

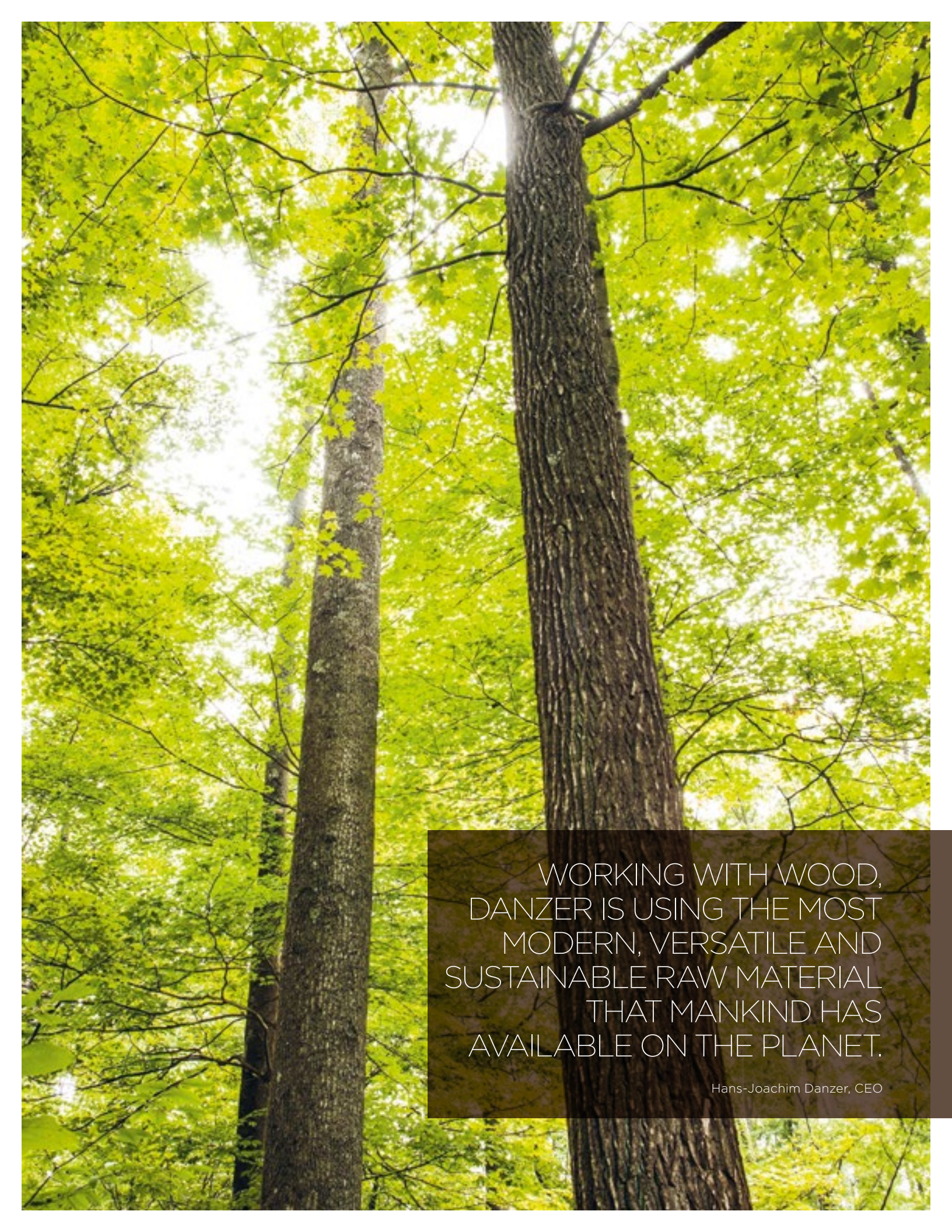
# DOING OUR PART

DANZER  
SUSTAINABILITY  
REPORT 2016



**DANZER**  
Hardwood Excellence.





WORKING WITH WOOD,  
DANZER IS USING THE MOST  
MODERN, VERSATILE AND  
SUSTAINABLE RAW MATERIAL  
THAT MANKIND HAS  
AVAILABLE ON THE PLANET.

Hans-Joachim Danzer, CEO

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# STATEMENT OF THE CEO

HANS-JOACHIM DANZER



Dear Reader,

[G4-1] Since the adoption of the Sustainable Development Goals by the United Nations (SDG) in 2015, we at Danzer have continued to ask ourselves how we can demonstrate our support and commitment to the achievement of these goals. We believe that our new edition of the Danzer Sustainability Report is a good way to transparently document progress at Danzer that shows us doing our part toward these Sustainable Development Goals. I am happy to introduce Danzer's second Sustainability Report, "Doing Our Part."

Doing Our Part means that Danzer is personally committed to operate business in a way that is responsible for the resources we share with the communities we operate in (i.e. people, air, water, earth). I firmly believe that as more companies adopt public reporting about their community impacts, this transparency will lead to better informed regulation of business. Such informed regulation will be more efficient and promote creative freedom and more innovative solutions to global challenges.

This report comes at an opportune time: as the world faces ever increasing economic, social, and environmental challenges I am confident that wood is part of the solution. I explained Danzer's position on this at the UNECE Forum on Forests in October of 2016 (see inset page 32). I am hopeful because,

as we make progress implementing the Danzer Strategy, we can see that it is aligned with solutions being proposed and supported on a global scale by key governance bodies and global organizations.

**The 2014 Danzer Sustainability Report was shortlisted (second place) for the Best 1<sup>st</sup> Time Report category in the CRReporting Awards '17 competition. It was called, "a credible report mainly because of the degree of transparency."**

Since the publication of the Danzer Sustainability Report in 2014, many things have happened at Danzer to advance our strategy:

— **Intelligent resource-saving technologies** were developed in the past years. Now, we accelerate the pace of roll-out in key business units with major improvements in yield recovery and improved use of the wood resource.

— **An increase in resources** in the R&D department at Danzer is aiming at further improving the efficiency of the conversion process of hardwood trees to high-value, enviable and desirable hardwood products with new patents, new products and new processes evolving.

— **New management responsibilities and clearer strategies** were defined for all aspects of Danzer’s activities, strengthening our efforts to pursue a consistent approach across all business units, activities and facilities.

— **A new branding approach** was taken so that all commercial and industrial activities in the Northern Hemisphere are integrated into the Danzer brand, discontinuing traditional and well-established brands of Danzer Group companies like Danzer Veneer, Sydfaner, Bradford Forest, Interforest, in a step-by-step approach. At the same time, all activities in tropical countries (currently in Africa) are consolidated under the Interholco/IFO brand.

The decision to split our activities into two brands was also supported by the feedback that we collected in the run of our stakeholder engagement process: Our discussions with stakeholders revealed that it was inconsistent and not meaningful to use a comprehensive approach to cover such different activities as tropical forest management and producing high-end wood-based surface materials for high-value applications while at the same time presenting our Northern hardwood business under distinct brands that were the result of the historical development of the company.

In line with the new approach to branding, there will be two sustainability reports from now on: one report from Danzer (which you are presently reading), one from Interholco (which will be published after this report). Therefore, Doing Our Part focuses entirely on Danzer operations in the Northern Hemisphere: from procurement of raw material to sales of hardwood logs, veneer, lumber and hardwood-based high-end decorative products.

Doing Our Part means that Danzer sees itself playing a part in global sustainability: strategically, foundationally and from a value standpoint. Danzer’s strategy to maximize hardwood use while minimizing waste and to create envy and desire for hardwoods will by design advance

relevant Sustainable Development Goals (SDGs) of the United Nations. At the same time, there are some things that are just part of the basic foundation of running a successful business: treat people well, take responsibility for the environment, and protect the local community from harm. These foundational principles also advance certain SDGs (see materiality matrix on page 23). This Doing Our Part report illustrates how Danzer has continued the sustainability story of hardwood within the framework of the SDGs.

For example, Danzer did a study about the feasibility of transporting logs by rail in Europe in an effort to reduce carbon emissions and improve road safety linked to the hardwood resource. Unfortunately, we were disappointed by the lack of possibilities on this front. Of course, there were other efforts that produced excellent results. For example, in 2014, we started a program to produce deck layers for the engineered flooring industry (“lamellas”). The slicing process, which produces no saw dust as opposed to the traditional sawing alternative, spared over 600 truckloads of logs from turning into saw dust in 2016 alone. These truckloads are now available hardwood products. Danzer’s investments in this program at Melnik, Darlington, and Souvans will only multiply these savings (see page 26). Other resource-efficiency improvements were made in 2015 and 2016 such as the additional auto-clipper-line at Melnik, the curve-saw in Bradford, and in Kesselsdorf, Danzer is making a growing number of chairs based on Danzer 3D-Veneer – chairs that, due to their complexity and radiuses, would otherwise have been produced in plastic.

The years 2015 and 2016 were not without their setbacks, mostly due to the worldwide decline in demand for standard veneer. From a sustainability standpoint, this news is very disheartening because standard wood veneers are being replaced by unsustainable substitutes: plastics, melamine, laminates, and films that not only use unsustainable ingredients but contaminate our breathing spaces and generate harmful waste along their

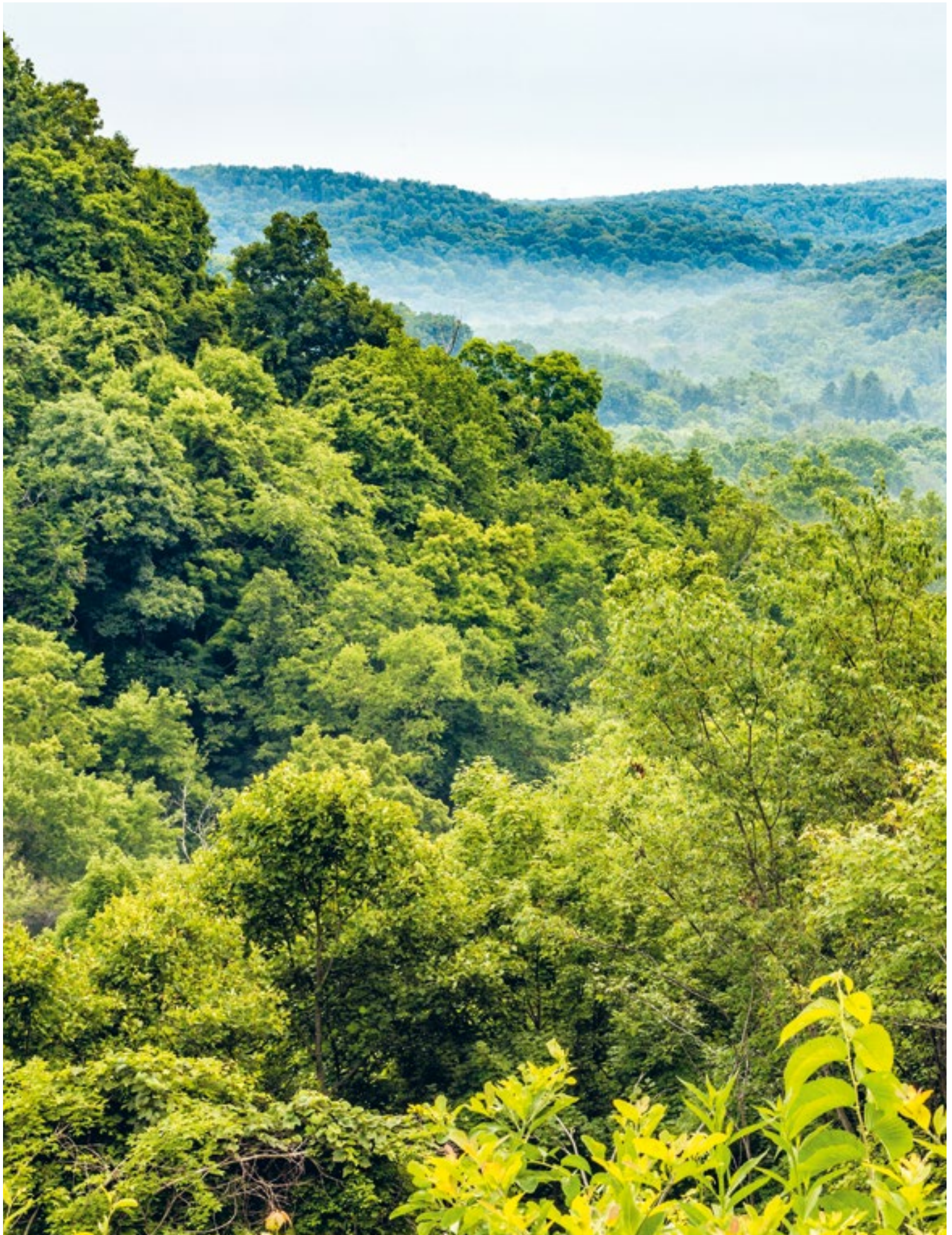
lifecycles. Looking beyond 2017 though, I am very excited about the outlook for Danzer. Many technological improvements are being implemented and new ones are in the making. We have all reason to be optimistic, especially considering our many key initiatives in the area of optimization and enhancement of the use of the wood resource. We expect further growth in hardwood flooring deck layers. Our strategy to re-gain market share from wood substitutes will see hardwood selling better in all segments, while more specialty products will see more high-value applications of hardwood. On the manufacturing side, a lot of high-tech, automation and digital tools are being developed to improve decision-making in the manufacturing process to optimize resource efficiency – not just in the Danzer value chain, but also for the users and secondary manufacturers of Danzer products. In the end, decorative hardwood, and therefore also Danzer, plays an important part in the global wood value chain. With the Millennium Development Goals, free trade helped lift 1.5 billion people out of poverty. We can only anticipate continual improvement with the successor Sustainable Development Goals and look forward to doing our part.

I would personally like to thank our team who worked so successfully toward our strategic goals, who took the time to gather the data for this report, and who put the material together in this exciting and encouraging document. In spite of what one customer said about the 2014 DSR, “This is something that has to be read, and people don’t read these days,” I hope you will read this report and join Danzer in doing our part.

Yours,  
Hans-Joachim Danzer



The Danzer Sustainability Report core team at the indicator workshop in June 2016 (from left to right): Jakob Sporbert (Kesselsdorf, DE), Judith Flatz (Dornbirn, AT), Kami Ervin (Edinburgh, IN (US)), Alice Dolanska (Melnik, CZ), Cathy Lynn Danzer (Dornbirn, AT), Tom van Loon (Baar, CH), Maria Stoll (BSD Consulting).





# CONTENT OVERVIEW

[G4-28,29,30] This is Danzer's second biennial Sustainability Report covering the years 2015 and 2016 (1/1/15 – 12/31/16) at Danzer. The first one covered 2014 and was published in September 2015, with a retrospective history of the company's commitment to sustainability. [G4-32] Danzer relied on the Global Reporting Initiative (GRI) Guidelines to create this report following the GRI G4: Core option.

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## HIGHLIGHTS OF THE YEARS 2015–2016

- On May 18, 2016 Danzer launched its new website with detailed information on who Danzer is and what Danzer stands for.
- In 2015–16, Danzer served approximately 1'800 customers; at the same time, the company had approximately 1'600 suppliers between veneer and lumber products.
- In three years, the program for making deck layers for the engineered flooring industry saved more than 1'000 truckloads of logs from becoming saw dust.
- A new structure to the Sustainability and Compliance Team was introduced at the close of 2016 for implementation in 2017.
- Hans-Joachim Danzer spoke at a United Nations Economic Commission for Europe (UNECE) panel discussion on forest and forest products held in Geneva, Switzerland.
- A number of potential suppliers were rejected as a result of due diligence checks.
- The curve-saw project at Bradford resulted in a decrease in per-unit electricity consumption of 39%.
- Danzer's global carbon footprint is more than accounted for by its forest holdings in the US.
- Across Danzer, average employment seniority ranges from 1 to 16 years in production and from 4 to 22 years in salaried positions.
- The total hours of training and education at Danzer locations increased significantly over the period from 2014 until 2017.

