



**HS TIMBER
GROUP**

SUSTAINABILITY REPORT 2023

Executive Summary



Perfection in Timber. www.hs.at

INTRODUCTION

Since 2018, HS Timber Group has voluntarily disclosed sustainability efforts, ensuring transparency, ethical business conduct, and sustainable operations.

Our business is built around a simple idea: using every part of the wood we source responsibly. Wood is a renewable resource, and we take pride in making the most of it by turning every piece into valuable products - from sawn timber to bioenergy made of wood by-products. This "full use" approach is key to what we do, helping us minimize waste, lowering our carbon footprint, and contributing to a healthier planet.

The 2023 Sustainability Report of HS Timber Group highlights the company's commitment to environmental stewardship, responsible governance, and social impact. The report is aligned with the European Sustainability Reporting Standards (ESRS) and anticipates compliance with new EU regulations, such as the Corporate Sustainability Reporting Directive (CSRD) and the EU Deforestation Regulation (EUDR).

The following pages summarize the key facts and achievements.



CLIMATE CHANGE

[holzistgenial.at](https://www.holzistgenial.at)

In HS Timber Group we have established ambitious goals in addressing climate change. Our focus areas are on renewable energy, optimizing the waste cycle, and continuously improving our measures to reduce emissions and environmental impact. HS Timber Group is committed to environmental protection through the implementation of an Environmental Management System (EMS) that promotes recycling, energy efficiency, and sustainable resource use.

We have implemented a range of technical and organizational measures at various levels to reach our goals. Our decarbonization strategy focuses on several key levers: transitioning from fossil fuels to fossil-free energy, electrification of our vehicles and forklifts, expanding renewable energy production e.g. by installing large-scale photovoltaic plants and by implementing energy efficiency measures.

Check out our Environmental Policy by clicking on the button below:

[HS Timber Group Environmental Policy](#)



Key figures, accomplishments and commitments in 2023:

Green Energy and Renewable Sources

- + 90% of total energy consumption comes from renewable sources
- + 86% share of own produced renewable energy of total energy consumption
- + New photovoltaic plants in Comănești and Kodersdorf
- + New combined heat and power plant in Kodersdorf

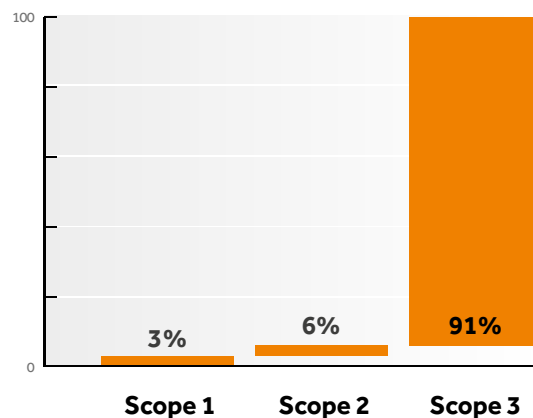
Sustainable Investments

- + 21.2 million EUR investments substantially contributing to climate change mitigation
- + 26% of investments eligible under EU Taxonomy Regulation
- + 66% of taxonomy eligible investments aligned with EU Taxonomy sustainability standards

Greenhouse Gas (GHG) Emissions

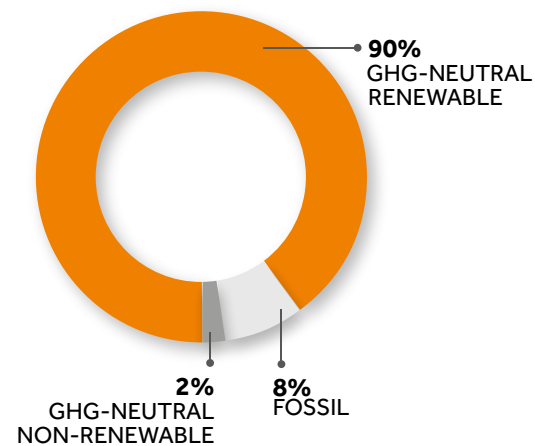
- + 50% reduction target in Scope 1 & 2 emissions by 2030 (market-based, base year 2023)
- + Net-zero emissions target by 2050
- + First full Corporate Carbon Footprint (CCF) assessment, covering Scope 1, 2, and 3 emissions

CORPORATE CARBON FOOTPRINT 2023



% Share of greenhouse gas (GHG) emissions
 Scope 1: Direct emissions from company-owned or controlled sources
 Scope 2: Indirect emissions from purchased energy (market-based)
 Scope 3: Other indirect emissions in the value chain

ENERGY CONSUMPTION MIX 2023



% Share of total energy consumption
 GHG neutral - non renewable refers to nuclear sources from purchased electricity



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RESOURCE USE AND CIRCULAR ECONOMY

HS Timber Group recognizes the fact that the primary product wood plays a vital role in carbon storage throughout its lifespan and is thereby contributing to climate change mitigation and supporting the transition to a low-carbon economy, provided that the raw material is sustainably sourced.

