

Vienna, 04 February 2019

Holzindustrie Schweighofer cooperates with International Anti-Corruption Academy (IACA)

- **Already second year of cooperation – further collaboration planned**
- **Fighting corruption as an important component of the company's security architecture**
- **IACA providing support for the roll-out of the new Code of Conduct**

Holzindustrie Schweighofer, one of Europe's leading wood processors, is committed to strengthening a sustainable timber industry in Romania. For this reason, the company presented an action plan for a sustainable timber industry in Romania as early as January 2017 and has since implemented measures that exceed all legal requirements. The introduction of a group-wide Code of Conduct as well as awareness building measures for the entire management and all employees of the Schweighofer Group are important components of the company's action plan for a sustainable timber industry in Romania.

Anti-corruption trainings

The company was able to establish a collaboration with the renowned International Anti-Corruption Academy (IACA) for the introduction of its new Code of Conduct. The top and middle management was trained in anti-corruption measures and integrity in a series of tailored seminars. These and other trainings on anti-corruption and competition law are part of the Schweighofer Group's compliance programme and are held on a regular basis.

Building awareness

"IACA has a clear focus on anti-corruption trainings and awareness building in the public sector and has a network of renowned experts, making us a unique institution worldwide. Moreover, supporting and advising companies on these issues is also of importance to us. In this respect, our partnership with Holzindustrie Schweighofer is valuable for us and we are pleased to support the company in its compliance process with tailor-made, intensive trainings," says Martin Kreutner, IACA Dean and Executive Secretary.

Strengthening the company's position by means of transparency

Transparency and accountability are of great importance to Holzindustrie Schweighofer; ethically correct behaviour, especially in challenging environments, as sometimes asserted by environmental protection groups in Romania, plays an important role in this regard.

The company, which does not harvest any trees itself and whose main principle is to comply with all laws and regulations at all times, has set itself the goal of making its entire supply chain transparent to civil society. An essential pillar of this transparency offensive is the company's own GPS tracking system Timflow, which monitors the transport routes of every truck that delivers roundwood to Holzindustrie Schweighofer's plants in Romania. The collected data is publicly available online to all interested individuals.

Michael Proschek-Hauptmann, Head of Compliance and Sustainability at Holzindustrie Schweighofer: "Well-trained and sensitized employees with a clear sense for ethically and legally correct behavior are an important part of a secure supply chain." A largely transparent conduct and an ethically correct commitment are the cornerstones of a positive company development. "We are convinced that this approach will also sustainably strengthen our position in the market," concludes Proschek-Hauptmann.

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 sawmills is equipped with a GPS device, which proves the logs' exact loading place. The results are public on www.timflow.com.
- **Holzindustrie Schweighofer does not accept timber 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.
- **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.
- **Regular EUTR controls confirm Holzindustrie Schweighofer's due diligence system**
 Between March 2015 and March 2018 Holzindustrie Schweighofer's Romanian sawmills and panel production sites were subject to 11 controls under the European Timber Regulation (EUTR). All confirmed that Holzindustrie Schweighofer's due diligence system complied with the standards laid down by the European Timber Regulation (EUTR). The EUTR is the legal framework ensuring that only legally harvested timber enters the European Union's market. The core of the 'due diligence' notion is that operators apply a risk management procedure appropriate to minimize the risk of placing illegally harvested timber, or timber products containing illegally harvested timber, on the EU market.
- **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.
- **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 transport document "Aviz" and the forest management plan) with maximum attention.
- **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.
- **Strengthened compliance team**
 A rigorous due diligence process requires an adequate number of trained experts. Holzindustrie Schweighofer doubled its team for compliance and certification, 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.
- **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 Măine". 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 Euros in this project, which aims at planting around one million trees until 2024. More details: www.padureademaine.ro

- **Holzindustrie Schweighofer pays a bonus of 10 lei/m³ (2 Euro) 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.
- **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.html is part of the company's contribution towards this discourse and showcases its efforts to improve sustainability.

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 sawmill in Germany. It takes a leading role in the European timber-processing industry, currently employing around 3,100 employees. Holzindustrie Schweighofer exports products to over 70 countries worldwide.

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