# A PORTRAIT

Our strategy is a journey to sustainably integrate all aspects of our business with the communities we work in and the environment we get our resources from – it began when Karl Danzer started the business in 1932, has been going for over 80 years, and it will continue for many years/decades into the future.

A Strategic Approach to Sustainability

Assessing Our Role: Materiality and Stakeholders

Part I: Doing Our Part Strategically

Part II: Doing Our Part Foundationally

Part III: Doing Our Part From a Values Standpoint

Danzer's Targets for 2018

[G4-5] Danzer operates worldwide from its headquarters in Dornbirn, Austria. This section highlights the key changes to Danzer's management since the 2014 Danzer Sustainability Report was released in 2015.

## TWO REPORTS

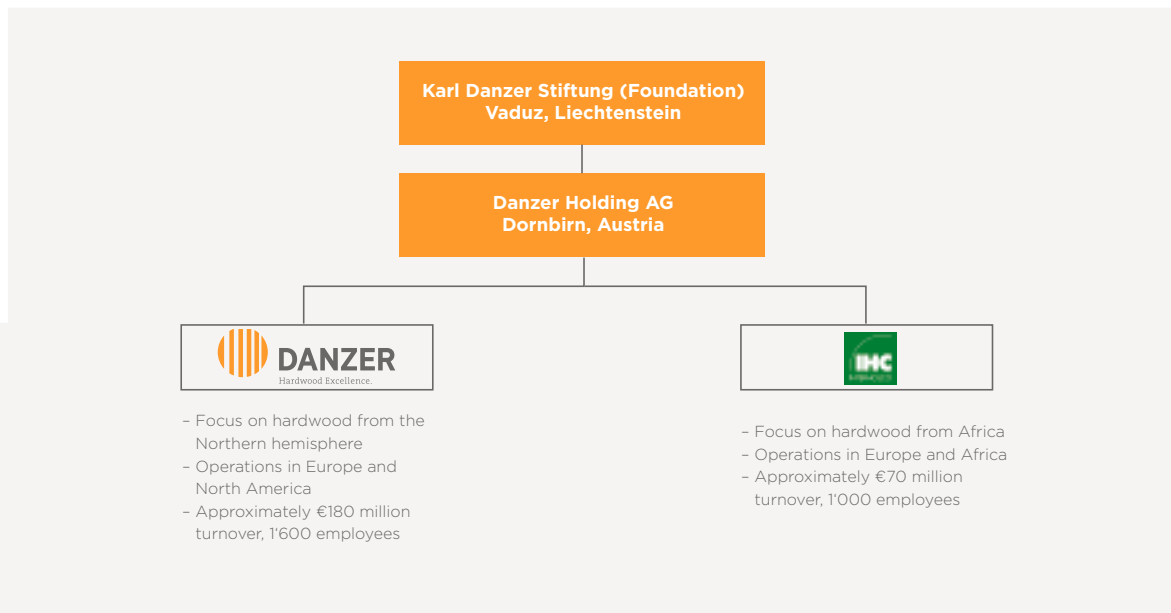
[G4-17] At the end of 2016, Danzer implemented a more focused management structure with two brands, Danzer and Interholco; both brands are now operating independently from each other: Danzer is focusing on hardwood from temperate forests while Interholco will sharpen its focus as a social, environmental and economic leader in tropical forest management as well as a leading producer of tropical wood. [G4-23] In line with

the new approach to branding, there will be two sustainability reports from now on: one report from Danzer (which you are presently reading) and one from Interholco (which will be published after this report). Consequently, Doing Our Part focuses entirely on Danzer operations in the Northern Hemisphere: from procurement of raw material to sales of hardwood logs, veneer, lumber and hardwood-based high-end decorative products.



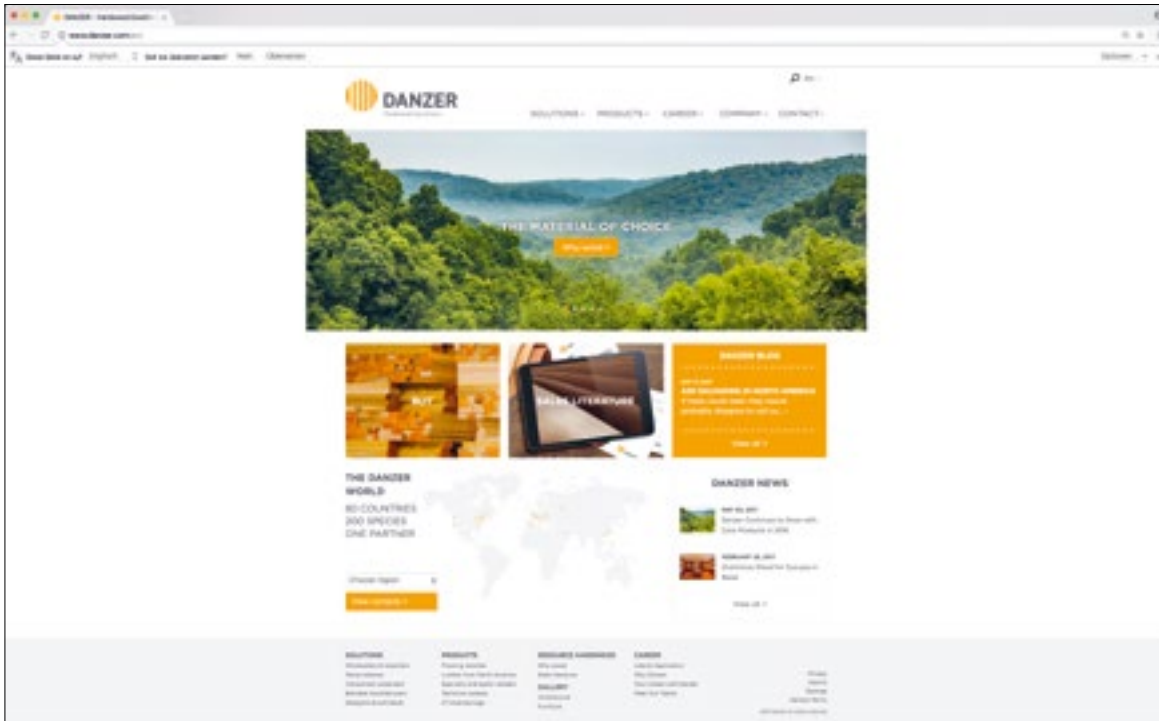
The 2014 Danzer Sustainability Report is available at: [www.danzer.com/en/company/corporate-responsibility/danzer-sustainability-report](http://www.danzer.com/en/company/corporate-responsibility/danzer-sustainability-report)

Figure 1: Danzer Brand Structure



On May 18, 2016 Danzer launched its new website with detailed information on who Danzer is and what Danzer stands for. It reflects the company's transformation in response to significant

industry changes over the past decade. The new danzer.com website explains the Danzer product and service offerings to customers and the possibilities for suppliers.

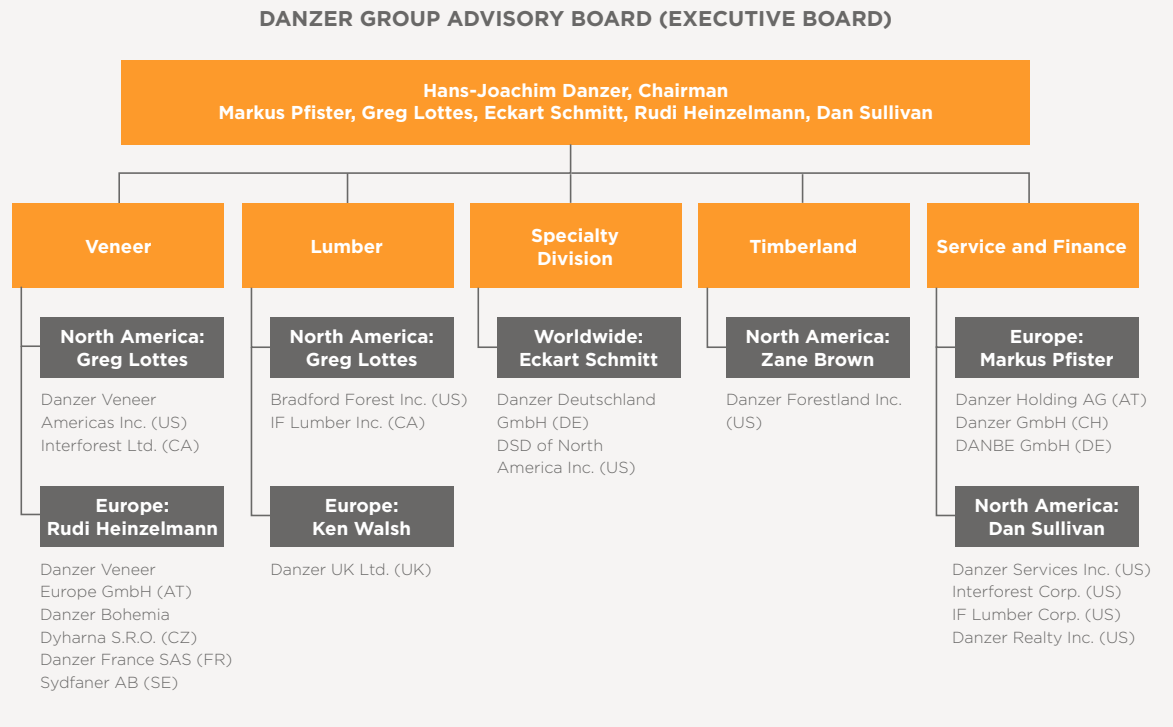


New website screenshot

[G4-13] Since the DSR 2014, the Danzer Group Advisory Board saw the retirement of two long-serving Board members: Mark Conolly and Olof von Gagern. Rudi Heinzelmann (with Danzer since 1984) joined the Danzer Group Advisory Board.

Under the new brand structure, Ulrich Grauert left the Danzer Group Advisory Board to focus entirely on Interholco. Figure 2 shows the current Danzer Management Structure.

**Figure 2:** Danzer Group Advisory Board



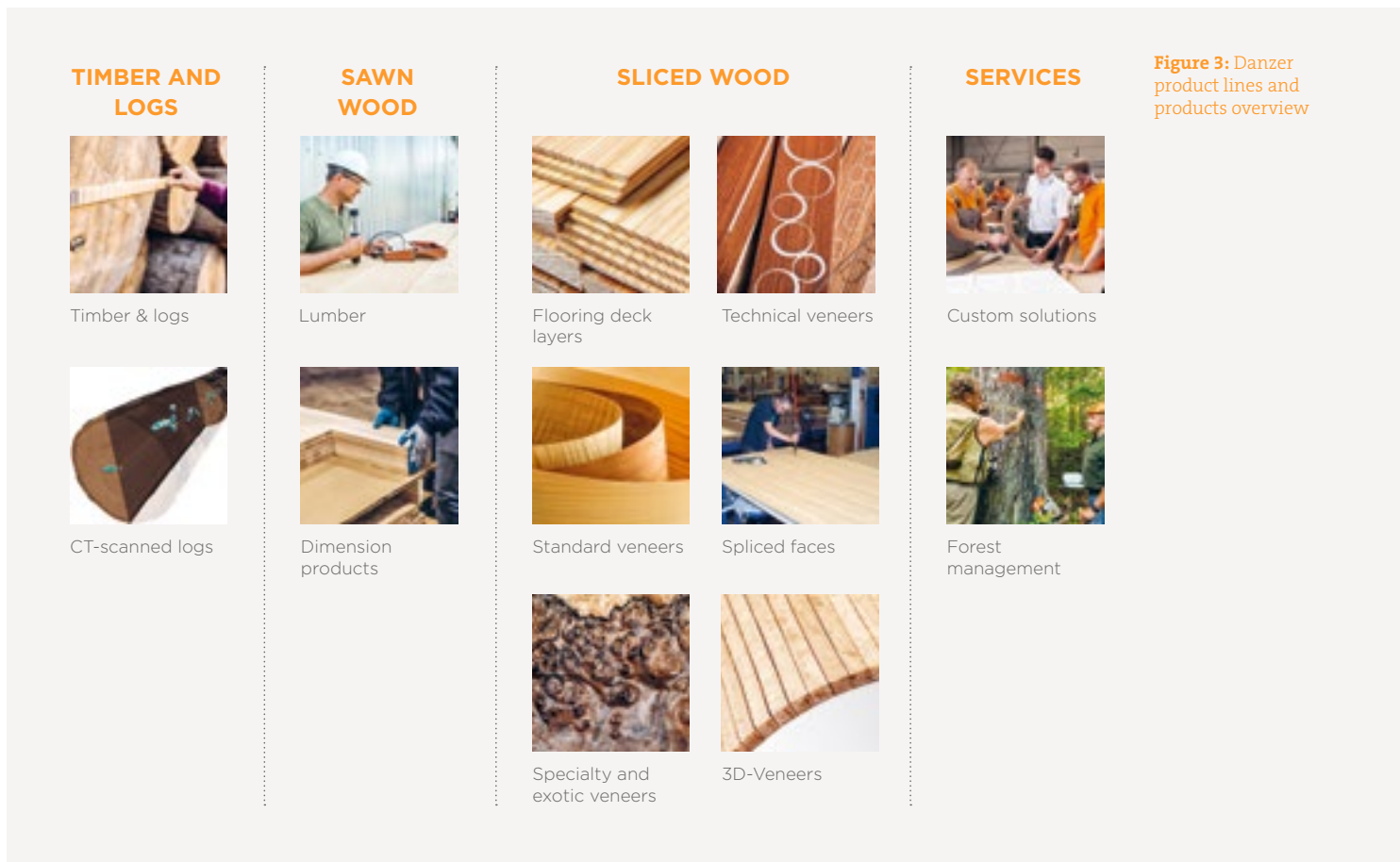
Danzer Group Advisory Board (from left to right, back):  
 Greg Lottes,  
 Markus Pfister,  
 Eckart Schmitt,  
 Rudi Heinzelmann,  
 Hans-Joachim Danzer;  
 front: Dan Sullivan



## DANZER PROCUREMENT, PRODUCTS AND SALES

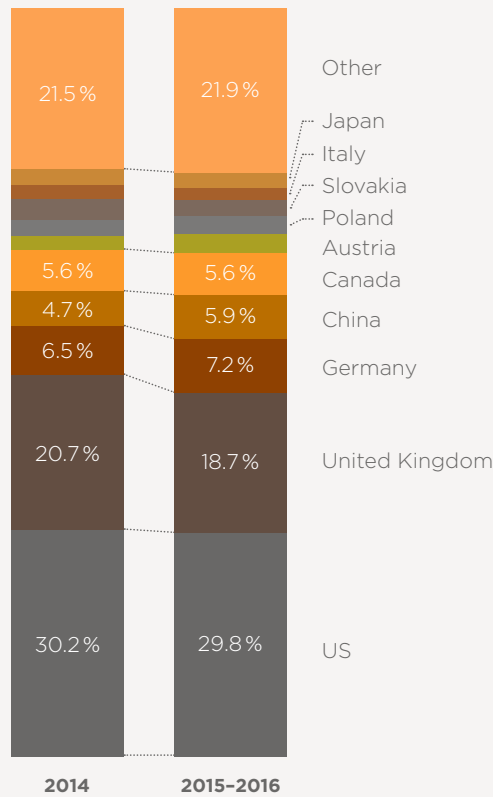
Danzer’s 2015–16 sales by product type have been: sawn wood (lumber) 36%, sliced wood (veneer) 55% and logs and services 9% (see product overview in Figure 3). [G4-12] The Danzer supply chain is short: Danzer is a primary manufacturer of raw material for Danzer’s customers who include among others flooring manufacturers, distributors, pre-fabricators, furniture manufacturers, millworkers and automobile suppliers. The inputs

to manufacturing are simply logs and some water for the most part (some adhesives for Danzer specialty products like Linea and Vinterio). The supply chain for logs is local, but very spread-out and diverse. In 2015–16, Danzer served approximately 1’800 customers; at the same time, the company had approximately 1’600 suppliers between veneer and lumber products. Looking at veneer and hardwood deck layers alone, Danzer has substantially more suppliers than customers.



