



**Soil Association
Certification Limited (SA)**



FSC® Condition Framework Public Summary Report

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Table of Contents:	1 Cover 3a Methodology for second verification 3b Framework Document 4 4 Findings!A1 6 6 Stakeholder Consultation !A1 Glossary
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Condition Framework Audit	Assessment dates	SA Auditors	Roles	Checked by	Date checked	Approved by	Report finalisation / update date
HS second verification - Slovakia and CAR Audit, and remote review of Poland and Belarus DDS and purchasing activity 2021.	16th to 20th August - onsite 16th August to 2nd Sept - remote Closing meeting - 3rd Sept 2021	Stanislav Lazarov - on site Rob Shaw - remote	Auditors	Penny Bienz	22/09/2021	Janette Mackay	30/09/2021

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DRAFT METHODOLOGY FOR CONDUCTING ON-SITE VERIFICATION OF SCHWEIGHOFER GROUP'S (HS) COMPLIANCE IN SLOVAKIA WITH CONDITIONAL FRAMEWORK FOR ENDING FSC DISASSOCIATION

1 Background Information

In February 2017, FSC disassociated from the Schweighofer Group (HS). The decision was based on the findings by the complaints panel indicating HS' involvement in irregularities and illegalities in its timber trade operations and its reported involvement in illegal logging by its Romanian forest land enterprise, as well as on the additional information brought to the attention of FSC in January 2017 about the possible violation of Romanian timber measurement standards by HS, which had to be investigated under FSC's Policy for Association (PFA) by FSC.

A 'Conditions Framework' was issued which stipulates the conditions that must be fulfilled by HS for correcting the identified shortcomings and wrongdoings, compensating for the environmental and social damages resulting therefrom, and preventing the reoccurrence of any previously identified, or ongoing, wrongdoings and/or violations of the FSC's PFA, in order for FSC to consider an ending of its disassociation from HS. The 'Conditions Framework' also defines how the fulfillment of the conditions will be verified.

In December 2020, FSC awarded the contract to Soil Association Certification (SA) to verify compliance of HS Group against the 'Conditions Framework'. SA envisages carrying out the assessment as a combination of remote and on-site verification and this current document outlines the methodology for conducting the on-site work. This methodology will couple with the methodology for the remote work, both forming the overall methodology for completing the task based on which the FSC Board is expected to take decision on the proposed re-association of HS Group.

In June 2021 following the completion of the main verification with country scope of Romania and Ukraine, FSC instructed SA to carry out (a) a remote assessment of the DDS system used by HS for roundwood purchasing from Slovakia, Poland and Belarus, and (b) a further field verification in Slovakia to examine HS purchases of coniferous roundwood.

2 Purpose of the On-site Verification

The purpose of the assessment is to add to the findings of the remote verification that is to be conducted by SA, so that a common conclusion is reached on how HS Group complied with and implemented the conditions included in the FSC 'Conditions Framework'. While the remote work will concentrate on the document and records review, this Slovakia field assessment will target to assess how the FSC conditions have been embedded into the operational practices within the supply chains used. However, both the remote work and on-site verification shall be viewed as a common effort, complementing each other, and leading to a common result.

3 General Principles and Overall Approach for the On-site Assessment

The on-site verification work will take the form of a third-party audit implemented under the *Guidelines for auditing management systems* (ISO 19011:2011).

Verification of compliance will be carried out against the verification indicators included in section 2 of the Conditional Framework Checklist, which is part of SA's overall methodology for completion of the task. Findings will be recorded against each indicator. Non-conformities identified will be graded as per normal auditing practices – observations, minor and major non-conformities. Corrective action will be drawn for each non-conformity.

Finding of the on-site assessment team will complement those of the remote teams, so that a common conclusion is reached on the compliance of HS Group with the 'Conditions Framework'.

The on-site verification work will adopt a three-tier approach for the assessment by verifying:

- availability of procedures, systems and documents addressing the requirements of the Conditions Framework across HS Group sites and supply chains;
- awareness of HS Group employees and staff of suppliers of relevant procedures;
- practical implementation of these procedures and systems.

Information will be collected through:

- document and records review;
- interviews with key staff and stakeholders;
- visual observations.

Screening of publicly available sources for relevant associated information will also be carried out e.g. NGO reports and/or information releases; controlling reports or information releases by authorities about investigations launched against HS etc.

Risk driven sampling will be applied for the subjects to be inspected.

4 Scope of the On-site Assessment

The on-site verification will cover all conifer roundwood purchases, suppliers and sub-suppliers within Slovakia, active during 2021, using data provided by HS. Due to the large number of suppliers and logging sites spread across the country, the sites to be inspected will be selected through stratified risk-driven sampling – see 6.2 below.

The assessment will include on-site verification of the HS Group’s system and activities addressing the provisions in the FSC ‘Conditions Framework’.

5 Resources for the Assessment

5.1 Human resources

The on-site verification will be carried out by team consisting of 1 qualified FSC FM/CoC auditor – a Bulgarian national, and a translator. Both team members have substantial experience in auditing in the region and profound knowledge and awareness in the forestry and timber processing sectors and the problems that may be present in associated supply chains. The team will act in close coordination with the remote assessment team.

The assessment team expects to be accompanied continuously by HS Group responsible staff, and an external forestry consultant to HS who is a Slovak national.

5.2 Number of person days and timeframe for completion of the assessment

4 auditor person days will be devoted to the on-site verification. Additional time may be allocated in case specific investigations are necessitated for example as result of stakeholder feedback.

Upon timely approval of the Methodology by FSC, the assessment team is travelling to Slovakia and carrying out the assessment week commencing August 16th 2021.

5.3 Technical resources

The on-site assessment team does not require specific technical resources for completion of the assessment. Transportation will be carried out via own transportation means and/or by transport provided by HS Group (e.g. for going to the field). In relation to this, the team is ready to consider all proposal by HS group staff in conducting the assessment in the most efficient way – e.g. advice in logistic and setting in the itinerary for the assessment, however without this affecting the credibility of the evaluation.

The assessment team will comply with all H&S requirements including use of personal protective equipment, when visiting the processing sites, log yards of suppliers or if when visiting the forest. Covid-19 protective measures will also be respected.

6 Methodology for the Assessment

6.1 Assessment at the supplier sites

The verification will cover a sample of suppliers and sub-suppliers within Slovakia, including Forest Management Units and log yards as applicable.

Assessment within the selected sites will be carried out using random and risk-based sampling approaches – sampling of documentation and records to be reviewed, sampling of processes and facilities to be observed, sampling of personnel to be interviewed. About the latter, all interviews will be carried out in confidentiality without the presence of the direct managements of the personnel interviewed.

