

getting closer www.danzergroup.com



The way we think

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DANZERGROUP

Getting Closer

- › to our customers and their needs
- › to our sustainable resources and the environment
- › to our employees, their ideas and concerns
- › as a Group working together with partners
- › to improved quality every day

3. Fascination for Wood and Nature

› We seek renewable, high-value decorative woods worldwide from responsibly managed forests

2. Sustainability of our Actions

› We are committed to sustainability and accountability on all levels of our activities

4. Quality as our Guideline

- › We invest in the continuous development of our employees and improvement of our processes
- › We deliver wood products in a consistent and customer-oriented way
- › We unlock the unique properties of wood by utilizing efficient and safe manufacturing practices

5. Trust

› We partner trustfully and long-term with all business partners and other stakeholders

Dear employees,

Sometimes it is important to ask oneself: “Who am I?”, “What am I doing and why am I doing it?”, “What is important to me?” Questions like these are difficult enough for individuals to answer. But answering them is considerably more difficult for a company with several thousand employees located in numerous countries on different continents.

In 2004, the Executive Board and the management teams from our various Group companies initiated a discussion designed to define the common values of Danzer Group. This brochure presents the results of this discussion – our commitment to “getting closer”, our Mission Statement and the core values of Danzer Group – and serves as a guide to the future for all of us in the Group. It gives us guidance in meeting daily challenges and provides us with a benchmark by which to measure future successes.

Over the decades Danzer Group has earned a reputation as a reliable business partner to our customers. We have grown successfully in numerous countries throughout the world. We were able to achieve what we did because we continually strove to improve our performance. We will continue to strive for improvement in all fields where our slogan “getting closer” applies. For us “getting closer” means meeting daily challenges. It serves as a guiding principle and inspiration for all employees of Danzer Group – and as the foundation of our corporate philosophy.

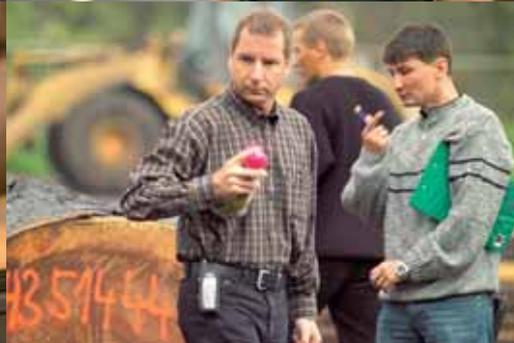
The Danzer Group Mission Statement sets forth five general objectives for all of our various endeavors – objectives that we constantly bear in mind. They help guide all of our employees worldwide in the performance of their daily duties. In order to implement our philosophy of “getting closer” they need concrete guidelines: how can we put our ideas and concepts into practice? How should we think, feel and act in order to accomplish the goals we have set for ourselves? The answers to these questions constitute the core values of Danzer Group. They give us ideas and practical instructions – and help us achieve our objectives.

Our commitment to “getting closer” – together with our Mission Statement and core values – gives us a sense of humility by constantly reminding us how limited and ephemeral human activities are. This stands in contrast to the wonderful gift of nature with which we have the privilege of working on a daily basis – wood.

Sincerely,

Hans-Joachim Danzer

A handwritten signature in black ink, appearing to read 'H.-J. Danzer', written in a cursive style.





Our commitment to our customers

Customer satisfaction is the overriding objective of all employees and all divisions

Nothing is more important to us than customer satisfaction. It is the foundation upon which our success is built. The needs and desires of our customers are the benchmarks by which we measure ourselves.

Because without satisfied customers there can be no success.

We have a passion for working with wood. A passion that we want our customers to feel. We want them to know that we care about them and take their business and concerns seriously. Which is why we always seek personal contact. Person to person. One on one.

Reliability and trust

Our goal is to build trusting and lasting relationships with our customers. Relationships that are mutually beneficial. We therefore base all of our decisions on the long-term interests of our customers and not on the desire to reap short-term profits. Solving customer problems has always been a top priority for us.

We strive to live up to the high expectations of our customers by offering them products and services that deliver a measurable profit.

We do not see ourselves as simply a supplier of veneers, lumber and logs but as a supplier of ideas. We therefore always seek an open dialogue with our customers so that we can work together in developing new ideas that translate into future trends and creative uses for decorative woods.

