intensity, tax changes, etc. were set up. A fundamental feature to reduce illegal practices is the implementation of national wood traceability systems, usually with public access. The following tools have been put in place to achieve that:

- Romania: SUMAL, introduced in 2008, updated in 2014 and 2021
- Ukraine: www.ukrforest.com, established in 2019
- Bulgaria: harvest permit¹⁶ and transport tickets¹⁷
- Hungary: government registry EAKR, all truck movements are covered but no public access

These systems offer transaction verification, e.g., information about every wood delivery is available (reference to harvest documentation, photo documentation and/or GPS route). Therefore, wood traceability systems make the traditional verification systems which are based on yearly audits rather obsolete.

For example, the Romanian SUMAL 2.0 system currently publishes over 200,000 harvesting documents (APVs) and, weekly, around 80,000 deliveries and their related information. This immense range of information enables state administration and interested stakeholders to verify compliance and identify and/or further investigate transports potentially violating regulations.

Note: In Romania, the information at the delivery level is only available to the public for 96 hours on Inspectorul Pădurii.

3.4.1 Tool for direct deliveries in Romania: Timflow

With the introduction of the Timflow system in Romania in April 2017, HS started to provide information to the public about all direct deliveries of wood from forests to HS mills (exceeding the requirements of the government service SUMAL 2.0). After a simple registration process, the system is available to anyone online, at www.timflow.com and offers transaction level data about every saw log transport for a year. The information for each delivery includes:

- origin location and coordinates
- harvest documentation if delivery is initiated from primary platform
- photo documentation of the truck and load
- route provided by dedicated fixed GPS, available on all trucks delivering roundwood to HS.

All deviations and perceived errors trigger an internal investigation. Currently, HS' Timflow operates in parallel with SUMAL 2.0. Identified non-compliances in Timflow that triggered further verification steps before using the material in the production in 2021 are presented in the table below.

Missing APV in the database	Missing route	Different loading point	Incomplete route	No Timflow	National Parks	Delivered note issues	Missing (audit)	Others ¹⁸	Total under investigation	Total transports	Share %
928	530	545	248	163	9	6	56	313	2,798	31,997	8.74%

Table 4. Timflow statistics from 2021

¹⁶ [Logging permits / Felling Permits - Bureau for Investigative Reporting and Data \(bird.bg\)](http://bird.bg)

¹⁷ [Transport tickets \(iag.bg\)](http://iag.bg)

¹⁸ Contract issues, missing annexes, incomplete documentation relevant for HS' DDS

3.4.2 Verification of logyard deliveries

While many stakeholders accept that the public access to Timflow and SUMAL are efficient risk mitigation measures in case of direct deliveries from forests to HS mills, there are also claims about lack of traceability for input materials delivered from supplier logyards to the HS mills.

This claim is usually based on the deviation of the presented harvest volume in SUMAL and harvest volume calculations based on the National Forest Inventory¹⁹ (NFI). While part of the deviations can be explained by the different calculation methods of the two systems, or dead wood, material scope, etc, the significant volume of wood which is harvested above the volume stated in the APV is still disputed by different parties, and there is no official confirmation of the data presented by the NFI. However, the detailed assessment of NFI data conducted for the second cycle²⁰ (2013 - 2018), reveals that the majority of the unaccounted volume is hardwood firewood. In December 2021, the Romanian Government reduced the VAT for the firewood assortments to 5%, which is expected to have a positive impact on the illicit firewood market.

Previously, HS' DDS relied mainly on CoC audits to verify supplier activity between the forest and logyards. Also, the simplified traceability tool SUMAL 1.0 offered only basic information (truck plate, origin, volumes).

With the introduction of SUMAL 2.0, HS' DDS was able to use a much more comprehensive verification tool. Since all deliveries (including photo documentation and route) are available publicly for a four-day period, the effect is the same as HS' idea in 2020 to introduce Timflow (Multi-Customer) to document suppliers' transports from the forest to the logyard.

3.4.3 Traceability verifications

Traceability verifications are usually based on the registry plates of the supplier's truck used between the forest and the logyard. These weekly checks allow HS to get first-hand information about new APVs and to check if photo documentation is in line with the stated volume.

Traceability verifications are also applied to biomass suppliers and are an effective tool to monitor transports from National Parks. Random verification of other nearby active plots (and routes) reveals if some suppliers purchase wood from third parties. Contrary to stakeholder claims, both traceability and economic restrictions point to the direction of short supply chains. From the 600 active suppliers, more than 90% purchase raw material exclusively from FMUs. Currently, there are only 43 suppliers registered in HS' supply chain which have one or more sub-suppliers, but these are usually sister companies (owned by the same administrator).

HS' DDS also verifies if diameter distribution of delivered wood is in line with APV characteristics and continuously explores the most advanced technical solutions to exclude illegal material from its supply chain.

3.4.4 Recent modification of national legislation

In Romania, HS' DDS benefits from the strictest domestic wood trade rules in Europe. Romanian regulations allow confiscation of the delivered material if it is above the volume stated in the delivery documents. Moreover, if volume deviation is over 10 m³, the entire load, as well as the truck, are subject of confiscation.

