



FOREST POLICY CHECKER

A policy check on forest governance
among the largest wood corporations
operating in Romania



The Key Values of Romanian Forests

Romania shelters Europe's largest remaining primeval and old growth forests. Even the managed forests have a high conservation value. The traditional forestry norms allow longer production cycles, natural regeneration as the main reforestation method and most of the forests keep the natural fundamental tree species. In general, the quality of its forests makes the country a key habitat for wildlife and Europe's capital of biodiversity. Romania is home for more than half of Europe's brown bears, grey wolves and lynx.



The Main Threats

Romania is known for being the country where its citizens feel most affected by corruption of all European Union's Member States. Yet, many big wood corporations started large operations in Romania during the past 15 years adding an unbearable pressure on the precious Romanian forests. In practice, the corporations were processing more wood than could be legally harvested in the country, with little or no consideration for Romania's biodiversity and forestry norms. In average, at least one third of all wood extracted in Romania was illegally harvested in the past years. That accounts for 8.8 million m³ each year. The logging did not miss neither the national parks nor the primeval forests. With modern transparency and traceability tools, such as the [Forest Inspector](#), illegal logging and transports could be caught. This has an influence on both, the wood corporations and the population that needs to warm their homes. Under such circumstances, the already corrupted Romanian State is being lobbied to gradually eliminate the Forest Inspector, to increase the cutting allowance and to reduce the production cycles (the cutting age) to satisfy the huge needs of the large sawmills that are temporarily forced to import up to half of the wood they are processing.



Primeval Forests Threatened

The Romanian Carpathians are home to Europe's largest remnants of primeval forests. These forests have been growing there untouched by humans for thousands of years. The Pin Matra inventory (2005) mapped about 218.000 hectares of such forests but their legal protection started only in 2012 with very little prevention against human intervention. In 2016, the National Catalogue Of Virgin Forests has been established but its population is very slow. The slow process of legal protection leads to large volumes of wood from primeval forests to end in the supply chain.



National Parks Threatened

National parks exist to protect nature in perpetuity. They are clearly defined, and mapped spatial areas set aside from exploitation to protect and conserve territories, representatives of the national biogeographical space, including natural elements of particular value in the physio-geographic, floristic, fauna, hydrological, geological, paleontological, speleological, pedological or other nature. They offer the possibility of visiting for scientific, educational, recreational and tourism purposes.

The management of national parks must ensure the maintenance of the physio-geographic framework in a natural state, the protection of ecosystems, the conservation of genetic resources and biological diversity under conditions of ecological stability and the prevention and exclusion of any form of exploitation of natural resources and of land use incompatible with the assigned purpose. Only non-invasive traditional activities practiced by local communities should be permitted. These activities should be documented and regulated by the park's management plan.

Even if the forests from National Parks represent only 1% of the country's surface, massive commercial logging is now allowed on half of the parks' surface. All of the 13 Romanian national parks are currently not [IUCN fit](#).



National Park Piatra Craiului

National Parks Threatened

The purpose of a national park is to protect natural biodiversity ([IUCN Category II](#)), actioned through the designation of strictly protected core zones, which should be large and interconnected. In Romania the core zones are often small and appear as isolated fragments. In most cases they do not comply with international best practice criteria as set up by the International Union for the Conservation of Nature (IUCN).

In national parks, nature conservation has to be the overall priority objective for the entire protected area. However, in Romania, nature conservation is only given priority in the much smaller core zones. The rest of the parks, including the “buffer zones”, are subject to intensive commercial logging. These “buffer zones” do not differ from areas outside the parks, which is in clear contradiction with the international criteria as defined by IUCN.

Primeval and old-growth forests have become extremely rare in Europe. They are a very valuable natural heritage and deserve strict and long-term protection. In Romanian national parks these precious forests are only partly protected. Vast areas of primeval and old-growth forests are not included within core protection zones. These forest stands in the “buffer zones” are being logged systematically, with state sanctioned approvals.



National Park Rodna Mountains

The Aim of the Wood Policy Checker

There is currently not a single certificate that shows from which tree or at least from which forest area a wooden product originates. Consumers have at the moment no or little chance to make an educated choice to avoid wood products originating from primeval or old-growth forests. This policy checker aims to give consumers at least a higher chance to have more information before they choose what they buy. It reveals the policies of the major wood corporations operating in Romania and selling wooden products globally. Several aspects of sustainability, transparency and traceability have been approached during the study that is meant to bring more light into the companies' CSR reports and their marketing. And if their wording is too vague for the wide public, then this study aims to bring more clarity because we asked them clear questions and they had to offer clear answers.