By responsibly using wood we aim to support and become an integral part of a circular economy. HS Timber Group's targets are closely related to several key aspects of resource inflows and outflows, specifically focusing on the efficient use and sustainable sourcing of raw materials.

Key figures, accomplishments and commitments in 2023:

Full Utilization of Material

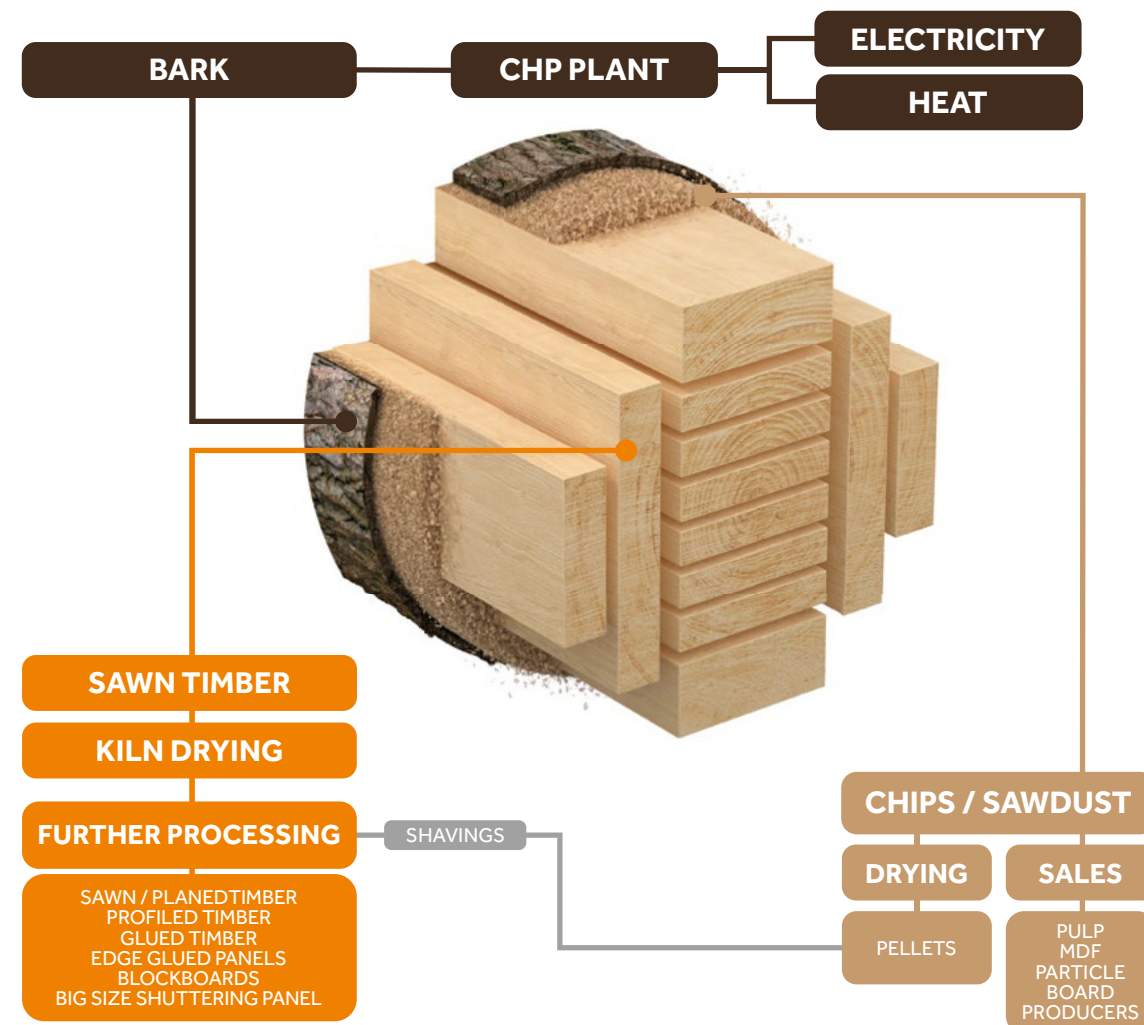
- + Full utilization of processed sawlogs, reducing waste and maximizing efficiency
- + Cascading use of wood ensures resource efficiency and high value added
- + All by-products are repurposed for bioenergy, pellets, and the further industry use

Circular Economy

- + Long-term carbon storage in products used in long-term applications
- + 76% share of recyclable material of products sold
- + WoodComp3D project investing in research and development on new uses for by-products [woodcomp3d.at](https://www.woodcomp3d.at)

Waste

- + Waste reduction programs specifically on packaging material and ash
- + 88% recovery rate of ash (generated by our biomass power plants)
- + 14% reduction of total hazardous waste
- + 13% reduction of total non-hazardous waste



OWN WORKFORCE

HS Timber Group is firmly committed to safeguarding the health, safety, and well-being of its workforce. Through ongoing improvements to working conditions, provision of safe equipment, and comprehensive training programs, we strive to create a safe work environment. Guided by our Health and Safety Policy and its core principle of 'better safe than sorry,' our aim is to achieve zero serious accidents. These principles are upheld through regular training and clear communication of safety expectations.