In the SUMAL 2.0 system, all logyards have a live volume balance, and output cannot exceed input at any time. Also, deliveries can only be initiated from the forest if they are in line with harvest documentation (both in terms of location and volume). These features work even if there is no network (GSM) coverage at the harvest location.

3.5 Case management

Part of HS' DDS is an internal case management system where stakeholder inputs and significant deviations are registered as "cases" provided with a time stamp. The Supply Chain Control and Certification (SCCC) staff registered 34 new cases in 2021, most of them internally reported from media monitoring, or from information received during the on-site audits, but also from external sources. 12 companies were suspended, as the reports were substantiated after internal investigations, 11 cases were closed as unsubstantiated, and the remaining ones received different measures, such as raising a corrective action, or in the form of an oral or written reprimand. Representative cases from last year are presented in this chapter.

3.5.1 Case 1 – Reloading wood without proper documentation

A local stakeholder from the Suceava area reported a case in December 2021. An HS supplier in Romania used a heavy duty 6x6 truck with crane - because of bad road conditions due to heavy snow - to deliver raw material from the primary platform to a stable road (~4 km). There, the material was loaded onto a platform truck.

¹⁹ NFI

²⁰ [Rezultate IFN – Ciclul II | National Forest Inventory \(roifn.ro\)](https://roifn.ro)

While this operation is part of daily business in other countries, the Romanian SUMAL legislation only allows to reload wood to another truck at an approved logyard, or, in special cases, under the supervision of the forest authority, which in this case would be the closest FMU. As none of this happened, the police was called, the wood was then considered illegal, and it was confiscated together with the truck. The supplier stated that control authorities confirmed the origin of the material, but he recognised the mistake he made and understood that it is a breach of the existing legal framework. Therefore, the concerned material did not reach HS' premises. Nevertheless, the SCCC staff conducted a field visit to confirm the legal origin of the material and location of the plot, respectively the primary platform from where this wood was loaded.

3.5.2 Case 2 – Sourcing of illegal biomass from Romanian National Park - external complaint

An online community started a Facebook campaign on 17 June 2021, condemning a possible breach of HS policies: The core message of the campaign was the claim that a delivery of certifiable biomass to the HS Sebeş mill supposedly contains wood from a National Park buffer zone. Content of the allegation was that on a specific date, a supplier was sourcing from the buffer zone of the Retezat National Park (NP) and transported firewood (beech and birch) from the primary platform to their logyard. The next day, the same truck drove to another logyard in the Sebeş area, which only has beech firewood in different quantities. Later that day, another truck loaded with certifiable biomass was driving from that logyard to the HS Sebeş mill. SCCC investigation proved that the input sourced in the NP did not enter Sebeş mill. The biomass supplier does not sell firewood to HS, only chips which are certifiable biomass and, therefore, can originate only from primary or secondary processing of wood. Another complaint was that HS is putting this material on the market, which is a false claim, as all the purchased biomass in Romania is used exclusively in the Combined Heat and Power (CHP) plants.

3.5.3 Case 3 – Physical assault of environmental activists in Romania - media monitoring

In September 2021, a local activist and two other people were assaulted in a forest in the Dorna area in Suceava county, Romania, while they tried to document potential illegal activities. After being notified of the incident through the internal media monitoring, HS immediately registered the case and investigated if any of the individuals involved in the act of assault are in any collaboration with HS. The internal investigation unveiled that no HS supplier was involved in the act of violence, which was also confirmed by the activist. There is no direct business relationship with the FMU or the staff of the concerned FMU involved in the incident. Further checks were made for two plots presented later by an investigation team of reporters, which connected them to the case, our investigation showed only one is part of the controls from the authorities and the APV was registered in HS' database. There was no input from the concerned plot and the harvesting activity was stopped until authorities' control is over.

3.6 Suspension procedure

As stated above in the 3.5. - Case Management, HS suspended 12 companies in 2021. It is important to emphasise that in many cases, the suspended companies involved in possible illegal activities are not HS suppliers. Taking this into consideration, from a total of currently 73 companies by suspended HS since 2016, only 46 were former suppliers and the remaining 27 companies never had a direct or indirect collaboration with HS. Last year, five out of the total of 12 suspended companies were HS suppliers and the other seven had no collaboration with HS. HS considers this precautionary suspension beneficial because if, for example, these companies try to enter into a contract with HS, the SCCC staff can react and perform a deeper verification to investigate if such collaboration proposals have to be rejected due to previous convictions for illegal logging and/or corruption.

4 Sawn timber purchasing and Due Diligence System

4.1 Sawn wood input

In 2021, solid sawn wood purchase (intercompany deliveries are excluded) was below 0.2 million m³, the same as in 2020, which is a marginal amount compared to roundwood input purchase.

Most of the purchased material originated from Austria, Ukraine, Belarus and Romania.

