



**WWF advisory to buyers of Holzindustrie Schweighofer/Schweighofer Group
13 June, 2017**

Schweighofer fails to convert talk into actions; caution advised before sourcing

Commercial purchasing power can either drive deforestation and forest degradation or improved forestry, benefitting people, nature and climate.

In February 2017, WWF welcomed the [Forest Stewardship Council \(FSC\)'s decision to disassociate](#) from wood industry company Holzindustrie Schweighofer (HS), and called on the company to take action against illegal timber trade and address weaknesses in its management of timber. To date, however, WWF does not believe this request has been met.

“HS did not fulfil FSC obligations, for example by making a coherent statement in which it publicly admitted that HS, and not only its suppliers, made faults in failing to exclude illegal timber from its business. We are concerned that rather than focus on reparations, HS is repeatedly telling stakeholders all is well, everything is under control, and there is nothing serious to worry about”, stated Johannes Zahnen, WWF Forest Officer. “Much focus has been put on headlines by HS, but we believe that the company has not yet enforced a robust and credible due diligence system that can guarantee it is not sourcing wood coming from illegal logging, or from forests in which high conservation values are threatened by management activities”.

This issue, with respect to HS’s communications materials and media engagement, was raised by WWF several times in the process that led to FSC’s disassociation from HS. Yet, it still has not been addressed adequately.

Recently too, [Romanian authorities intercepted two trucks carrying illegal timber](#), which they claimed were bound for HS operations, but which HS denied was the case.

As a result, WWF recommends that companies act with caution, and wait and see before sourcing from HS, to avoid potentially unwanted sources, and ensure first that HS continue to improve their commitments and implement them successfully, with tangible, transparently reported results on the ground. Specifically, we call on HS to:

- Communicate clearly in all public and customer facing materials that it experienced serious supply chain issues that enabled illegal timber to enter its production, and that it is taking full responsibility for this.
- Publicly indicate HS's commitment to act on the final conditions framework and road map that will be developed by the Stakeholders Working Group with final approval of FSC's Board of Directors.
- Publish a clear timber sourcing policy in which it commits to secure FSC certified timber with Chain of Custody (CoC) for its timber needs across the entirety of its business, and provide an explicit statement on the exclusion of illegal timber as being its express responsibility.

“For many years, forests in different areas of Romania have been exploited without regard to sustainability, without respecting the needs of the local communities, or the extraordinary values of the still existing biodiversity,” said Magor Csibi, Director, WWF-Romania. “The HS case has highlighted the unsustainable practices within the timber sector and how this case is handled is critical as it will determine the future of forestry practices. Companies must know that unsustainable practices are not tolerated by either the market or authorities, and a clear signal sent that any operator and trader of forest products needs to implement a system that ensures transparent mechanisms with a zero tolerance towards illegal and unsustainable logging.”

An initial stakeholder meeting was held by FSC in Romania in May to discuss the conditions framework on which an FSC road map for HS, by which it could re-associate with FSC, would be based. WWF was invited to participate, but has so far declined due to the failure of HS to address our clear call to take basic trust-building steps via their communications and policy position, as a starting point for credible and constructive stakeholder engagement. Despite WWF's position, and absence from this meeting, HS has, to date, failed to take action on these steps.

FSC has launched a consultation period, open until June 21st, to receive inputs from concerned stakeholders on the draft of the FSC Conditions Framework, which was developed by an established Stakeholder Working Group to provide the groundwork for the road map process.

It is more critical than ever that HS improves its performance in this process. All stakeholders can play a role here to make sure it commits to actively promote responsible forest practices, not undermine them. We encourage all companies to use their influence to drive a permanent, positive outcome for Romanian forests – ensuring no risk of sourcing wood coming from unacceptable sources, and promoting only responsible forest management practices.

Background:

FSC's investigation into HS – one of Europe's largest wood-industry companies – was prompted by a [WWF complaint](#) in November 2015. An independent panel appointed by FSC in 2016 to investigate the allegations against HS concluded that the company is involved in illegal timber trade and that its business practices are contradictory to FSC's objectives (e.g. to exclude illegal logging and trade). In the probation period, WWF urged FSC to further investigate issues of legality and false measurement of incoming wood, raised first in WWF's original complaint. This, and new allegations which emerged in the course of their preliminary investigation, led the FSC Board to conclude that it would be incompatible for probation to be extended.

European companies must also ensure they meet their obligations under the European Timber Regulation (EUTR), to exclude illegal timber from their supply chains, and preventing its placement on the European market, for applicable products.

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