



HS TIMBER GROUP

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Timber Sourcing Policy

Version February 2025

Responsible sourcing is the highest priority for HS Timber Group. We are therefore committed to ensuring that all our timber which we purchase is sourced from sustainably managed forests.

We operate a robust due diligence and security system to verify the origin of the timber and to exclude illegal and controversial sources.

We exclude the following sources from our supply chain:

- + Wood not complying with local, national, and international laws on forest management, environmental protection, species protection, land-use rights, labour rights including health and safety, international human rights, anti-corruption, and taxes.
- + Wood harvested from not-sustainably managed forests.
- + Wood from forests where forest management does not contribute to the maintenance, conservation or enhancement of biodiversity.
- + Wood from forests and forest plantations converted to agricultural land after December 2020 or subject of forest degradation¹.
- + Wood from supply chains that do not respect core labour rights as per the ILO Declaration on Fundamental Principles and Rights at Work (1998).



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- + Wood from supply chains that do not respect indigenous peoples' rights, as defined by the UN Declaration on the Rights of Indigenous Peoples (2007).
- + Wood from conflict areas².
- + Wood from genetically modified trees.

We are explicitly committed to excluding material sourced from virgin forests and non-intervention areas as well as material originating from National Parks in Romania and Ukraine.

We believe forest certification to be an instrument that helps promoting sustainable forest management. We are actively supporting the development of sustainable forest management in our sourcing areas. We encourage our suppliers to seek certification for sustainable forest management and chain of custody. Our target is to source 100% of our timber from certified forests by 2030.

For our own operations we commit to implement and maintain the requirements of the PEFC Chain of Custody Standard ST 2002:2020.

We require our supply chain – our suppliers and all their sub-suppliers – to demonstrate compliance with all national and international legal requirements for forest management, timber harvesting and timber trade as a basis for long-term partnership.

We do business only with partners whom we have reason to trust as acting with due diligence and professional prudence. Where executive managers or staff members in similar functions has been convicted by a final binding court decision for illegal wood harvesting or corruption, we will as a rule exclude their companies from our supply chain. To re-enter the supply chain thereafter requires a comprehensive on-site verification demonstrating full compliance with all requirements of this Timber Sourcing Policy. We are committed to support our suppliers to meet our sourcing standards by direct engagement, trainings, but also applying corrective action requests. In severe and justified cases, we reserve the right to terminate the business relations at any appropriate time.

We invite stakeholders to an open and constructive dialogue to help us continuously improve our business and our performance regarding responsible wood industry.

This policy will be reviewed regularly and a public statement on its implementation will be presented in the annual sustainability report.

This policy applies to all timber processing and trading companies of HS Timber Group.

Management Board of HS Timber Group

¹ Forest degradation means structural changes to forest cover, taking the form of the conversion of: (a) primary forests or naturally regenerating forests into plantation forests or into other wooded land; or (b) primary forests into planted forests (see Art 2 (7) EUDR).

² Timber that has been traded at some point in the chain of custody by armed groups, be they rebel factions or regular soldiers, or by a civilian administration involved in armed conflict or its representatives, either to perpetuate conflict or take advantage of conflict situations for personal gain. (...) Conflict timber is not necessarily illegal. The exploitation of timber may itself be a direct cause of conflict. (see Art 3.6. PEFC ST 2002:2020).