HS Timber Group Health and Safety Policy



Key figures, accomplishments and commitments in 2023:

Our Workforce

- + Providing workplace to more than 2.500 employees at the end of 2023
- + 95% of employees employed in production sites

Health & Safety

- + No work-related fatalities in 2023
- + Zero Accidents Policy
- + 100% of our workforce covered by our health and safety management



BUSINESS CONDUCT

HS Timber Group ensures strong governance through a structured compliance framework, integrating transparent corporate policies, ethical business conduct, and regulatory adherence. The company emphasizes due diligence in supply chains, risk management, and stakeholder engagement, reinforcing its commitment to responsible sourcing, corporate integrity, and continuous improvement, topics that were specifically recommended by our stakeholders.

HS Timber Group Code of Conduct



Key figures, accomplishments and commitments in 2023:

Corporate Culture

- + Code of Conduct accepted by all employees
- + Ethical business practices reinforced through training and compliance policies
- + Strict zero-tolerance policy on corruption and bribery

Compliance Management and Anti-Corruption

- + Readiness check for compliance management system for certification
- + Regular compliance training and risk assessments
- + Annual anti-corruption training for exposed staff

Management of Relationship with Suppliers

- + Code of Conduct for all business partners
- + Sustainable supply chain management as key focus for HS Timber Group



SUSTAINABLE SOURCING PRACTICES AND TRACEABILITY

Sustainable sourcing is essential to maximizing the sustainability value of wood as a renewable resource. Over the years, HS Timber Group has developed a highly modern, digitalized, and robust supply chain security system that reflects state-of-the-art standards. We regularly incorporate expert insights and engage with stakeholders to specifically address supply chain integrity challenges in high-risk countries. With highly skilled internal supply chain experts we are effectively mitigating risks for the company and for our customers. And we stay committed. With the new regulatory requirements resulting from EUDR (EU Deforestation regulation) we modernize and update our digital infrastructure to stay well ahead of pure compliance but really to make the difference.

HS Timber Group Timber Sourcing Policy



Key figures, accomplishments and commitments in 2023:

Due Diligence System

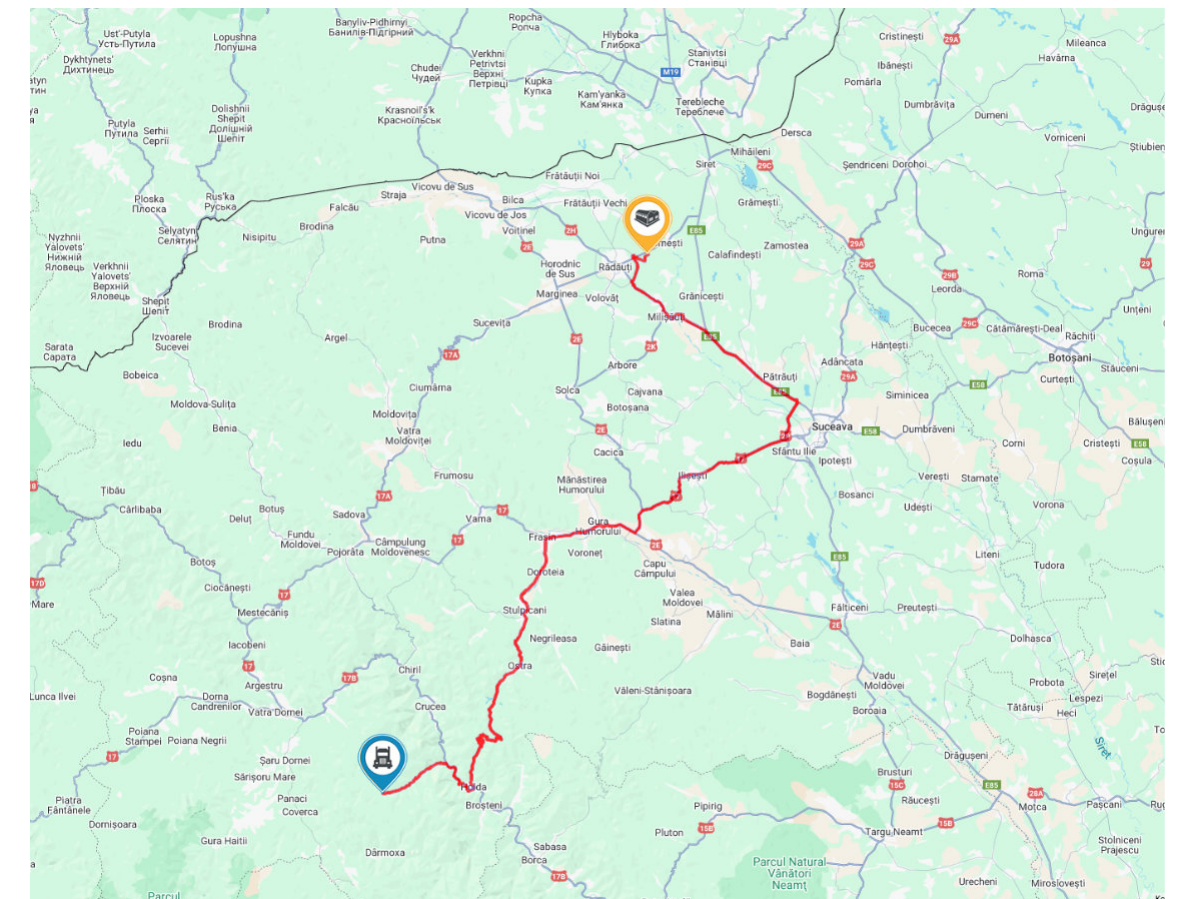
- + Zero Timber from National Parks Policy
- + Advanced and robust Due Diligence System (DDS) for all our mills monitoring and managing risks in our supply chain
- + 100% of raw material input covered by HSTG Due Diligence System since 2018
- + 412 on-site audits conducted by HS Timber Group's compliance experts