HS prefers the sourcing of roundwood. However, due to trade restrictions in some countries, it is not possible to source it from there. For example, from 2015 onwards, Ukraine started to impose more and more restrictions on the export of roundwood, despite a partnership agreement between the EU and Ukraine. At the end of 2020²¹, an arbitration panel ruling found the export ban of roundwood in the Ukraine illegal, but a final settlement of the case was not reached in 2021. Similar roundwood export bans are also in place in Russia and Belarus.

Sourcing countries	PEFC	FSC	Non-Certified
Ukraine	0%	8%	92%
Romania	0%	0%	100%
Belarus	95%	0%	5%
Russia	0%	0%	100%
Austria	100%	0%	0%
Slovakia	93%	0%	7%
Czech Republic	100%	0%	0%
Poland	0%	100%	0%
Bulgaria	0%	76%	24%
Turkey	0%	100%	0%
Germany	100%	0%	0%

Table 5. Share of certified sawn timber input by country of origin in 2021

4.2 Purchase of other wood-based materials

Sourcing countries	PEFC	FSC	Non-Certified	Total m ³
Austria	1,484	0	230	1,715
Cameroon	0	0	1,374	1,374
France	0	0	4,518	4,518
Germany	0	0	139	139
Hungary	1,591	0	1,642	3,232
Indonesia	0	0	371	371
Italy	0	0	132	132
Ivory Coast	0	0	12,311	12,311
Poland	0	0	3,321	3,321
Romania	0	0	4,739	4,739
Serbia	0	1,801	48	1,849
Slovakia	0	0	6	6
Slovenia	0	0	1,089	1,089
Turkey	0	0	236	236
China ²²	0	0	49	49

Table 6. Other wood-based material input volume by country of origin in 2021

²¹ <https://trade.ec.europa.eu/doclib/press/index.cfm?id=2223>

²² Only a test delivery, contract cancelled after this delivery

HS also purchases other wood-based materials, such as veneer, fibre- and particleboards, laminated veneer lumber and lumber core. Wood-based materials such as medium-density fibreboard (MDF) and high-density fibreboard (HDF) are only purchased from low-risk EU countries and all input comes either with certification claim, or from publicly declared wood origin controlling programmes. In contrast, veneer and lumber used as a core input in Comănești are subject to a complex risk mitigation programme, based on the FLEGT licence (Indonesia), third-party field verification (Cameroon and Ivory Coast) or second party verification, in case of low-risk poplar plantation material (Turkey).

4.2.1 Biomass purchase volume

HS purchased biomass in form of chips, harvesting waste, saw dust and bark, which was exclusively used in the mills' Combined Heat and Power (CHP) plants. In 2021, 127,290 bdmt²³ were purchased, exclusively from Romania. In order to ensure that the material is not controversial, the biomass is also subject to a verification. The verification procedure still is simplified, as it is mostly a by-product of the sawmilling process, and - most importantly - this material is not processed and put on the market. Since October 2020, biomass is included in the SUMAL reporting and traceability system.

4.3 Specific features of the sawn wood Due Diligence System

In HS' supply chain, sawn wood, veneer, and biomass materials are purchased mostly for the following reasons:

- As the top layer for blockboard products produced in Comănești (veneer).
- In countries where a roundwood ban is in place (Ukraine, Belarus, Russia).
- For energy production (biomass in Romania).

The sawn wood traceability system differs significantly from roundwood traceability systems:

- The wood is subject of sawing, peeling, chipping and other significant changes, therefore any mark or feature applied to identify the origin of the roundwood will be unrecognisable.
- Mixing of different inputs happens in sawmills to the extent that, in most cases, the physical relation between a log and a board cannot be ensured²⁴.
- Bigger sawmills purchase big quantities and sell to several buyers; therefore, the buyer is not able to verify all inputs, but can only run audit systems.

Due to these reasons, sawn wood traceability is sample-based, or relies on soft tools, such as third-party certification. Besides the mandatory field verification in high-risk countries, HS' DDS has tested and will continue to test scientific measures, such as isotope verification.

5 Third party verification of HS' activity

HS Timber Group is also subject to intensive third-party verification. The most typical ones are conducted by state authorities, by voluntary third-party certification and through buyer audits.

5.1 EUTR controls in Romania

Because HS is an "operator" in case of standing wood purchase and import from non-EU countries, it is subject to detailed state inspections. In 2021, HS was subject of two EUTR controls in Romania, in October in Comănești and November in Siret. Both controls did not reveal any non-compliances.

5.2 PEFC certification audits

HS maintains six single site certificates from PEFC, five in Romania and one in Germany. The annual PEFC surveillance audits were organised in 2021 in March (Romania) and in June (Germany). The certification body did not request any corrective action during the surveillance audits.

HS sells all its wood products with the minimum claim of PEFC Controlled Sources – a sign that all input meets PEFC Controlled Sources requirements.

5.3 Sustainable Forestry Initiative® Label Recognizing Global Standards

HS is the first solid wood lumber company approved to use the Sustainable Forestry Initiative (SFI®) Label Recognizing Global Standards, which recognises PEFC Chain of Custody (CoC) certified wood products outside of

²³ bone dry metric tonnes

²⁴ Common certification systems do not require full separation, only identification of certified/non-certified input.