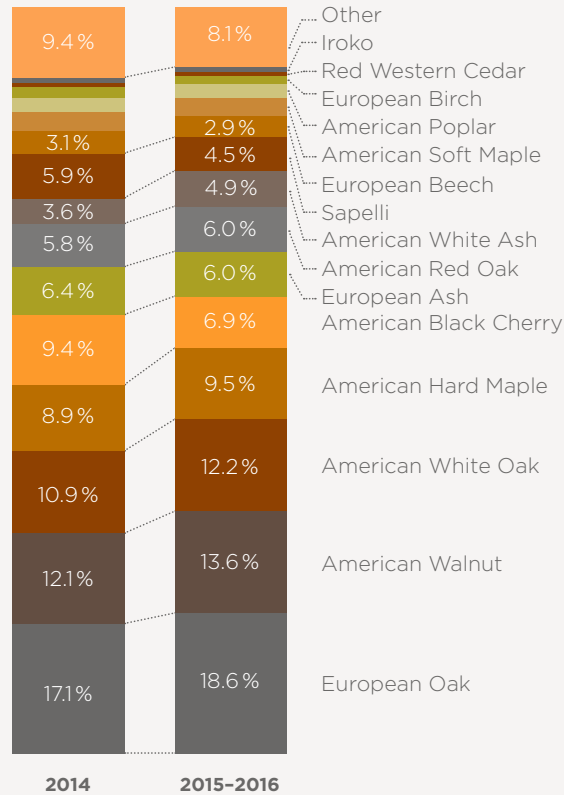
**Figure 3:** Danzer product lines and products overview

**Figure 4:** Danzer 2014–2016 net sales breakdown by countries shipped-to



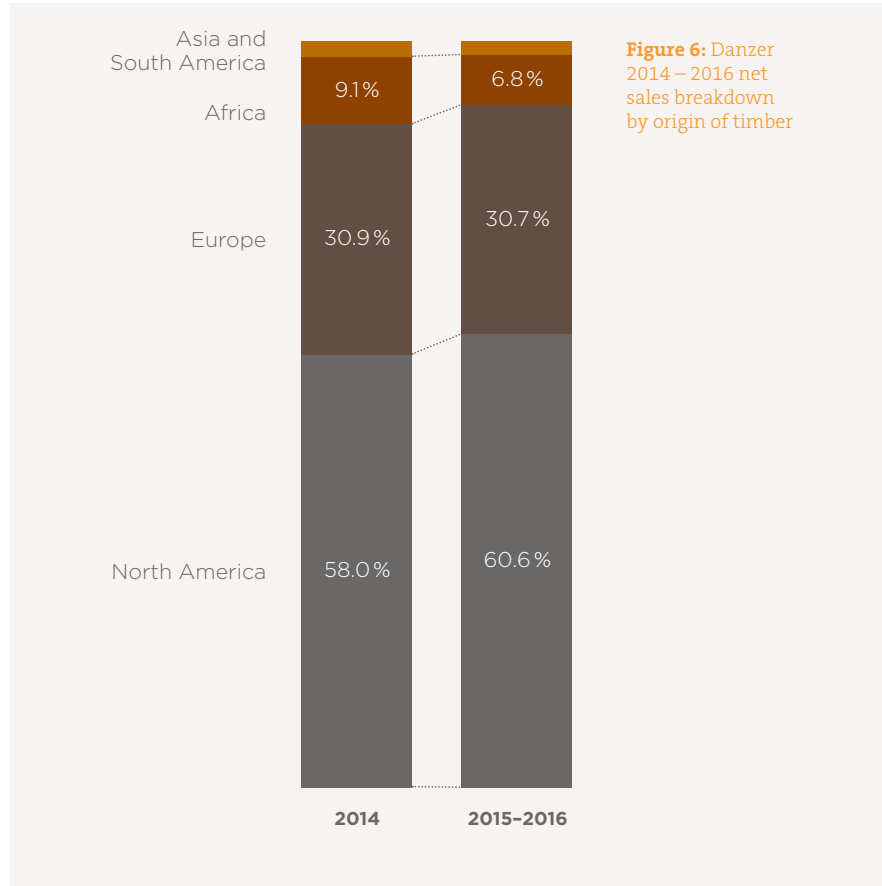
[G4-4,8,9] Danzer sold its products to 80 different countries worldwide; the top ten countries account for approximately 80% of Danzer’s 2015–16 sales (Figure 4).

**Figure 5:** Danzer 2014 – 2016 net sales breakdown by top 15 species



The top ten species account for more than 85% of Danzer’s 2015–16 sales; they are: European Oak, American Walnut, American White Oak, Hard Maple, Black Cherry, European Ash, American Red Oak, American White Ash, Sapelli and European Beech (Figure 5).

Danzer's sales are dominated by North American hardwood species (~60%), followed by European species (~30%), see Figure 6.



**Figure 6:** Danzer 2014 – 2016 net sales breakdown by origin of timber



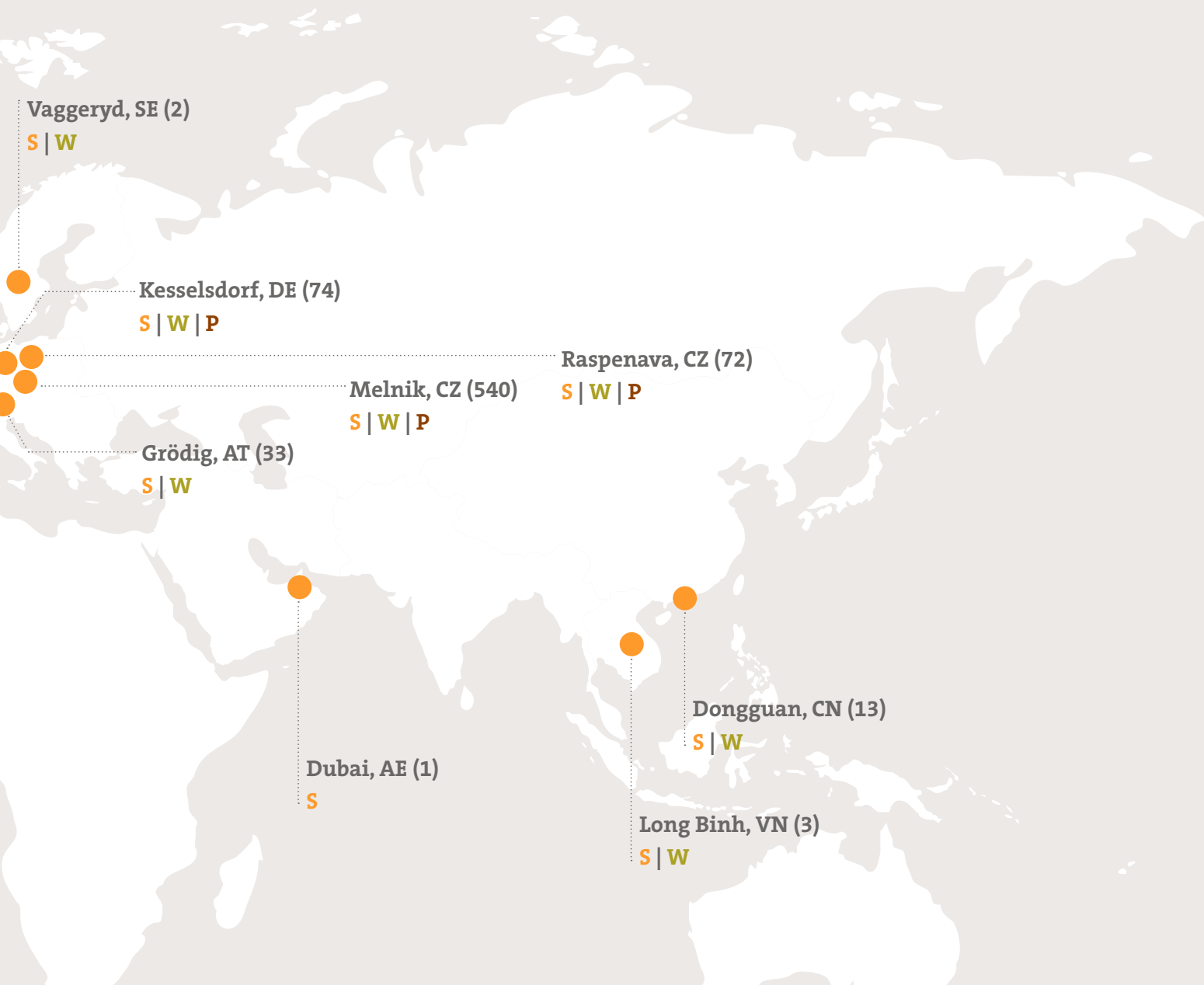
# WORLDWIDE PRESENCE

## 2016 DANZER LOCATION OVERVIEW



Figure 7: [G4-6]  
2016 Danzer  
location overview





**Key to functions per location**

City, Country (Nr. of employees)

S – Sales

W – Warehouse

P – Production

HQ – Headquarter

The total number of employees covered by collective bargaining agreements was 136 or 9.2% across Danzer in 2015 and 149 or 9.8% across Danzer in 2016. All employee figures as of 2016

# A STRATEGIC APPROACH TO SUSTAINABILITY

## A Strategic Approach to Sustainability

Assessing Our Role: Materiality and Stakeholders

Part I: Doing Our Part Strategically

Part II: Doing Our Part Foundationally

Part III: Doing Our Part From a Values Standpoint

Danzer's Targets for 2018

### Our strategy has two drivers:

**1** Maximize the use of hardwood and minimize "waste": To improve the value creation from hardwood trees in a way that more and better products are created from the same tree while being as customer-specific as possible. This allows Danzer to reduce the amount of "waste" that is created in the value chain. Resource efficiency and best possible upgrading of the raw material drive this thinking.

**2** Create envy and desire for hardwood products: At the same time, we try to develop solutions that allow substitution of products that have negative environmental impacts with superior wood-based products. Inventing new processes and new products are major drivers to this end.

At Danzer, all Business Units and Support Functions were charged with developing their own strategy. [G4-15, 34] The Danzer Sustainability and Compliance team developed a strategy to replace the Sustainability Agenda that was described in DSR 14 (at page 20). [G4-56] It goes beyond regulatory compliance by framing compliance in terms of company values. The Danzer Code of Conduct is a dynamic document that is maintained in the five operating languages of the company (English, German, French, Czech and Spanish). The Code of Conduct is a summary of all policies and procedures in place at Danzer that are linked to sustainability, which is defined as development that meets the needs of the present without compromising the ability of future generations to meet their own

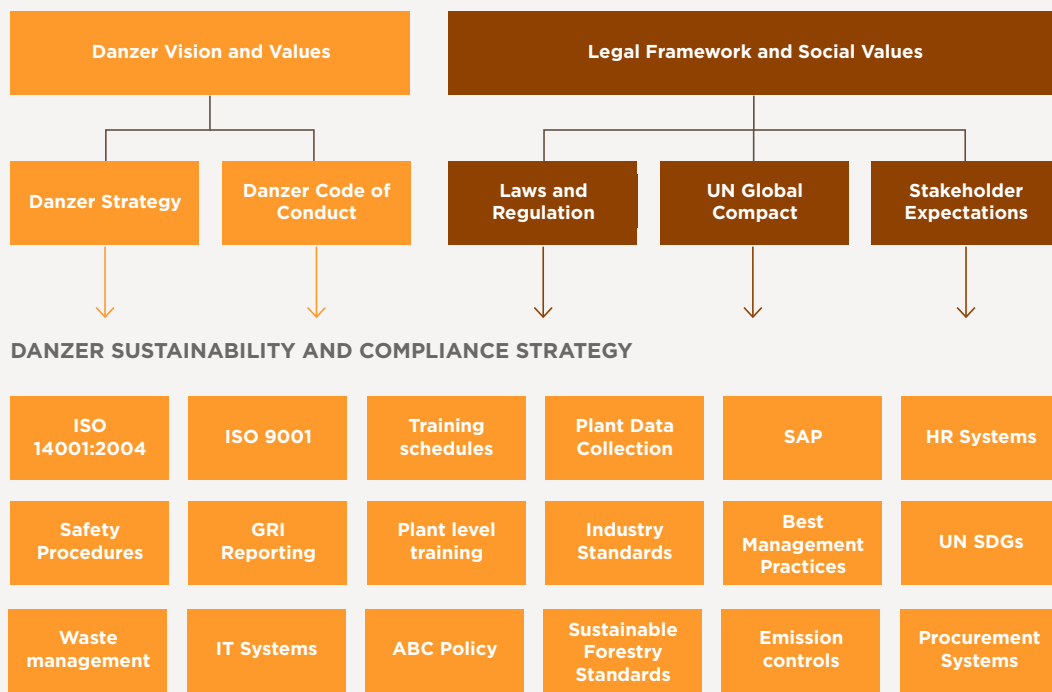
needs in terms of economic development, social equity and environmental protection.

[G4-14] The Precautionary Approach, meaning, "do no harm," is essential to the project planning that the Sustainability and Compliance Team at Danzer brings to business decisions. A new structure to the Sustainability and Compliance Team was introduced at the close of 2016 for implementation in 2017. Each of the four prongs of the Sustainability and Compliance Strategy (Safety, Environment, Legal/Sustainable Procurement, and Company Values) has a dedicated expert in that field assigned to support staff working on these issues at each location.

At the close of 2015, the Danzer Group Supervisory Board took up a recommendation to halt external audits of its Environmental and Safety Management System against the ISO 14001:2004 standard in order to prepare for the implementation of the ISO 14001:2015 standard.



