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**Implementation
of the
EU Timber Regulation
and
US Lacey Act**

*Information and Declaration
to our Customers*

Dear customer,

With reference to the European Union Timber Regulation (EUTR) and the US Lacey act, we would like to inform you how INTERHOLCO AG ensures that we and our customers are in compliance with the "Due Diligence" aspects of the legislation.

Service and Declaration to our Customers

Today many customers rely on us concerning the legality of timber sources. We take this seriously and therefore have implemented means and measures to organize ourselves to give to you the best and most reliable service possible.

→ We confirm that any wood product we import into the EU or the USA will undergo our Due Diligence process, that meets the definition of "due diligence" under the European Union Timber Regulation (EU TR)¹, the PEFCTM standard², and the definition of "due care" under the United States Lacey Act³.

Taking into consideration the risks of the country of harvest, the supplier and species, we have obtained the necessary information and documentation in order to satisfy ourselves to a high level of confidence that the products are compliant with the national laws and regulations of the country of harvest.

Interholco's due diligence in procuring legal timber for our customers encompasses:

1. access to information describing the wood and wood products, such as country of harvest, species, quantity, details of the supplier and information on compliance with the national legislation;
2. systematic assessment of the risk of illegal timber in the supply chain, based on information identified above and taking into account criteria set out in the EU Timber Regulation and US Lacey Act;
3. implementation of risk mitigation measures and procedures if high risk is identified, including requiring additional information, documents, field audits or requiring 3rd party verification. Certification or 3rd party legality verified timber gives the best proof of legal compliance for wood from high risk areas.

In particular for non-certified wood or wood products where non negligible risk has been identified, we assess in detail the risk of each supplier, collect legal documents indicating compliance with the applicable legislation, and suppliers sign a declaration of legality. Based on our risk assessment, if we still identify risk, we either ask additional information, audit suppliers or alternatively request 3rd party verification.

The best proof for compliance with legality is 3rd party legality verified or certified timber⁴, including a certified chain of custody.

¹ Regulation (EU) No 995/2010 of the European Parliament and of the Council of 20 October 2010 laying down the obligations of operators who place timber and timber products on the market)

² PEFC ST 2002:2013: Chain of Custody of Forest Based Products: Ch. 5 Minimum DDS requirements; § 3.8 Controlled Sources.

³ 2008, Amendments to the Lacey Act from H.R. 2419, Sec. 8204

⁴ Commission implementing Regulation (EU) No 607/2012 of 6 July 2012, art. 4, Risk assessment and mitigation: "Certification or other third-party verified schemes referred to in the first indent of the 2nd paragraph of Article 6(1)(b) and in Article 6(1)(c) of Regulation (EU) No 995/2010 may be taken into account in the risk assessment and risk mitigation procedures where they meet the following criteria: ...". FSC, PEFC and legality verified wood that Interholco provides comply with these requirements.

Background- The EU TIMBER REGULATION (EU TR) and the US Lacey Act

In 2008, the USA Amended the Lacey Act, to include plants, making it unlawful to trade, transport or possess any plant which was produced or traded in violation of any law or regulation.

In 2010, the European Union created new legislation to ban illegal wood from being placed on the EU market. The "EU Timber Regulation" (prohibits placing illegally harvested and produced timber products on the EU market, requiring 'operators', usually the importer, to practice due diligence to minimise risk.

It also requests to assure traceability of wood products within the EU back to the 'operator'.

The Regulation applies since 3 March 2013 and affects timber trade of all 27 EU Member States, requires operators to have systems in place that assure that the timber is from legal origin – or face sanctions.

Procurement Rules as part of the Sustainability Agenda

Since 2006, Interholco has operated a system for the verification of the legality of its wood products.

The system comprises a due diligence process to audit the legality of procurement sources and progressively increase the volume of 3rd party legality verified and sustainability certified timber sources.

As a matter of principle, we decided to avoid controversial sources (based on the Controlled Wood and Controlled sources² categories).

In addition, our goal is to progressively increase procurement of certified timber (FSC[®] and PEFC[™]) and, for non-negligible risk areas, to procure only 3rd party legality verified or certified timber within 10 years.

Currently, about 90% of Interholco's wood products sourced are 3rd party verified and, about 85% are FSC[®] certified.

Our due diligence system comprises a risk assessment to establish ahead of any procurement commitment the level of potential legality risks which may arise from the respective wood species, country of origin, forest of origin, or supplier. In case of potential risks, we give preference to procure goods supplied with a certificate confirming legality as a minimum requirement or preferably a confirmation of both legality and responsible forest management. If such certificates cannot be obtained, we will initiate our own audit procedures to verify legality.

As a result of our efforts, Interholco is one of the few companies to have a **certification of its Due Diligence System (Control Union TLV and PEFC DDS)**, conform with EU TR requirements⁵.

Our TLV⁵, FSC and a PEFC Chain of Custody certification, enable us to maintain the chain of custody up to our clients when selling certified or controlled products.

⇒ **Please ask our sales team for our large panel of certified and 3rd party verified legal timber, the best proof of compliance with the EU Timber Regulation, the US Lacey Act and Controlled Sources².**

Thank you for doing business with us and thank you for your confidence!

Baar, June 2019,

Ulrich Grauert

Managing Director



The mark of responsible forestry



PEFC 15-21-2004

Promoting Sustainable Forest Management
www.pefc.ch



With Control Union Certifications (NL), we are certified for the FSC[®] and PEFC[™] chain of custody requirements enabling us to maintain the chain of custody to our clients when selling certified products.

Control Union's Timber Legality Verification (TLV) certificate assures us we are applying a solid due diligence approach to avoid sourcing illegally harvested timber based on EUTR and Lacey Act requirements⁵.

⁵ Control Union - Timber Legality Verification, CU-TLV-849962.