

DOING OUR PART

News since the Danzer Sustainability Report 2016
March 2022

Danzer Values



Hardwood Excellence.



In June 2017, Danzer published its second Sustainability report: *Doing Our Part*. Prior to the next full report, Danzer will prepare subject-specific updates to its Sustainability Report every quarter and demonstrate how Danzer is doing our part toward the UN Sustainable Development Goals (SDGs) published in 2015; a personal commitment to operate business in a way that is responsible for the resources we share with the communities we operate in.

This is news since the latest update in April 2019 on the segment *Danzer Values* found in the Danzer Sustainability Report 2016: *Doing Our Part*, pages 14, 32-33, and 56. The data for this report was updated between September 2021 and February 2022.

Danzer Values



The UN Sustainable Development Goal 16: Peace, Justice and Strong Institutions is important to Danzer because our log procurement and sales activities affect countries at high risk of corruption, illegal logging, and even child or forced labor. The Danzer Code of Conduct informs business decisions and helps Danzer take action by covering all elements of the Danzer Anti-Bribery and Corruption Policy (ABC Policy) and its Grievance Mechanism and Integrity Line. Corruption is linked to negative impacts around the globe including poverty, environmental degradation, human rights abuses, investment diversion, and the undermining of rule-of-law. Danzer works hard to demonstrate its adherence to integrity, governance and responsible business because our marketplace, international norms, and our stakeholders expect this of us.

Danzer relies on the Global Reporting Initiative standards to prepare this content about our impacts on the economic conditions of its stakeholders, and on economic systems at local, national, and global levels. GRI 205: Anti-corruption is a topic specific GRI Standard in the economic series. In the context of this update, *corruption* is understood to include: bribery, facilitation payments, fraud, extortion, collusion and money laundering.

[GRI 103] Danzer’s management approach to [GRI 205] anti-corruption involves carefully identify risks throughout the supply chain of logs to product delivery while taking into consideration stakeholder expectations and interests. The primary stakeholders interviewed for this report were Danzer procurement and sales staff with experience in “high risk” (per Transparency International) countries. These are primary stakeholders because their decisions are critical to Danzer’s reputation.

[GRI 205-1] Risk assessment procedures involve two steps: As a 1st step, Danzer researched all countries where it does business (location, procurement and/or sales) that also scored <50 on the Transparency International Corruption Perceptions Index in 2018 for risks of bribery, corruption, child labor and illegal logging using publicly available data on these specific risks. As a 2nd step, Danzer spoke to employees doing business in these countries to find out what the real risks we face are: what employees are asked to do; what employees see on the ground; what employees hear from other businesses; what employees witness.

“AN IMPORTER IN INDIA REFERRED TO DOCTORING THE IMPORT LIST AS ‘ONLY SLIGHTLY ILLEGAL.’ I HAD TO EXPLAIN THAT THERE ARE NO VARYING DEGREES OF ILLEGALITY.”

From sales employee interviews Q4 2021

[GRI 205-3] Overall, the results were positive. We demonstrated that Danzer employees take good decisions to protect company and personal integrity. No Code of Conduct violations were revealed, rather [GRI 205-2] employees were grateful to have a Code of Conduct and procurement contract conditions to rely on when they resist invitations for corrupt behavior.

“IN GABON, THE GOVERNMENT WILL REQUIRE ALL PRODUCERS TO HAVE SUSTAINABILITY CERTIFICATES BY JANUARY 2023 OR FACE AN EXTRA TAX.”

From procurement employee interviews Q4 2022

[GRI 103.1.2, 205-2] As a third and ongoing step, affected employees in procurement (logs and parts), sales, accounting, finance, human resources, and senior management were given an audio-visual training presentation on the results of the risk assessment. All affected employees were made aware of the actual corruption, illegal logging, or child

Update on Doing Our Part

labor risks Danzer faces due to its global presence. No child or forced labor if identified by media reports as possible, proved to be a risk in the Danzer supply chain. Methods for dealing with corrupt offers, illegal logs, or other fraudulent behavior were shared among all affected employees. Everyone was asked to report any examples they have experienced that might not have been covered by the risk report.

All affected employees were given new copies of the ABC Policy, Grievance Mechanism and Code of Conduct with new material highlighted:

- **ABC Policy:** “secrecy jurisdiction” is defined, tips on dealing with “coffee money” are spelled out, and instructions for dealing requests to “Bill To” a separate country are listed.
- **Grievance Mechanism:** Endnotes have been added throughout to explain the employee and employer rights when something is reported internally or externally.
- **Code of Conduct:** Modern Slavery Act provisions have been added under “Responsible Procurement”

“PEOPLE IN THE WOOD BUSINESS
KNOW WE ARE FIGHTING
CORRUPTION AND BRIBERY AND DO
NOT ASK ANYMORE AS THEY DID 15
YEARS AGO. REFUSE 1-3 TIMES AND
THEY GIVE UP.”

