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| **Second verification FAQs** |
| **1** | **Why was the second verification needed?** | Following the first independent verification and its consideration by the FSC Board of Directors, Soil Association Certification Limited (SA Cert) was instructed to carry out a second independent third-party verification of HS Timber Group against section 2 of the FSC [“Conditions Framework”](https://fsc.org/sites/default/files/2019-06/FSC%20Conditions%20Framework_%20Final_April%202018.pdf). The scope of this second verification was targeted at supply chains in Slovakia, Poland and Belarus. The second verification was considered necessary due to concerns raised by stakeholders during the first verification about HS’ purchasing activity within Poland, Belarus and Slovakia, and risks known to be present in these countries. FSC carried out its own internal assessment of risk from these countries before instructing a remote assessment for Poland and Belarus, and an onsite assessment for Slovakia. |
| **2** | **What was the methodology followed by SA Cert in the second independent verification?** | SA Cert developed an auditing methodology within the scope provided by FSC, and the Conditions Framework, which was approved by FSC prior to implementation. The methodology used a combination of a UK-based auditor carrying out remote documentation review for Polish and Belarus supply chains including video interviewing, and another audit team in Slovakia carrying out on-site auditing by sampling of HS’ Slovak suppliers, and related forest harvesting sites.The on-site audit in Slovakia involved sampling and interviewing the first tier supplier, and a range of second and third tier suppliers. The audit included visits to suppliers, logyards, and forests from where material had been procured in 2021.The onsite audit in Slovakia was based upon an analysis of the HS supply chain first and second/third tier suppliers and geographical origin of the supplies. A risk-based approach was used to determine which suppliers to audit. HS Group sources in Slovakia from 1 first tier supplier, which in turn has 11 second tier suppliers - 6 of which have 41 third tier suppliers. Many of the second and third tier suppliers hold FSC Forest Management (FM) and/or FSC Chain of Custody (COC) and/or PEFC COC certification. Nearly 80% of all 2021 delivered volume came from one second tier supplier who holds both FSC and PEFC COC certificates, the remaining 13% from uncertified suppliers. The first tier supplier in Slovakia and 9 second/third tier suppliers were audited over 4 days in August 2021. The audit included visits to forests, logyards and interviews with a range of Managers and Forest Managers involved in the supply chains.The remote auditor was given access to the full procurement data sets for Poland and Belarus for 2021. For both on-site and remote, samples of purchases, including contractual and delivery documentation was audited to check origin, certification status, due diligence application and compliance with HS internal policies and procedures.Full details of the methodology are described in the public summary of the independent verification report which can be accessed [here](https://fsc.org/en/unacceptable-activities/cases/holzindustrie-schweighofer). |
| **3** | **What expertise did SA Cert have in the second verification?** | SA Cert used one of the same experienced Forest Management and Chain of Custody Auditors from the initial verification, for the Slovakian on-site audit, together with an independent translator. The remote auditing was done by a UK-based experienced Forest Management and Chain of Custody Auditor who also had taken part in the initial verification.  |
| **4** | **What is the degree of complexity of HS’ supply chain in Slovakia?** | HS Group sources in Slovakia from 1 first-tier supplier, which in turn has 11 second tier suppliers. Many of the second and third tier suppliers hold FSC Forest Management and/or FSC Chain of Custody and/or PEFC Chain of Custody certification. Nearly 80% of all 2021 delivered volume came from one second tier supplier which holds both FSC (including FSC Controlled Wood) and PEFC COC certification. Forest management plan maps are publicly available at sub-compartment level where status of the sub-compartment (e.g., ownership, age, location) is available (See [here](http://gis.nlcsk.org/lgis/)).Due to a change in the National legal framework, all sanitary harvesting activities have to be approved by Slovakian national Nature Protection Agency. HS was seen in the on-site audit to be following the required legislation. |
| **5** | **What is the situation with National Parks in Slovakia?** | Management plans of the National Parks in Slovakia are publicly available. All HS documentation concerning harvested timber transport originating from National Parks in Slovakia is publicly available at the Tanapu State Forests website [here](lesytanap.sk). HS Timber Sourcing Policy in Slovakia is not to exclude timber from National Parks, with the exception of the Vihorlat area, were seen to be following relevant legislation and regulations.During the on-site verification, the most relevant National Park in Slovakia was visited (office and field visits were covered). The main concern related to the management of this National Park relates to issues concerning bark beetle. |
