

Vienna, 23 February 2017

## Holzindustrie Schweighofer: Progress on the action plan for a sustainable timber industry in Romania

- **More transparency for the timber supply chain**
- **Implementation of GPS tracking for the supply chain being rolled out as planned – already 350 trucks equipped with GPS**
- **Objective: By the end of the first quarter of 2017, all of Holzindustrie Schweighofer’s suppliers will be fitted with GPS tracking equipment**

Holzindustrie Schweighofer reports its progress on rolling out its action plan to secure a sustainable timber industry in Romania. Following its commitment to fight illegal logging, the company bases its approach on constructive dialogue with environmental NGOs, transparent communication and an overall enhanced control system for its supply chain. Since the company does not harvest any trees itself, it requires its suppliers to equip all trucks with the GPS system “Timflow”. This allows tracing of the delivered timber to its exact loading place.

Presently, the installed security systems already surpass all legal requirements. The GPS tracking system that is currently in the roll-out phase, covers the entire supply chain from the forest all the way to the processing plants and represents an essential element of Holzindustrie Schweighofer’s security architecture. By the end of March, the company will equip all of its saw log suppliers with GPS devices. The project roll-out is proceeding as planned. This week, the 350<sup>th</sup> truck was fitted with the Timflow system. As soon as all trucks are equipped with the GPS device (*more than 400*), Holzindustrie Schweighofer will make the GPS data of every saw log delivery available to the public.

Timflow’s aim is as follows: Every truck delivering saw logs to Holzindustrie Schweighofer’s saw mill and collecting sites (log yards) is fitted with a GPS device which proves its loading place. The datasets for each arriving load will be published on the website [www.timflow.com](http://www.timflow.com) once the system is fully operational (by the end of March 2017). Registered users will have access not only to the GPS tracks, but can also request specific waybills, documents of origin and pictures of the loads. Additionally, users will be able to report irregularities or concerns about certain deliveries directly to our compliance experts. We will immediately investigate these findings and will inform the authorities if any irregularities are found.

### Further information

#### Holzindustrie Schweighofer’s new measures for a sustainable forestry industry in Romania

- **Holzindustrie Schweighofer supports the introduction of the FSC standard in Romania by paying a bonus of 10 RON/m<sup>3</sup> (2 €) 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, HS has paid a total of 4.77m RON (€1.04m) for this FSC-bonus.
- **GPS-tracking – Transparency for the supply chain**  
Holzindustrie Schweighofer is currently implementing a GPS tracking system in Romania (Timflow). This system surpasses all legal requirements by far. Once it is fully rolled out, every truck delivering logs to the company’s saw mills will be equipped with a GPS device which proves the logs’ exact loading place. The system will go online still in the first quarter of 2017.
- **Improved stakeholder consultation**  
During the past two years, Holzindustrie Schweighofer improved and intensified its dialogue with all stakeholders. 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.
- **Comprehensive audit by the renowned Indufor group**

In January 2016, Holzindustrie Schweighofer subjected its internal processes to an in-depth analysis. The independent Finnish 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 authorized document proving the harvested amount "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 from national parks**

Holzindustrie Schweighofer implemented a "Zero Timber Transports 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.
- Schweighofer-initiative.org**

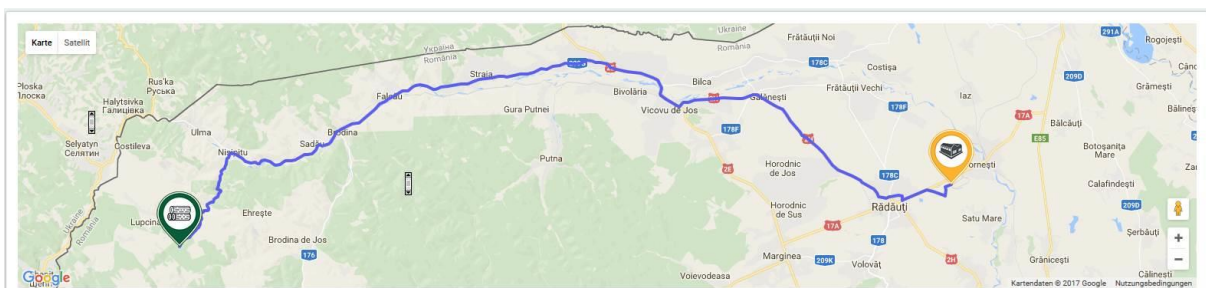
Holzindustrie Schweighofer is committed to a transparent and open public discourse. The website [www.schweighofer-initiative.org](http://www.schweighofer-initiative.org) is part of the company's contribution towards this discourse and showcases its efforts to improve sustainability.

**Background information:**

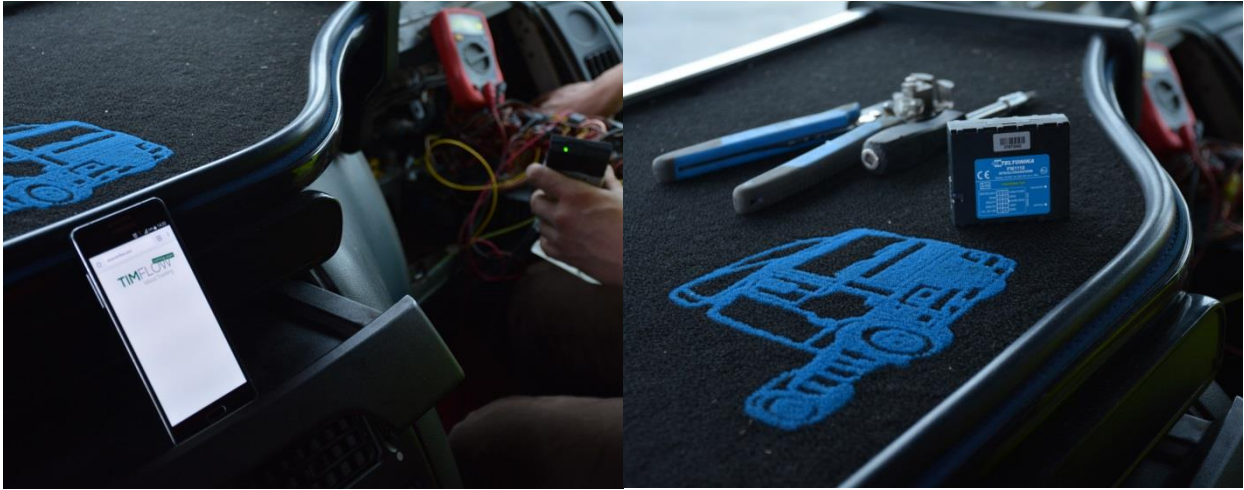
The Schweighofer Group has its roots in a traditional Austrian family company with over 400 years of experience in wood processing. Today, the Group is primarily active in the wood processing industry but also in dissolving pulp production, forest management, bioenergy production and real estate. The industry division of the Schweighofer Group operates three sawmills and two wooden panel productions in Romania, one saw mill in Germany and a dissolving pulp production in Austria. It takes a leading role in the European timber-processing industry, currently employing around 3,700 employees. Holzindustrie Schweighofer exports products to over 70 countries worldwide

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GPS track: The Timflow system illustrates the exact route of trucks delivering saw logs to the Schweighofer saw mill



The 350<sup>th</sup> saw log truck was equipped with the Timflow system's GPS tracker