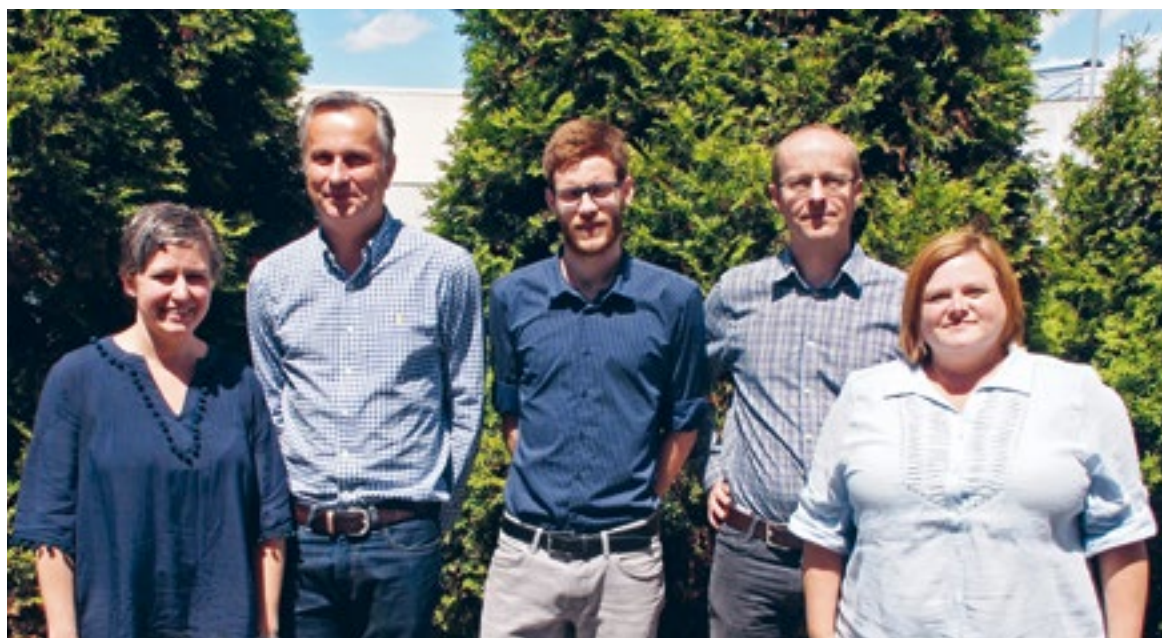
Legal Timber Due Diligence Certification



**Figure 8:** The hierarchy of Sustainability and Compliance at Danzer

The Melnik certificate will be renewed in 2017 and the certificates for all production facilities in North America and France will be reinstated in 2018. When it comes to Sustainability and Compliance, the team’s motto is, “We Set the Benchmark for the

Hardwood Industry.” With this concept in mind, we look for opportunities to adopt standards and continually improve them. For example, Danzer’s Sustainability and Compliance Counsel played a key role in leading the Hardwood Plywood and Ve-



Sustainability and Compliance Team photo (from left to right): Cathy Lynn Danzer, Hans Lutz-Scharff, Pietro Brussich, Tom van Loon, Kami Ervin in Melnik on June 7, 2017 for an internal audit of the Environmental/Safety and Procurement systems.

neer Association (Reston, VA, US) effort to create the American National Standard for Procuring/Sourcing Legal Timber that was approved by the American National Standards Institute in 2015. Danzer Veneer North America became the first company to be audited and certified to this ANS LTDD 1.0 2015 standard in 2016. Danzer is also very active submitting meaningful comments to the standard review process at Forest Stewardship Council (FSC).

Still, one stakeholder opined, “Lots of what Danzer is trying to accomplish in the areas of healthy products and the environment should be done by a trade group.” In 2016, the wood industry was supported by at least 109 trade associations in North America alone. Even so, it is surprising that there are no global statistics to compare performance of sustainability issues in the hardwood industry in the Northern Hemisphere. Danzer leads by example, chooses partners carefully and gets involved where a positive difference is foreseeable (see following tables).

**Table 1:** Memberships of associations in which Danzer management, members or employees, hold a position on the governance body

[G4-15]

ASSOCIATION	POSITIONS HELD BY DANZER MANAGEMENT
Hardwood Plywood Veneer Association	Member of the Board of Directors, Veneer Division Chairman
Canadian Hardwood Plywood Association	Member of the Board of Directors, Vice President
Cherrywood Lumbermen’s Association	Member of the Board of Directors

SUPPORTED BY DANZER
UK Timber Trade Federation's Responsible Procurement Policy
ISO 14001:2004
ISO 9001
IKEA's IWAY
ANS LTDD 1.0 2015
Forest Stewardship Council Chain of Custody
Controlled Wood
Programme for the Endorsement of Forest Certification

**Table 2:** Externally developed economic, environmental and social charters, principles, or other initiatives which Danzer supports

[G4-16]

ORGANIZATION
National Hardwood Division (UK), Forests Forever Committee
National Hardwood Lumber Association (US)
American Hardwood Export Council (US)
Architectural Woodwork Manufacturers Association (CAN)
Center for Forest Products, Virginia Tech (US)
Beaver County Community and Economic Development (US)
Society of American Foresters (US)
Wood Component Manufacturers' Association (US)
Allegheny Forest Alliance (US)
Empire State Forest Products Association (US)
London Hardwood Club (UK)
Allegheny Hardwood Utilization Group (US)

**Table 3:** Organizations at which Danzer management participates in projects or committees

[G4-16]

A Portrait

A Strategic Approach  
to Sustainability

Assessing Our Role:  
Materiality and  
Stakeholders

Part I:  
Doing Our Part  
Strategically

Part II:  
Doing Our Part  
Foundationally

Part III:  
Doing Our Part From  
a Values Standpoint

Danzer's Targets  
for 2018

# ASSESSING OUR ROLE: MATERIALITY AND STAKEHOLDERS

[G4-18] In preparation for the 2014 Danzer Sustainability Report, Danzer presented more than sixty sustainability topics to stakeholders to analyze their materiality or relevance, and then ranked these results against the relevance for Danzer in a Materiality Matrix. Stakeholders included customers, suppliers, non-governmental organizations, and employees. Danzer reported on the topics that were most relevant to stakeholders and Danzer (DSR 2014 at page 22). For Doing Our Part, Danzer first considered that to make improvements in sustainability, one must prioritize material issues according to one's influence and one's ability to transform/affect change. This addresses the difficulty presented by GRI to select material issues, to listen to stakeholders, to report on what is important, and to put sustainability in a bigger context.

[G4-24, 26] In 2015, 189 countries worldwide signed on to seventeen United Nations Sustainable Development Goals (SDGs). For the materiality assessment for this report, Danzer took these seventeen SDGs and placed them in matrices to link the SDGs in consideration of Danzer's production operations and final products, their impact on the community and environment, and Danzer's ability to effect change. The resulting matrix is Figure 9. In a second step, stakeholders (among them sustainability experts and leaders in the fields of timber supply, veneer and lumber end-users, banks, financial and compliance auditing firms, educational institutions, and town government) were asked for their input. Sustainability experts were chosen for input because their individual experience was seen as important to Danzer's prioritization of issues and goal setting. [G4-20, 21]

**"It is good to identify those things you can't do anything about – a good place to get some traction."**  
A Sustainability Expert in the banking sector



Figure 9: Danzer's Materiality Matrix



**Table 4:** How Danzer fits into the SDG categories

SDG RELEVANT FOR DANZER	DANZER'S LINK TO THE SDG	DANZER'S MATERIAL ISSUES LINKED TO THE SDG
 	<p>As a leader in innovation in the hardwood arena, Danzer promotes material efficiency, responsible use, and technological advancement.</p>	<p>Product quality and resource efficiency</p>
	<p>Capturing the data to report accurately on Greenhouse Gas Emissions is the first step toward setting reduction goals.</p>	<p>Energy consumption and greenhouse gas emissions (Scope 1 &amp; 2)</p>
	<p>By manufacturing healthy and competitive products, Danzer enables healthier living spaces.</p>	<p>Sustainable product portfolio</p>
	<p>Healthy employees are the backbone of healthy communities.</p>	<p>Occupational health and safety</p>
	<p>As a forest land manager and user of timber, Danzer plays a role in sustainable extraction, use and purchasing.</p>	<p>Biodiversity, Responsible forestry</p>
	<p>As a user of water in production, Danzer takes responsibility for conservation and treatment.</p>	<p>Soil, water and air pollution</p>
	<p>Danzer plays a role in communities to provide jobs and taxes</p>	<p>Wages and remuneration, Training, education and employee development, Economic value generation and distribution, Local economic development</p>
	<p>As an equal opportunity employer, Danzer invests in a diverse workforce.</p>	<p>Equality</p>
	<p>As a participant in the global economy, Danzer works to ensure a supply chain free of corruption, illegal logging and child- or forced-labor.</p>	<p>Anti-Corruption Responsible Product Portfolio</p>



This Doing Our Part report links the Danzer business to the SDGs, measuring Danzer's contribution using topics at three levels: the foundation, the strategy, and the vision (Figure 10). Using the Global Reporting Initiative G4 "core" framework, Danzer details in a qualitative and quantitative way how Danzer's team, activities and products contribute to the Sustainable Development Goals.

Social, environmental and economic responsibility is a part of Danzer's corporate DNA. Danzer seeks sustained positive impact rather than quick-

fixes. Each social, environmental and economic project delivering on the Danzer Strategy is based on careful research and analysis of possible impacts and accessible alternatives. Each must be weighed against other projects in line with available resources (i.e. expert capacities, work load, investment). In other words, Danzer cannot turn every challenge into an economic, social or environmental opportunity at the same time – at least not if the solutions are to be lasting.

### I. DOING OUR PART STRATEGICALLY

#### DANZER STRATEGY PILLARS



Maximize the use of hardwood and minimize waste



Make hardwood more enviable and desirable

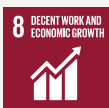
### II. DOING OUR PART FOUNDATIONALLY

#### FOUNDATION OF SUSTAINABILITY



### III. DOING OUR PART FROM A VALUES STANDPOINT

#### DANZER VISION AND VALUES



Well-rooted values drive generational decisions

**Figure 10:** Structure of this report and its links to the UN Sustainable Development Goals

A Portrait

# PART I: DOING OUR PART STRATEGICALLY

A Strategic Approach to Sustainability

Assessing Our Role: Materiality and Stakeholders

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Danzer's Targets for 2018

Danzer aims to “maximize use of hardwood and minimize waste.” This key strategic point contributes to the SDG 9, “Industry innovation and infrastructure,” and SDG 12, “Responsible Production and Consumption.”

## MAXIMIZE USE OF HARDWOOD AND MINIMIZE WASTE



SDG 9 encompasses industrialization and innovation with the goal of creating job opportunities and thereby reducing income poverty, and advancing technological capabilities of industrial sectors and prompting new skill development. By 2030, the UN goal is to retrofit industries to make them sustainable “with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes.” At Danzer, we are well on the way, doing our part to achieve this.



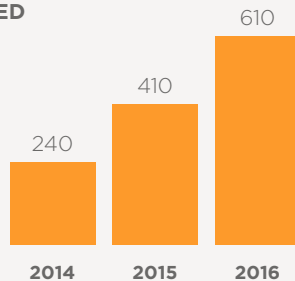
SDG 12, responsible consumption and production aims at “doing more and better with less, increasing net welfare gains from economic activities by reducing resource use, degradation and pollution along the whole lifecycle, while increasing quality of life.

It involves different stakeholders, including businesses, consumers, policy makers, researchers, scientists, retailers, media, and development cooperation agencies, among others. It also requires a systemic approach and cooperation among actors operating in the supply chain, from producer to final consumer. It involves engaging consumers through awareness-raising, education on sustainable consumption and lifestyles, providing consumers with adequate information through standards and labels and engaging in sustainable public procurement, among others.”

Danzer’s material efficiency projects significantly contributed to Goals 9 and 12 in the past two years. Stakeholders agreed that sustainable products need to be a part of the future but asked to what extent we are working with customers on innovation and wondered about quantifying efficiency gains. The following examples shows how our material efficiency projects contribute to the sustainability goals more broadly.

**Figure 11:** Log truckloads saved from being turned into saw dust due to Danzer’s sliced flooring deck layers production

### LOG TRUCKLOADS SAVED





IF WE DON'T DO IT BETTER  
OR DIFFERENTLY,  
WE ARE STUCK  
WITH WHAT WE HAVE.

Hans-Joachim Danzer, CEO

**Table 5:** Danzer material efficiency project examples 2015–16

**Deck layers for the engineered flooring industry**



**EFFICIENCY SAVINGS**

As the deck layer program expands, ever more truckloads of logs are saved from being turned into saw shavings and sawdust (see Figure 11). Backing boards, formerly chipped for fuel, are now used in a 4 mm lamella program.

**LINK TO SDGs 9&12**

Reducing resource use, degradation and pollution along the whole lifecycle, while increasing quality of life

**Customer Input:** Customers were crucial to the fine tuning of the deck layer production process. There is some willingness among customers to take alternative thicknesses and widths to increase fiber usage.

**Curve saw at Danzer's lumber mill (Bradford, PA, US)**



**EFFICIENCY SAVINGS**

In the trade-off between higher product value or higher volumetric recovery, the curve saw allows to improve both parameters simultaneously.

**LINK TO SDGs 9&12**

Reducing resource use, advancing technological capabilities

**Automatic Clipping Line (Melnik, CZ)**



**EFFICIENCY SAVINGS**

Value improvement = 3.2%  
Volume yield improvement = 2.2%  
Camera and machine do a more consistent job extracting value from logs than the human eye and brain.

**LINK TO SDGs 9&12**

Reducing resource use, advancing technological capabilities

**Customer Input:** In the future, we can produce sliced veneer closer to customer specs, delivering veneer that creates less waste at the customers' facilities (also reducing the transportation of "waste")

**Danzer cross-cutting technology to produce Danzer 3D-Veneer cheaper**



**EFFICIENCY SAVINGS**

Developed further new processes and machinery to reduce the cost for inner-layers of 3D-based chairs.

**LINK TO SDGs 9&12**

Doing more and better with less

**Customer Input:** Growth in 3D “Basic” is due to the fact that it is a direct substitute for plastic and the inability of other materials (metal, glass) to make the same shapes.

**m<sup>3</sup> measuring unit for all primary breakdown controlling, globally**



**EFFICIENCY SAVINGS**

In order to gauge value and volume extraction more scientifically in the future, Danzer is adapting its entire reporting system to harmonize all log measurement to m<sup>3</sup> without bark. Until now, regional measurements were used and these differ considerably (i.e. m<sup>3</sup>, middle/small end, MBF, Board feet (Doyle, international), bark/no bark).

**Customer specific reporting**



**EFFICIENCY SAVINGS**

Danzer worked in 2015-16 to develop a system to mark invoices as to whether the products are customer specific based on different criteria along the conversion process.

**LINK TO SDGs 9&12**

Higher yields and less waste

### Log scanning



#### EFFICIENCY SAVINGS

Danzer introduced danzerlogs.com in 2016 so that buyers could obtain a scan of the inside of a log before they buy it using an app.