6.2 Assessment of supply chains

The assessment team will pay due respect to the verification of compliance at three supplier’s levels (tiers). Information provided by HS Group suggests that in 2021 wood-based products are delivered by 1 first tier supplier and 11 second tier suppliers (6 of which have 41 third tier suppliers). Many of the second and third tier suppliers hold FSC FM and/or COC and/or PEFC Chain of Custody. 79% of all delivered volume came from one second tier supplier who holds both FSC and PEFC COC, and only 13% came from uncertified suppliers.

The third tier of suppliers will be separated in three 'sets of alike' entities taking in consideration the length of supply / delivery chain and risks related to identification of wood origin and legality:

1) Traders with logyards – the roundwood is delivered from the forest to logyards and eventually sorted and cut to length before transported up on the supply chain. The risk related to identification of wood origin and legality is considered high;

2) Traders without logyards – in general these suppliers deliver roundwood from roadside storages. The risk related to identification of wood origin and legality is considered low.

3) Forest Management Units (FMUs) - acting as third or fourth tier suppliers selling wood standing, or from roadside storages, or from logyards. The risk related to identification of wood origin and legality is considered low.

The first and second tier suppliers will be evaluated as traders with logyards with all risks related to this category.

Additional criteria for stratification and sampling of suppliers from each group will be applied including:

- Annual wood volume delivered to HS Group by a single supplier – priority in selection will have suppliers delivering higher wood volumes.

- Suppliers for which HS Group conducted audits vs. suppliers without audits; eventually suppliers at which CARs were identified vs. suppliers without CARs.

- FSC certification status of suppliers - FSC certified forests and FSC certified supply chains will be treated as lower risk.

Two stage sampling will be applied for second and their third tier suppliers respectively.

The sampling numbers (y) for second tier suppliers will be calculated as factor 0.8 of square root of the number of suppliers (x), rounded to the next whole number: $y=0.8\sqrt{x}$. Thus, the targeted sample is set as 3 suppliers from second tier.

The sampling numbers (y) for third tier suppliers will be calculated as factor 0.8 of square root of the number of suppliers (x), rounded to the next whole number: $y=0.8\sqrt{x}$. Thus, the targeted sample is set as 6 third tier suppliers and they will be distributed among the three 'sets of alike' entities based on the risks and the additional criteria described above. The selection of specific companies to be inspected within each set will be random giving consideration to the implications on achieving effectiveness, in terms of available time for travelling.

The verification at each supplier will be focused on:

- availability of procedures and their knowledge of staff;
- availability, awareness, and compliance to the commitments imposed by the Conditional Framework (e.g. in relation to Anti-Corruption, distribution of specific requirement in the supplier's up-stream supply chain);
- implementation of Due Diligence and CoC maintenance (including the supplier's up-stream supply chain).

6.3 Stakeholder consultation

For the Slovakia field verification FSC are managing a focused Stakeholder consultation and will pass relevant contacts and feedback to SA for actioning.

Stakeholder interviews are important means for collecting information on how HS Group implements imposed conditions for re-association therefore, they will be given a specific attention by the assessment team. Stakeholder consultation will be done either as a follow up to already received feedback from the consultation process initiated prior to the verification assessment or as an endeavor to find new relevant information. In the first instance, the purpose would be to seek further clarification or more detail to a concern that was already raised to facilitate the investigation process for this specific allegation.

For conducting the consultation the assessment team will follow the guidelines provided in ISO 19011:2011 and adapt the requirements for stakeholder consultation laid down in FSC standards (e.g. FSC-STD-20-006, FSC-STD-40-005) and internal procedures. Interviews will be carried out through face-to-face meetings (considerations will be made about keeping a social distancing in Covid-19 situation) or through personal contact by phone, which will be the preferred technique. Confidentiality of respondents will be guaranteed, and interviews will be held without the presence of HS Group employees. All feedback received will be recorded and added to the stakeholder consultation record already compiled by the remote team.

Interviews will be carried out during the on-site verification visits where possible, either face-to-face or by telephone.

7 Outputs from the On-site Verification

All audit evidence and findings from the assessment will be recorded in the Conditional Framework checklist. Stakeholder feedback received will be recorded in the Stakeholder Consultation Records and will also be considered for the respective conditions in the checklist.

The evidence will include reference to review of:

- documents (policies, procedures, reports, publications)
- website information
- records (paper or electronic)
- interviews of personnel, suppliers or other relevant people and stakeholders
- and any other relevant information obtained via audit techniques

for each criterion/condition, as applicable.

The assessment team will compile a single report, which includes the findings of each member.

Findings (non-conformities) will be graded as either **minor** or **major** as per the definitions below:

A non-conformity shall be considered minor if:

- a) it is a temporary lapse, or
- b) it is unusual/ non-systematic, or
- c) the impacts of the non-conformity are limited in their temporal and spatial scale, and
- d) it does not result in a fundamental failure to achieve the objective of the relevant FSC Criterion/Condition.

A non-conformity shall be considered major if, either alone or in combination with further non-conformities, it results in, or is likely to result in a fundamental failure:

- a) to achieve the objectives of the relevant FSC Criterion, or
- b) in a significant part of the applied management system.

NOTE: the cumulative impact of a number of minor non-conformities may represent a fundamental failure or total breakdown of a system and thus constitute a major nonconformity.

Fundamental failure is indicated by non-conformity which:

- a) continues over a long period of time, or
- b) is repeated or systematic, or
- c) affects a wide area and/or causes significant damage, or
- d) is indicated by the absence or a total breakdown of a system, or
- e) is not corrected or adequately responded to by the Organisation once identified.

An **observation** may be raised as a finding where there is seen to be conformance with the relevant FSC criterion/condition requirement, but there is a risk of future non-conformity if the Organisation takes no action to avoid it.

8 Restrictions for Conducting the On-site Verification

On-site verification will be carried out in the conditions of the Covid-19 pandemic with constantly changing situation and restrictions. This creates some uncertain environment for implementation of the task mainly with regards to the timeframe for the assessment or the methods used. In case strict restrictions are imposed (e.g. free movement within Slovakia or between countries is restricted), the assessment team is ready to carry out part or all of the (remaining) assessment remotely upon the agreement of involved parties.

The assessment team will observe all measures in relation to Covid-19 such as wearing personal protective masks, keeping social distancing of at least 2 m, taking Covid-19 tests if required for entry in Slovakia and observing all other measures imposed by respective Governments.