We select, grade and prepare wood with the customer in mind

Our customers are the best source of new ideas. Which is why we like to listen to them carefully. This is the only way to make continual improvements and meet their changing needs and desires. Customer ideas and criticism are always welcome. We take all of their comments to heart. Because this is the only way to ensure their satisfaction – and ultimately our success. Today, it is more important than ever to be able to offer our customers precisely what they want and need. After all, we want the customers to keep coming back – not the products.

Sector-specific marketing

Our customers come from many different sectors and branches of industry. And each one expects something a little different from us.

We meet these challenges by expanding our product range and fine-tuning our approach to sales. So that we can address individual customer needs and desires more accurately and more effectively by developing solutions tailored to their specific needs.

»The company doesn't pay our wages and salaries – our customers do!«

Long-term view

Focus on sustainable success

Our goal is to create lasting values. All of our business activities are planned with the long term in mind to ensure sustainable success. This takes patience and independence, and we have both. We are able to make autonomous decisions because we are not dependent on outside stakeholders or the volatility of the financial markets. And we are firmly committed to preserving our cherished tradition of independence in the future.

For us lasting values include loyalty and a concern for the well-being of our employees, their families and the communities in which we work and live. All of our strategic decisions are made with this commitment in mind. Because the success of our strategies will ultimately determine the success of the Group.

»Being successful is not enough. You have to remain successful.«

Family-oriented company structure with professional management

Danzer Group is a family-oriented company with outstanding managers and horizontal hierarchies. This keeps the decision-making process short. At the same time we maintain a close relationship with our employees and customers. A relationship characterized by mutual respect and trust. These qualities form an integral part of our company structure. But we also strive to avoid the potentially disruptive currents that are sometimes present in family-oriented companies. The family has therefore established a company structure that preserves the independence of the company and ensures that Group operations will always remain separate from the fate of the family. At the same time we have thoroughly professionalized Group management in order to be able to enjoy the same standards found in publicly listed corporations.

An open atmosphere in which problems are proactively addressed

We are open to new ideas and are willing to submit all of our decisions to scrutiny. If required, we will take corrective action. We are convinced that everything can be done better. We are always ready to take on new challenges, because this is the only way to ensure our continued development. We promote the development of employee potential and know-how so that the company can develop confidently and creatively. We are dedicated to learning and continually improving.

Global approach

Top quality at all locations the world over

All Danzer Group products meet the highest Group requirements for quality worldwide – whether produced in North America, Africa or Eastern Europe. The same demanding standards apply to all operations at all locations. This goes for quality, for our values and for Group policy. We have never practiced “wood tourism”, because it is counter-productive in the long run. Our production facilities are therefore located as close as possible to our resources. Even if this involves higher costs and more delicate political considerations. We examine every investment with a non-prejudicial eye and in good conscience. We are willing to take risks as long as we are able to operate in accordance with our entrepreneurial principles. This allows our customers and suppliers in developing countries to participate in our success. Because this is where private investment in midsize and small companies is urgently needed.

Global marketing for local customers

We want to grow along with our customers as we help them find their way to international markets. We therefore design our structures around global requirements. This allows us to more effectively meet the specific needs of individual countries, to become better acquainted with local requirements and customs, and to build reliable, long-term partnerships in locations close to our customers. All over the world. We want our products to be accessible everywhere. We are

therefore always looking for new opportunities to expand our global sales network while taking into account regional and local conditions.

Global markets, local expertise

We view ourselves as a global company group and not as a group with globally scattered companies. We therefore think and act globally as a group. Each company focuses strictly on local requirements and needs within a framework defined by the Group. In this manner we continually lay the foundation upon which our special local expertise and ultimately the success of the entire Group are built.

»There are no boundaries to our activities.«



Quality as a guiding principle

The quality of wood

Our goal is to offer our customers top notch wood products of the best quality available. We focus exclusively on broad-leaf trees and coniferous trees of the highest quality. Rare trees from remote regions, which, with the proper care, lend themselves to transformation into exquisite products of unparalleled beauty – unique wood creations that are among the best in the world.

We never stray from our principles in our search for the world's most valuable wood resources. Only those regions where sustainable forest management is practiced enter into our considerations. In regions where we are already active, we constantly strive to remain the supplier of choice for customers who demand top-quality wood.