Traceability

- + Roundwood sourcing for European mills exclusively from EU-countries
- + Own developed GPS tracking system **Timflow** ensuring traceability and transparency

Certification

- + Target to source 100% of our timber from forests certified to PEFC and/or FSC® forest certification schemes by 2030
- + 84% of roundwood from certified forests
- + 60% of sourced sawn timber with direct certification claim by PEFC and/or FSC®
- + SURE biomass certification in 3 of our mills
- + All HS Timber Group mills PEFC certified





CUSTOMER SATISFACTION

For HS Timber Group our customer orientation is key to our company's success. It constitutes one of the pillars of our Mission Statement and is a core value in our company.

HS Timber Group's dedication to deliver sustainable high-quality products at best price-performance ratio is accompanied by open communication and a responsive and reliable customer service. We are committed to transparent communication, accurate information, and adherence to stringent standards, reinforcing our commitment to integrity and customer satisfaction.

Key figures, accomplishments and commitments in 2023:

- + Preserving brand values while keeping customer satisfaction high
- + Reliability, innovation, and delivery accuracy as key priorities
- + Commitment to long-standing partnerships
- + Continuous improvement to achieve zero customer claim rate

STAKEHOLDER ENGAGEMENT AND COMMUNICATION



At HS Timber Group we acknowledge the importance of our impact on various stakeholders, including employees, business partners, local communities, authorities, NGOs, and media. We actively engage stakeholders through structured consultations and open dialogue to address social and environmental concerns, improve transparency, and foster trust.

We have developed an Open Doors Policy for NGOs and media, allowing unscheduled mill visits to ensure transparency, especially regarding supply chain control. Stakeholder engagement is formalized through a Stakeholder Engagement Protocol and integrated into Environmental and Timber Sourcing Policies.

Key figures, accomplishments and commitments in 2023:

- + Cooperation with the association ACTIV: combat illegal logging in Romania through training events and awareness campaigns
- + Public Consultation in Reci: Focused on procurement and regulatory changes
- + Customer Visit from Japan: Showcased traceability practices and Due Diligence System
- + Parliamentary Visit: Romanian officials visited to observe transparency in timber sourcing
- + Evergreen Innovation Camp: A hackathon promoting the timber industry's sustainability, in the future we will have the Evergreen Prize for Innovation
- + WoodComp3D Research Visit: Research collaboration to explore 3D printing using sawmill by-products

CONCLUSION

HS Timber Group is actively integrating sustainability into its core business strategy. The company is leading the transition toward a low-carbon, circular economy through investments in green energy, responsible sourcing, and material efficiency. With a strong governance framework, clear emissions reduction targets, and sustainable resource management, the company is well-prepared for the future of responsible forestry and wood processing.

As the regulatory landscape evolves, HS Timber Group remains committed to transparency, compliance, and continuous improvement in its sustainability performance.

For the full report, please send us a request [by following this link](#).