#### LINK TO SDGs 9&12

Reducing resource use, advancing technological capabilities

**Customer Input:** The app was taken offline because as yet, customers did not adopt this high tech approach.

### Boiler (Souvans, FR)



#### EFFICIENCY SAVINGS

New boiler with greater efficiency, better control of exhaust, and explosion detection/prevention

#### LINK TO SDGs 9&12

Clean and environmentally sound technologies and industrial processes

### New Kilns (Souvans, FR, Darlington, PA, US)



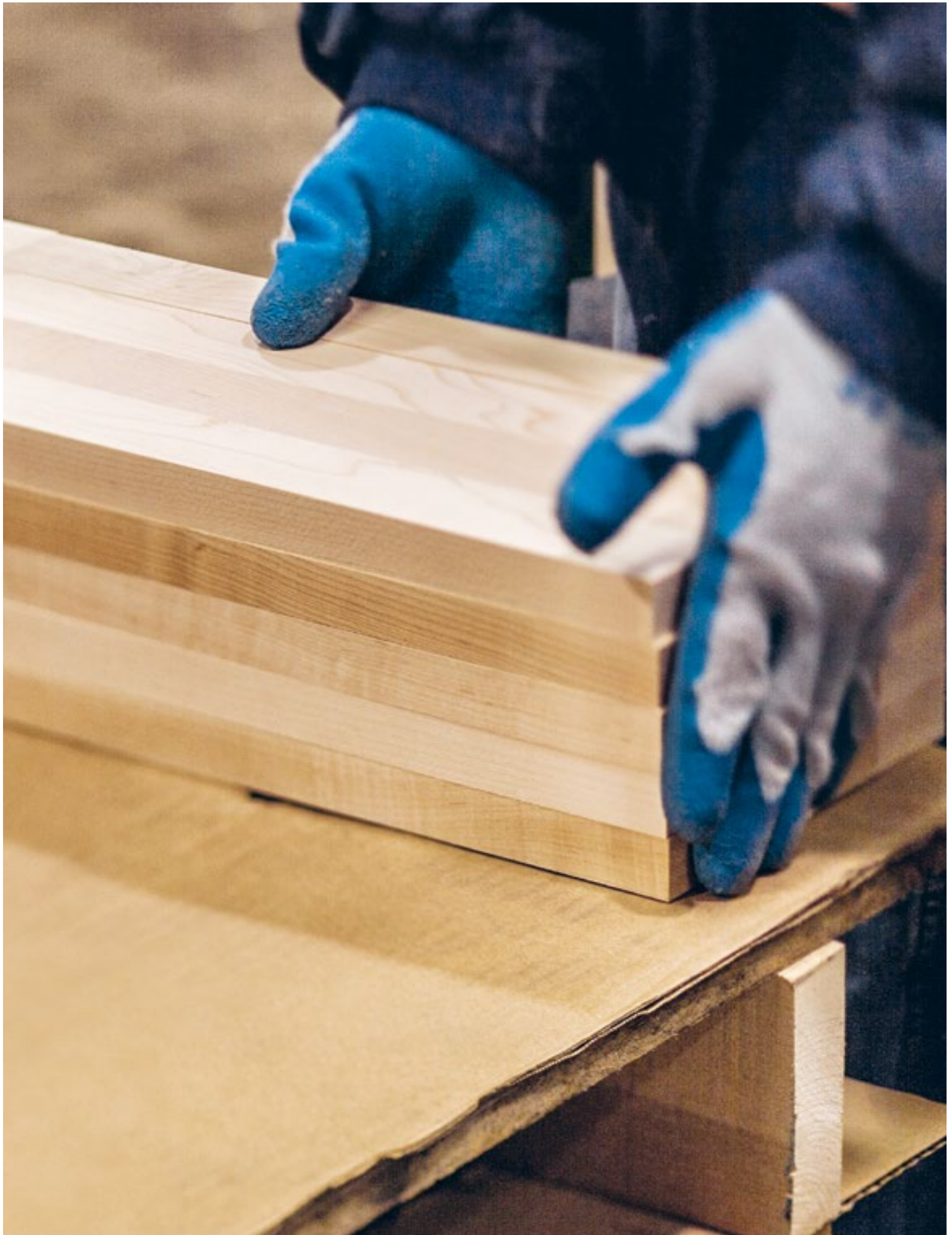
#### EFFICIENCY SAVINGS

Using kilns to dry deck layers for the engineered flooring industry is a more gentle way of drying wood than standard veneer dryers. Their use reduces micro-fractures in the wood and thus improves volume yield.

#### LINK TO SDGs 9&12

Resource efficiency

**Customer Input:** Better drying allows customer to blend sliced with sawn deck layers, creating more flexibility and lower cost in customers' production process.





At a United Nations Economic Commission for Europe (UNECE) panel discussion on forest and forest products held in Geneva, Switzerland on October 18<sup>th</sup> – 20<sup>th</sup>, Hans-Joachim Danzer said he was confident hardwood could compete effectively on its own merits provided there was a level playing field compared to other materials and there was no over-burdening regulation for smaller companies. At the conference, Hans-Joachim Danzer was one of four panelists from the wood industry, and the only one representing hardwood. All panelist agreed that wood was a material with a bright future.

## SUSTAINABLE PRODUCT PORTFOLIO

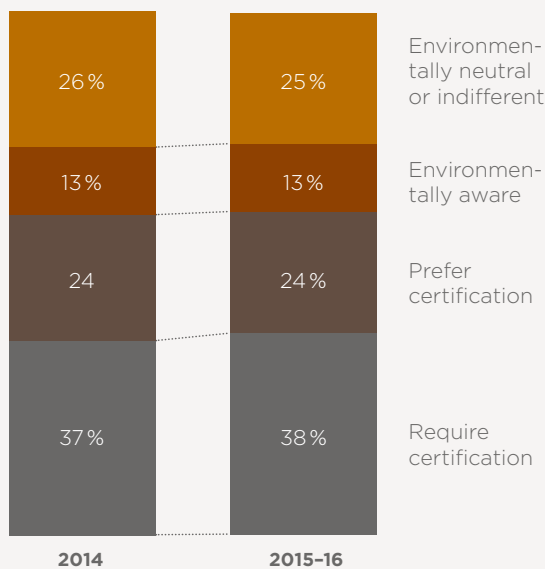
[G4-13] Stakeholders also inquired about how Danzer provides for a responsible supply chain but protects itself from unrealistic expectations. Danzer is committed to sustainable production and procurement despite not seeing a price premium for providing verified sustainable products (i.e. the chain-of-custody is not maintained by the customer). Since 2012, Danzer has tracked the purchasing preference of customers. The following graphic (Figure 12) shows the attitudes toward certification and sustainability of Danzer products.

The United Nations Economic Commission for Europe (UNECE), which includes the United States and Canada, states regarding sustainable forest management that, “there has been no consensus on how to measure and monitor progress towards sustainable forest management, which necessarily involves bringing together many pieces of information, of widely varying types. This lack of tack and agreement has hindered evidence-based policy making as well as public understanding of the issues.” Danzer supports the further development of the System for the Evaluation of the Management of Forests (SEMAFOR) by UNECE and FAO.

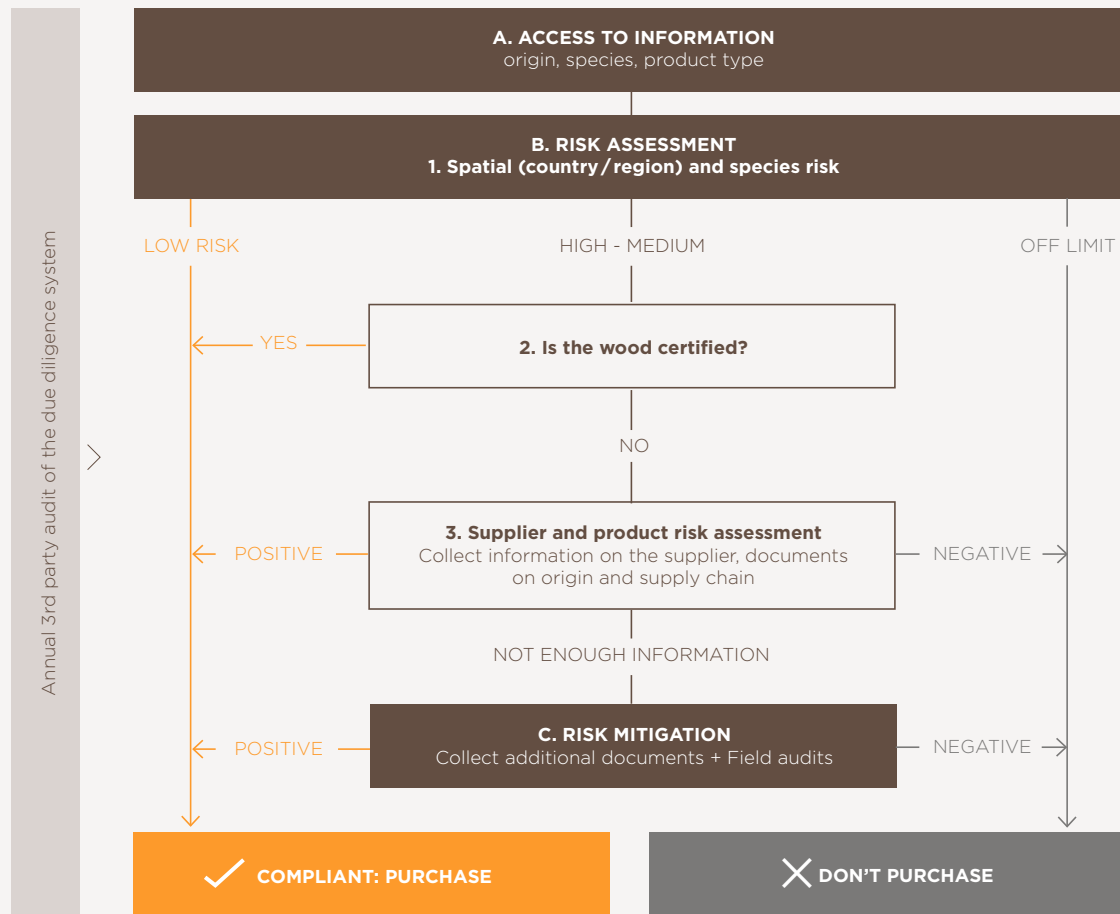
Danzer continues its strict due diligence procedure for procurement (see Figure 13). We maintain chain-of-custody programs for FSC, PEFC, and controlled wood. We do not charge a premium for controlled wood but do so for FSC certified product to cover at least some of the extra cost this certification entails. Figure 14 depicts the wood purchased by Danzer since 2014 according to certification type.

**“Chasing everything back to the stump makes the wood products non-competitive.”**  
From a North American supplier

**Figure 12:** Percentage of Danzer net sales by customer attitude towards certification and sustainability

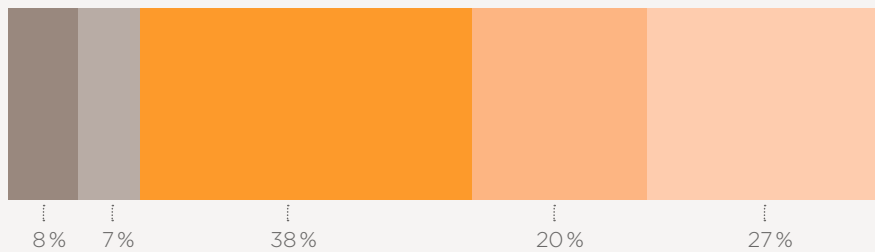




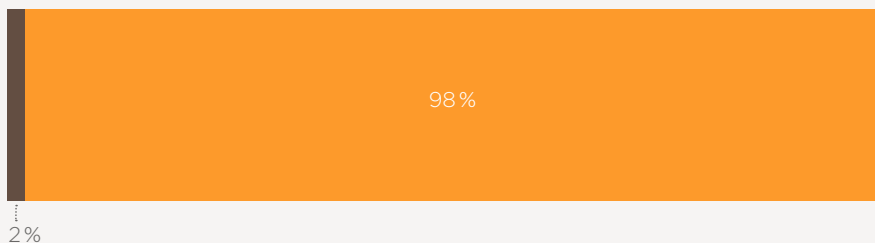


**Figure 13:** Danzer Procurement Due Diligence Procedure

**EUROPEAN COMPANIES**  
(incl. DVE, Danzer UK)



**NORTH AMERICAN COMPANIES**  
(incl. DVA, Bradford Forest)



**Figure 14:** Wood purchased by Danzer in 2015/16 by location and certification type (shares by volume)

As a result of our due diligence, a number of supplier relationships were discontinued during 2015–16 and many were never started because Danzer could not obtain the necessary proofs to ensure a minimum-risk for non-compliance along the supply chain. For example, Danzer stopped procuring at one Russian company at the end of 2016, as investment in a formal FSC Controlled Wood audit could not be justified for the comparatively small volume of wood supply. A relationship with another supplier in Romania was never started because reliable FSC certified sources could not be secured. A new potential Oak supplier in Poland was rejected after they refused to provide adequate documentation on the grounds that, “no one else requests them.” For high risk species from high risk areas, proof of legality is essential and Danzer only approves transactions if there is no doubt about the legality. For example, one Bubinga purchase within the EU was denied because the standard of proof of legality was not met.

In addition to obvious transportation impact benefits (see chapter Climate Action), processing wood close to where it grows benefits local communities by supporting job growth and technical know-how in the area that the resource comes from. This supports SDG 9 because, “manufacturing is a foundation of economic development, employment and social stability.” In Europe, around 40% of the wood processed by Danzer is procured from local communities, in North America more than 95%. [G4-EC9] For Danzer, “local community” means within 500 miles (805 km) of the production facility.

## CLIMATE ACTION

The UN sees climate change as “the single biggest threat to development (because) its widespread, unprecedented impacts disproportionately burden the poorest and most vulnerable.” Without action on climate change, according to the UN, action on other Sustainable Development Goals will be stunted.



Danzer is committed to SDG 13 and will not participate in the irrelevant discussion that questions whether human activity is linked to climate change: just the possibility to moderate climate change consequences is enough incentive to work toward carbon reduction. We see climate change as a positive challenge. It is as yet unclear how climate change will affect deciduous forests, but it is very clear that hardwoods are a direct solution to climate change through carbon sequestration in growing trees and hardwood products. At Danzer, we monitor our fuel consumption, look for efficiency improvement possibilities, and evaluate projects that could enhance efforts to reduce carbon emissions.

Recent history shows that collective international actions work: the Montreal Protocol led to the banning of CFCs and now the ozone layer in Antarctica is showing recovery.

[G4-EN15] As seen in Table 6 Danzer-wide consumption of non-renewable fuel (gasoline, diesel, heating oil, propane, natural gas) in 2016 amounted to 390'441 m<sup>3</sup> at production facilities.

**“In reality, no one is thinking about our impact on global warming: too much, too challenging.”**

Danzer trade products customer

The significant fluctuations from year to year in natural gas consumption, driven primarily by high demand for fuel in the North American production facilities and the low price of natural gas there. Using the calculator for greenhouse gas equivalents at [www.epa.gov](http://www.epa.gov), the total Greenhouse Gas Emissions from these non-renewable fuels amounted to 2'252 metric tons Carbon Dioxide Equivalents. The increase over previous years can be attributed to the fact that the Melnik (CZ) and Edinburgh, IN (US) factories were producing at capacity in 2016 as compared to under capacities in previous years.

LOCATION	FUEL CONSUMPTION FROM NON-RENEWABLE RESOURCES (m <sup>3</sup> )		
	2014	2015	2016
Melnik, CZ	4'339	23'936	6'048
Edinburgh, US	30'921	27'586	223'828
Bradford, US	300	364	340
Williamsport, US	24'210	35'170	98'422
Souvans, FR	40	43	17
Shade Gap, US	92	60	164
Darlington, US	49'982	39'050	35'045
Kesselsdorf, DE	34'869	30'616	24'334
Raspenava, CZ	n.a.	n.a.	2'234
<b>TOTAL</b>	<b>144'753</b>	<b>156'833</b>	<b>390'441</b>

**Table 6:** Danzer 2014 – 2016 fuel consumption from non-renewable sources by production site

[G4-EN16] As seen in Table 7 electricity use across the Danzer organization increased over the past two years to 49'719 MWh in 2016, which is also attributed to increased production amounting to 36'135 metric tons of Carbon Dioxide Equivalents in 2016 (Table 9). Danzer is not content with explaining increased emissions with increased production. To the contrary, Danzer has investigated the option to install solar collectors on factory roofs. In the final analysis, this option failed because the stability of the buildings, considering snow load, would be excessive. Danzer's investments are better spent on resource efficiency (see Transportation discussion below). For example, Danzer invested in fly-wheel drives for its sawmill in Bradford, PA (US). Today, twice the amount of lumber is produced with less than the energy prior to the installation.

The curve-saw project at the same mill also resulted in a decrease in electricity consumption of 39% (0.23 KWh/BDFT in 2012 to 0.14 KWh/BDFT in 2016). In the future, energy and water consumption will be reported on a per m<sup>3</sup> basis.

Danzer experienced a fire in 2015 at its production facility in Souvans, France. As a consequence, we installed a new boiler that includes a spark detection system as well as a programming package that optimizes boiler efficiency. Danzer hopes to expand the programming package to all wood-fired boilers to optimize boiler efficiency, thereby further reducing emissions of greenhouse gases and decreasing the need to supplement wood fuel. All Danzer boilers are being retrofitted with the spark arrest system.

