

Stakeholder Engagement Protocol

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1 Context

Sustainability is one of the main pillars of Holzindustrie Schweighofer's Mission Statement: "Sustainability leads us in our daily business. We are committed to sustainability and growth throughout our organisation. Our economic success depends on our supply basis, a sustainably managed forest. Sustaining and fostering this natural heritage is crucial. We are fully committed to protecting biodiversity and contribute to climate protection. The origin of our resource can be traced transparently, making our products one of the safest in the industry. The responsible use of our resource and effective environmental management are an integral part of our economic activities, supporting innovation and success. A transparent and honest dialogue with our employees, stakeholders and the general public helps to implement and constantly improve our approach."

As a major player in the international wood market, Holzindustrie Schweighofer maintains a broad network of stakeholders and service providers. We are in regular contact with our customers, suppliers and business partners, authorities, NGOs and representatives of interest groups, and our own employees. Depending on the stakeholder group, different communication formats are used.

2 Tools and procedures to encourage and handle stakeholder input

2.1 Open doors policy for NGOs

In line with its commitment towards transparent communication, Holzindustrie Schweighofer has implemented an open door policy for NGOs. After registering with the company's Compliance Department and signing a standard non-disclosure agreement regarding the technologies used, representatives of recognized NGOs can visit our mills unannounced. Our goal is to transparently demonstrate our efforts to ensure a secure supply chain.

2.2 Direct stakeholder consultations

As a part of Holzindustrie Schweighofer's Due Diligence System the company facilitates consultations with relevant stakeholders. All measures taken have to be filed and protocolled precisely in the central information pool.

The company has implemented a stakeholder consultation process to ask for and collect external information about planned supply (at the FMU level). As established in the procedure, the opinion of relevant stakeholders is taken into account for sourcing activities and risk mitigation measures.

Stakeholder consultations are carried out at different levels

Mill level:

- E-mails/letters/fax direct contact with relevant local/regional stakeholders;
- Interviews during FM audits;

National level (RO):

- Structured dialogue between industry and NGOs (>2/year);
- Regional Stakeholder consultation events (2/year for Radauti, Sebes and Reci sourcing areas);

Group level:

- Direct meetings with stakeholders;
- [Stakeholder platform](#)

2.3 Complaint handling procedures

2.3.1 Supply Chain Control

Holzindustrie Schweighofer is committed to an open and transparent dialogue with NGOs and civil society. We share the aim of securing sustainability in timber processing and take criticism and suggestions from stakeholders seriously.

Any written complaint, which might be relevant to certification, supply chain, the company's due diligence system or other compliance issues, submitted by internal or external parties shall be registered by either the local Supply Chain Control and Certification (SCCC) officer, to whom the complaint was submitted or by the SCCC Management in case it was submitted directly to the central office or the Head of Compliance and Sustainability.

The registered complaint on supply chain issues will be assigned to the relevant parties (SCCC officers, SCCC manager, Head of SCCC) for further investigations. Investigation shall start without any delay and substantiation shall be verified as a rule within 2 weeks. In case of a complaint on a certain delivery, this delivery shall be stored separately and cannot be used for production until the complaint is not clarified.

All concerned departments shall be informed within 3 days about the complaint and all relevant documents shall be archived.

If the investigation requires on-site verifications, these shall be carried out – if possible – within 2 weeks of receipt of the complaint using the relevant (FMU or COC) verification checklist. If non-conformance (NC) is identified, effective corrective action requirements (CARs) shall be determined setting a deadline and verification date. In such cases, preventive measures are also to be determined if applicable. All NCs shall be graded either as major or as minor.

In cases where repeated complaints have been submitted about a region, which is graded as negligible risk, the company will double check its grading and its risk analysis.

Holzindustrie Schweighofer also informs the party, which has submitted the complaint about the result of the investigation and if applicable about how the complaint was taken into account. The complainant is informed about a further appeal process of any other terms of third party verification if HS' response is considered inadequate.

All complains are kept for five years and documents are open for third party verification, in line with the companies open door policy.

2.3.2 Complaint handling in Timflow

Our wood tracking system Timflow is designed specifically for interaction with stakeholders. At www.timflow.com, Holzindustrie Schweighofer publishes all details regarding shipments of wood in Romania which have been delivered by truck, e.g. images of loaded trucks or GPS-based information about the origin of the wood. Any stakeholders or any users among the general public can contact us via the website if there are any perceived irregularities or anything is unclear. Timflow was implemented in all of Holzindustrie Schweighofer's Romanian sawmills in April 2017 and, one month later, its scope was broadened to include all wood collection points owned by the company.

2.3.3 **Compliance Complaints**

Complaints from stakeholders on compliance issues (esp. breaches of the HS Code of Conduct) are investigated internally by the Group's Compliance Office.

3 **Communication channels**

Stakeholder communication is primarily managed by the Head of Compliance and Sustainability
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