Methodology

Agent Green prepared a questionnaire (in Romanian and English language) that has been sent by email with delivery and read confirmation to eleven wood corporations that are relevant due to their processing capacity, notoriety or potential to source logs from primeval forests and national parks. In the next edition of the policy checker further companies might be questioned. The seven key questions aim to clarify whether the companies accept illegal wood, wood from national parks and primeval forests and which mechanisms they have in place to prove their statements and commitments. Unlimited space has been offered to the companies to explain their answers. The questions were designed to reveal the level of transparency and wood traceability of the companies. They had one month to answer but the deadline has been ultimately extended to 8 months in order to offer them more time for internal processes that were necessary to answer the more complex issues addressed in the questionnaire. In some cases the companies requested clarifications by email, telephone or direct meetings. In order to encourage the corporations to answer the questionnaire, we had a joint direct meeting with embassy representatives of countries that have wood companies operating in Romania. Officials of the embassies of Austria, Germany, the Netherlands, Spain, Sweden and the USA were briefed by Agent Green representatives about the project and the situation of the Romanian forests.

The questionnaire was sent to Egger, Expansion, Holzindustrie Schweighofer, IKEA, JF Furnir (Holver), Kastamonu, Kronospan, Losan, Massiv, Succes and Yildiz Entegre.

Answers were received from Egger, Holzindustrie Schweighofer, IKEA, JF Furnir (Holver) and Kronospan.

The rest of the companies did not answer to the questionnaire.

Questions asked

1. Does your company accept wood that is extracted from primary forests (păduri virgine and cvasivirgine) as defined in OM 3397/2012?
2. Does your company accept wood that is extracted from national parks which are not IUCN fit?
3. Does your company knowingly or unknowingly use (trade, store, process) wood products / wood that is extracted illegally from Romanian forests or sourced from other countries?
4. Does your company have in place a dedicated internal audit team to implement a due diligence system that allows your company to comply with EU TR and Romanian forestry legislation?
5. Does your company have in place an own traceability system for wood?
6. Is your company willing to publish on its official website the logging concessions where the wood / products are coming from?
7. Does your company allow unannounced inspections into your chain of custody (field and documentation) performed by NGOs that provide you with ID of designated and preregistered specialists?

Findings

From the quality of the policy point of view, the most progressive corporations are those that have been more publicly criticized and had their reputation damaged. Four companies, namely Holzindustrie Schweighofer, Kronospan, JF Furnir and Egger, refuse wood from national parks and primeval forests. From the transparency point of view, except Holzindustrie Schweighofer, the companies are unable to offer information about the logging concessions and where the wood they are using originates. Unannounced inspections by registered NGOs is something that companies do not accept with two exceptions being Holzindustrie Schweighofer and Kronospan.





















Increased traceability is seriously taken only by Holzindustrie Schweighofer whose reputation was previously severely harmed. The company made the system available to the wide public.
















Holzindustrie Schweighofer and Egger have developed a robust system in place to prove their policy. But they admit that the poor national legal framework on national parks sets risks and limitations to their commitments.

Most companies have dedicated staff to implement own due diligence systems but do not wish to publish the black lists of suppliers that have been eliminated for wrongdoings.

From the nationality point of view, while the questionnaire was sent to Austrian, Romanian, Spanish, Swedish, Turkish and US companies, it should be noted that only the Austrian and Swedish companies have answered.

Synthetic table to illustrate the answers to the questionnaire on good forest governance

	HOLZINDUSTRIE SCHWEIGHOFER	KRONOSPAN	JF FURNIR	EGGER	IKEA
1. Does your company accept wood that is extracted from primary forests (paduri virgine and cvasivirgine) as defined in OM 3397/2012?	NO 	NO 	NO 	NO 	YES 
2. Does your company accept wood that is extracted from national parks which are not IUCN fit (minimum 75% non-intervention areas)?	NO 	NO 	NO 	NO 	YES 
3. Does your company knowingly or unknowingly uses (trade, store, processes) wood products/wood that is extracted illegally from Romanian forests or illegally sourced from other countries?	NO 	NO 	NO 	NO 	NO 
4. Does your company have in place a dedicated internal audit team to implement a due diligence system that allows your company to comply with EUTR and Romanian forestry legislation?	YES 	YES 	YES 	YES 	YES 

	HOLZINDUSTRIE SCHWEIGHOFER	KRONOSPAN	JF FURNIR	EGGER	IKEA
5. Does your company have in place own traceability system for wood?	YES 	NO 	NO 	YES 	YES 
6. Is your company willing to publish on its official website the logging concessions indicating the location where the wood is coming from?	YES 	NO 	NO 	NO 	NO 
7. Does your company allow unannounced inspections into your chain of custody (field, factory and documents) performed by NGOs that provides you with ID of designated and preregistered specialists?	YES 	YES 	NO 	NO 	NO 

HOLZINDUSTRIE SCHWEIGHOFER

Website: <https://www.schweighofer.at/en/responsibility.html>

1. Does your company accept wood that is extracted from primary forests (paduri virgine and cvasivirgine) as defined in OM 3397/2012?

