

6 December 2017

## **Holzindustrie Schweighofer: Romanian action plan for a sustainable timber industry shows effects: Two suppliers were suspended in August 2017**

Holzindustrie Schweighofer has implemented a plan of action to combat illegal logging, which goes far beyond the legal level in Romania.

One of the components of this action plan is our policy whereby we – even where legally permitted – do not accept wood from national parks. We thus support the concern of environmental groups to better anchor the protection of national parks in Romania:

Our security mechanisms for our “zero wood from national parks” policy are:

- The contractual obligation of our suppliers not to deliver wood from national parks to us.
- Checking the origin of the wood through the SUMAL system (the database system of the Romanian Government for the traceability of timber transports), Inspectorul Padurii (Romanian Government system for transparent presentation and traceability of timber harvesting and data collected by SUMAL), and checking direct deliveries with our own GPS tracking system Timflow.

### **Two suppliers suspended in August 2018**

In August 2017, Holzindustrie Schweighofer discovered three truckloads that originated from the buffer zone of the Romanian national park Muntii Rodna. The company’s own wood tracking system Timflow ([www.timflow.com](http://www.timflow.com)) alerted it to the wood’s origin. The loads were delivered by two suppliers to Holzindustrie Schweighofer’s wood collection site Susenii Bargaului on 4, 14 and 17 August 2017. These loads were legally harvested according to Romanian law, but represented a clear breach of the internal company policies. (*Note: Harvesting in buffer zones of national parks is by the way not a Romanian specialty, as there are also many national parks in Germany or Austria where there are legal timber harvesting measures in the buffer zones*). Holzindustrie Schweighofer reacted immediately by suspending the two suppliers.

The company will also provide information on this incident at its regular stakeholder and NGO meetings.

### **Further information**

#### **Romania’s forests are growing**

During the past 15 years, Romania’s forests grew by 4,950 km<sup>2</sup>, an area corresponding to the size of 700,000 soccer fields or twice the size of Luxembourg. Between the years 2000 and 2015 the country’s forested areas grew from 27.7% to 29.8%<sup>1</sup>.

#### **About the Schweighofer Group**

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, forest management, bioenergy production and real estate. The industry division of the Schweighofer Group operates three sawmills and two wooden panel productions in Romania and one saw mill in Germany. It takes a leading role in the European timber-processing industry, currently employing around 3,500 employees. Holzindustrie Schweighofer exports products to over 70 countries worldwide

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<sup>1</sup>World Bank [http://data.worldbank.org/indicator/AG.LND.FRST.K2?locations=RO&order=wbapi\\_data\\_value\\_2015+wbapi\\_data\\_value+wbapi\\_data\\_value-last&sort=desc](http://data.worldbank.org/indicator/AG.LND.FRST.K2?locations=RO&order=wbapi_data_value_2015+wbapi_data_value+wbapi_data_value-last&sort=desc) (based on F.A.O. data)

## Holzindustrie Schweighofer's 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 5.65m RON (€1.25m) for this FSC-bonus.
- **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](http://www.timflow.com).
- **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 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 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 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.

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