

# DOING OUR PART

Update to the Danzer Sustainability Report 2016,  
April 2019

## 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 an update on the segment *Danzer Values* found in the Danzer Sustainability Report 2016: *Doing Our Part*, pp.56. The data for this report was updated between October 2018 and March 2019.

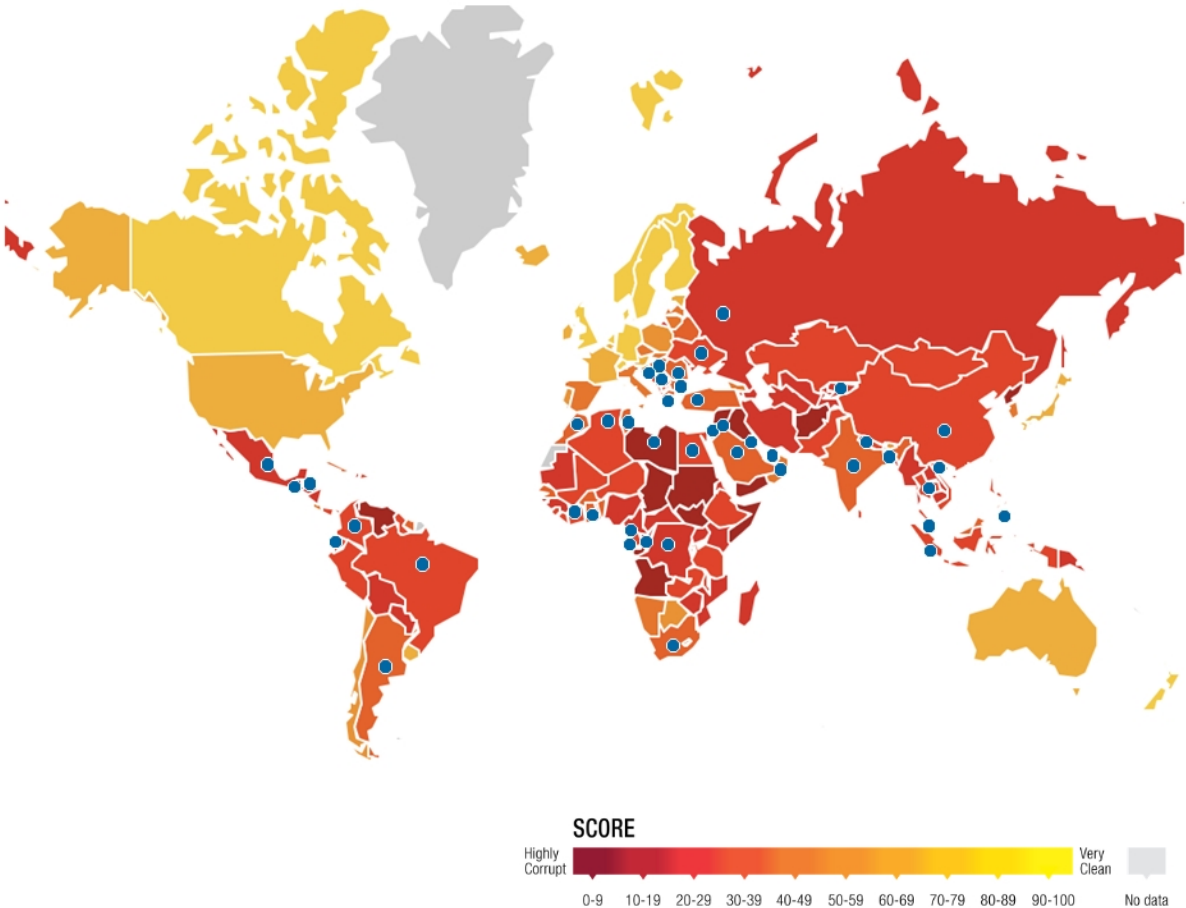
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The UN Sustainable Development Goal 16: *Peace, Justice and Strong Institutions* is important to Danzer because our log procurement and sales activities affect the supply chain in countries at high risk of corruption, illegal logging, and even child 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). 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 along the supply chain 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 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 from 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. These individuals also interviewed their customers and other businesses, stakeholders as well, in the countries of interest.



*44 of the 103 countries where Danzer conducts business have a high risk of corruption according to Transparency International. Map ©Transparency International*

[GRI 205-1] The risk assessment involved two steps: As a 1<sup>st</sup> step, Danzer researched all countries where it does business (location, procurement and/or sales) that also scored <50 (on a scale of 0-100) on the Transparency International Corruption Perceptions Index in 2018 for risks of bribery, corruption, child or forced labor and illegal logging. As a 2<sup>nd</sup> 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.

“WE TAKE ON MORE RISK THIS WAY  
AS TO WHEN WE WILL BE PAID BUT  
OUR INVOICING IS CORRECT.”

*From sales employee interviews Q1 2019*

[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.

A SUPPLIER IN CHINA OFFERED  
“WHATEVER PAPERWORK WE  
WANTED.” HE WAS CUT-OFF AS A  
SUPPLIER.

*From procurement employee interviews Q1 2019*

[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 labor risks Danzer faces due to its global presence. No child or forced labor, previously 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.

REMEMBER THAT DANZER IS A  
WORLDWIDE COMPANY AND WE ARE  
NOT GOING TO JEOPARDIZE ITS  
GOOD REPUTATION FOR ONE  
CUSTOMER FOR A MERE \$5,000. ARE  
WE ALL ON THE SAME PAGE?”

*A sales employee recalls what a Sales Manager said in  
Canada in the 1980's. Q1 2019*

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.