- No we don't accept wood from primary forests. HS is committed to protect the natural heritage of Romania. We therefore refrain from buying wood from primary forests.

Romania itself has a system for protection of such forests in place, as no harvesting permits are granted for virgin or quasi-virgin forests. Currently there are two data sets used for the exclusion of virgin forests: the official catalog of the Environmental Ministry and the so called Pin Matra study. These areas are considered in all steps of the forest administration, namely drafting the Ten-Years-Management-Plans, the harvesting estimation document (APV) and the harvesting permit.

Implicitly, one can assume that legally permitted harvesting in Romania cannot include virgin or quasi-virgin forests.

However, HS acknowledges, that the mapping of virgin and quasi-virgin forests is an ongoing process and both data sets mentioned above might not be exhaustive. Hence, HS is taking precautions to mitigate the risk to accept timber that might have been illegally harvested in protected areas in its supply chain:

- It does not source from Romania's hard wood forests (beech and oak), which are known for their high conservation value.
- HS introduced Timflow for all trucks supplying Romanian saw logs. This system shows the detailed track the vehicles were taking when they delivered saw logs to the mills. HS is no longer relying exclusively on provided documentation, but can actually see where the trucks are coming from and can thereby exclude protected areas such as virgin forests.
- All suppliers, regardless if they are delivering directly from the forests or via log yards, are subject to a due diligence system, which is compliant with the EUTR and the PEFC scheme.
- HS applies "additional risk mitigation" for remaining third party log yards, which includes increased scrutiny of the APV for logging plots in close proximity to HCV. If the timber is harvested 100 m or closer to virgin-, or quasi virgin-forests HS conducts a more profound on-site check.

2. Does your company accept wood that is extracted from national parks which are not IUCN fit (minimum 75% non-intervention areas)?

- HS does not accept timber from any Romanian national park, although harvesting in so called buffer zones of National Parks is legal.

HS clearly refrains from buying such wood, as the company is aware of the fact that especially excessive sanitary cuttings were a source of non-sustainable timber in the past.

HS suppliers contractually agree not to deliver logs from national parks. This is controlled by comparing the APV number as written on the waybill with a list of all APVs issued for national parks. Log trucks originating from national parks are rejected.

Additionally, HS is already upgrading Timflow in order to display supply chain exclusion zones (i.e. national parks and virgin/quasi-virgin forests).

3. Does your company knowingly or unknowingly uses (trade, store, processes) wood products/wood that is extracted illegally from Romanian forests or illegally sourced from other countries?

- We assume that it is not possible to answer what we do “unknowingly” but HS is committed to fight illegal logging in Romania and elsewhere. The company is carrying out a profound due diligence system which enables us to minimize the risk of illegal cut timber to the lowest possible level. HS’ due diligence system complies with the PEFC-scheme and with the EUTR. Additionally, HS is currently in a re-association process with FSC with the goal to re-certify its Romanian mills. We are ready to communicate this system to anyone asking details as a good practice example.

4. Does your company have in place a dedicated internal audit team to implement a due diligence system that allows your company to comply with EUTR and Romanian forestry legislation?

- HS' managers for certification and for compliance hold staff-positions and are therefore directly reporting to the Board. In each mill there is at least one full time position responsible for executing of all of HS' relevant due diligence procedures including the performance of internal and external audits of suppliers and forest management units.

For external auditing HS additionally carries out a yearly check of its procedures by renowned auditing experts and regularly publishes these results. Moreover HS collaborates closely with PEFC-Certification Bodies in order to assess the quality of our due diligence system.

We furthermore have a clear delisting procedure in order to exclude suppliers which do not meet our strict criteria and which have been convicted for illegalities. So far HS excluded more than 70 suppliers from its supply chain.

5. Does your company have in place own traceability system for wood?

- HS is the pioneer concerning the implementation of a wood traceability system in Romania. The company does not harvest trees itself. But its Romanian suppliers are required to equip all trucks delivering saw logs to HS-mills with the GPS-system Timflow. This enables HS to review the track of the delivered timber back to its exact loading place.