#	Breakdown of indicators for verification	Evidence and Audit evaluations	Compliance Y/N	CAR # - see findings sheet
2	2. Strengthening of its Due Diligence and Chain of Custody Systems			
	General conclusion on the compliance with the conditions of the second verification TOR:	<p>The desk assessment to evaluate supply chain risks of HS Timber Group's operations in Belarus and Poland, through an evaluation of the adequacy of HS Timber Groups Due Diligence Systems and Procedures for these two countries, concludes that the system is sufficient and is being effectively implemented.</p> <p>The onsite audit was to review, assess, identify and evaluate any potential risks across HS Timber Group's supply chains and operations (including its due diligence systems and processes and the organizations' compliance with Condition 2 of the FSC Conditions Framework) in Slovakia through an independent verification exercise combining remote audit methodologies and field visit verification. The conclusion is that the system is sufficient and is being effectively implemented</p> <p>HS therefore meets the overall requirements of Condition 2, subject to addressing the Findings highlighted below within the site and desk audit responses.</p>	Y	
2a	2a. Traceability of round wood			
	<p>HS has a robust timber tracking system in place which allows the tracking of the legal ownership of the entire quantity of round wood across its supply chains, from the forest to HS' mill gate of the primary processing site via unbroken chain of custody, and including any timber purchased from third parties.</p>	<p>Slovakia Tracking of the legal ownership of the roundwood in Slovakia is ensured by legally established national system of documents that shall be issued and available starting from logging activities up to final point of wood sale. Each domestic wood transport shall be accompanied by delivery note providing information about the place of loading and unloading and this is checked by the various state authorities. The system provides for unbroken chain of custody. HS supplies roundwood from Slovakia since 2018 exclusively by Lesy Alfa". Data for 2019, 2020 and 2021 is presented. The roundwood supply from the country is: 2019: 198 396 m3; 2020: 212 241 m3; up to 15.8.2021: 97177 m3. HS collects initial information about the supply chain and wood origin through suppliers' declarations annexed to the contracts between HS and first and second tier supplier. The information is updated periodically. The availability of documents to prove the wood origin is required by law and thus requested also by first and second tier suppliers. In accordance to HS' wood tracking system for Slovakia, the roundwood origin is verified during the annual third party audits. Most of the roundwood from Slovakia is delivered by train directly to the sawmills in Sebes and Recl. About 10% of the wood volumes are transported by truck to the sawmill in Sebes. The train loads are accompanied by international delivery notes (CIM) providing information about initial and final destination, seller and customer, dispatching company (second tier supplier) and list of wagons.</p> <p>Poland/Belarus - In both Poland and Belarus HS has up-to-date documented DDS & risk assessments, with related purchasing policies. The policy dictates which areas/forest types are to be avoided. The DDS system and risk assessments include information from FSC Controlled Wood risk assessments for each country, as well as information from other reliable sources. The vast majority of the purchases from Poland and Belarus are certified, either to FSC, or to PEFC. The first tier supplier, Lesy Alfa, has COC for both FSC and PEFC, and passes on the claims where applicable on sales and delivery documentation. (Lesy Alfa, is not involved in trade from Poland).</p> <p>There is a first tier supplier who in turn has second and third tier suppliers. During the remote audit contracts were chosen and by SA Cert as part of the sampling, and seen for the first tier supplier for purchasing from several sampled locations, e.g. Poland - Nadlesnictwo Zdroje; Nadlesnictwo Zlotoryja; PHU SJ-SOLO Jerzy Sekula; Firma Handlowo Uslugowa Drew-Bud Krzysztof Duch, and Belarus - Contract Numbr, KE/21002, order number - BE/2101001, supplier -Lesy Alfa SH . Origin and transport documentation was available for the chosen samples.</p> <p>Over and above the purchasing and checking operational control, HS maintain an audit programme through the SCCC which samples purchase and delivery according to risk, and reviews documentation on a regular basis.</p>	Y	
2a	The timber tracking system is capable of effectively tracking the legal ownership of the entire quantity of round wood from the mill gate of the primary processing site to its origin via unbroken chain of custody in a reliable manner.	<p>Slovakia According to the Information provided by HS, in 2021 wood-based products from Slovakia are delivered by 1 first tier supplier and 11 second tier suppliers (6 of which have 41 third tier suppliers). The third tier suppliers could be separated in three 'sets of alike' entities taking in consideration the length of supply / delivery chain and risks related to identification of wood origin and legality (see details in audit methodology). During the on-site audit the reliability and effectiveness of the timber tracking system was verified by random inspection of interconnected sets of timber delivery documents going through the supply chains of the first tier supplier and 3 main second tier suppliers delivering about 90% of the entire timber volume. In addition, certain timber deliveries were traced back to the respective forest compartments which were visited to verify in the field the wood harvesting. The verification process demonstrated that the management and maintenance of records and documentation by the audited suppliers appear reliable in terms of tracking of legal ownership throughout the supply chain. The inspected sample timber transport documents include information that allows tracking of legal ownership throughout the supply chain. In most of the cases the documents for transport of timber from roadside logyards indicate the stands from where the wood is harvested. During the audit of the third tier supplier Peter Klimek was observed that no information about the stands of origin is denoted in the sampled wood transport documents. The respective logging areas were verified by the audit team using the national online platform "Publicly Accessible Registers of the Forestry Information System (https://gis.nlcsk.org/)" as well as on the field. However, the lack of information about the stands of origin complicates OR information about the stands of origin will facilitate the further assessment of certain timber legality aspects. Obs 2021.12.</p> <p>Poland/Belarus - Information is available from the first tier supplier back to forest origin, and can be accessed at any time by HS. This was demonstrated during the remote audit when information was requested for samples chosen by the SA Cert Auditor.</p>	Y	Obs 2021.12
2a	The timber tracking system ensures that any documentation related to the round wood's origin can be obtained by HS at any time upon request across its supply chain.	<p>Slovakia: By signing the Supplier Declaration suppliers agree to maintain and provide any requested information and legal documents to prove the timber origin and to support second or third party audits at any time including audits of sub-suppliers. In 2021 HS contracted the company Silva-Pro to carry out third party audits of the HS' supply chain in Slovakia. Before 2021 this company has been contracted for the same services by Lesy Alfa (the first tier supplier of HS). Interviewed manager of Pro-Silva stated no issues with the access of information and documentation related to roundwood origin. During the on-site audit all requested relevant records and documentation were provided to Pro-Silva and SA auditors.</p> <p>Poland/Belarus - Information is available from the first tier supplier back to forest origin, and can be accessed at any time by HS. This was demonstrated during the remote audit when information was requested for samples chosen by the SA Cert Auditor.</p>	Y	

