

## **Danzer's Code of Conduct**

**Version 3**

**04 Nov 2013**

This Code of Conduct is established to inform management, employees and associates of Danzer on how to work together to manufacture renewable products in a highly responsible and sustainable way: with special attention to the needs of workers, communities, and other stakeholders.

*This Code of Conduct is an information tool for all employees of Danzer. As such, all employees are encouraged, even obliged, to give their feedback on the improvement of this system or report any deviations from it to their respective supervisor or Executive Board member or securely and confidentially through the reporting system mentioned in the employee handbook.*

### **Danzer: Trust. Know. Perform.**

#### **Search for new valuable products and services from hardwood.**

Customer-oriented, value-added processes and technical solutions from other branches of industry can be integrated into veneer and lumber production as Danzer develops new technology.

#### **Market wood as the preferred resource.**

Danzer employees seek out unique opportunities to inform and convince customers and the public about the benefits of wood as a natural and renewable resource.

#### **Innovate with technology to improve the value chain performance of wood.**

Improve the product yield for Danzer and Danzer's customers. Regular investment in technology allows Danzer to offer the customer a better product with better yield, while lowering the process cost for them. Also, by maximizing wood utilization, Danzer minimizes environmental impact and helps to maintain a sustainable supply of valuable trees.

#### **Market wood with honesty and integrity.**

Danzer's word counts. Danzer employees will meet commitments and fulfill promises; this is basic honesty.

**Comply with effective law, applicable standards and this Code of Conduct.**

All Danzer employees are educated about the laws and standards relevant to their work and this Code of Conduct. Danzer personnel maintain regulatory review analyses in the relevant databases for Environment/Health /Safety, Rights of People, Procurement, and Good Governance. As part of Danzer's implementation of an ISO14001:2004 based Environmental and Safety Management System, Danzer has developed comprehensive manuals within an employee-accessible database designed to ensure compliance with regulations and best practices from Environment and Safety to Human Rights to Governance.

**Trust.**

**Treat suppliers fairly and equally at all times.**

Danzer sets an example and encourages its suppliers to act consistent with this Code of Conduct (no child labor, no bribery, etc.).

**Maintain an open and constructive dialogue between employees (and/or their representatives) and Management.**

Danzer has created a culture of constructive pursuit of a common objective. All ideas and criticism are welcomed. Each Danzer location has a procedure in its employee handbook (or see Human Resources or the Executive Board member of the respective business unit) for accessing the appropriate supervisory or management staff with concerns and ideas. All employee concerns are addressed within a reasonable time.

**Create a positive work atmosphere where freedom of association is respected.**

Danzer provides space for employees to gather to discuss improvements to the workplace. Compensation and time for these meetings is generally dictated by local law and spelled out in the employee handbook of the site or in Human Resources policies.

**Provide competitive compensation, health care, and social benefits.**

Danzer is particularly proud to maintain a high level of seniority in its workforce. Team work and a strong trust in workers create a positive environment to work in. Seniority cannot be taken for granted by Danzer management, who understand that seniority is due in part to competitiveness of compensation, and health care/ social benefits within the local legislation's framework.

**Keep corporate and personal interests separate:**

Keep personal interests separate from those of the company so that personnel decisions and business relationships with third parties are based solely on objective criteria.

**Cooperate with authorities and government agencies**

Danzer communicates information to authorities that is correct and complete and submitted in an open, timely, and understandable fashion.

**Commit to the principle of fair competition and, in particular, to the strict observance of anti-trust law.**

Danzer focuses on providing value to its customers; not on weakening the competition or otherwise taking unfair advantage in the marketplace (i.e. price dumping, collusion).

**Do not tolerate child or forced-labor in Danzer's or suppliers' operations.**

The minimum age of hire for Danzer employment is, according to local law, the same as the end of compulsory education - except in the case of student interns who are hired according to local employment law, but never below the age of 15.

**Provide a healthy work environment.**

Danzer's manufacturing of veneer and lumber involves the transformation of one raw material into another: the primary ingredients are wood, water and energy (primarily from wood). Other ingredients (i.e. glues) are chosen with safety and environmental health in mind. The workplaces have been monitored for wood dust levels and noise to ensure safe levels for all workers. Monitoring will be repeated as changes to operations necessitate. Work stations are monitored by safety personnel to optimize comfort and reduce environmental health stresses.