As a matter of maximum transparency within the supply chain, this data can also be accessed by the general public (after registering for the system). Around 500 trucks delivering saw logs to our mills and to log yards under our control are already equipped with a GPS device (as per end of April 2017).

The datasets for each arriving load are available on the website www.timflow.com. Registered users are able to look up the GPS tracks and pictures of the arrived log trucks. They can also request a copy of the timber waybills and documents of origin. Users are able to report irregularities or concerns about certain deliveries directly to HS' compliance experts. HS will immediately investigate these observations, answer the complainant and inform the authorities in case of substantiated concerns.

6. Is your company willing to publish on its official website the logging concessions indicating the location where the wood is coming from?

- The logging concessions (in Romania) are made available on request. In order to safeguard personal data protection each APV has to be blackened and then will be handed out to everyone who requests it. A respective request form is available on the Timflow website www.timflow.com.
The release of logging concessions can only be provided for Romania at the moment, since other countries, HS is sourcing from, do not necessarily issue logging concessions.

7. Does your company allow unannounced inspections into your chain of custody (field, factory and documents) performed by NGOs that provides you with ID of designated and preregistered specialists?

- Yes, HS will grant access to this set of previously announced specialists. During office hours all relevant CoC documentation can be made available. Outside office hours only gate checks will be possible. All inspections have to be carried out under the supervision of the mill management and with full respect of all security guidelines. In order to be able to grant full access, the specialists will have to sign a non-disclosure-agreement.

KRONOSPAN

Website: <http://www.kronospan-worldwide.com/environment/>

1. Does your company accept wood that is extracted from primary forests (paduri virgine and cvasivirgine) as defined in OM 3397/2012?

- Kronospan is working towards a more sustainable wood-based panel industry. We ensure that suppliers do not use wood from national parks, natural preserves, virgin forests and other conservation areas. <http://www.kronospan-worldwide.com/environment/>

2. Does your company accept wood that is extracted from national parks which are not IUCN fit (minimum 75% non-intervention areas)?

- Kronospan is working towards a more sustainable wood-based panel industry. We ensure that suppliers do not use wood from national parks, natural preserves, virgin forests and other conservation areas. <http://www.kronospan-worldwide.com/environment/>

3. Does your company knowingly or unknowingly uses (trade, store, processes) wood products/wood that is extracted illegally from Romanian forests or illegally sourced from other countries?

/

4. Does your company have in place a dedicated internal audit team to implement a due diligence system that allows your company to comply with EUTR and Romanian forestry legislation?

/

5. Does your company have in place own traceability system for wood?

- The company offers information about questions 3, 4 and 5 only in Romanian language in a merged manner:

”Societățile Kronospan sunt obligate să respecte următoarele cerințe referitoare la achiziționarea lemnului:

- Să efectueze audituri interne aleatorii cu privire la conformitatea procesului de recepție a lemnului în cadrul societăților Kronospan

- Să mențină și să monitorizeze procesul intern „Cunoaște-ți furnizorul” (Know Your Supplier - KYS) pentru a se asigura că nu este achiziționat lemn din surse ilegale. Procesul KYS trebuie efectuat înainte de asumarea de către Kronospan a angajamentului referitor la orice achiziție.

Cerințele de mai sus vor fi îndeplinite prin:

a) Respectarea prevederilor Regulamentului (UE) 995/2010 privind introducerea pe piață a lemnului sau a produselor pe bază de lemn;

b) Implementarea și menținerea procesului KYS și a evaluării riscului furnizorilor de lemn pentru a exclude achiziționarea de lemn ilegal;

c) Instruirea continuă a întregului personal implicat în lanțul de aprovizionare cu masă lemnoasă în scopul respectării standardelor Kronospan;

d) Lemnul poate fi achiziționat doar după ce conducerea autorizează procedura KYS, adică:

1. Trebuie însoțit de documente care demonstrează originea legală a lemnului. Documentele trebuie auditate pentru a preveni folosirea unor documente falsificate

2. Nu trebuie să provină din activități de recoltare efectuate în păduri cu valori mari de conservare

3. Nu trebuie să provină din activități de recoltare care generează conflicte sociale referitoare la păduri

4. Nu trebuie să provină din plantații de arbori modificați genetic

5. Nu trebuie să provină din zone afectate de accidentul nuclear de la Cernobîl și orice alte accidente nucleare (acest aspect se poate verifica la adresa: <http://cricket.biol.sc.edu/chernobyl/UN-reports/Atlas.pdf>)

6. Lemnul trebuie achiziționat cât mai aproape posibil de fabricile Kronospan pentru a reduce amprenta de CO2

Pentru fiecare furnizor, începând cu anul 2017, se realizează o matrice de evaluare a riscului cu privire la legalitatea livrărilor de lemn și transparența activităților acestora. Matricea se realizează pentru fiecare furnizor nou și este revizuită la fiecare 12 luni.”