North America. A precondition to use the SFI Label Recognizing Global Standards is to have a PEFC CoC Certification. HS got certified with the PEFC CoC standard in 2014.

SFI advances sustainability through forest-focused collaborations. By using the SFI Label, HS is helping to educate the market about sustainable sourced forest products and giving consumers information to make responsible purchasing decisions.

5.4 FSC certification

In December 2020, FSC authorized Soil Association Certification Limited to carry out an independent third-party verification of HS, to assess the company's compliance with the FSC Conditions Framework.

The independent verification combined desk assessment analysis, field verification, on-site audits, as well as interviews with HS employees and a six-week long stakeholder consultation process. The report confirms tangible and significant developments in HS' operations, and it recognised the company's efforts to ensure a sustainable and secure supply chain. Altogether, approximately 120 audit days were allocated to this verification process.

The first verification revealed four minor corrective action requests and 11 observations.

Corrective actions:

1. *The company shall ensure that all necessary training (e-learning) on the Code of Conduct/Mission Statement is showing as complete for the key individuals.*
2. *The company shall ensure*
 - a) *A systematic planned internal audit schedule [corporate internal audit department] shall be created to the SCCC department CoC/DDS audit systems, and evidence of a corporate internal audit carried out on the SCCC department.*
 - b) *The system shall be further developed, documented, and implemented, to ensure that effective and timely measures are applied to identify, address, and correct any non-compliances created during auditing of first tier suppliers.*
3. *The company, under its DDS, shall update their documented risk assessments and verification systems to explicitly include and properly assess specific risks of illegal wood entering the HS' wood supply chain through suppliers delivering saw logs via logyards, sawn wood via sawmills or sanitary felling activities. Such risks might include entry of saw logs in the supplier's logyards:*
 - i) *without legal harvesting and transport documents,*
 - ii) *by several transports with same delivery note,*
 - iii) *volumes exceeding the volumes specified in the transport documentation,*
 - iv) *ungrounded sanitary felling.*
4. *The company shall further develop and implement their system centrally to identify and register errors and non-compliances found in transport documentation for sawn wood and wood panels products and to correct such errors prior for timber volumes related to the errors to enter HS' operations. Closed on 03.03.2021.*

Due to reported concerns of stakeholders, FSC requested another field verification for Slovakia and a document review of input originating from Belarus and Poland. During this second verification, two additional observations were raised.

All corrective actions were closed in due time.

Based on the results of the stakeholder consultation and the independent third-party verification, on 2 November 2021, the Forest Stewardship Council (FSC) announced its decision²⁵ to end the disassociation with HS. HS Baco Panels is the first factory of HS to receive a new FSC CoC certificate, issued on 11 January 2022.

²⁵ [Holzindustrie Schweighofer | Forest Stewardship Council \(fsc.org\)](https://www.fsc.org)

ISO 38200 certification in Siret

HS obtained the ISO 38200 certificate for its Siret panel factory in September 2020. Practical implementation and buyer demand will determine future steps. ISO 38200:2018 is a new international standard that specifies requirements for a controlled chain of custody (CoC) of wood and wood-based products and was approved by ISO in 2018. The ISO standard is recognised worldwide, and the successful audit conducted by SGS Romania is another evidence for the functioning security architecture of HS Timber Group.

The first surveillance audit was completed on 5 November 2021. Two minor non-conformities were raised, both covering the lack of using ISO claims by HS. HS will define possible ISO claims and train the staff to use them to eliminate the non-conformities.

There is significant potential in ISO certification, as ISO claims are more flexible and can deliver much more information to buyers. With the closure of the factory in Siret, HS will put back the certificate. However, if customers will request an ISO Chain of Custody, we are ready to certify immediately.

6 HS impact on forest resources

6.1 Forest degradation and deforestation

Due to the climate change threat, more and more attention – also in the form of certification requirements, legal regulations and policies – is focusing on the sentiment that human activities should not result in forest degradation and deforestation. In this regard, HS is in a good position, as all roundwood input originates from EU countries. According to FAO statistics, there has been a significant increase in forest area over the last decade in all sourcing countries except Sweden, which has seen a 0.2 % decrease²⁶. One of the most important sourcing countries for HS is Romania, which presented the tenth largest increase in forest area worldwide²⁷, measured in net area (Picture 2).

Ranking	Country	Annual net change	
		1000 ha/yr	%
1	China	1,937	0.93
2	Australia	446	0.34
3	India	266	0.38
4	Chile	149	0.85
5	Vietnam	126	0.90
6	Turkey	114	0.53
7	United States of America	108	0.03
8	France	83	0.50
9	Italy	54	0.58
10	Romania	41	0.62

Note: The range of change (%) is calculated as the compound annual change rate
Source: adapted from FAO. 2020. *Global Forest Resources Assessment 2020: Main report*. Rome.
<https://doi.org/10.4060/ca9825en>

Table 7. Top 10 countries for average annual net gain in forest area

²⁶ [Global Forest Resources Assessment 2020 \(fao.org\)](https://www.fao.org/global-forest-resources-assessment-2020/)

²⁷ [ca9825en.pdf \(fao.org\)](https://www.fao.org/global-forest-resources-assessment-2020-ca9825en.pdf)

6.2 Status of HS' own certification policy

HS' target is to source 100% of the raw material from PEFC™ and/or FSC® certified forests by 2025.