From a sales employee interview Q4 2021



[Danzer training documents](#)

Sustainable Product Portfolio



[G4-4,8,9] In 2020, Danzer sold its products to 67 different countries worldwide: the top ten countries account for approximately 80% of Danzer’s 2021 sales (see figure below).

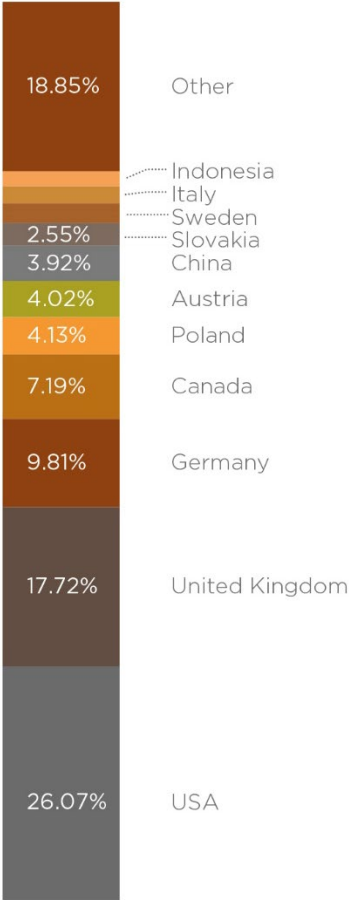


Figure 1: Danzer 2021 net sales breakdown by countries shipped-to

The top 10 species account for more than 88% of Danzer’s 2021 sales (see figure below).

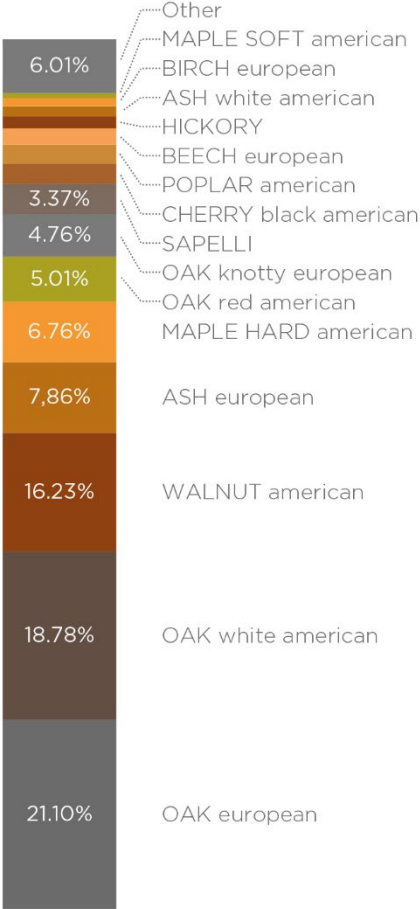
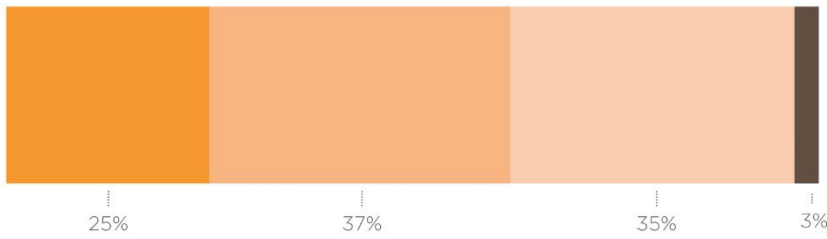


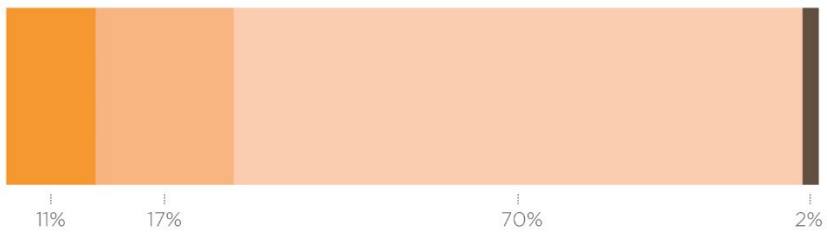
Figure 2: Danzer 2021 net sales breakdown by top 15 species

[G4-13] Danzer continues its strict due diligence procedure and policy for procurement (see <https://www.danzer.com/en/company/corporate-responsibility/responsible-procurement>). We maintain chain-of-custody programs for FSC, PEFC, and FSC Controlled Wood (see figure next page).

EUROPEAN COMPANIES
(incl. DVE, Danzer UK)



NORTH AMERICAN COMPANIES
(incl. DVA)



- 100% PEFC
- 100% FSC
- FSC Controlled Wood
- FSC Mix Credit
- none
- PEFCCS

Figure 3: Wood purchased by Danzer in 2021 by location and certification type

At Danzer, we Do Our Part to influence those Sustainable Development Goals that are linked to our business of bringing the sustainable natural product wood into people’s lives in beautiful and clever ways.