2a	The timber tracking system ensures that the round wood entering HS' mills of the primary processing site has not been sourced from those areas classified as non-harvesting areas.	<p>Slovakia: The territorial nature and landscape protection in Slovakia is regulated by the Nature and Landscape Protection Act (Act No. 543/2002). Five levels / categories of protection are specified. The extent of restrictions increases depending on the increase of the level of protection. If several types of protected areas with different levels of protection overlap in some territory the highest level of them is valid there. In general, the territories under Category 5 are excluded from harvesting and construction of forest roads and skidding trails is prohibited. Category 4 also imposes certain restrictions for harvesting (e.g. clear cuts are prohibited). By law, categorisation of forest lands in accordance to the Act No. 543/2002 shall be reflected in Forest Management Plans (FMPs) and planning and implementation of forest management activities shall comply with the respective provisions of the Act. Additional restrictions may be imposed by authorised nature protection bodies or their approval shall be searched for forestry activities in protected areas incl. Natura 2000.</p> <p>The CNRA for Slovakia prescribes specified risk for wood sourced from sites with protection levels 3-5 and NATURA 2000 areas under Bird Directive (2009/147/EC), where non-harvesting areas might be designated. The system of third party audits of supply chain is based on CNRA and inspections of the sampled suppliers pay due attention to compliance of harvesting activities with environmental regulations related to the protected areas including non-harvesting areas. Review of the third party audits methodology and reports as well as the witnessed audits performed by Pro-Silva auditor demonstrated that this aspect is duly assessed. To date no evidences of wood supply from non-harvesting areas are detected to enter the HS supply chain.</p> <p>Poland/Belarus - HS have denoted areas/forest types to be avoided when purchasing from Poland and Belarus. These are based on information from FSC Controlled Wood Risk Assessments, and other reliable sources which indicate geographical areas of concern. For example, as per the latest HS Country Report within the DDS, no timber is to be sourced from the Polish locations - "Specified Risk for Białowieża Forest (Browsk, Hajnówka, Białowieża FMUs) and Forest districts Bircza, Ustrzyki Dolne, Lesko, Komańcza, Baligród, Cisna, Lutowska, Stuposiany of Krosno Regional Directorate of State Forests" as identified in the FSC CNRA for Poland. For Belarus, HS mitigates biodiversity risk in their country report by stating "Risk related to biodiversity issues are mitigated by the following measures: <input checked="" type="checkbox"/>Purchase only certified material, where certification body verifies procedures related to biodiversity protection. <input checked="" type="checkbox"/>Verification of FM certificate reports if any corrective actions are issued related to biodiversity. <input checked="" type="checkbox"/>IUCN red list regional search to assess rare and endangered species in Belarus. <input checked="" type="checkbox"/>No input from Belarus NPs."</p>	Y	
2a	The System can ensure full traceability of the legal ownership of the round wood, minimizing the risks of illegal sources entering into its supply chains, and ensuring, as much as possible, that the round wood entering HS' supply chains has not been harvested/ purchased from illegal sources.	<p>Slovakia: The Corruption Perception Index (CPI) is used by the HS' DDS as threshold for classifying the countries as high or low risk in terms of wood supply. In 2020 the CPI of Slovakia dropped down to 49 making the country high risk. CNRA for Slovakia is used as a main source of information for defining specific risks related to illegal wood input within the HS supply chain. For 4 indicators from Category 1 "Illegally harvested wood", determined in the CNRA as specified risk, HS has defined and implements risk mitigation measures. The risk mitigation tools include media monitoring, investigation of illegal logging convictions of suppliers during legal background checks using public website finstat.sk, third party audits of suppliers focused on specified risks, etc. No evidences of round wood from illegal sources entering HS' supply chains were detected during the on-site SA audit or third party audits of suppliers.</p> <p>Poland/Belarus - HS practice of buying certified material within Poland and Belarus is a risk control against illegality, and within Belarus all the timber is purchased through the state-controlled timber trading system. In Poland and Belarus HS use risk ratings from the FSC CNRA and NepCon (preferred by nature) sourcing database and in addition other sources such as CPI/FAO/CITES/UICN and other official information.</p>	Y	
2a	The System includes adequate purchasing routines including due diligence imposed to traders which HS' engages in business with (in compliance with condition 1a.iv – explicitly the Supplier Code of Conduct and compliance with the Timber Sourcing Policy) for timber purchased from traders and assures the compliance by traders with the requirements of such purchasing routines.	<p>Slovakia: Confirmed that the Supplier Code of Conduct and Timber Sourcing Policy are integrated in the contracts with the first tier supplier Lesy Alfa and inspected second tier suppliers. The interviewed suppliers demonstrated awareness of the basic requirements of both documents and some of them stated that the information is transferred verbally to their sub-suppliers. As required for an adequate DDS, information is collected and available for all players in the HS' supply chain in Slovakia up to the FMUs of origin; the risk for entrance of illegal timber within the supply chain is assessed using the CNRA for Slovakia; and risk mitigation measures are defined and implemented (see details above).</p> <p>Poland/Belarus - The Supplier Code of Conduct and sourcing policy are integrated in the contracts with the first tier supplier Lesy Alfa and inspected second tier suppliers.</p>	Y	
2a	There is evidence available demonstrating that in those cases where a supplier has not been able to confirm the traceability of the legal ownership of all the round wood in its possession, HS has required the supplier either physical separation of the round wood or the use of alternative means to demonstrate the traceability of the round wood (up to physical tracing).	<p>Slovakia: No cases were reported by the interviewed managers of HS, Lesy Alfa and Silva-Pro of suppliers not able to provide evidences for legal ownership of the wood delivered to HS or documents demonstrating the wood traceability. No such cases were identified during the SA on-site audit.</p> <p>Poland/Belarus - There were no cases sampled from the 2021 purchase data set, or identified via interview with HS Staff in Germany or Romania where there was a case of lack of legal ownership evidence.</p>	Y	
2a	The results/records of the external audits to suppliers in relation to the inventory of logs in wood storage sites along the supply chain demonstrate that in those cases where non-compliances with the requirements of the purchasing routines have identified in relation to wood storage sites along the supply chain, effective measures have been taken to address and correct these.	<p>Slovakia: Review of the reports from third party audits carried out in 2020 of the suppliers with logyards showed that no non-compliances have been detected so far with the log inventory and requirements of the purchasing routines. Inspections of sample logyards during the SA on-site audit verified that the timber related records and documentation are kept up-to-date and the input round wood volumes are compatible with output volumes and existing stock.</p> <p>Poland/Belarus - There were no cases identified from the 2021 purchase data set, or via interview with HS staff, including Adrian Lucan of the SCCC department, where audit had revealed a non-compliance with the purchasing systems.</p>	Y	
2a	When HS purchases other timber products (E.g. wood chips) due diligence must confirm legal origin of the round wood from which these products were derived.	<p>Slovakia: No sourcing of wood chips, just small quantities (49m³) of sawn wood from Slovakia are delivered to HS factories in Romania. The due diligence system described above is also valid for sawnwood suppliers.</p> <p>Poland/Belarus - No sourcing of wood chips (just sawn wood purchases from Belarus).</p>	Y	
2b	2b. Verification of timber documentation			

