



FSC probation for disassociation period for Schweighofer Group

Schweighofer Group acknowledges that there were irregularities and reported illegalities in the Romanian supply chain beyond its knowledge as well as logging operations infringing FSC policy by its Romanian forest land enterprise which had acquired in good faith reported illegally retroceded forests. Both have led the FSC board to decide to put the Schweighofer Group under probation for possible disassociation.

We accept the decision taken by FSC and are committed to make the necessary efforts to address any shortcomings in our Romanian operations and to improve our overall systems. We will use the probation period for intensifying the already started improvement, transparency and compliance process within our organization. These efforts will be communicated openly and publicly.

We, although exercising legally required due care, agree that we are operating in a high risk environment, reason why we should have had a much more robust due diligence system in place and that it is important to avoid excessive reliance on formalistic control of our suppliers. This approach should also apply to purchasing land in Romania, as well as the more general challenges of a difficult legal and social environment. We did not put enough effort in our stakeholder communication, which has led to insufficiencies in recognizing legitimate concerns of the civil society. However, we are committed to improve our relations with stakeholders, and we invite stakeholders of the Romanian forestry sector to provide us with input supporting us to upgrade our overall systems.

We will engage in a transparent and constructive dialogue with environmental and social stakeholders about a corrective action plan to improve our operations. Through this constructive dialogue, Romanian stakeholders will be able to jointly develop long-term solutions to the legality and sustainability issues identified in the Romanian forest sector. FSC is willing to play a constructive role by facilitating this stakeholder dialogue.

In order to overcome existing procedural problems in the system we already started an extensive improvement program of which one key element is the GPS tracking system, currently in the testing phase. With this tool, we will be able to publish and monitor the GPS data of all log trucks arriving at our Romanian saw mills, which is an unprecedented act of self-imposed transparency in the European timber industry.

We will also investigate and review all existing business relations and restructured our stakeholder collaboration in order to improve the reliability of our due diligence and control system. The ultimate goal is the protection and sustainability of Romanian forests and a chain of custody which guarantees the legality of logs entering our supply chain.

We will further support the development of a sustainable forestry in Romania. The realized improvements and relevant findings will be published on www.schweighofer-initiative.org.

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 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 3,500 employees. Holzindustrie Schweighofer exports products to over 70 countries worldwide.

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