

Bucharest, 30th May 2018

Holzindustrie Schweighofer is cooperating with Romanian authorities in the DIICOT investigation

Holzindustrie Schweighofer cooperates with the Romanian authorities and fully supports their efforts in the investigation started on 30th of May 2018. The company's main principle is to always act within the framework of laws and regulations. The company is offering all available information that might help the ongoing investigation and is assisting the authorities in all matters that might lead to a correct investigation based on fully transparent data. Holzindustrie Schweighofer is the first interested to bring light into this situation. The company has not been yet notified of the scope of the investigation.

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 took stock of its measures and shared the information with the public.

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.

Holzindustrie Schweighofer in Romania

- **Investments:** Since Holzindustrie Schweighofer entered the Romanian market in 2002, we invested almost **€ 800 million** in mills equipped with state of the art technology. Following the principles of sustainability and good citizenship Holzindustrie Schweighofer has reinvested the largest part of its profits in Romania.
- **Jobs:** We **directly employ 2,700** people in our Romanian offices and mills. Since 2002, we enabled professional qualification of more than 4,000 people within our sites in Romania. Additionally, our investments have indirectly provided **more than 10,000 jobs in related industries**. These jobs were mainly created in economically disadvantaged municipalities like **Comanesti, Siret** or **Reci**.
- **Taxes:** Since 2002, we paid more than **€ 115 million** in taxes in Romania (excl. VAT)
- **Value-added:** All added value happens **within the country** – the wood purchased in Romania is processed into high value-added products within Romania. This is manifested in our **average export sales price of € 247/m³**, while the rest of the industry exports primary processed wood at € 140/m³.
- **Exports:** Holzindustrie Schweighofer is an important exporter and thus plays a significant role in developing the national transport system. In 2015 the company was second largest exporter from Constanta harbour with a market share of 20%; it moved almost 26,000 train waggons and used 10,700 trucks. Holzindustrie Schweighofer is currently amongst the top 15 companies in terms of volumes transported by railway.
- **Cutting-edge technology:** The technology and the know-how that Holzindustrie Schweighofer brought to Romania raised the standard of the entire Romanian timber industry. In its Romanian mills, HS employees produce high quality timber products that successfully compete on the world market.
- **Transparency:** We have implemented a **due diligence system that surpasses all legal requirements** and continue to do everything we can to ensure a transparent and sustainable supply chain in Romania.



Holzindustrie **Schweighofer**

For more information

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