**Provide a safe work environment.**

The sourcing and manufacturing of our hardwood products may result in impacts on employee health and safety and the environment generally. Danzer is committed to identifying these impacts and to the continual improvement of environmental management to affect a positive result (see link to employee access ESMS Database).

**Provide environmental protection and security.**

Danzer has an ISO 14001:2004 certified Environmental and Safety Management System covering all its production units (sawmills and veneer production) in Europe and North America (see link to employee access ESMS Database). Danzer engages third party auditors to ensure its standards are met in the Republic of Congo.

**When required to utilize security forces, public or private, do so with responsibility and restraint.**

**Make all charitable donations legally and ethically under local law.**

Charitable donations are made by Danzer for help and support – and not with marketing purposes in mind. Danzer will not advertise where, how, and to whom charitable support is given. In all cases, a committee of responsible individuals decides on donations to be made for causes of disaster relief aid, employees and families in need, and social and emergency infrastructure support in communities Danzer operates in.

**Donate to political parties only with fairness to parties, transparently and in accordance with local law.**

Danzer has nothing to hide and is transparent in explaining our actions and inactions.

**Know.**

**Continually improve our knowledge of socially and environmentally responsible supply chain management practices.**

Danzer's principled search for the world's most valuable hardwood resources involves procuring only from those regions where sustainable forest management is possible.

**Refrain from involvement in:**

- a) illegal logging or trade in illegal wood and wood products;
- b) violation of traditional and human rights in forestry operations;
- c) destruction of High Conservation Values in forestry operations;
- d) significant conversion of forests to plantations or non-forest use;
- e) introduction of genetically modified organisms in forestry operations;
- f) violation of any of the ILO Core Conventions in forestry operations.

**Clarify expectations for Danzer's employees and business partners so that actions by and on our behalf do not violate individual or collective rights as defined by the UN Declaration of Human Rights (UNDHR) and the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work.**

**Sponsor educational and training opportunities to promote career advancement within Danzer.**

A lot of relevant expertise (experience, knowledge and ability) in the veneer and lumber sector is not taught in school. Therefore, in-house training programs help Danzer grow from within.

**Choose the longer-term sustainable solution rather than the short-term profit-oriented approach, in case these goals conflict.**

For example, Danzer manages its timberlands for the long-term sustainability of the forest resource and not for short-term cash.

**Practice integrity in business dealings and cultivate intolerance for corruption.**

Strict rules of behavior apply to all Danzer companies to ensure that their business dealings remain free of corruption.

**Develop a working culture in which bribery is not tolerated by employees, management, or third parties working on behalf of Danzer.**

The prevention of corruption is the responsibility of all Danzer staff. Everyone must avoid any activity that might lead to, or constitute a breach of Danzer's Anti-Corruption Policy.

**Protect Danzer's intellectual property rights and respect those of others.**

Do not disclose confidential company information to third parties or make it public.

Treat the intellectual property of other entities or individuals with the same respect.

**Management actively participates in the continual improvement of all elements of this Code of Conduct.**

This Code of Conduct is reviewed annually by Danzer's Executive Board and changes are approved by Danzer's Board of Directors.

**Set targets and objectives according to business conditions.**

Danzer examines every investment with a non-prejudicial eye and in good conscience.

Danzer employees participate in the setting of objectives and targets aimed at preventing and reducing pollution, improving conservation of air, water, soil and forest resources, reducing workplace injuries, and improving employee health. The regular visible reporting on the success or failure of our objectives and targets focuses the effort toward continual improvement throughout Danzer's workforce.

Management issues annual objectives and targets and provides the resources for achieving them.

**Identify environmental and safety impacts of manufacturing and continually improve environmental and safety management to affect a positive result:**

- involve employees at all levels and in all areas
- reduce workplace injuries
- improve employee health
- improve conservation of air, water, soil and forest resources

**Recognize that cultures, customs, and values of local communities are influenced by Danzer's operations.**

For Danzer, "to think and act globally," is to act with local expertise and sensitivity. Danzer is implementing a Conflict Sensitivity Due Diligence manual to help ensure conflict sensitive operations in the Congo Basin.