Country	Country level			Input material sourced by HS	
	Total forest area (ha) ²⁸	PEFC certified forest area % ²⁹	FSC certified forest area % ³⁰	Certified input with claim %	Estimated input from certified forests ³¹
Germany	11,419,000	76%	13%	71%	71%
Austria	3,899,150	85%	0.02%	93%	100%
Poland	9,483,000	77%	70%	65%	100%
Romania	6,929,050	0%	41%	11%	60% ³²
Slovakia	1,925,900	64%	17%	0%	60%
Czech Republic	2,677,090	66%	5%	70%	96%
Bulgaria	3,893,000	0%	61%	0%	100%
Finland	22,409,000	84%	10%	0%	100%
Sweden	27,980,000	60%	70%	2%	100%
Latvia	3,410,790	51%	36%	0%	100%

Table 8. Status of estimated share of roundwood input from certified forests in 2021

Table 8. shows how much input material was received with a claim, e.g., both the forest and the harvest company were certified. For Romania and Slovakia, it is assumed that a higher amount of the purchased wood by HS originated from certified forests. Nevertheless, there is room for increasing the area of certified forests in the private sector.

Based on the input share from all countries as presented in Table 8. HS estimated that 80% of input was from certified forests in 2021, this is an increase of only 2% compared with the estimations from 2020. HS will continue to promote sourcing from certified forests and will offer support to create partnerships between FMUs and suppliers in Romania, in order to set up PEFC and/or FSC group certificates, to increase the certified surface in Romania starting 2022. This measure is a way to successfully reach the target of 100% input from certified forests by 2025.

6.3 Low impact forestry measures

An important goal of the sawmill industry is to support the harvesting companies in reducing the environmental impact of their harvest operations. Romania has a large technological gap to catch up, as most harvesting activities are still carried out using the traditional method of ground level skidding of full-length trees. A typical harvest team including machinery consists of manual fellers, a single skidder and debranchers. The felled tree is pruned, then the wood is skidded to a primary platform in full length, where it is subject to a first sorting. In many cases, the wood is transported to a logyard in 8-12 m length for additional sorting. Due to the underdeveloped road density in Romania, skidding distance is well over 1 km in most cases.

This results in the following problems:

- Low productivity, due to slow speed skidding
- Lack of traceability, due to multiple steps of sorting (forest, primary platform, logyard)
- High damage to soil and to wood material during harvest and skidding
- High risk of accidents
- Low efficiency of delivery process.

²⁸ [Country Reports | Global Forest Resources Assessments | Food and Agriculture Organization of the United Nations \(fao.org\)](https://www.fao.org/country-reports/)

²⁹ [Facts and figures - PEFC - Programme for the Endorsement of Forest Certification](https://www.pefc.org/en/facts-figures)

³⁰ [Facts & Figures | Forest Stewardship Council \(fsc.org\)](https://www.fsc.org/our-work/facts-figures)

³¹ Based on the fact that all non-certified suppliers also source from certified forests

³² Based on the fact that more than 61% of the volume in the documents of origin was from certified forests.

Other more developed European countries almost exclusively use harvesters and forwarders in their forest operations. The main advantage is much better traceability (sorting is done in the forest) and logs uplifted rather than dragged on the ground to reduce damage to soil and wood.

Since 2020, HS has been offering support to its suppliers to upgrade their harvesting technology to a more environmentally friendly one (e.g., forwarders, harvesters, iron horses, etc.) and thereby increasing efficiency and reducing environmental damages.