2b	HS has an appropriate and effective system for the consultation and verification of documentation related to harvest, trade and transport in place (e.g. in Romania including, but not limited to: APV inventory, SUMAL system documentation, harvesting permits, documents related to forest management plans and official information related to the properties on which forestry activities have been suspended by Romanian authorities (such as Forest Guards)) which is implemented across all its operations, prior to any timber entering into its saw mills.	<p>Slovakia CNRA for Slovakia does not identify significant risks related to the absence, validity or legality of harvesting, trade and transport documentation that require additional consultation and verification (indicators 1.4, 1.8, 1.16, 1.17). Verification of documentation for the wood originated from Slovakia is performed by suppliers themselves and by HS within the requirements of the normal business practices. Detailed verification of sample harvesting, trade and transport documentation is carried out during the third party audits of HS' supply chain. No issues related to absence, validity or legality of documentation were identified during the review of third party audit reports and on-site SA audit or reported by the interviewed manager of Silva-Pro.</p> <p>Poland/Belarus - The systems for purchasing, delivery and checking were interrogated via Teams Video Link with staff present from the Kodersdorf sawmill in Germany who coordinate purchases from Poland. ALL Kodersdorf input from Poland is made by trucks. Belarus and Polish deliveries to Radauti are done by train. Sampling and interviewing included requesting and analysing train wagon delivery documentation, bill of lading and cross-border documentation. It was possible for the chosen samples to cross-reference successfully the origin with the certification status, and the related documentation suite via order/purchase numbers, contract references and/or wagon numbers.</p> <p>When deliveries arrive at the destination sawmills the documentation is checked and entered into the HS database system. In order to double check this system, the SA Cert auditor requested the raw data for all purchases for 2021 from both Poland and Belarus, as there were small numbers deliveries showing "other material" in the Certification status columns of the sample data. Analysis of the raw data revealed that there were small numbers where the certification status of the delivered material had been wrongly keyed into the HS database due to keystroke errors. The keystroke error is applicable in case of Belarus input, it appeared as 100% other material in the system although it was certified. Kodersdorf input was intentionally downgrading, not an error. If certification information is not available at the reception the material is accounted as "other" by the reception staff. This meant that certified material had been down-graded on entry to the sawmills. There was no evidence that the material was controversial, and no impact on the sawmill COC control systems. See OBS 2021.13.</p>	Y	OBS 2021.13
2b	This verification system must be part of the risk management program (1b.iii) (in line with the scale, intensity and risk approach)	The systems in place as part of the second verification are part of the overall HS Timber purchasing and Risk Management systems seen at the first verification.	Y	
2b	Such system provides a thorough verification of documentation related to harvest, trade and transport, ensuring that all legally required documents are in place and have been issued by the relevant authorities;	Slovakia, Poland and Belarus - See responses above.	Y	
2b	Documentation verification has been conducted by HS following this system, and a summary of the results of this verification have been published;	Slovakia, Poland and Belarus - See responses above. The country reports have been prepared and updated for 2021.	Y	
2b	There is evidence demonstrating HS conducts random sampling auditing of documents and are issued by the relevant authorities;	<p>Slovakia In 2021 following the decrease of CPI for Slovakia to under 50 the country is considered by HS as high risk for wood supply. A methodology is developed for sampling auditing of suppliers and wood transaction by the contracted company Silva-Pro. The principle of selecting a sample of sub-suppliers for physical inspection is based on the assumption of evaluating all sub-suppliers at least once within 5 years. Procedure of physical audits is based on random selection of specific deliveries in a selected time period, while the course of individual audits is spread evenly over the calendar year. The number of sample transactions to be audited are calculated using the formula $0.8 \cdot \sqrt{N}$ (N is number of deliveries). In 2020 within the framework of contract with Lesy Alfa the company Silva-Pro has carried out third party audits of 3 main second tier suppliers from Slovakia delivering about 90% of the entire timber volume. The audits involved also random sampling auditing of timber harvesting and transport documents. The audit results are documented in reports provided also to SA.</p> <p>Poland/Belarus - The latest version (May 2021) of the SCCC Manual describes the risk management and audit approach for all supply country, and related to risk, which is turn is mitigated by certification status of the material and the supply chain. This is laid out in detail in Table 5.2 on page 17. For Poland, as all material is certified, there is no automatic audit as the material is considered low risk. For Belarus, the need for an audit depends on the certification status of the supply chain. Post-delivery random audit of the supply data is still conducted, but this could be subject to an opportunity for improvement, see OBS 13.</p>	Y	OBS 2021.13
2b	During the document verification process special attention is given to sanitary and salvage cuttings to ensure that such harvesting permits are not misused and that its issuance is in line with its purpose. Special attention is also given during the verification of transportation documents for other timber products (E.g. wood chips).	<p>This row/indicators was originally intended to address specific situations within Romania/Ukraine.</p> <p>Slovakia - There were no issues found to contradict the legislative requirements covering sanitary fellings or salvage cuttings.</p> <p>Poland/Belarus - In Belarus the risks associated with FM management are mitigated by only purchasing certified material, and by checking Certification reports for any biodiversity issues. In Poland legislative and/or biodiversity risks are managed via either excluding known risk areas from purchasing, or by checking certification status and certification reports for known risks. None of the sampled purchases involved sanitary or salvage felling.</p>	Y	
2b	There is evidence demonstrating that non-compliances identified through HS' random sampling auditing of documentation have been addressed and corrected as needed.	<p>Slovakia: Review of the reports from third party audits of suppliers carried out in 2020 showed that no non-compliances related to wood harvesting and transport documentation have been detected.</p> <p>Poland/Belarus - SCCC audits were not sampled for Poland or Belarus (see detail on procedure above). There were small data issues identified within the raw data set requested and given to SA Cert, but this related to voluntary downgrading of certification status, or errors in keystroke when entering certification status at delivery destinations. See OBS 13. Much of the data entry error issues were confined to the beginning of 2021 when a new system was being introduced at the Kodersdorf sawmill.</p>	Y	OBS 2021.13