**Meet the challenges of operating in environments of underdeveloped social, legal, and physical infrastructure.**

Danzer incorporates and follows guidelines such as the OECD Risk Awareness Tool for Multinational Enterprises Doing Business in Weak Governance Zones into its business planning.

**Welcome feedback of stakeholders.**

Danzer consults with stakeholders (invites, responds, addresses, and follows-thru) to meet the needs of local populations in all areas where it operates (from consulting with tribal chiefs in the Congo to meeting with Town Planning Commissions in the United States).

Danzer maintains an open dialogue with customers (the best source of new ideas), welcoming criticism to ensure customer satisfaction. "We want the customers to keep coming back – not the products."

**Rely on nationally and internationally recognized standards to inform/implement/achieve/maintain/respect:**

Good Governance  
Human Rights  
Labor Relations  
Community Relations  
Responsible Forestry  
Environmental Management  
Safety Science

**Create an atmosphere in which complaints or reports of non-compliance with this Code or associated laws are freely given, openly received, and promptly addressed.**

Continuing regulatory compliance is achieved through training, inspections, internal audits, external audits, and reporting to management. Danzer will implement and maintain a secure and confidential reporting system to encourage reporting of non-compliance.

**Perform.**

**Practice responsible forestry and procurement.**

Danzer has established traceability and, as a minimum, legality of all wood products supplied from third parties. In medium-to-high risk regions, Danzer works proactively with third-party wood suppliers, encouraging them to meet particular threshold requirements with regard to the provision of information on sources and assurances of legality.

Danzer strives to continually improve sustainable forestry in all areas from which logs are sourced, whether from its own forests or procured from third parties.

**Set relevant Objectives and Targets to improve the elements of this Code of Conduct**

Management provides leadership so that all progress of Danzer is in concert with company values and provides resources to achieve Objectives and Targets.

**Treat employees with fairness and dignity.**

Danzer rewards and disciplines employees fairly and equitably by promoting the development of employee potential and know-how. This is how Danzer continues to develop confidently and creatively.

**Treat employees equally and without discrimination based on characteristics unrelated to one's ability to do one's job:**

Gender, race, religion, color, age, sexual orientation, ethnicity, national or social origin, property, opinion, or disability. Danzer boasts employees from 46 different nationalities (in 2013). Discrimination on any basis would be detrimental to Danzer's business objectives.

**Create a work environment free of harassment, exploitation, abuse, or violence.**

At Danzer, harassment, exploitation, abuse and violence are prohibited, and any incidents are reported, investigated, and remedied.

**Provide an accessible and accommodating workplace for those with disabilities and family needs.**

Danzer succeeds because its workforce is diverse. Danzer celebrates strong employee seniority because it is an accommodating place to work. Supervisory and Management staff will look for creative means to improve the workforce, maintain the workforce and sustain the workforce.

**Maintain proper record-keeping and financial reporting.**

Danzer has strict policies and procedures within its financial services department that must be adhered to by all employees. These include at a first level, local laws on accounting and record retention; at a second level, Accounting Manual DANZER; and at a third level, ICOFR (Internal Control over Financial Reporting) Policy.

**Produce close to the resource so that jobs and benefits are created locally and responsibilities are informed by local knowledge and awareness.**

Danzer does not support “labor cost arbitrage:” production facilities are located as close as possible to their resources even where this involves higher costs and delicate political considerations.

**Profitably manage business to be able to make important contributions to society.**

Danzer views charity as a responsibility: a responsibility to help build a better life for the people in communities where Danzer works and lives. Danzer’s strategic decisions are made with lasting values in mind: loyalty and a concern for the well-being of employees, their families, and the communities in which everyone works and lives.

**Willingly participate in internal and external audits to prove that Danzer says what it does, does what it says, and proves it.**

Danzer has chosen to use the ISO14001:2004 standard for its Environment and Safety Management System and to address the environmental impacts from forest management up to the final product distribution.

Regular audits and inspections at all locations by independent third parties are part of Danzer’s commitment to transparency.