Danzer uses residual wood from its manufacturing operations as fuel for production (cooking the logs in vats, heating the veneer dryers and kilns, space heat). Wood fuel consumed in 2016 amounted to 57'167 tons. According to the EPA, "CO emitted from (wood-fired combustion) is generally not counted as greenhouse gas emissions because it is considered part of the short-term CO cycle of the biosphere" (EPA AP2: Compilation of Air Emissions Factors, 9/03 External Combustion Sources 1.6-3.2).

**Table 7:** Danzer 2014 – 2016 electricity consumption by production site

LOCATION	ELECTRICITY CONSUMPTION (MWh)		
	2014	2015	2016
Melnik, CZ	11'065	11'844	12'927
Edinburgh, US	10'374	10'136	10'736
Bradford, US	9'327	9'629	9'800
Williamsport, US	5'580	5'765	5'355
Souvans, FR	3'739	3'738	4'366
Shade Gap, US	2'706	2'620	2'731
Darlington, US	2'586	2'654	2'652
Kesselsdorf, DE	465	572	607
Raspenava, CZ	n.a.	n.a.	544
<b>TOTAL</b>	<b>46'611</b>	<b>46'959</b>	<b>49'719</b>

The carbon exhausted by non-renewable fuels and electricity in the Danzer manufacturing operations worldwide (35'750 metric tons), are equivalent to the amount of carbon that would be sequestered by 285 acres of U.S. forests preserved from con-

version to cropland in one year. Considering only Danzer's US forest holdings that are legally protected from conversion (20'000 acres or 81 km<sup>2</sup>), Danzer's carbon footprint is more than accounted for.

LOCATION	FUEL CONSUMPTION FROM RENEWABLE RESOURCES (METRIC TONS)		
	2014	2015	2016
Melnik, CZ	n.a.	10'821	11'420
Edinburgh, US	n.a.	19'910	20'213
Bradford, US	8'578	7'916	7'090
Williamsport, US	4'960	5'516	5'869
Souvans, FR	n.a.	7'258	8'165
Shade Gap, US	2'473	4'295	3'510
Darlington, US	278	708	901
<b>TOTAL</b>	<b>16'289</b>	<b>56'423</b>	<b>57'167</b>

**Table 8:** Danzer 2014 – 2016 fuel consumption from renewable sources by production site

LOCATION	CARBON DIOXIDE EQUIVALENTS (METRIC TONS)		
	2014	2015	2016
Melnik, CZ	7'999	8'599	8'224
Edinburgh, US	7'578	7'537	8'208
Bradford, US	7'055	6'195	7'487
Williamsport, US	4'155	4'139	4'131
Souvans, FR	2'721	2'728	3'109
Shade Gap, US	2'010	1'883	2'180
Darlington, US	1'908	1'941	1'935
Kesselsdorf, DE	423	430	474
Raspenava, CZ	n.a.	n.a.	387
<b>TOTAL</b>	<b>33'849</b>	<b>33'452</b>	<b>36'135</b>

**Table 9:** Danzer 2014 – 2016 total Greenhouse Gas Emissions by production site

## TRANSPORTATION

Nevertheless, Danzer strives to find ways to reduce carbon emissions. In the DSR 2014, Danzer explained that a 2013 life cycle assessment at the manufacturing facility in Melnik revealed that transportation was the highest single environmental impact of veneer production. This included transport from the forest to the mill and finally to the customer. Danzer began a project in 2016 to quantify its transportation impact. North American veneer production was used as a starting point.

We used the matrix “Ability to Transform vs. Ability to Influence” to take transportation from the Danzer factories to the customer out of the equation. As customers organize their own shipping, Danzer has only influence over transportation from the forest to the mill and between mills in the transportation cycle, so the study focused on these.

Danzer found that in North America, excluding transport to the customer, transportation of product still accounts for 2'878 metric tons of CO<sup>2</sup> or about 20% of the fossil fuel carbon emissions at these locations (13'617 metric tons of CO<sup>2</sup> in 2015). The important message here is: Danzer's focus on material efficiency is important to reducing carbon emissions from transport of logs and product in the production process. It shows the importance of new intelligent resource-saving technologies.

The more of the log that turns into product – the fewer trucks are needed to deliver the same amount of material to the customer.

## CREATE ENVY AND DESIRE FOR HARDWOOD PRODUCTS



Danzer aims to create envy and desire for hardwood products so that more people choose wood over its unnatural or more environmentally demanding substitutes. According to the UN, “More than half the world's population lives in cities. By 2030, it is projected that 6 out of 10 people will be urban dwellers. As more people migrate to cities in search of a better life and urban populations grow, housing issues intensify.” At Danzer, we see wood as one answer to ensuring healthy living spaces and we aim to increase the use of wood products in people's daily lives in support of SDG 11.

In 2011, a study at the University of British Columbia by FPInnovations found a clear connection between wood and human health. The idea for the study was inspired by the known positive effect of plants on humans indoors. “This study provided evidence that such a (positive) relationship exists between humans and wood surfaces applied indoors.” There is an anecdotal story about the benefits of wooden schools from the Schmuttertal Gymnasium in Germany, where students who moved to a wooden school noted that as opposed to concrete, which conveys a feeling of suppression, wood is natural and warm so the room atmosphere is better.

In 2014, Danzer took the concept for a new product to the Cradle-to-Cradle Products Innovation Institute to evaluate possibilities for certification. Cradle-to-Cradle is a certification assessment based on the five principles of material health, material reutilization, energy utilization, water, and social responsibility: a system to manufacture products without generating waste. At the end of a product's life, a new safe product can be created because the ingredients have been benign from the start. In 2015, Danzer noticed that costs for the Cradle-to-Cradle certification process far outweighed the research and development budget for the new product at that particular stage of the



Wood and Human Health at <https://fpinnovations.ca>

wooden schools at [www.schmuttertal-gymnasium.de](http://www.schmuttertal-gymnasium.de)

R&D process. Danzer has not abandoned looking at new Cradle-to-Cradle products, but rather than spending excessive resources on certification, the focus of investment is today on innovation: looking for ways to re-purpose by products of the production process and use the least harmful ingredients (i.e. formaldehyde-free glues). Danzer's focus is to turn raw materials into products that at the end of the product life can be safely repurposed, and even eventually end as renewable fuel. This is the ideal cascading-use concept of the biological life-cycle.

We could not agree more with one of our suppliers commenting that, "running a business is about making a profit, keeping the neighbors happy, and living in harmony with community." Taking all of these aspects into account, we, at Danzer, aim to do all of these things while developing and producing products that make indoor living spaces healthier.

Installation of Danzer Red Gum veneer in the Sands Capital Management office building in Arlington, Virginia (US)



# PART II: DOING OUR PART FOUNDATIONALLY

Danzer has a history of understanding that a social contract exists between us and the communities we operate in. This agreement implies that the operation and the community thrive so long as the resources – employees, water, air, and land – are taken care of subject to a precautionary approach. Understanding and respecting this social contract aligns Danzer with the SDGs of Good Health and Well-Being (SDG 3), Life on Land (SDG15), and Clean Water and Sanitation (SDG 6).



(SDG 3)



(SDG 15)



(SDG 6)

## GOOD HEALTH AND WELL-BEING

The Sustainable Development Goal 3 Good Health and Well-Being is one that seeks to strengthen the capacity of all countries in health risk reduction and management. This goal addresses issues as wide-ranging as substance use and substance-use disorders, access to reproductive health care, universal access to healthcare, and pollution-related death and illness reduction.

**“Communities are stakeholders! Sustainability is about communities!”**

*From a timber supplier in the lumber business*

Worldwide, average alcohol consumption in 2015 was estimated at 6.3 l of pure alcohol per person among those aged 15 or older, with wide variations across countries. Alcohol consumption was highest in the developed regions (10.4 l per person) and lowest in Northern Africa (0.5 l per person). In 2013, only about 1 in 6 people worldwide suffering from drug-use disorders received treatment. Approximately 1 in 18 people with drug-use disorders received treatment in Africa that year, compared with 1 in 5 in Western and Central Europe.)

As an employer in communities also affected by rising trends in drug and alcohol consumption, Danzer takes action to protect employees from harming themselves or others on the job due to intoxication. In North America, this is particularly relevant, so pre-employment, post-accident, and random drug testing programs are in place.

In cases where there is no publically available health plan for Danzer employees, the company



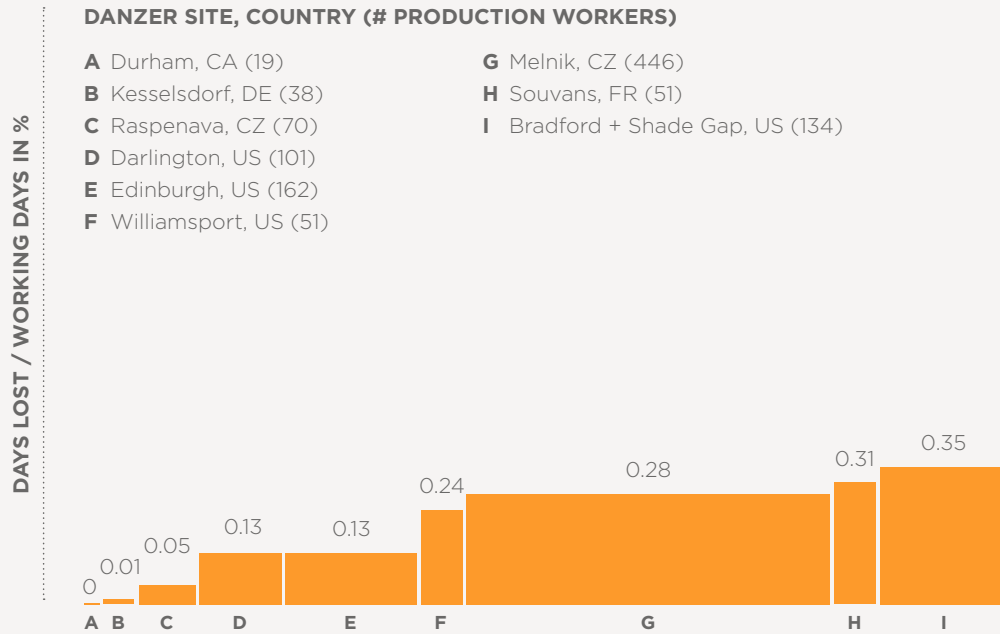
location is self-insured and therefore pays for employee health insurance. Surveys by insurance carriers show that in these cases, Danzer coverage exceeds the average for companies of the same size and industry. Across Danzer, privatized health care is limited to locations in the United States.

[G4-LA6] Occupational Health and Safety at Danzer locations is critical to business on so many levels, including: culture, quality, consistency, and cost. Health and Safety is managed as part of the Danzer Environmental and Safety

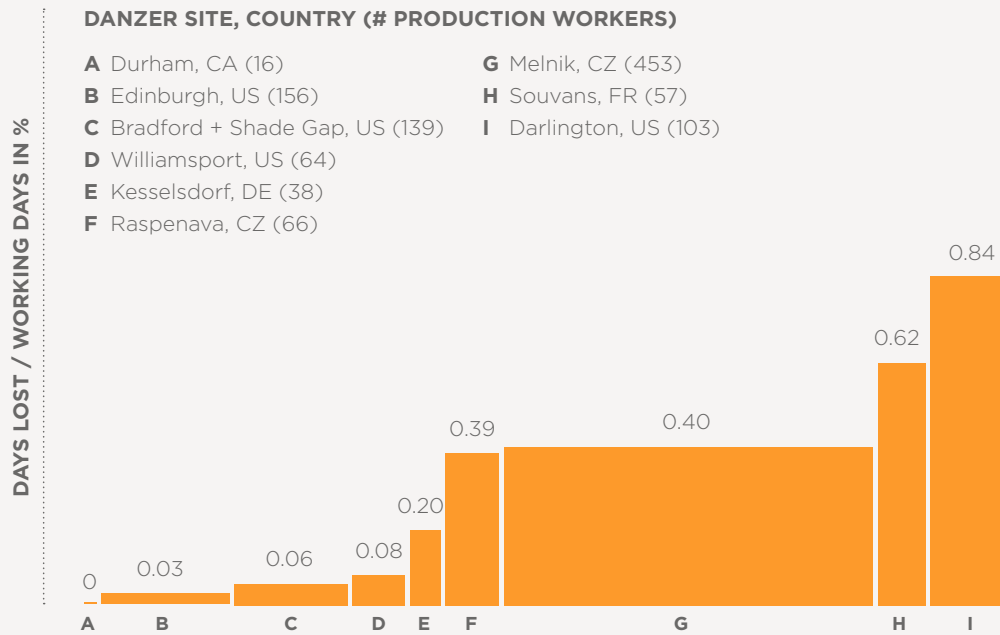
Management System, which includes planning, recordkeeping, emergency response, inspections (including compliance), training, and corrective action. Figures 15 and 16 show the Days Lost / Working Days as a percentage for each location over the past three years. The width of the bars indicates the relative number of employees at the location.



**Figure 15:** Number of work days 2015 lost due to injuries by location – width of bar represents # production workers



**Figure 16:** Number of work days 2016 lost due to injuries by location – width of bar represents # production workers



Danzer has yet to find a meaningful SMART (Specific, Measurable, Attainable, Realistic, Timely) statistic to paint an accurate picture of the injury situation at the production facilities, especially as all incident measurement is after-the-fact. In a mature system, all of the big issues have been addressed and it comes down to behavior, the safety culture, or mindset, of the employees individually and collectively. The Danzer Sustainability and Compliance Team will re-start an initiative on behavior-based safety in North America in 2017 aiming to identify, measure, and encourage positive behaviors to prevent injuries. The behavior-based approach was initiated in the North American veneer mills in the late '90s but was halted due to a lack of personnel at the time.

In all cases of peak injuries, a singular severe incident was the cause. In one case at the start of 2015, for example, thick ice on the pavement caused a severe combination of events that resulted with an employee having to undergo surgery and rehabilitation for 278 days before he was able to return to work (after another 24 days of restricted duty). This injury resulted in action by the Occupational Safety and Health Administration, who could only recommend signage and training as preventive measures. A fine was imposed by the regulator.

DANZER LOCATION	# INJURIES 2015	STATISTICAL NO. OF INJURY FREE EMPLOYMENT YEARS 2015	# INJURIES 2016	STATISTICAL NO. OF INJURY FREE EMPLOYMENT YEARS 2016
Durham, CA	0	-	0	-
Bradford + Shade Gap, US	4	44.5	4	46.8
Raspenava, CZ	1	78	4	18
Melnik, CZ	18	31.9	17	31.8
Kesselsdorf, DE	0	-	4	18.5
Souvans, FR	5	13.4	2	36
Darlington, US	12	9.2	7	17.7
Edinburgh, US	19	11	15	14
Williamsport, US	11	6.4	9	7

**Table 10:** Number of injuries (beyond First Aid) 2015/16 by location – No fatal injuries occurred in 2015/16 at Danzer locations

## WORKING AT DANZER

[G4-10] Danzer employed 1480 people in 2015 and 1525 in 2016. Significant drops in employment numbers at production facilities between 2015 and 2016 were primarily due to increased automation of higher productivity achieved by the sawmill investment project.

It is not a foregone conclusion that automation replaces workers, rather it enhances the jobs of low-skill workers leading to higher skill levels, higher pay possibilities, and a safer work environment.

[G4-10,11] In 2016, the position of Head of Human Resources at Danzer needed to be filled in the natural course of succession planning. Danzer decided to hire an outsider with a focus on Human Resource development and training. Gerold Hasel accepted this position in 2016 to

start on 2 January 2017. In 2017, Mr. Hasel will conduct an employee satisfaction survey as well as market comparisons of wages throughout the organization in order to do a proper assessment of Danzer's wage competitiveness.