»Good is not enough for us.
We constantly strive to
become better.«

Quality manufacturing

Our customers demand flawless products. Through regular investments in the latest technologies we are able to deliver products of continually higher quality, to improve quality control and to maximize yields. Because only then can we offer our customers a better product and greater added value while lowering processing costs for them.

In light of the rising price of timber, it becomes all the more important to exercise the utmost care in the handling and processing of this valuable natural resource. We strive to maximize wood utilization. We exercise good business sense while keeping the impact on the environment at a minimum and ensuring a sustainable supply of valuable trees.

Quality facilities and processes

Like our products, our investments must also meet stringent requirements for durability and quality. When we purchase land, we buy more than we need at that moment. And when we build facilities and company buildings, we do it with the future in mind so that they will continue to serve the Group for generations to come.

When it comes to the environment, good is never enough. We put our entrepreneurial, ecological and social expertise to work to ensure that our actions have a minimal impact on our human and natural resources. All divisions of Danzer Group are being certified for compliance with ISO standard 14001. Environmental protection has always been a top priority for the Group and company management.

Technology as a competitive advantage

Commitment to our own technological development

For us tradition and innovation are not self-contradictory. We retain the tried and tested while making changes that will help us to improve. This is especially true for technological innovations. We continually develop new processes and manufacturing procedures in order to improve the quality of our products and services. Because only through the use of state-of-the-art technologies can we maintain our competitive ability and continue to compete with low-wage countries.

In the past we have relied on our experience and know-how in developing our own technologies and machinery. Many of these new developments have become standards for the modern wood-processing industry. We will continue to rely on our creativity in optimizing the quality of our products through the use of more efficient machines and processes. We will rely more heavily on the ideas of our own employees in the future than we have in the past. Advancing the development of the industrial methods that we employ in the manufacture of wood products is the focal point of our efforts.

But technology is not a cure-all or an end in itself. It is a tool that helps us to better meet the demands of our customers and to make optimal use of the raw material wood.

Commitment to technological progress

We view new challenges as opportunities for self-improvement and for developing new solutions. Our openness to change and commitment to the advancement of technology will enable us to continue to expand our leading position in the wood-processing industry in the future.

We are confident that customer-oriented value-added processes and technical solutions from other branches of industry can be transferred to our veneer and lumber production. But we are also aware that not every experiment leads automatically to success. New technologies and the risks associated with them are only interesting to us if we can achieve our goals in concert with our company values. We are not interested in making progress only for progress' sake.

»Technology is a top priority.«

Professional approach at all levels

Company ethics

We are firmly committed to the fair, honest and reliable business practices that our company has followed for generations. The reputation of Danzer Group is based on action; we meet our commitments and fulfill our promises. In short, our word counts. This presupposes the adherence to basic values and honesty. We never abandon our values for the sake of reaping short-term profit. Our standards of ethics dictate that we must always act in accordance with all applicable national laws and international conventions.

Growth from within

Our focus is on growing from the inside out by investing in our company, our employees and our production facilities. And while we are always open to wise acquisitions, our overriding goal is the systematic expansion of existing structures based on well-planned, precisely defined activities and clear objectives.

Result orientation

We strive to achieve results and pursue established company goals on the basis of realistic and clearly defined guidelines. We regularly monitor our progress, and constantly compare the results with our desired objectives. We take corrective measures as required to ensure that we remain on course. This allows us to achieve quick results and frees us to concentrate on new tasks.

Management by information

Experience and tradition are very important to our company. But we can only improve through careful, analytical circumspection. Reliable facts and figures and data help us to get a full grasp of problems and make the right decisions. But we can only succeed when the information is accessible to everyone. Each person who has information must share it with his teams and employees. Because constructive criticism and new ideas can only occur when there is a free flow of information within the company.

»We must add reason to emotion.«



Focus on people

A multitude of ethnic backgrounds and cultures: people are our capital

Our employees come from many countries and cultures. They bring with them a wide range of experiences and mentalities that enrich our company culture. It is this very diversity that shapes our company and its development. Mutual respect, tolerance and understanding are the guiding principles that we follow in everything we do and the foundation upon which our international success is built. Our markets, customers and products are as diverse as the people and cultures within our Group. But our standards and values are the same for all employees.

We encourage our employees to learn from one another and examine their own viewpoints from other people's perspectives. We are convinced that problems can be solved faster and easier if they are seen and analyzed through other eyes. This is the only way that we as a company can achieve self-improvement.