| **6** | **What were the key positive outcomes from the second verification?** | The on-site Slovak audit, and the remote audit of the Polish and Belarus supply chains demonstrated that HS have comprehensive risk management and due diligence systems which minimise the risk of sourcing illegal or controversial timber. SA Cert found good compliance with the FSC Conditions Framework.No additional non-compliances were identified with the assessed requirements of section 2 of the FSC Conditions Framework during this assessment. HS Timber Group were able to demonstrate good control of purchasing and supply chain management in Poland, Belarus and Slovakia. This is achieved by HS through a combination of:* implementing its corporate procurement policy, supplier code of conduct, supplier contracts, and audits where applicable;
* sourcing only certified material where possible;
* avoiding areas of concern which have a geographical basis, e.g. Białowieża region in Poland;
* assessing and managing risk using external sources of information, e.g. FSC Controlled Wood Risk Assessments, supplier intelligence, credible third party information, and legal checks;
* monitoring biodiversity issues in each country, including Forest Management Certification reports.
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| **7** | **What are the formal findings of the second verification?** | There were no formal findings, but two ‘observations’ were raised in the second verification. Observations are items raised by the auditor which identify opportunities for improvement, or issues to watch, but do not constitute non-conformances with regard to the Conditions Framework. * The first Observation related to a small number of keystroke data-entry errors within the full purchase data set for Poland and Belarus. This involved material which had been recorded as uncertified when in fact it was certified, but the material was managed appropriately through the HS Due Diligence System and Chain of Custody systems. SA Cert identified an opportunity for improvement by analysing the full data sets for exception reports.
* The second Observation related to a single incidence in Slovakia where documentation from the forest of origin did not include information to identify it at the compartment/stand level.
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| **8** | **How were the findings from the previous verification addressed?** | The 4 Minor Corrective Actions raised in the first verification related to:* Incomplete roll out of Training for the Code of Conduct and Mission Statement.
* Limited documentation and implementation issues with supply chain auditing
* Documentation improvements relating to Due Diligence systems as applied in the Ukrainian supply chains.
* A lack of a centralized system for registration of any identified errors in the incoming transport documentation for sawn wood and wood panels products in the HS’ processing sites in Comanesti and Siret – this finding was successfully closed before the end of the verification process.

All three of the remaining open findings were successfully closed out by HS and verified by SA Cert during the remote auditing –* Training records were available to demonstrate that the Code of Conduct training was completed.
* Evidence on the supply-chain auditing demonstrated that internal procedures had been reviewed and improved; the software systems used for auditing had been further improved and integrated, and the auditors had received training on the use of the new systems.
* Evidence on the Ukranian due diligence and auditing systems demonstrated that extra detail had been added to audit checklists and processes to incorporate the risks previously identified.

It should be noted that the recent FSC Risk Assessment for Romania specifies and considers the risks of wood not covered by legal harvesting and transport documents entering the HS’ supply chains through suppliers delivering saw logs via log yards. |
| **9** | **What stakeholder consultation process took place and what feedback was received?** | A targeted stakeholder consultation process was undertaken directly by FSC concurrently and ran for 6 weeks. The objective of the consultation was to gather information on the stakeholder perceptions about HS Timber Group’s operations in Slovakia, in the context of the FSC Roadmap implementation (and beyond). Stakeholders were chosen to include those who had expressed concerns or submitted comments for the first verification, and other key stakeholders within Slovakia (and beyond) following inputs from HS Group.There were no Stakeholder comments received as a result of the consultation. |