2b.i	i. The ownership of the land from which the trees are harvested is legally clarified or if under dispute in court, forestry activities have not been suspended by Romanian authorities at the time of harvesting;			
2b.i	HS has a sourcing policy in place that clearly excludes sourcing and trading with material from forest land disputed in court in those cases when the court has decided for the suspension of the operations. Guidance: The term "clearly excludes" refers to the FSC CNRA for Romania as the risk catalogue.	<p>Slovakia: The land tenure and management rights in Slovakia are assessed as low risk by CNRA. As additional risk mitigation measure HS is monitoring the publicly available online information about eventual court cases related to their suppliers. HS does not only use the publicly available section of finstat.sk but has specific/restricted access to all Slovakian court cases back to 10 years. To date no claims from third parties to HS suppliers related to tenure and use rights are detected.</p> <p>Poland/Belarus - The sourcing policy, country risk assessments and purchasing in practice is designed to minimise any risks in this regard. Evidence was seen, and during interview HS personnel were able to explain that the surveillance of the situation in each country is dynamic, for example within the Poland country report details are included on suspended FSC FM areas.</p>	Y	
2b.ii	ii. Forest management plans authorizations (including those issued by the necessary environmental authorities) and their compliance with PA management plans; timber is not sourced/purchased from non-harvesting areas.			
2b.ii	HS documentation verification system mitigates the risk of round wood entering into HS' operations is not sourced from forest land for which the related forest management plans do not have all the necessary authorizations (including those issued by the necessary environmental authorities).	<p>Slovakia Forest Management Plans (FMP) valid for 10 years are mandatory for all forests in Slovakia. FMPs shall be approved by the regional state forest authorities under the Ministry of Agriculture and Rural Development, which are also responsible for ensuring compliance of forest management with management planning documents. In CNRA for Slovakia the risk related to management and harvesting planning (1.3) is evaluated as low and as such is not subject of assessment and mitigation by HS.</p> <p>Poland/Belarus - In both Poland and Belarus the country reports specify areas where sourcing does not take place, including e.g. National Parks in Belarus, and the Białowieża Forest (Browsk, Hajnówka, Białowieża FMUs) and Forest districts Bircza, Ustrzyki Dolne, Lesko, Komańcza, Baligród, Cisna, Lutowska, Stuposiany of Krosno Regional Directorate of State Forests. These controls relate to known biodiversity risks. The majority of the sourcing is from certified forests, where the certification status is used as a risk mitigation and third party certification body reports are available to determine management plan status. For any areas where there are concerns over any corrective actions issued by Certification Bodies, HS analyses the Certification reports to determine any specific issues including the temporary suspension FSC certification of LODZ regional directorate."</p>	Y	
2b.ii	Publicly available summary of the results from the documentation verification conducted by HS demonstrate that HS has consulted and verified that for those areas classified as protected areas under the national legislation the fact that forest management plans are in agreement with the protected areas' management plan has been officially acknowledged by the environment authorities (E.g. in Romania by the Environmental Protection Agency).	<p>Slovakia According to Forest Act 326/2005, the state forestry administration shall notify the concerned state administration bodies (incl. the nature protection body) that they may inspect the forest management plan and to invite them to submit comments on the management plan and requirements for elaboration of instructions. The statement of the nature protection body is binding for the state forestry administration by a special regulation (Act No. 543/2002 Coll. on Nature and Landscape Protection). In terms of forestry the environmental authorities (e.g. State Nature Conservancy (SOP)) are entitled to prescribe measures related to the management of protected areas. These measures are mandatory for forest managers and in this regard are considered part of forest management planning. By law sanitary felling in forests within categories of protection 3 - 5 shall be approved by the regional SOP structures. Forest managers planning sanitary felling in such areas shall send written request for approval to SOP and normally the request shall be responded within 10 days (in certain cases this period might be extended up to 6 months). Sanitary felling with estimated timber volumes up to 15% of the yield planned in the FMP for the respective forest stands might be exempted from SOP approval. Compliance of logging activities with environmental regulations is verified during the third party audits of HS suppliers. The witnessed audits of Silva-Pro confirmed that a system for such verifications is in place and implemented. E.g. the audited supplier Lesne hospodarstvo Cierny vrch s.r.o (FMU) was requested to provide the documented prescriptions issued by SOP for management of stands within a Natura 2000 site (CHKOSV/209/16 / 15.5.2016) and the compliance with the prescriptions was checked. Requests for performance of sanitary felling in the National Park High Tatras (Vysoke Tatry) and approvals by SOP are inspected by SA audit team at SL Tanap Javorina (FMU). To date no non-compliances with the environmental provisions are identified by third party and SA on-site audits of HS suppliers.</p> <p>Poland/Belarus - There is no consultation undertaken for sourcing from Poland or Belarus. HS utilises a dynamic approach to analysing certification status and any FSC, PEFC or Government official outputs which would lead to a re-analysis of risk, e.g. FSC FM certificates suspended, changes in notes of concern over geographical areas and/or sourcing. In Poland FSC CNRA high risk is implemented as a ban (excluded from sourcing instead of risk mitigation). In Belarus CNRA indicates biodiversity risk but this is valid only for not FSC certified areas if there is any. HS monitors certification status and requests regular verification – also media monitoring is applied to collect info of suspension of FSC certification status (evidenced in case of Lodz PL).</p>	Y	
2b.ii	No substantial evidence is in place that HS has sourced or purchased round timber from those areas classified as non-harvesting areas by the legislation of the country (See note provided in 1aii).	<p>Slovakia Logging in areas classified as non-harvesting areas by the legislation is not outlined as specified risk in the CNRA for Slovakia. No evidences are identified or reported for HS round timber supply from such areas in Slovakia.</p> <p>Poland/Belarus - There is no evidence within the country reports, sampled purchases, and raw data sets for Poland and Belarus to suggest that HS has sourced any timber during 2021 from "non-harvesting areas".</p>	Y	
2b.ii	There is evidence available demonstrating that prevention measures for virgin forests and potential virgin forests established by Ministerial Order no. 2525/2016 have been followed by HS.	<p>Not applicable for Slovakia.</p> <p>Poland/Belarus - Not applicable.</p>	Y	
2c	2c. Correction of errors in timber documentation			
2c	HS has an effective system to identify and register errors and non-compliances found in harvest and transport documentation and to correct such errors prior for timber volumes related to the errors to enter HS' operations.	<p>HS - there is a comprehensive management and audit system in place for identifying issues, as per the first verification exercise evidence and report.</p> <p>Slovakia: No cases of errors in timber documentation were identified during on site audit or reported by HS managers.</p> <p>Poland/Belarus - Some data entry errors were detected at a very low level in the raw data set, see OBS 13. No issues were identified in the sampled documentation from the chosen purchase sample sets.</p>	Y	OBS 2021.13