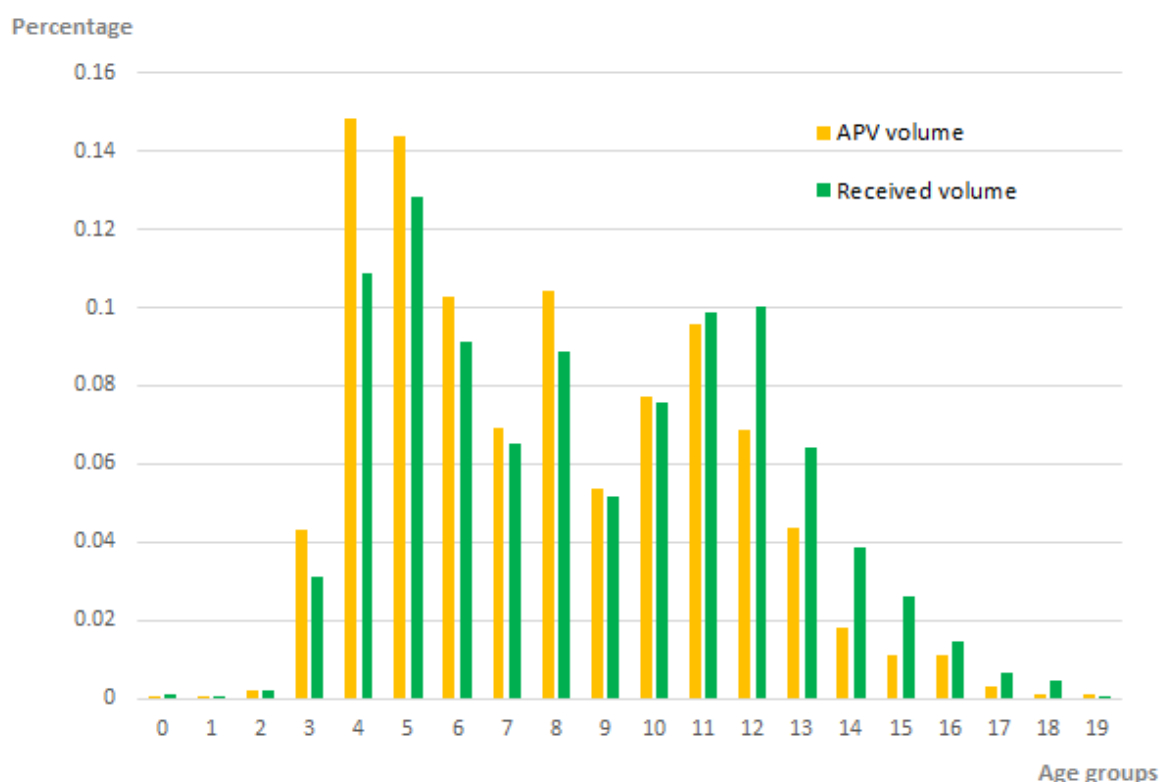
6.4 Harvest intensity in 2021

In Romania, HS' input originated from 244 FMUs in 2021. 3,976 APVs were registered in HS' database during the year (APVs started in 2020 and APVs which were not closed in 2021 are also included in this total).

The total volume from these APVs is 2.7 million m³. From this amount, the coniferous content (spruce and fir saw logs with bark) is 1.8 million, of which HS received 1.2 million m³ – roughly 66% of the available coniferous share. This is a good indicator that APV collection is efficient also in case of logyard deliveries, and this number is in line with the reality that HS purchases mostly the smaller diameter assortments, not the entire volume.

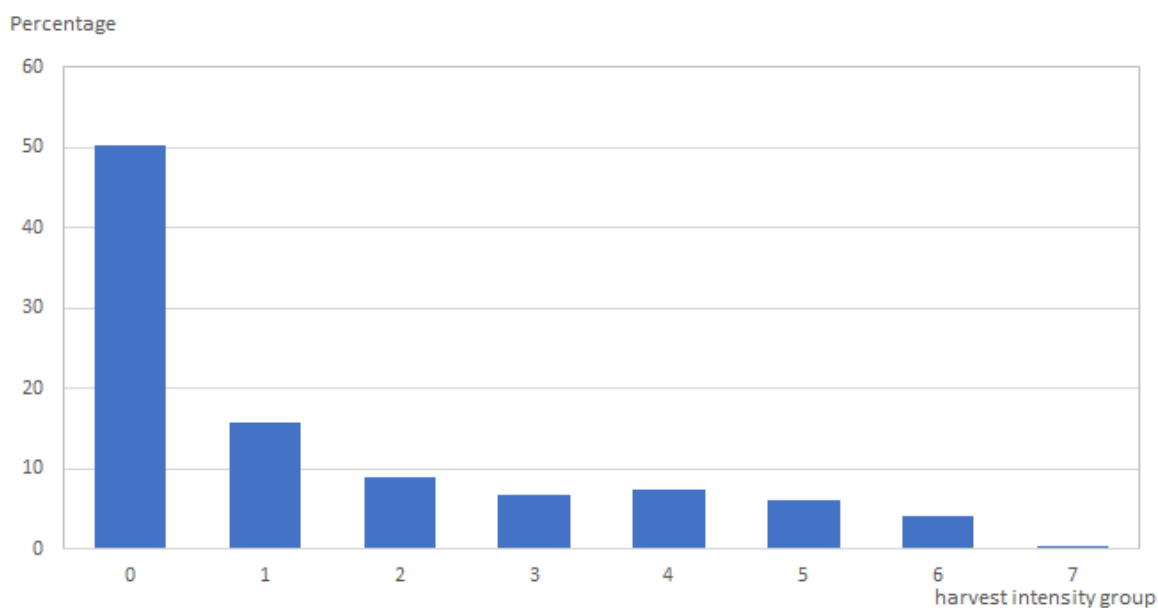
APV databases allow to assess and present main features of the stands and harvest activities from where HS input has originated:

- 1.9 % of the registered volume was from forests older than 160 years.
- 82% of the registered volume is from forests younger than 120 years, where, in most of the cases, the harvesting type was thinnings.
- Ownership distribution in 2021 was 50% private and 50% state.