At Danzer, we understand that the employee experience influences culture, adaptability, quality, consistency and overall success. We have a high seniority in Darlington (US), Edinburgh (US), Williamsport (US) and Souvans (FR). In France there is almost no difference in seniority between production and salary, whereas we can see a significant gap in North America. A significant portion of salaried employees in North America began working in production. Across Danzer, average seniority ranges from 1 to 16 years in production and from 4 to 22 years in salaried positions. Among non-management employees, at the end of 2017, approximately 22% are under thirty-years old, 51% are between thirty and fifty years, and 27% are over fifty years of age.

**Table 11:**  
Entry level wages  
at Danzer as % of  
local minimum  
wage

DANZER PRODUCTION LOCATION	ENTRY LEVEL WAGE AS % OF LOCAL MINIMUM WAGE 2015	ENTRY LEVEL WAGE AS % OF LOCAL MINIMUM WAGE 2016
Europe	120.98%	120.93%
North America	126.13%	125.99%

# 3 STORIES ABOUT WORKING AT DANZER

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## — Ulli Kaempfe

was a trainee at the Reutlingen, Germany veneer mill in 1977 when Mr. Karl Danzer came to meet the trainees on the logyard. All of the other trainees were wood scientists from Hamburg or wood engineers from Rosenheim. When he came to the end of the line, Ulli put his head down and said, "I'm just a carpenter." Karl Danzer looked at him sternly, wagged his finger and said, "Don't you ever let me hear you say, 'just a carpenter' again! I was a carpenter." Ulli's first days cleaning up the bark on the logyard gave him the opportunity to greet Karl Danzer who quizzed him every time on the type of bark he was pointing to with his cane. Little did Ulli know that this quizzing would lead him to a career in selling veneer and lumber: Ulli spent two years in Zaire, moved to veneer sales in Winsen, DE in 1982 and then two more years building up a sales force in Zaire, and then he moved to Canada for export veneer sales and is today leading the Spliced Face Division of Danzer North America.



## — Rita Caldwell

who joined the Danzer team in January of 1979, came for the benefits. „There was no job market and the company had a reputation for no lay-offs and steady work,“ she said. These are still the reasons why Rita has stayed with the Danzer team for over 38 years and she has no plans to retire anytime soon. „I'm comfortable here,“ she said. „I'll work until my body won't let me work anymore.“



## — Agostini family

has been working at the Danzer veneer production facility in Souvans (FR) for three generations. In the 1970s, two Agostini brothers worked with the Cour family to build Juraplacages at the current location of Danzer in Souvans. Upon their fathers' retirements, Jean-Pierre and Philippe Agostini started in 1980 and 1983 respectively. Jean-Pierre joined as a slicer operator and is now production manager for the past 37 years. He lives only three kilometers from the factory. Philippe Agostini started working on a veneer dryer and is now the slicer operator on the stay-log machine. Nathalie Agostini, the wife of Jean-Pierre began at Danzer France in 2004 in the drying department. Two of their four children joined the Danzer team recently: Johann Agostini began working at the vat station in 2011 and is now also a boiler operator. Kevin Agostini started with Danzer in 2016 integrating the formatting team for flooring production. Following training at the Danzer, Melnik (CZ) location, he will be the coordinator of the formatting line team. This family appreciates working for such a professional organization.



**Table 12:**  
Training Programs  
at Danzer Facilities  
2014–2016

FUNCTION	AVERAGE TRAINING HOURS PER YEAR PER EMPLOYEE		
	2014	2015	2016
Production	2.9	5.3	5.4
Engineering/Procurement/ Sales/Administration	3.4	9.1	15.1

[G4-LA9] Key to high seniority and a safe work environment is a well-trained workforce. At Danzer, training employees on safe operating procedures and quality control is very important for the success of the business as well as for

compliance with the law. The total hours of training and education at Danzer locations increased significantly over the 2014–2016 period.



Further information on the Stanford Study is available here: <http://www.pnas.org/content/2015/06/23/1510459112>

The following table illustrates the training and education subjects [G4-LA9] that occurred in 2015–16 at production, warehouse and office facilities. The discrepancies in subjects covered is driven by legal requirements in specific locations. With the expansion of the Sustainability and Compliance Team in 2017, Danzer will work toward a more uniform system of identifying common risks and customizing the training accordingly. Further, comment nomenclature and uniform tracking will make reporting more meaningful.

- (1) **discuss with your supervisor**
- (2) **report to Danzer Advisory Board member**
- (3) **report to secure and confidential address**

The steps only escalate as problems are unresolved. At steps (2) and (3), matters are reported in a database that tracks resolution and informs management on progress. All non-compliances that result from an audit (ISO 14001, FSC, IWAY, ANS LTDD) are recorded in the same database. In the period from January 2015 until December 2016, 74 corrective actions were recorded in the database. 11 remained incomplete at the close of 2016.

[G4-SO11a] Danzer’s training of employees on the Code of Conduct involves introduction to the Grievance Mechanism, which is a three-step approach to bringing concerns forward to management:

### LAND RESOURCE STEWARDSHIP

The FPInnovations study cited above, showed that wooden surfaces indoors reduce stress for the occupants. In 2015, a Stanford study was published in Proceedings of the National Academy of Science with findings that people who walked for 90 minutes in a natural area showed decreased activity in a region of the brain associated with depression, as compared to study subjects who walked in an urban setting. Danzer plays a part here in maintaining natural areas for people to enjoy.

According to the UN, the world’s forest area saw a decline from 31.7 per cent of the world’s total land

Cerulean Warbler



**Table 13:** Training Programs at Danzer Facilities in 2015 and 2016

TRAINING	FACILITIES TRAINING AFFECTED EMPLOYEES
Electrical Safety/Control of Hazardous Energy	Souvans (FR), North America
Powered Vehicle Safety (i.e. forklifts)	Souvans (FR), Kesselsdorf (DE), Melnik (CZ), Raspenava (CZ), North America
Pedestrian Safety/Accident Prevention	Bradford (US)
First Aid	Souvans (FR), Kesselsdorf (DE), Melnik (CZ), North America
Emergency Action Plan and Fire Equipment	Souvans (FR), Melnik (CZ), North America
Workplace Violence Prevention and Response	North America
General Safety at Work	Kesselsdorf (DE), Melnik (CZ), Raspenava (CZ), North America
Data Protection	Danzer-wide
Code of Conduct	Kesselsdorf (DE), Melnik (CZ), North America
Language Training	Souvans (FR), Kesselsdorf (DE), Melnik (CZ), Raspenava (CZ)
Hazardous Materials	Melnik (CZ), North America
Confined Space Entry	Melnik (CZ), North America
Personal Protective Equipment and Hearing Conservation	Melnik (CZ), North America
Environmental and Safety Management System	Melnik (CZ), North America
Fall Protection	Melnik (CZ), North America
Lifting Safety/Ergonomics	Melnik (CZ), North America
Chainsaw Safety	Melnik (CZ), North America
Welding and other hot work safety	Melnik (CZ), North America
Compressed Air Safety	Melnik (CZ), North America
Accident Prevention, Reporting, Investigation	Melnik (CZ), North America
Heat Stress	Melnik (CZ), North America
Radiation Safety	Edinburgh (US)

mass in 1990 to 30.7 per cent in 2015. Conversion of forest to other land uses, such as agriculture and infrastructure development was slightly offset by other areas that were forested through planting, landscape restoration or the natural expansion of forest. So, the global net loss of forest area declined to 3.3 million hectares per year during the period from 2010 to 2015 from 7.3 million hectares per year in the 1990s. When it comes to forest management in the United States (Danzer owns no other forest

land in the Northern Hemisphere), Danzer is fully aligned with SDG 15 (Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss) to “ensure sustainable use of terrestrial and inland freshwater ecosystems and their services,” and to “significantly reduce the impact of invasive alien species on land and water ecosystems.”

[G4-EN 11,12,13] A stakeholder stated that it, “would be quite nice to look at Danzer’s ability to transform the US Forests taking a lead on the Life on Land SDG and to see how (Danzer) delivers against it?” Another Environmental Non-Governmental Organization asked, “What are you doing for biodiversity in North America and what is the sustainable forestry methodology as compared to FSC there?”

We asked the Danzer Forestland (DFL) forester, who manages the forestland in Indiana, how the Indiana FSC group certificate added or did not add to how DFL performs forestry in Indiana. He noted that during the time that Danzer was included in the state group certificate there was not much if any difference. However, with the continual improvement that FSC requires, he inquired further about the differences, did a comparison and found that, with few exceptions, Danzer meets FSC requirements. The requirements that are in question are only so because they do not apply to Danzer’s activities at this time.

Danzer Forestland did not re-enroll in the group FSC certificate in Indiana after the re-association with FSC. Even though Danzer Forestland does not participate in the Indiana group certification, it follows best practice, and its forest management is fully aligned with the FSC Principles and Criteria and related standards.

“Overall, our forest management meets the FSC requirements and probably better than most of the other timber industry in Indiana. I have been told that some of the practices that DFL requires are part of the reason that we have difficulties finding logging contractors willing to harvest our timber.” (Lee Eckart, Forester, Danzer Forestland) Danzer uses its own logging crew in Indiana to ensure compliance with Best Management Practices. Danzer Forestland is looking into expanding this practice into Pennsylvania and New York where it also manages forestland but presently uses outside contractors to do the logging. Another factor adding to this necessity is that many logging contractors do not carry workers’ compensation insurance: a Danzer prerequisite.

[G4-13] Managing forests for biodiversity and managing for wood production are not mutually exclusive goals. Both goals can be achieved by diversifying forest management techniques, leaving wildlife corridors, respecting stream buffer zones, following regulatory best management practices and leaving slash from felling operations in the forest for habitat. Examples that DFL has identified and manages for are a unique population of Giant Cane on one property and the Allegheny Wood Rat that dwells along the bluff overlooking the Ohio River on another. These mammals have long been a species of study by the Indiana Department of Natural Resources (DNR) which DFL has facilitated through access to the property. DFL has participated since 2009 in the New York Department of Environmental Conservation’s Deer Management Assistance Program in all forest land tracts in New York State that are greater than 100 contiguous



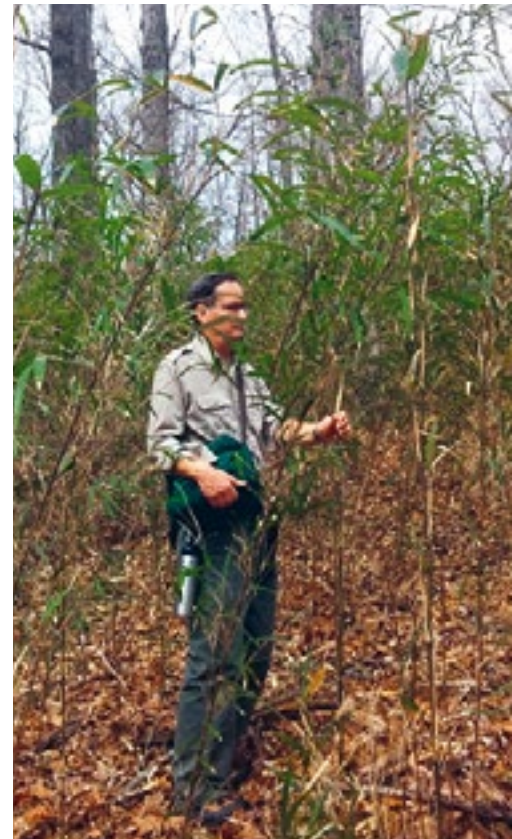


acres. This program is the primary means of keeping deer population at a level that the habitat can support without adverse impacts on forest regeneration. In North America, Danzer Forestland manages approximately 45'000 acres (182 km<sup>2</sup>) of hardwood forests in the states of New York, Pennsylvania and Indiana. [G4-EN11] Of those, nearly 45% is covered by a conservation easement: a legal device to protect the land from land use changes in perpetuity. Also, of the total, 72% is managed adjacent to or within protected areas of high biodiversity value (GAP status 4, IUCN V, GAP status 2, IUCN VI, GAP status 3, IUCN IV). It is impossible to know how many logs Danzer buys from protected sustainably managed forests that are not certified as such because, in North America, Danzer buys many logs from sawmills that do not have a comprehensive chain-of-custody system in place. In these cases, Danzer confirms that the area of procurement is low-risk for illegal logging and non-sustainable forestry. The Bradford, PA (US) lumber mill buys more logs directly from forest-owners than the North American veneer mills and can therefore account for 6.4 million boardfeet of purchased logs (40%) and standing timber (40%) from protected sustainably managed forests in 2015 and 5.2 million board feet of purchased logs (40%) and standing timber (20%) in 2016.

**Danzer Forestland** received a call in 2016 from The Nature Conservancy who had been approached by the Indiana Division of Nature Preserves. A botanist there had found a reference to a patch of Giant Cane on an original land survey from 1805 of what is now DFL property. This was interesting to the botanist because Giant Cane is a plant not usually found extensively in Indiana's uplands. DFL Forester, Lee Eckart did indeed find the Giant Cane with the team of botanists: it was still in the same place after 200 years! This is a very unique feature in the forest for a plant that will not be harmed by selective harvesting around it (it loves light).

In 2015 and 2016, negotiations with the State of New York to amend a conservation easement on a Danzer Forestland property that lies in the Adirondack Park Agency boiled down to the critical questions of the new language, additional acreage for the State, road maintenance and the preservation of hunting camps on the property. The NYC Department of Environmental Conservation, a State Senator's office, private hunting clubs, and Danzer have all been involved in the discussion. Danzer looks forward to a positive solution for all parties in 2017.

Giant Cane and Mike Homoya, botanist, Indiana Division of Nature Preserves



[G4-EN12] For the purposes of the Global Reporting Initiative, protected area is defined as “a geographically defined area that is designated, regulated, or managed to achieve specific conservation objectives.” In the past two years Ash salvage operations took place on 20 km<sup>2</sup> of the DFL properties adjacent to or within protected areas. Ash (*Fraxinus Americana*) salvage operations are necessary to recover some value from the Ash trees which are being devastated by the Emerald Ash Borer (*Agrilus planipennis*) in most of the Northeast United States. The Emerald Ash Borer is spreading everywhere and has already hit at least five DFL properties. An Ash salvage plan using Geographical Information System based timber inventory data and proximity of known infestations as well as the percent and absolute volume of Ash and diameters was developed in 2015 by DFL. From January 2015 to December 2016, 40% of the Ash sawlogs were harvested, thereby reducing the Ash portion of standing timber volume from 9 to 5% (the harvest of other species was reduced while the Ash salvage was ongoing). The Ash salvage operations cause irreversible impacts but there is little difference between the irreversible impact of a salvage operation and an infestation. The only positive difference is that a salvage operation allows for some short term minimization of economic loss and the removal of overhead hazards from falling dead branches. It is also Danzer’s hope that the reduction of Ash trees slows down the infestation process.

In other cases, impacts on a total of 1 km<sup>2</sup> resulted from the construction of unpaved roads, landings and skid trails, a clear-cut to open space for light demanding fauna and pioneer species (4 km<sup>2</sup>), and ongoing damage (1 km<sup>2</sup>) from a spill of fracking residuals (2012) on a neighboring property (see page 52).

Between 2015 and 2016, Danzer Forestland added volume-by-specie and diameter histograms to its GIS on a tract/stand/plot level for improved harvest planning and forest management. In 2016, DFL started taking XY coordinates of trees during plot cruises and incorporating hill-shade maps for improved road and skid trail planning and erosion control.

Also, a stakeholder asked about whether Danzer Forestland had looked into extra income from selling or trading carbon credits. Danzer Forestland has been approached twice regarding carbon credits associated with the California Cap and Trade Program. In both instances, Danzer rejected this program primarily due to the unpredictable future of the program and the 100 year commitment required to enroll in the system. Once the time requirements and the costs associated with the ongoing monitoring of the timber resource decrease, and a more stable demand for the credits exists, this concept will be revisited for certain land parcels.