6. Is your company willing to publish on its official website the logging concessions indicating the location where the wood is coming from?

- The company does not offer any public form about the logging concessions.

7. Does your company allow unannounced inspections into your chain of custody (field, factory and documents) performed by NGOs that provides you with ID of designated and preregistered specialists?

- The company offers information about this question only in Romanian language:

”Kronospan este deschisă să primească vizite inopinate din partea reprezentanților civici. Singura condiție este ca la momentul respectiv să existe în cadrul fabricii o persoană din conducere care să coordoneze din punct de vedere procedural, intern, vizita reprezentanților organizației non-guvernamentale în cauză.”

JF FURNIR (Holver)

Website: <http://www.iffurnir.com/en/company/about-us>

1. Does your company accept wood that is extracted from primary forests (paduri virgine and cvasvirgine) as defined in OM 3397/2012?

- No.

J.F. FURNIR SRL excludes the purchase of wood from paduri virgine and cvasvirgine as defined by the applicable Romanian Law, the Ministerial Order OM 3397/2012 and included in the national catalogue 2525/2016.

To identify the paduri virgine and cvasvirgine areas we use the Lemn Controlat Harta Interactiva as well as other sources (see below). To exclude purchasing wood from the above mentioned sources our purchasing staff compares the available information of the harvesting location with the Harta Interactiva.

This process is part of the Due Diligence System at J.F. FURNIR SRL.

Sources to identify the paduri virgine and cvasvirgine areas (OM 3397/2012):

<http://inspectorulpadurii.ro/sumalsatelit/#coordonate=24.3680451,46.2726272/Z9>

<http://lemncontrolat.ro/ro/harta-interactiva/>

<http://www.mmediu.ro>

<http://padurivirgine.ro/despre-padurile-virgine/>

2. Does your company accept wood that is extracted from national parks which are not IUCN fit (minimum 75% non-intervention areas)?

- No.

There are concerns that many national parks may in fact not fulfil their purpose to conserve nature and biodiversity because of (too) large buffer zones and sustainable development zones, J.F. FURNIR SRL has decided to exclude purchasing wood from the buffer zones of national parks.

On a regular basis J.F. FURNIR SRL requests the list of APV numbers at the administration of the national parks of Romania. With this regular updated list the purchasing staff of J.F. FURNIR SRL excludes the purchase of wood from Romanian national parks.

3. Does your company knowingly or unknowingly uses (trade, store, processes) wood products/wood that is extracted illegally from Romanian forests or illegally sourced from other countries)?

- No.

- No.
The J.F. FURNIR SRL complies with applicable laws and regulations. No wood from illegal sources is knowingly purchased.
If anyone has any doubts about the legal operations of companies in the wood sector and if anyone detects non-conformities or violations of laws in the wood sector J.F. FURNIR SRL encourages this person/organisation to share this information with our compliance department. Please inform compliance@jaf-group.com.
The compliance team will take every information serious, will respond immediately and will take the necessary actions.

4. Does your company have in place a dedicated internal audit team to implement a due diligence system that allows your company to comply with EUTR and Romanian forestry legislation?

- Yes.
EUTR compliance
The European Timber Regulation (EUTR) prohibits the import of wood and wood products logged/produced illegally from non-EU countries into the EU.
J.F. FURNIR SRL imports wood from non EU countries and is therefore obliged to implement the EUTR Due Diligence System. Key requirements of this Due Diligence system are collection of information, risk assessment and risk mitigation.
The EUTR Due Diligence at JF. FURNIR SRL is implemented by different people: the purchasing department requests the necessary documentation, assesses the risk and requires – if necessary for risk mitigation - additional information. The legal department serves as internal advisor and the CSR officer at the headquarter is conducting regular controls and trainings.
Furthermore J.F. FURNIR SRL cooperates with external consultants in revising and continuously improving its EUTR Due Diligence System.
In Romania the Ministry of Waters and Forests is the Competent Authority for EUTR implementation and also carries out regular checks. At J.F. FURNIR SRL, EUTR controls have been conducted the Ministry of Waters and Forests confirmed J.F. FURNIR SRLs compliance with the EUTR regulation.

