

## FSC places the Schweighofer Group on probation for disassociation

**Bonn, Germany (7 December, 2016)** - The Forest Stewardship Council (FSC) has decided to place the Schweighofer Group on probation for possible disassociation for involvement in irregularities and illegalities in its timber trade operations and in illegal logging by its Romanian forest land enterprise.

Under probation, the Schweighofer Group is required to meet a number of conditions prior to the next meeting of the FSC International Board of Directors to be held from 7<sup>th</sup> to 10<sup>th</sup> February 2017. If the group fails to do so, the board will then decide for disassociation.

FSC firmly believes that this decision is the most effective way to ensure that the Schweighofer Group engages in actions to fully address any involvement in irregularities and illegalities in its timber trade operations and in illegal logging by its Romanian forest enterprise.

The decision was based on a report by an independent complaints panel appointed in March 2016 that has conducted an in-depth investigation of the allegations against Schweighofer Group's forestry related business operations in Romania raised in a Policy for Association complaint by WWF Germany against the group.

As a result of the investigation, the complaints panel reported that there is 'clear and convincing evidence<sup>1</sup>' that the Schweighofer Group has been involved in significant irregularities and illegalities in its timber trade operations in Romania, and in the harvesting of timber from forest land that was purchased under a dubious legal framework. The investigation led the complaints panel to conclude that the Schweighofer Group has violated the Policy for Association by its ongoing involvement over an extended period of time in illegal logging and the trade of illegal timber.

At the same time, FSC acknowledges that there are important issues related to legality and sustainability in the Romanian forest sector. Finding solutions to these issues requires joint efforts by industry and civil society in the country, and FSC is keen to explore how it can play a constructive role as a robust certification scheme and a dialogue platform in helping stakeholders find long-term solutions to these identified challenges.

<sup>1</sup> *Clear and convincing evidence:* the evidence available to the complaints panel must be substantially more probable to be true than not. The complaints panel has a firm conviction that the defendant is responsible for a violation of the Policy for Association. (As defined in the 'Standard of certainty' in the FSC procedure "<u>Processing Policy for Association Complaints in the FSC Certification Scheme</u>" FSC-PRO-01-009)

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Engaging in a constructive dialogue in Romania also means working to ensure that forestry companies such as the Schweighofer Group, understand the importance of sustainability and legality and commit, along with other stakeholders, to carry out sweeping improvements in their operations in the Romanian forestry sector.

"The FSC board has taken into account recent measures introduced by the Schweighofer Group to address the shortcomings found in its system, particularly related to its due diligence, but extensive improvement is still needed in many areas in order for the company to maintain association with FSC after the probation period," says Kim Carstensen, FSC Director General.

The probation for possible disassociation means that the Schweighofer Group must meet the following main conditions prior to the next February 2017 FSC board meeting:

- 1. Publicly declare their responsibility for certain irregularities in their supply chains and their commitment to address relevant shortcomings in collaboration with civil society organizations.
- 2. Demonstrate that it is engaged in a transparent and constructive dialogue with environmental and social stakeholders about a clear plan of corrective action built on the recommendations of the complaints panel. This plan shall address both the significant shortcomings still existing in their operations as well as the major impacts on forests and people that irregularities in their operations have caused.
- 3. Present a preliminary plan of corrective action to the FSC board for approval.

If by the February 2017 FSC board meeting the Schweighofer Group has not presented FSC with sufficient evidence demonstrating that these conditions have been satisfactorily met, the FSC board will immediately decide for FSC to disassociate from the Schweighofer Group.

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