Graph 1: Age classes³³ of APVs from where HS input has originated in 2021

³³ In many cases, one APV covers more sub-compartments from different age classes (average is three sub-compartments per APV).



Graph 2. Percentage of APV volumes by harvest intensity groups (100 m³/ha each)

The basis of the harvest intensity is the total volume (both coniferous and broadleaved trees) divided by area of the harvest operation. This is a good indicator that approximately two-thirds of the input come from thinning operations – in line with HS' Timber Sourcing Policy of focusing on small diameter class coniferous input.

6.5 Fulfilment of National Park (NP) policy in Romania

Since 2017, HS maintains a "Zero Timber from National Park" policy in Romania, which was also extended to Ukraine last year³⁴. Previously, it was challenging to enforce the policy, since wood from NP is always considered legal in Romania and the HS staff had to manually collect the APVs that overlapped with NP limits from different sources, such as FMUs, National Park administration, Inspectorul Pădurii checks, etc. From February 2021 onwards, the new SUMAL 2.0 created a better transparency and allows for a more efficient and more proactive implementation of the policy, as SUMAL presents all APVs (volume, species, location, owner). This puts HS in the position to be able to document and verify all activities in Romanian National Parks.

In 2021, HS collected 1,253 APVs which were issued in so-called buffer zones of National Parks. These APVs represent more than 730 thousand m³ harvested volume, which is around 4% of the total Romanian harvest volume reported in the SUMAL system annually. From this volume, 40% is coniferous volume. Looking at the APVs reveals that more than 580 APVs have no coniferous volume, hence no further verification was needed.

From the 673 remaining APVs that include coniferous volume, 362 were harvested by HS suppliers registered in HS' database (DDS HUB). Two different measures were applied:

- 179 plots have less than 100 m³ coniferous volume – HS solely notified the suppliers about the risk of breaching HS' policy.
- 183 plots have over 100 m³ coniferous volume – HS put active measures in place (monitoring input side, e.g., opening and closing the plot, separation of logyards, physical separation within logyard, temporary delivery bans.)

In total, these 362 plots contain 129,210 m³ of coniferous wood. For this volume, there is a small technical possibility of breaches of HS' NP policy.

Large coniferous plots harvested by the suppliers are subject to random traceability verification to confirm the destination and can also trigger extra measures to ensure the compliance with the policy. Despite these measures, there are still cases where HS receives raw material from National Parks. In most cases, this is due to the information gap between harvesting company managers and harvest/delivery teams. Unfortunately, Romanian

³⁴ In Ukraine, all NPs are considered separate FMUs, therefore risk of mixing of NP and non-NP wood is considered low.

APVs do not contain any reference to the protection level of the given plot, only the harvest authorisation describes the additional measures required for biodiversity protection. In 2021, HS identified and then refused six transports which originated from National Parks in Romania.

6.6 Virgin forest protection in Romania

According to the 12th edition of the Romanian virgin and quasi-virgin Forests Catalogue³⁵ there is a total surface of 70,069 ha in Romania, of which 8,579.8 ha have been declared as virgin forests and 61,489.2 ha as quasi-virgin forests. This is a significant increase in declared surface compared to previous catalogues. In 2018, the total surface was 21,091.52 ha; in 2019 there were 30,062.06 ha and at the end of 2020, there were 43,823.36 ha. The National Forest Inventory³⁶ estimates that 54,952 ha of forest area is older than 160 years, indicating that old growth forest protection in Romania is quite comprehensive.

6.7 Natura 2000 monitoring

In 2021, there was no significant progress of the infringement procedures³⁷ against Romania in the field of nature protection. Natura 2000 status is investigated in three different infringement procedures, and EUTR compliance generated a case in 2020. These cases generated changes in forest legislation³⁸.

Number	Status	Description
INFR(2019)2138	25/07/2019 Formal notice Art. 258 TFEU Memo	NATURE - Incomplete Natura 2000 Network
INFR(2020)2297	30/10/2020 Formal notice Art. 258 TFEU Memo	NATURE - TRANSPOSITION OF DIRECTIVE 92/43/EEC ON THE CONSERVATION OF NATURAL HABITATS AND WILD FLORA AND FAUNA IN ROMANIA
INFR(2020)2238	2/07/2020 Formal notice Art. 258 TFEU Memo	NATURE – Designation of Special Areas of Conservation in Romania
INFR(2020)2033	12/02/2020 Formal notice Art. 258 TFEU Memo 2/07/2020 Reasoned opinion Art. 258 TFEU Memo	NATURE - Logging in Romania - EUTR
INFR(2021)2022	9/06/2021 Formal notice Art. 258 TFEU Memo 9/02/2022 Reasoned opinion Art. 258 TFEU Press release Memo	NATURE - Romania failed to fulfil obligations under the Invasive Alien Species Regulation

Table 9. Ongoing infringement procedures against the Romanian state

HS actively monitors recent EU infringement procedures in Romania, which highlighted that even full compliance with domestic regulation may lead to controversial input. The sawmill industry has to apply additional measures to prevent input from possible virgin forests, which have not yet received proper protection.