Compliance with Romanian forestry legislation

The Romanian Forest Code allows the exploitation of public and private forests if harvesting occurs within especially designated areas, in accordance with forest management plans, each harvested tree is individually identified and transportation of the wood is supervised and controlled.

J.F. FURNIR SRL conducts business in accordance with the Romanian legislation. In the course of its due diligence measures the relevant documents are verified to secure compliance. Before purchasing wood the purchasing team requests and checks documents from each supplier which ensure that the harvest of the wood was legally permitted (e.g. within the scope of a logging concession).

When products are delivered to J.F. FURNIR SRL's production site the conformity of the transport documents with the beforehand received documentation is checked.

Part of Romanian forestry legislation is the SUMAL system which tracks the legal origin of the wood starting at forest level and tracking the transportation and trading of the wood. J.F. FURNIR SRL uses this system and controls with its help that the transport of the wood it receives adheres to the legal requirements. If inconsistencies, problems or abnormalities occur at the reception of wood - while checking the documents of origin or while checking the conformance with the information provided by the SUMAL system - the state authorities are notified to investigate the load and verify if the wood complies with the Romanian legislation. The internal procedures have been developed in cooperation with the competent authorities and the responsible staff is trained in its implementation.

5. Does your company have in place own traceability system for wood?

- No.
J.F. FURNIR SRL is using the wood tracking system SUMAL which the Romanian state introduced. At the moment J.F. FURNIR SRL does not use a own, digitalised wood tracing system.

6. Is your company willing to publish on its official website the logging concessions indicating the location where the wood is coming from?

- J.F. FURNIR SRL will not publish the logging concessions, but is willing to share the information on the regions of Romania where its products stem from. J.F. FURNIR SRL operates in a free market in an extremely competitive business environment. The relationship and cooperation with our suppliers is our most valuable asset that enables us to do business. Suffering possible competitive disadvantages is the reason why we will not share the logging concessions of our suppliers publicly.
If anyone detects non-conformities and the violation of laws in the wood sector in these regions, we encourage this person/organisation to share this information with our compliance department. Please inform compliance@jaf-group.com. The compliance team will take every information serious, will respond immediately and will take the necessary actions.

7. Does your company allow unannounced inspections into your chain of custody (field, factory and documents) performed by NGOs that provides you with ID of designated and preregistered specialists?

- No.
J.F. FURNIR SRL already receives visits of external controlling bodies (Romanian State, FSC certification body) checking its due diligence systems. J.F. FURNIR SRL therefore sees at the moment no need for further unannounced inspections.
As stated already in the previous answers the internal compliance team is open to receive and determined to investigate any grounded suspicions on legal non-conformity and to communicate its outcome and potential consequences (compliance@jaf-group.com).

EGGER

Website: https://www.egger.com/shop/en_GB/about-us/environment

1. Does your company accept wood that is extracted from primary forests (paduri virgine and cvasivirgine) as defined in OM 3397/2012?

- According to legislation it is forbidden to extract wood from primary forests and old growth forest as they are defined by OM 3397/2012. EGGER fulfills the law and buys wood exclusively according to regulations.

Additionally, the system implemented by the Romanian State the Catalogue of Virgin Forests together with the areas proposed for PinMatra Project help us to identify and to avoid purchasing from such high conservation value forests.

The EGGER Group has developed an internal control system for wood purchasing respecting national laws, EU regulations and other additional certification systems like PEFC and FSC. This is applied uniform and under strict standards in every plant. In order to reach this, EGGER has implemented a Due Dilligence System that is a guideline for legal sourcing and ensures the access to information concerning the sources and the timber supplier and timber products as well as all processes and documentations needed to source legal material.

EGGER's Due Diligence system applies to all purchased materials in order to fulfil the, national legislation and EUTR as well the FSC standard (FSC-STD-40-005 V-3-1 version). This system relies and respects the disposals of the EU Regulation no. 995/2010 of the European Parliament and Council from October 20, 2010, regarding the obligations of the companies that are placing wood and wooden products as first on EU market. The EGGER Due Dilligence System has been presented to the responsible Romanian authorities, Holzforschung Austria and ASI as well as to SGS as authorized and official certification bodies and was approved by all of them.

2. Does your company accept wood that is extracted from national parks which are not IUCN fit (minimum 75% non-intervention areas) ?

- Regarding the National Parks in RO and the definition of National Parks according to IUCN Cat. 2 we support the idea and process to bring the RO National Parks (13) on the level defined by IUCN Cat. 2. and to push RO Government to speed up the process and to develop a roadmap to reach this target and to protect those areas immediately.

3. Does your company knowingly or unknowingly uses (trade, store, processes) wood products/wood that is extracted illegally from Romanian forests or illegally sourced from other countries?