2c	Registers of the identified errors, and the names of individuals responsible for correcting them are available.	<p>HS - there is a comprehensive management and audit system in place for identifying issues, as per the first verification exercise evidence and report.</p> <p>Slovakia: No cases of errors in timber documentation were identified during on site audit or reported by HS managers.</p> <p>Poland/Belarus - Some data entry errors were detected at a very low level in the raw data set, see OBS 13. No issues were identified in the sampled documentation from the chosen purchase sample sets.</p>	Y	OBS 2021.13
2c	Records of the identified errors show that timber volumes related to the identified errors have not entered HS' production, until the identified errors have been corrected and/or eliminated.	<p>HS - there is a comprehensive management and audit system in place for identifying issues, as per the first verification exercise evidence and report.</p> <p>Slovakia: No cases of errors in timber documentation were identified during on site audit or reported by HS managers.</p>	Y	OBS 2021.13
2c	There is evidence demonstrating that the information related to the identified errors has been analysed and used for the improvement of its DDS and to strengthen the risk assessment of its suppliers.	<p>HS - there is a comprehensive management and audit system in place for identifying issues, as per the first verification exercise evidence and report.</p> <p>Slovakia: No cases of errors in timber documentation were identified during on site audit or reported by HS managers.</p> <p>Poland/Belarus - Some data entry errors were detected at a very low level in the raw data set, see OBS 13. No issues were identified in the sampled documentation from the chosen purchase sample sets.</p>	Y	OBS 2021.13
2c	The system provides effective mitigation measures for those situations in which errors have been detected.	<p>HS - there is a comprehensive management and audit system in place for identifying issues, as per the first verification exercise evidence and report.</p> <p>Slovakia: No cases of errors in timber documentation were identified during on site audit or reported by HS managers.</p> <p>Poland/Belarus - Some data entry errors were detected at a very low level in the raw data set, see OBS 13. No issues were identified in the sampled documentation from the chosen purchase sample sets.</p>	Y	OBS 2021.13
2d	2d. Accounting of movement of wood materials			
2d	Documentation records (such as waybills, consumption bills and records mandatory under the applicable legislation) show that all wood materials between entities inside HS' mills and between mills and associated entities have been correctly accounted for and correctly classified.	<p>Not applicable for Slovakia</p> <p>Poland/Belarus - Not applicable</p>	Y	
2d	Reports of these movements are kept and made available for random audits.	<p>Not applicable for Slovakia</p> <p>Poland/Belarus - Not applicable</p>	Y	
2e	2e. System for addressing stakeholder input			
2e	HS' has a system to welcome, receive, record and address stakeholder input in relation to its operations and systems in line with FSC values for stakeholder engagement by: o Providing a public easily accessible platform through which stakeholders can provide input related to HS operations, without restrictions; o Describing in a documented publicly available procedure how stakeholder input is addressed (stakeholder engagement protocol); o Considering, addressing and recording all stakeholder input received; o Providing timely responses to stakeholders related to their concerns when needed; o Ensuring that stakeholder input is considered, and integrated when appropriate, for the improvement of its overall systems and operations; o Is in line with condition 1bi above.	<p>HS has a comprehensive Stakeholder consultation and feedback process, which was examined in detail at the first verification. This would also operate as needed in the sourcing countries relevant to the second verification. Details are available on the HS website.</p>	Y	

2e	Documented evidence demonstrating that the system is implemented as above is in place.	HS has a comprehensive Stakeholder consultation and feedback process, which was examined in detail at the first verification. This would also operate as needed in the sourcing countries relevant to the second verification. Details are available on the HS website.			Y
2fi	2fi. Refraining from doing business with convicted entities				
2fi	HS has robust and effective system/procedures in place, which have been independently verified by a third party confirming that through such system/procedures HS (its affiliates or subsidiaries) consistently stop doing business with individuals/companies/entities which have been convicted regardless of the place of residence or nationality for any offence related to illegal timber trading and/or illegal harvesting and/or fraud and/or corruption related to business with forest land, timber harvesting and trade.	<p>Slovakia The same system as described for Romania and Ukraine is applied in Slovakia. According to interviewed HS managers and a sample check, to date the legal verification of suppliers and media monitoring didn't outline individuals/ companies/entities in Slovakia supplying wood to HS, which have been convicted for offences related to illegal timber trading and/or illegal logging and/or fraud and/or corruption related to business with forest land, timber harvesting and trade.</p> <p>Poland/Belarus - As for Slovakia above.</p>			Y
2fi	Records of the implementation if this system/procedures confirm that there is evidence of cases in which HS has identified a risk of having a business association with an organization/ individual convicted in a relevant offence and has stopped all business relations with such individual/organization as a consequence.	<p>Slovakia See above. No evidence of non-conformity found.</p> <p>Poland/Belarus - See above. No evidence of non-conformity found.</p>			Y
2fi	Where such risk is identified, HS ensures such material does not enter the supply chain.	<p>Slovakia See above. No evidence of non-conformity found.</p> <p>Poland/Belarus - See above. No evidence of non-conformity found.</p>			Y
2fi	An updated list of all companies/entities HS engages in business with, in the context of forest land, timber harvesting and trade is maintained and published by HS and made accessible for the third-party verifier and any other external auditor (e.g. for certification).	<p>Slovakia See above. No evidence of non-conformity found.</p> <p>Poland/Belarus - See above. No evidence of non-conformity found.</p>			Y
2fi	The decision to stop doing business with individuals or companies will be based on public information available such as the public portal provided by the Ministry of Justice of the country.	<p>Slovakia See above. No evidence of non-conformity found.</p> <p>Poland/Belarus - See above. No evidence of non-conformity found.</p>			Y