»A company's most important assets are the ones that wear shoes.«

Success through teamwork

We believe that teamwork leads to more balanced decisions and better results. We have therefore created cross-discipline teams to promote the exchange of ideas, know-how and experience, to more fully exploit synergistic potential, and to build more effective partnerships. Our teams are not made up of meeting-happy bureaucrats. They are firm believers in action; in achieving results and in finding successful solutions to even the most challenging problems. Quickly and effectively.

We support an open dialogue among employees at all levels and encourage them to express their views. Constructive criticism is always welcome. We encourage responsible self-initiative and entrepreneurial thinking at all levels. We view an occasional employee mistake in a positive light – as an opportunity to learn and to grow.

Commitment to developing our human resources

Our success rests above all on the experience, knowledge and abilities of our employees. The expertise required in our sector is not taught in any school. We therefore offer our employees in-house training programs designed to help them grow. Because the systematic improvement of employee qualifications is the only way for a company to grow and maintain its ability to compete.

Responsibility for wood

Sustainability of all activities

All of our business activities are built around the principle of sustainability. Danzer Group sustainably manages forests with care so that future generations will be able to enjoy rich and healthy sources of wood. Only a very small portion of wood resources worldwide are suitable for the manufacture of wood products for decorative purposes. The prudent, sustainable and selective utilization of these wood resources has been the guiding principle for all of our entrepreneurial activities for generations. We believe that the business and ecological aspects of forest management are compatible, and we strive to maintain a reasonable balance between the two. The sustainable harvesting of trees rejuvenates forests. Young trees absorb more carbon dioxide than older ones. They yield high-quality wood products and help create jobs all along the processing chain.

Danzer Group obtains timber worldwide exclusively from legal sources under sustainable forest management and encourages all companies engaged in the harvesting of timber to adhere to this principle. In countries where we are not responsible for forest management we carefully select our suppliers and assist them in following our lead.

»We never saw off the limb that we're perched on.«

Responsibility for the environment

We are committed to sustainable forest management and practices dedicated to the preservation of our valuable wood resources. We are continually improving our forest management methods by employing new technologies and experimenting with innovative procedures. We encourage and promote sustainable forest management outside our Group. It is our goal to be able to satisfy our wood requirement with timber harvested from our own forests. For us environmental protection means more than simply practicing sustainable forest management. We carefully analyze the effects of processing wood along the entire production chain and take appropriate measures to keep the impact on the environment at an absolute minimum. The ISO standard 14001 helps us to systematically determine, prioritize and minimize the effects of our activities on the environment.

Responsibility for processing and optimal utilization

Exceptionally beautiful wood is rare and precious. It is thus imperative that this high-quality raw material be treated with care and processed in the best possible way. In manufacturing wood products we rely on state-of-the-art tools, our acquired expertise and our extensive experience. Because this is the only way to bring out the full natural beauty of precious wood. No matter how modern the methods or how large the quantities, the one question that we always ask ourselves is the same. How do we create the most attractive and aesthetic wood products with the highest possible value?

Social Commitment

Responsibility as the basis for entrepreneurial activity

"A company's greatest obligation to society is to produce a profit." At least this is the conventional wisdom. We are of a different opinion. Profit is nothing more than the result of good management. But with good management comes responsibility. Responsibility to our employees, responsibility to the community in which we work and live, and responsibility to the environment. Responsibility is the basis for entrepreneurial activity.

Our obligation to our locations

We have always supported charitable organizations at our locations. Not only in Africa but in other parts of the world as well. Because we view charity as an integral part of our entrepreneurial responsibility. As a successful company we feel that it is necessary to look beyond our own horizons and to take an active part in building a better life for the people in the communities in which we work and live.

Maintaining transparency

Firm guidelines and rules are an essential component of good corporate governance and indispensable for a company as large as ours. They help create the transparency that is demanded of companies today. We have nothing to hide. We are always glad to explain what we do and why we do it. And why we do not do certain things.

Open to inspection by third parties and a commitment to continual improvement

It is important that the standards and obligations we have set for ourselves are always adhered to. Regular audits and inspections by independent third parties are therefore an essential component of our commitment to greater transparency. We have established an environmental and safety management system in compliance with ISO standard 14001 that ensures the systematic monitoring of all our activities. This will help us become a stronger, more successful and better-managed company in the future.

»Companies are responsible for more than just profits.«

