



## WWF Germany vs. Holzindustrie Schweighofer – case summary

### Background

WWF Germany submitted a formal complaint to FSC on 6 November 2015 alleging that Holzindustrie Schweighofer (HS) is involved in the purchase and trade of illegally harvested timber in Romania, and that this is having a negative impact on the country's natural protected areas. These activities are defined as unacceptable in the FSC–POL–01–004 [Policy for the Association of Organizations with FSC](#), and, as such FSC accepted the complaint on 24 November 2015.

Following the procedure FSC-PRO-01-009 [Processing Policy for Association Complaints in the FSC Certification Scheme](#), FSC established an independent and chamber-balanced complaints panel in March 2016 to conduct the evaluation of the complaint. This panel was appointed to determine whether the following unacceptable activities, defined by the Policy for the Association of Organizations with FSC, took place in relation to HS operations:

1. illegal logging or trade of illegal wood or forest products
2. destruction of high conservation values in forestry operations
3. violation of traditional and human rights in forestry operations

On 20-21 April 2016 the complaints panel held its first meeting in Bonn, which marked the beginning of the formal evaluation of the complaint. During its evaluation of the case, the complaints panel consulted an important amount of documents and conducted a number of stakeholder interviews in order to verify the allegations raised against HS and reach its conclusions. This included interviews with members of HS, WWF, the Environmental Investigation Agency (EIA) and multiple other stakeholders of the Romanian forest sector.

The complaints panel finished its review of the case on October 2016 and presented the complaints panel evaluation report to FSC International on 14 October 2016 with its recommendation regarding the case. The FSC International Board of Directors made a decision on the complaint during its meeting held in Brazzaville (Republic of the Congo) on 14-18 November.

### Conclusions of the complaints panel evaluation

As a result of the evidence available to the complaints panel, it concluded that there was clear and convincing evidence that the Schweighofer Group had violated the PfA through its ongoing involvement in the trade of illegal timber. This conclusion was based on the findings by the complaints panel that the Schweighofer Group had 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 complaints panel also concluded that there is no clear and convincing evidence of the destruction of high conservation values or the systematic violation of human rights by the Schweighofer Group, and determined that there has therefore been no breach of the PfA with regards to these two unacceptable activities.

The complaints panel's recommendation to the Board of Directors was to disassociate from the Schweighofer Group.

### **Decision by the FSC International Board of Directors at their November meeting**

After reviewing the case as presented by the complaints panel, the Board of Directors decided to immediately place the Schweighofer Group on a probation for possible disassociation until the next board meeting to be held on February 2017. Under this probation, the company was required to meet three pre-conditions:

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.

### **Probation follow-up**

During the three months under probation, FSC conducted a continuous monitoring of the Schweighofer Group to determine whether the company was upholding the commitments as mandated by the Board of Directors.

The Schweighofer Group presented FSC a preliminary plan of corrective action, a step that FSC considered in the right direction towards addressing and correcting the violations that were initially put forward in the complaint filed by WWF.



## **Conclusion of the February 2017 Board of Directors meeting**

At the Board of Directors meeting held from 7 to 9 February 2017 at Yogyakarta (Indonesia), the members of the board were presented with additional information concerning a possible violation related to timber measurement standards which requires further Policy for Association investigation to determine its scope and impact.

After a lengthy review of the case, the Board of Directors decided to revoke the probation and disassociate from the Schweighofer Group.

The Schweighofer Group informed FSC that it accepted the decision and recognized it as an effective signal to meet stakeholder expectations and encourage their engagement and consequently decided to terminate its certificates with immediate effect as a way of demonstrating its acceptance and commitment to the FSC Policy for Association.

FSC recognized Schweighofer's efforts and encouraged it to use this work to continue discussions and to develop a roadmap towards a future end of the disassociation.

## **Second Policy for Association investigation of the additional information**

Following the decision of the board at their February meeting, FSC initiated on 15 March 2017 a Policy for Association investigation of the additional information presented concerning a possible violation related to timber measurement standards by the Schweighofer Group. To this extent, FSC appointed a team of experts that conducted a thorough investigation of this new information.

The results of this investigation were presented at the board meeting held in December 2017 in Bonn. The second PfA investigation found no evidence of further violations of the PfA by Schweighofer. Specifically, no evidence was found that the Schweighofer Group violated Romanian legislations and/or regulations in relation to standards for measuring and classifying round wood, the use and calibration of electronic instruments for measuring round wood, the use of Austrian rules for timber classification and measurement, the receipt of governmental subsidies for energy production and the development and the construction of Schweighofer's facilities mills at Reci.

The board noted these findings and, in light of the investigation's results, concluded that no further requirements to the Schweighofer Group need to be added to the conditions framework.



## Roadmap process

In March 2017, FSC agreed to commence discussions with the Schweighofer Group in view of developing a future roadmap that seeks to address and correct the group's violations of the Policy for Association as put forward by the Complaints Panel report from October 2016.

The roadmap process is guided by the Conditions Framework that FSC developed based on the Conditions for Re-association that were proposed by the Complaints Panel as a result of their in-depth investigation of the Schweighofer Group which concluded that the company had been involved in significant irregularities and illegalities in its timber trade operations in Romania.

This Conditions Framework clearly stipulate the conditions that the Schweighofer Group must fulfill for FSC to consider an end of the disassociation, and how this fulfillment will be verified. It will require to correct the identified shortcomings and wrongdoings, compensate for the environmental and social damages resulting from these and prevent the reoccurrence of any previously identified, or ongoing, wrongdoings and/or violations of FSC's Policy for Association.

These conditions have been developed in a multi-stakeholder process involving public consultations and describe a series of stringent requirements that HS must fulfill for FSC to consider an end to disassociation in the future. Their fulfillment will be verified by an independent organization at a later stage in the process.

In return, the Schweighofer Group must present FSC with a detailed Action Plan that addresses the conditions stipulated by the Conditions Framework.

Developing a roadmap constitutes a key part of the process towards ending disassociation with an organization under FSC's Policy for Association. FSC's decision about ending the disassociation is strictly conditional to a successful and satisfactory fulfillment of the Conditions Framework set forth by FSC, which will be independently verified.