From September 2020 onwards, HS' DDS in Romania applied field verification to all forest plots overlapping with the Natura 2000 network where the stand age is over 160 years. This is a two-step approach: first, document review provides information about harvest operation type, and field assessment tries to confirm compliance with the status of the forest stand harvesting activities regulation.

7 Achievement status of 2021 plans

The SCCC department will continue to improve supply chain verification. The achievement status for the plans defined in the previous Supply Chain Report is the following:

³⁵ [Catalogul pădurilor virgine și cvasivirgine din România | Ministerul Mediului \(mmediu.ro\)](#)

³⁶ [Rezultate IFN – Ciclu II | National Forest Inventory \(roifn.ro\)](#)

³⁷ https://ec.europa.eu/atwork/applying-eu-law/infringements-proceedings/infringement_decisions/index.cfm?lang_code=EN&typeOfSearch=true&active_only=1&noncom=0&r_dossier=&decision_date_from=&decision_date_to=&DG=ENV&title=nature&submit=Search

³⁸ Currently there are 66 open infringement cases against 23 countries in the EU, the oldest open case is over 20 years. INFR(1998)2290 against Ireland – as EU legislation allows for the Commission to judge at what time it brings an action for failure to fulfil obligations.

Plans for 2021	Status at end of 2021
In February 2020, PEFC issued a new CoC standard ³⁹ , which will be applied by HS from 2022 onwards. The most important change is a more elaborate definition of controversial sources, which will include a better description of forest conversion, including ecologically important areas, high carbon stock forests, etc. Due to the pandemic situation, the transition period has been extended.	Implemented. PEFC audits in Siret and Comănești in December 2021 were conducted based on the new PEFC CoC standards.
Monitor the implementation of the new SUMAL system and adapt the HS DDS to the new traceability tool. Inter-connecting SUMAL with Timflow, as legislation suggested it is possible.	Implemented. HS considers the new SUMAL 2.0 as a significant step to achieve better traceability and continues to adapt its own DDS to achieve the most advanced risk mitigation measures.
Increase verification intensity of field audits, especially at the field of plot visits and Natura 2000 forests. Integrate Natura 2000 borders into the Timflow system.	Because of technical IT reasons, limits of Natura 2000 could not be integrated into Timflow, but SCCC uses the information from Inspectorul Pădurii and created a dedicated map on Google MyMaps platform.
Continuous investigation of other traceability tools, such as face recognition, timber shape recognition, laser scanning.	Implemented continuously. Laser scanning project continued in 2021 for another 3 plots, new mobile app for scanning truck transports was tested and will also continue in 2022. Starting November ⁴⁰ , the sawmill in Reci has started testing a new volumetric scanning tool, which is meant to offer an additional assurance that the sawlogs reaching the gates of HS Timber Productions Reci respect all legal requirements relating to timber transports.
Collect and present all coordinates of harvesting plots, not only primary platforms.	The new SUMAL 2.0 indicates location of all harvest locations in Romania.
Strengthen the Due Diligence also in low-risk countries and indicate share of input that comes directly from the forest.	Ongoing. Legal background check was introduced also in low-risk countries.
Expansion of ISO 38200 to other board factories and sawmills.	Management Board decision is pending.

³⁹ <https://cdn.pefc.org/pefc.org/media/2020-02/66954288-f67f-4297-9912-5a62fcc50ddf/23621b7b-3a5d-55c9-be4d-4e6a5f61c789.pdf>

⁴⁰ [Testing underway at the CIND measurement gate \[gantry\] in Reci \(hs.at\)](#)

8 Plans for 2022

8.1. Forest/FMU/Origin

- Provide more legal support to suppliers in the field of environmental assessment, impact assessment, forest management planning.
- Active use of plot coordinates, develop Timflow further to indicate not only primary platform, but harvesting plot locations.
- Desk-based traceability checks for biomass suppliers.
- Isotope testing to be continued in Ivory Coast.
- Continue the programme of low impact forestry, promote more active use of cable logging in Romania.
- Better information collection about the road network quality to initiate road maintenance support.
- Support certification of private forests in Romania.
- Support mapping of high conservation value forests (HCVF) in Romania.
- Use Lidar maps to verify accuracy of height measurement and APV volume.

8.2. Transport/Supplier

- Continue to collect harvest locations in low-risk countries.
- Try to integrate Timflow and SUMAL, in order to simplify the process on transport initiation.
- Set up a new approach for stakeholder events, conduct one in the forest in Romania, to promote advanced machinery and low impact forestry.
- Continue to increase the field verification at plot level.
- Develop the DDS Hub:
 - Create a digital form of the Supplier Declaration, available as a web link, but also on the existing mobile application.
 - Introduce country level risk assessment with all risks, indicators, and their references, together with automating proposed risk mitigation measures, based on the supplier information and country of origin.

8.3. Sawmills

- Develop the DDS for the new sawmill in Belarus.
- Introduce regional approach in risk assessment and risk mitigation, where applicable.
- Prepare for compliance with EU deforestation legislation proposal.
- Support improving production level (sawmill) traceability.

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