## AIR RESOURCE STEWARDSHIP

Danzer maintains standard operating procedures to ensure that its boilers and air pollution control equipment are compliant with local and national regulations. Occasionally, disruptions in the boiler systems occur that cause temporary excess emissions, shutdowns, and sometimes explosions and/or fires. [G4-EN24] Between January 2015 and December 2016, there were no disruptions to normal boiler functioning that resulted in excess air emissions. However, a new boiler was installed in 2016 at Souvans, FR. The former boiler did not meet air pollution limits of 100mg/m<sup>3</sup> particulate matter (>10 mm) because it used older

Emerald Ash Borer



pollution control technology. The new boiler runs with a state-of-the-art electrostatic precipitator control device and is compliant with the new emissions standards of 30 mg/m<sup>3</sup> with 6 % oxygen.

The new boiler installation in Souvans, FR includes a spark detection system as well as a programming package that optimizes boiler efficiency. Danzer hopes to expand the programming package to all wood-fired boilers to optimize boiler efficiency, thereby reducing emissions of greenhouse gases and decreasing the need to supplement wood fuel.

water treatment system and the water cycle as a whole. Also, efforts to prevent accidental contamination through spill protection, monitoring and emergency response planning by Danzer employees, reduces impact on the local environment.

[G4-EN8] The following table shows Danzer’s water withdrawal and discharges over the past three years.

The new boiler installation in Souvans



## WATER RESOURCE STEWARDSHIP

Sustainable Development Goal 6, Clean Water and Sanitation, discusses holistic management of the water cycle, defined as, “taking into account the level of “water stress”, calculated as the ratio of total fresh water withdrawn by all major sectors to the total renewable fresh water resources.” The related goals aim to improve water quality by reducing pollution and halving the proportion of untreated wastewater by increasing recycling and safe reuse. At Danzer, water is important to our production, whether indirectly for steam heat or directly for cooling (sprinkling) and cooking logs. The more effort Danzer puts into removing woody material from the process water, the less stress the discharged water will put on the community

LOCATION	WATER WITHDRAWAL (m <sup>3</sup> )			WATER DISCHARGES (m <sup>3</sup> )		
	2014	2015	2016	2014	2015	2016
Melnik, CZ	250'000	288'515	279'711	141'590	155'100	97'760
Edinburgh, US	234'810	143'806	171'404	110'224	101'557	114'925
Williamsport, US	95'518	291'586	136'989	90'029	178'915	114'889
Souvans, FR	35'792	41'618	46'380	19'829	34'183	40'172
Kesselsdorf, DE	486	899	797	486	899	797
Raspenava, CZ	n.a.	n.a.	745	n.a.	n.a.	745

**Table 14:** [G4-EN22] Danzer 2014–2016 water consumption and discharges by veneer production sites

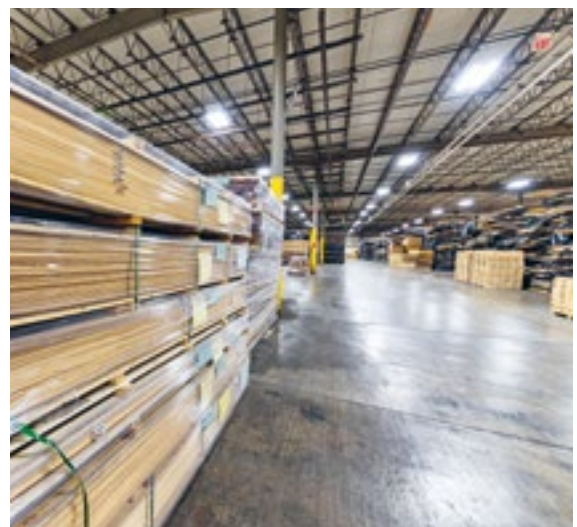
[G4-EN24] Over the course of 2015 to 2016, no facility reported a spill or leak of contaminated water. However, the situation in Tioga County, Pennsylvania was ongoing. In the DSR 2014, Danzer explained about the separation of surface and mineral land estates in the States of New York and Pennsylvania in the United States. In 2014, an oil and gas company exploiting their mineral rights to natural gas under Danzer Forestland property in Tioga County, Pennsylvania caused a leakage of fracking fluid into a nearby creek leading to damage to the ground water and vegetation. The oil and gas company was charged by the Pennsylvania Department of Environmental Protection, but that case resulted in a lengthy legal trial between the State and the Operator. The fine was reduced from USD 4.5 million to USD 120 thousand as a result of the Court deciding that the method of calculating the fine was unjust. Danzer also seeks damages in the case, but so far only pre-trial discussions and negotiations have taken place. A 2017 resolution is expected.

Also, in the State of New York, Danzer is in ongoing discussions with the New York State Department of Environmental Conservation about oil wells that have been abandoned by the subsurface

owners/operators. The problem with abandonment is that these old wells continue to contaminate the surface, owned by Danzer Forestland and the owners of the wells, who are responsible for the clean-up, are difficult – if not impossible – to locate. The Coast Guard and the Federal Environmental Protection Agency are also involved in a clean-up of abandoned wells.

Further, plastic product packaging can pose a threat to water resources in that so much plastic today finds its way to waterways and harms wildlife. Danzer found through its stakeholder interviews that customers are also interested in reducing plastic wrap that necessarily protects wooden products from light, moisture, and physical damage. In 2016, Danzer investigated various alternatives to the standard plastic wrap used for veneer bundles throughout the industry. The challenge was to find a biodegradable packaging that could maintain a relatively stable product moisture content, protect from UV damage and prevent breakage from physical handling at a reasonable price. Engineers tested everything from cardboard to reinforced craft paper to cornstarch-based package wrap. Finally, an oxo-biodegradable plastic-based film is showing promise. Danzer hopes to affect a Danzer-wide switch to this new packaging film in 2017.

Current product packaging





A Portrait

A Strategic Approach  
to Sustainability

Assessing Our Role:  
Materiality and  
Stakeholders

Part I:  
Doing Our Part  
Strategically

Part II:  
Doing Our Part  
Foundationally

Part III:  
Doing Our Part From  
a Values Standpoint

Danzer's Targets  
for 2018

# PART III: DOING OUR PART FROM A VALUES STANDPOINT

Danzer Values are the thrust behind the Danzer Code of Conduct and all Danzer policies and procedures, including the Danzer Strategy. We derive our values by asking a question from the present perspective of our past: what drives our sustainable success? The answer is that Danzer must consider economic development, social equity, and environmental protection in planning for our future as a company.

## THE SIX DANZER VALUES



**1. Value creation**



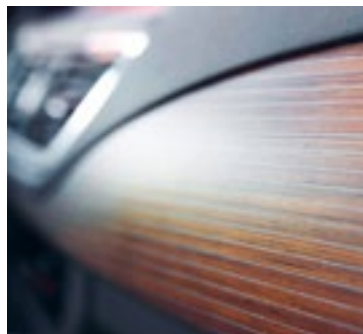
**2. Fascination for wood and nature**



**3. Sustainability**



**4. Innovation**



**5. Quality**



**6. Trust and social commitment**

## ECONOMIC GROWTH



SDG 8 Economic Growth is about achieving sustainable development through sustained and inclusive economic growth. Labour productivity (measured by GDP per worker) spurs economic growth. The targets within this SDG focus on diversification, technological upgrading, and a focus on high-value added sectors. They site decent job creation, entrepreneurship, creativity and innovation as part of the solution as well as improve-

ment in global resource efficiency in consumption and production. The thinking here is to, “decouple economic growth from environmental degradation.” Danzer is doing its part here as explained in Part I. Danzer also plays a role in providing productive employment and decent work that is equitable and safe.

[G4-EC1] The table below presents an overall picture of Danzer’s direct monetary value added to local economies.

COUNTRY	TAXES PAID IN 2014	TAXES PAID IN 2015	TAXES PAID IN 2016
US	938	953	918
Switzerland	375	443	428
Great Britain	326	124	204
Belgium	0	87	165
France	74	105	106
Czech Republic	80	150	70
Canada	44	12	12
Germany	13	102	12
Austria	21	3	6
<b>TOTAL</b>	<b>1'871</b>	<b>1'979</b>	<b>1'921</b>

**Table 15:** Danzer’s 2014–2016 tax payments by country in thousand euros.

**Table 16:** Danzer Direct Economic Value Generated in thousand euros.

DANZER DIRECT ECONOMIC VALUE GENERATED	2014	2015	2016
Revenues	168'601	190'413	195'443
ECONOMIC VALUE DISTRIBUTED			
Operating costs, costs for raw material	60'984	71'296	65'881
Operating costs, all other costs	56'521	59'736	63'806
Employee wages and benefits	49'394	57'330	57'886
Payments to providers of capital	3'283	3'946	3'908
Payments to government	1'613	1'548	1'648
Community investments	11	17	20
ECONOMIC VALUE RETAINED	-3'205	-3'460	2'294

## EQUALITY



The UN established the SDG 5, because gender equality remains a challenge and the lack of equality is a major obstacle to sustainable development. It noted that, “as of 2014, 143 countries guaranteed equality between men and women in their constitutions; another 52 countries have yet to make this important commitment.”

Danzer is committed to equal opportunity employment. As stated in the DSR 2014, it is hard to categorize people for the sake of proving that you do not discriminate/categorize. Danzer tries, where possible, to allow flexible work options for families. This is, for obvious reasons, more easily done in the office setting than the production setting. We do this because Danzer realizes that the value of imposed diversity on business are underestimated. Therefore we seek candidates of diverse backgrounds who can bring different experiences to the mix of innovation at Danzer and spread the news about the benefits of wood to a broader audience. Of 1'525 Danzer employees worldwide, 32% are women.

In 2014, Danzer reported that the workforce represents more than 38 nationalities, who speak more than 30 different languages. These numbers hold true at the end of 2016 when 1'099 are production workers and 426 work in Engineering, Procurement, Management, Sales and Administration.

## DANZER VALUES



SDG 16: Peace, Justice and Strong Institutions. [G4-SO3] The Danzer Code of Conduct informs business decisions and helps Danzer take action. The Code covers all elements of the Danzer Anti-Bribery and Corruption Policy. This speaks directly to the Sustainable Development Goal of Peace, Justice and Strong Institutions because Danzer’s procurement and sales activities affect countries at high risk of corruption. The UN cites data that suggests a significant gap in citizens’ access to and trust in authorities. “Although official data on the prevalence of bribery are limited, figures from 19 countries indicate that the rate of prevalence of bribery may reach as high as 50 per cent among citizens who had contact with public officials, undermining trust in state institutions.”



In 2015 and 2016, Danzer took the following steps to enhance its existing risk assessment and control mechanism for corruption:

1. use the UN Guide for Anti-Corruption Risk Assessment
2. modify it to encompass illegal logging and forced labor as well as corruption
3. evaluate all areas of business using Transparency International's 2016 Corruption Perceptions Index to identify countries with a score above 39 (high risk) where Danzer produces, procures raw material, or sells products
4. interview employees experienced in these regions/fields
5. summarize results and communicate findings

The findings of the two year analysis showed:

- Danzer employees are well-versed and knowledgeable of the issues.
- Steps are taken in high risk areas to avoid risk (i.e. enhanced supplier inspections, diversion of imports to less-corrupt points of entry).
- A higher risk of forced labor in the logging industry was identified in Northern Russia (prison labor) and Brazil (child labor in plantation forestry and forced labor in the forest sector).

A training program was prepared for launch in the first quarter 2017 to remind employees to avoid bribe requests by meticulously completing accurate documents, record all gifts according to the Danzer Gift and Hospitality Procedure, make customers aware of Danzer's positions on corruption, legal logging, child or forced labor early in the negotiating process, and make contract provisions for no child or forced labor on supplies from Northern Russia and Brazil.

Retraining on Danzer's Grievance Mechanism and Integrity Line is also arranged for the start of 2017 as a review showed that the confidential reporting line had not been used. This is usually an indicator of a lack of awareness rather than an absence of grievance.

By taking a hard line on bribery and corruption in business dealings, Danzer helps advance the goal of ending corruption because it ultimately harms the poorest of the poor.



UN Guide for Anti-Corruption Risk Assessment  
[https://www.un-globalcompact.org/docs/issues\\_doc/Anti-Corruption/RiskAssessment-Guide.pdf](https://www.un-globalcompact.org/docs/issues_doc/Anti-Corruption/RiskAssessment-Guide.pdf)

# DANZER'S TARGETS FOR 2018

A customer of ours cautioned our sustainability and compliance team that quantifiable goals can hinder innovation if they are made on a year-to-year basis and that goals should rather be aspirational so that they send a signal to the organization about the business we want to become. The Danzer Strategy does just this: "Maximize hardwood use and minimize waste while at the same time create more envy and desire for hardwood products".

## Quality:

- ISO9001 quality systems across Danzer production operations by 2020
- Camera-based quality control in all large manufacturing facilities by 2020

## Resource efficiency:

- Double deck-layer production capacities by 2019
- Automation of deck-layer production in Melnik, Darlington by 2019
- Log scanning based log segment decisions functional at one Danzer mill by 2019
- Increase Customer Specific Products from 40% (currently) to 50% in 2020

## Safety:

- Behavioral approach to SMART goal setting and targeted training by 2018

## Environment:

- Upgrade all bio-mass boilers at Danzer facilities to improved control systems by 2021
- Product packaging converted to oxo-biodegradable plastic by 2018
- Report energy and water consumption on a per m<sup>3</sup> basis in 2017–2018
- Audit every production site against the ISO 14001:2015 standard

## Procurement:

- Continue to grow more trees on Danzer Timberland than annual harvest every year thru 2020
- Grow supply to North America veneer mills from standing timber by 25% by 2019

## Communities:

- Further develop cooperation with French private land owners to ensure long-term supply of local raw material by 2019
- Roll-out school cooperation project pioneered in the Czech Republic to at least one additional country by 2018

## Governance:

- Collect historical examples of situations when the Code of Conduct was not followed to help illustrate the importance of each element of the Code.
- Targeted action in industry associations to help reduce end consumer misinformation by promoting truth-in-labeling regarding substitutes by 2021 in key Danzer markets

[G4-31] Please send your questions and comments to Danzer's Sustainability and Compliance Team at [sustainability@danzer.com](mailto:sustainability@danzer.com)

# GRI CONTENT INDEX

This report was developed using the GRI Guidelines, G4: Core option as a guideline. The following GRI Content Index provides an overview of the GRI disclosures addressed. It serves as a compass and helps finding relevant information.

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G4-EN13	Habitats protected or restored	48-50

SOCIETY		
LAWFUL LOGGING AND RIGHTS TO EXPLOIT		
Own	Share of certified, third-party verified, or controlled wood	33
ANTI-CORRUPTION		
G4-SO3	Operations assessed for risks related to corruption and risks identified	56
PRODUCT RESPONSIBILITY		
PRODUCT QUALITY AND RESOURCE EFFICIENCY		
Own	Purchased wood by certification type	33
SUSTAINABLE PRODUCT PORTFOLIO		
Own	Efficiency projects	28–30
RESPONSIBLE MARKETING AND SALES		
Own	Share of certified, third-party verified, or controlled wood	33

**Corrections to Danzer Sustainability Report 2014:**

- Page 39, Danzer-wide in 2014, 525 thousand m<sup>3</sup> of non-renewable fuel was consumed directly by production operations.
- Page 39, water consumption at the Edinburgh plant in 2014 amounted to 234,810 m<sup>3</sup>.
- Page 50, Figure 7 depicts wood procured, not wood sold.
- Occupational Disease category was lumped with Occupational Injuries (will be corrected in 17/18 report).