- NO, EGGER does not use wood products / wood that is extracted illegally from Romanian forests or from another countries. The wood purchasing team at group level and the Romanian one is verifying the suppliers delivering wood material to EGGER. Therefore we developed a risk analyze as first step and out of it EGGER establish the further audit process to ensure a transparent supply chain. Each wood transport is being checked at the entrance of the plant and the transport documents need to full fill the obligations given by Romanian law.

4. Does your company have in place a dedicated internal audit team to implement a due diligence system that allows your company to comply with EUTR and Romanian forestry legislation?

- YES, EGGER has an internal specialized audit team included in the wood purchasing department. EGGER's policies, values, and commitments to combat illegal sources and use exclusively legal materials exist and are being implemented before the introduction of the Due Diligence obligation for wood and wood products according the EU Timber Regulations, FSC and PEFC Standards.

The wood purchasing team at group level and the Romanian one is verifying the suppliers delivering wood material to EGGER. Therefore we developed a risk analyze as first step and out of it EGGER establish the further audit process to ensure a transparent supply chain. Each wood transport is being checked at the entrance of the plant and the transport documents need to full fill the obligations given by Romanian law. In the next check point, at the wood reception sector are checked the quantities, the species and assortments, and again the correctness of the data from transport documents are controlled once more. The irregularities are being reported to the authorities, which have to check it and to provide an answer in maximum 48 hours. During this time, the wood material is not being unloaded and is not being accepted for reception by EGGER.

EGGER has at the Group level an internal audit team, which secures the compliance with the national legislation, FSC, PEFC and EUTR. On plant level we have a three-person team in charge with these audits. Each supplier undergoes a risk assessment. In this risk assessment, we check the origin of material, health and safety regulations, permits, etc. If the result of the risk assessment shows high risk, we do not continue the collaboration. This risk analysis is not only implemented for new suppliers, but in order to ensure a low risk level in our supply chain, the risk analysis is refreshed annually for every single supplier. In case of unspecified risks, we open an audit process for all the supply chain.

5. Does your company have in place own traceability system for wood?

- YES, our company has implemented its own traceability system. EGGER can guarantee that it respects and applies the national and European legislation in force as well as voluntary used certificates like PEFC and FSC (PEFC certificate CH17/0386.00 and FSC® certificate SGSCH COC-110039 and SGSCH-CW-110039) and that every wood delivery passes throughout an intensive verification systems. All materials entering EGGER plants have to be delivered with documents issued by the legal entities proving the origin, according to the existing laws and used standards.

With respect to all executive controls, state owned procedures, state owned authorization processes and laws given by the Romanian state and executed by state authorities and finally our EGGER controls at the end of the supply chain.

All deliveries of wooden materials, which arrived in our plant, are checked at the reception regarding the legal obligations. For cases where we find non-conformities, the material is declined, and the authorities are notified to clarify the situation. Additional to the national requirements about the legality and transport of the wooden materials, the EGGER internal audit team makes on site audits and field verifications to check the source of the wooden materials.

Each supplier undergoes a risk assessment before starting deliveries to EGGER. If the result of the risk assessment shows high risk, the contract with the suppliers are declined.

6. Is your company willing to publish on its official website the logging concessions indicating the location where the wood is coming from?

- According to the actual legislation (RO and EU) and due to the company purchasing strategy we cannot publish the list of suppliers. Anyhow, the national SUMAL state system offers the status for In & Out balances.

The main category of wooden materials purchased by EGGER in Romania are co-products, recyclable wood, and wooden residues as well as materials coming from forest thinning & hygienic activities (industrial round wood). For this type of materials, a public listing of APVs does not exist. According to the actual legislation and due to the company purchasing strategy we cannot publish the list of APVs. The national state system (SUMAL) offers the status for In & Out balances.

For real time verification of the incoming materials to EGGER, every concerned citizen can use the state system for wood traceability www.inspectorulpadurii.ro and the app "Inspectorul Padurii". These are the systems provided and operated by the state to ensure the legality of the material. We fully respect these systems and more than this, we implemented additional measurements to ensure clear sources and to support state systems. EGGER respects and fulfills the law and therefore cannot publish confidential data. EGGER maintains a competitive market environment. The Competition Law (no.21/April 10, 1996), republished, Chapter II states that data published regarding customers or suppliers lists, prices, costs, volumes and sales are considered anticompetitive practices.

7. Does your company allow unannounced inspections into your chain of custody (field, factory and documents) performed by NGOs that provides you with ID of designated and preregistered specialists?