2f.ii	2f.ii. Monitoring and evaluation of risks of doing business with its partners			
2f.ii	A system is in place for HS to monitor and evaluate risks of doing business with its partners and considers suspension or termination of operations with those organizations or individuals sent to trial and/or court for offences related to illegal timber trading and/ or illegal harvesting and fraud and corruption related to business with forest land, timber harvesting and trade.	Slovakia The same system as described for Romania and Ukraine is applied in Slovakia. According to interviewed HS managers, to date the legal verification of suppliers and media monitoring didn't outline individuals/ companies/entities in Slovakia supplying wood to HS, which have been convicted for offences related to illegal timber logging and/or fraud and/or corruption related to business with forest land, timber harvesting and trade. Poland/Belarus - As for Slovakia.		Y
2f.ii	Records of the implementation if this system/ procedure confirm that there is evidence of cases in which HS has evaluated the risk of having a business association with an organization/ individual sent to trial and/or court for any offence related to illegal timber trading and/ or illegal harvesting and fraud and corruption related to business with forest land, timber harvesting and trade, that HS has considered the suspension or termination of the operations with such individual/organization as a consequence.	Slovakia See above Poland/Belarus - see above		Y
2f.ii	An updated list of all companies/entities HS engages in business with, in the context of forest land, timber harvesting and trade, is maintained by HS and made accessible for the third party verifier and any other external auditor (e.g. for certification). This list shall be updated on a quarterly basis.	Slovakia See above Poland/Belarus - see above		Y
2g	2g. Internal auditing of DD and CoC systems			
2g	Documented records demonstrate that HS conducts internal auditing of its DD and CoC systems at least every six months, to evaluate and monitor its systems in terms of their effectiveness, appropriateness and compliance with all sub conditions under FSC condition 2.	Slovakia - This is captured by the wider HS Risk Management system, as described in the initial verification, and in the HS country report for Slovakia. Poland/Belarus - Poland and Belarus are audited according to risk, as described in the latest edition of the SCCC Manual. No internal audit records were reviewed for Poland or Belarus at this audit.		Y
2g	Documented records demonstrate its DDS and CoC systems have been reviewed to address the findings resulting from internal auditing.	Slovakia - This is captured by the wider HS Risk Management system, as described in the initial verification, and in the HS country report for Slovakia. Poland/Belarus - Poland and Belarus are audited according to risk, as described in the latest edition of the SCCC Manual. No internal audit records were reviewed for Poland or Belarus at this audit.		Y
2h	2h. External auditing of DDS and CoC systems			
2h	HS' DD and CoC systems are audited regularly (at least on an annual basis) by one or more independent external entities (free of conflict of interest) to ensure the systems' compliance with all aspects under FSC condition(also by sectoral audits).	Slovakia - This is captured by the wider HS Risk Management system, as described in the initial verification, and in the country report for Slovakia. Poland/Belarus - This is captured by the wider HS Risk Management system, as described in the initial verification.		Y
2h	The result of such audits shall be satisfactory (in terms of not having identified significant non-compliances in HS's systems in relation to FSC's Condition 2 or have been verified to address corrective actions);	Slovakia - This is captured by the wider HS Risk Management system, as described in the initial verification, and in the country report for Slovakia. Poland/Belarus - This is captured by the wider HS Risk Management system, as described in the initial verification.		Y
2h.i	i. Stakeholders' input into the auditing process.			
2h.i	Stakeholders' input has been duly considered during the auditing process and record of it is kept.	As above (2e) and on company website (https://hs.at/en/responsibility/a-responsible-supply-chain/supply-chain-control-report) the company presents details of all audit findings in the Supply Chain Report 2019, with reference to the auditing company and details of the Findings. For the second verification the Stakeholder consultation process was managed directly by FSC International.		Y

2h.ii	ii. Public summary of the audit findings shared with the relevant stakeholders.			
2h.ii	A public summary of the audit findings is in place which includes the following information: - The name of the auditing company who conducted the audit; - The audit findings (including any identified non-compliances with conditions 2a -2g above); - Other relevant information.	As above (2e) and on company website (https://hs.at/en/responsibility/a-responsible-supply-chain/supply-chain-control-report) the company presents details of all audit findings in the Supply Chain Report 2019, with reference to the auditing company and details of the Findings.	Y	
2h.ii	The public summary of the audit findings is shared with the relevant stakeholders, including (but not limited to) those involved in the process.	As above (2e) and on company website (https://hs.at/en/responsibility/a-responsible-supply-chain/supply-chain-control-report) the company presents details of all audit findings in the Supply Chain Report 2019, with reference to the auditing company and details of the Findings.	Y	

4 Findings

On the basis of the audit findings recorded on this report, and following discussion with HS and FSC, SA Certification proposes:

Guidance for auditors: Hide one of the two rows below leaving the option visible that is applicable to this audit

1. Recommend HS for Reassociation subject to the findings below:

Condition/ Pre-condition/ Observation number	SA REF:	FSC [®] Condition Framework refs:	Non-compliance (or potential non-compliance for an Observation)	Minor/ Major/ Obs	Request for Corrective Action	Deadline	Status (Open/ Closed)	Date and Evidence
Slovakia, Poland and Belarus Secind Verification								
SA OBS 12	SA OBS 2021.12	2a. (3b Tab row 6)	Traceability of round wood - Slovakian Suppliers The inspected sample timber transport documents include information that allows tracking of legal ownership throughout the supply chain. In most of the cases the documents for transport of timber from roadside logyards indicate the stands from where the wood is harvested. However in one audited location case this information is not denoted in delivery notes thus complicating further assessment of certain timber legality aspects.	Observation	The Company should ensure that the delivery documentation from all suppliers includes the forest origin detail.	not applicable, observation only	Open	
SA OBS 13	SA OBS 2021.13	2b (3b Tab row 15)	When deliveries arrive at the destination sawmills the documentation is checked and entered into the HS database system. In order to double check this system, the SA Cert auditor requested the raw data for all purchases for 2021 from both Poland and Belarus, as there were small numbers deliveries showing "other material" in the Certification status columns of the sample data. Analysis of the raw data revealed that there were small numbers where the certification status of the delivered material had been wrongly keyed into the HS database due to keystroke errors. The keystroke error is applicable in case of Belarus input, it appeared as 100% other material in the system although it was certified. Kodersdorf input was intentionally downgrading, not an error. If certification information is not available at the reception the material is accounted as "other" by the reception staff. This meant that certified material had been down-graded on entry to the sawmills. There was no evidence that the material was controversial, and no impact on the sawmill COC control systems.	Observation	The Company may wish to use the raw data dump facility to carry out periodic review for "exception reporting" so that any data entry errors are identified.	not applicable, observation only	Open	

GLOSSARY

Abbreviations

AL	Adrian Lucan
ANANP	National Agency for Natural Protected Areas
APM	Environmental Protection Agency
APV	Harvesting volume estimate (Act de punere in valoare)
BUC	HS Office in Bucharest
CAR	Corrective Action Request
COC	Chain of Custody
COM	HS Site in Comanesti
CSR	Corporate Social Responsibility
DDS	Due Diligence System
EIA	Environmental Investigation Agency
EUTR	European Union Timber Regulation
FM	Forest Management
FMP	Forest Management Plan (Amenajament)
FMU/OS	Forest Management Unit/Ocol Silvic
FSC®	Forest Stewardship Council®
GIS	Geographical Information System
GPS	Geographical Positioning System
H&S	Health and Safety
ILO	International Labour Organisation
MB	Michael Bye
MoENRU	Ministry of Environment and Natural Resources
MPH	Michael Proschek-Hauptmann
NGO	Non-governmental organization
NTFP	Non Timber Forest Product
PEFC	Programme for the Endorsement of Forest Certification
PIN MATRA	Project for Virgin Forests in Romania
PPE	Personal Protective Equipment
RAD	HS Site in Radauti
REC	HS Site in Reci
RS	Rob Shaw
SCR	Supply Chain Report
SEB	HS Site in Sebes
SFRAU	State Forest Resources Agency of Ukraine
SCCC	Supply Chain Control and Certification Department
SIR	HS Site in Siret
SUMAL	National database of harvesting areas and wood transport documents
UP	Production Unit (Unitate de Productie)
u.a.	Subcompartment (unitate amenajistica)
WWF	World Wide Fund for Nature