- State authorities as well as certification providers like FSC and PEFC are making inspections. Additionally, this is a procedure used by EGGER's customers and suppliers to make audits in the chain of custody. EGGER openly invites all serious stakeholders to meet in order to discuss about our business code and values. We can discuss and obtain feedback for the EGGER Due Diligence System, but we cannot offer access to sensitive data because of legal issues regarding information security and competition regulations.

An inspection of an NGO is not possible, but a meeting at a roundtable with the interested stakeholders is possible on a mutual agreement on date and place.

IKEA

Website: http://www.ikea.com/ms/en_US/this-is-ikea/people-and-planet/index.html

1. Does your company accept wood that is extracted from primary forests (paduri virgine and cvasivirgine) as defined in OM 3397/2012?

- In accordance with our Forestry Standard, we are committed to NOT accept wood harvested from High Conservation Value Forests (HCVF) unless certified according to a system recognized by IKEA (currently: the FSC certification system).

We are happy that we have contributed to the identification of Old growth forests in Romania, and some of those have also been included in to the list of UNESCO heritage. As WWF has stated in their communication to external stakeholders from 12.07.2017:

“Three of the eight sites (Șinca, Groșii Țibleșului, Strâmbu-Băiuț) were identified, proposed and supported by WWF through the project "Supporting a Responsible Forest Management for Sustainable Development in the Danube Carpathian Ecoregion." a project run under the WWF-IKEA partnership. The WWF / IKEA partnership has brought a significant contribution to the process of protecting virgin forests both in Romania and Ukraine.”

2. Does your company accept wood that is extracted from national parks which are not IUCN fit (minimum 75% non-intervention areas) ?

- In accordance with our Forestry Standard, we are committed to NOT accept illegally harvested wood including wood harvested from the Strict Protection Zones, nor from any other restricted areas on the territory of National Parks.

3. Does your company knowingly or unknowingly uses (trade, store, processes) wood products/wood that is extracted illegally from Romanian forests or illegally sourced from other countries?

- IKEA does not accept illegally logged wood and works actively against illegal logging and illegal wood trade to ensure that such timber is not used in our products, in all countries, including Romania. Our program for verifying compliance with legality is one of the most ambitious in the world.

We have updated our IWAY Forestry standard. This standard will be implemented by all our suppliers sourcing wood from the 1st of January 2018:

http://www.ikea.com/ms/en_US/pdf/reports-downloads/the-IWAY-forestry-standard.pdf

Every IKEA supplier must comply with the strict requirements in the IWAY Forestry standard, a part of the IKEA supplier code of conduct, IWAY.

We work together with our suppliers to make sure that they have procedures and processes in place to trace the origin of the wood throughout their supply chains. They report the wood origin, volume and species used in IKEA products 3 times per year; no report means no wood delivery. As an additional control measure, they accept audits at every link in the supply chains.

On a global level, in fiscal year 2016 15,7 million m3 of wood was used in IKEA products (out of which 5,2 % came from Romania). 61% of that wood came from More sustainable sources. As of today the number is 76% globally and 100% in Romania.

4. Does your company have in place a dedicated internal audit team to implement a due diligence system that allows your company to comply with EUTR and Romanian forestry legislation?

- We have our own Forestry Specialists employed – and the Group also has a very good long term collaboration with WWF, whose purpose is to improve forestry management practices and to fight illegal logging and deforestation. We strongly believe in our way of working with forestry and have an open and trustworthy relationship with our suppliers.

5. Does your company have in place own traceability system for wood?

- We are working hard in all our sourcing regions to source all the wood from More Sustainable sources by 2020, currently defined as recycled or FSC certified wood. We are happy to share with you the fact that currently all the wood with origin in Romania is FSC certified. We believe that requiring our suppliers to source only FSC certified wood is the best possible way to contribute to the stakeholder dialogue about how to manage Romanian forests.

Wood from more sustainable sources consists of wood volumes certified by a forest management (FM) and chain of custody (CoC) systems or pre- and post-consumer reclaimed wood material. Today, the only certification system that meets IKEA requirements for IKEA more sustainable sources is the Forest Stewardship Council (FSC). We believe applying the FSC standards is currently the best way to ensure that the wood we use is from more sustainable sources. Increasing the FSC certified wood sources has many benefits, which you can find on page 24 in our FY16 Sustainability Report.

6. Is your company willing to publish on its official website the logging concessions indicating the location where the wood is coming from?

/

7. Does your company allow unannounced inspections into your chain of custody (field, factory and documents) performed by NGOs that provides you with ID of designated and preregistered specialists?

/