



CONFIDENCE BUILT INTO EVERY STEP

DANZER DUE DILIGENCE



DANZER

Hardwood Excellence Since 1932.

HOW DANZER'S DUE DILIGENCE SYSTEM MAKES COMPLEX SOURCING SIMPLE AND RELIABLE

In today's markets, environmental and social responsibility have become core principles of doing business. Companies are expected not only to deliver quality products, but also to demonstrate that their operations respect people, communities, and the planet.

WHY DUE DILIGENCE MATTERS

A Due Diligence System is the structured process by which a company identifies, assesses, and manages risks in its supply chains to ensure legal, responsible, and sustainable practices. It is therefore more than compliance – it is both a safeguard for business continuity and a moral commitment to society.

For our customers, a robust Due Diligence System reduces supply-chain uncertainty, protects reputation, and ensures reliability even as global regulations tighten. For Danzer, it is how we live up to our values of responsibility and transparency. For society, it means forests and communities can thrive.

With this brochure, we invite ESG experts to examine for themselves how our Due Diligence System works – in detail, at the level you expect – demonstrating how we identify risks and manage them for a reliable supply chain. It shows that when you buy from Danzer, you buy from a partner who has already done the hard work of looking deeper, asking tougher questions, and managing risks responsibly; you can trust Danzer's due diligence from the forest to your door.

RESPONSIBILITY YOU CAN RELY ON

Due diligence, by definition, is more than compliance: it is the action that is considered reasonable for people to take to keep themselves or others and their property safe. It is therefore about being responsible for the security of one's own business and that of business partners. At Danzer, we have a Due Diligence System to provide peace-of-mind for anyone supplying, processing, and living with our products. Enjoy this summary, a journey through the elements of our Due Diligence System that create that peace-of-mind.

HOW WE KEEP RISK OUT OF YOUR SUPPLY CHAIN

Supply chain regulations begin with a risk ranking. Safety on the other hand is defined stepwise: a hazard is the occasion of something undesired happening, risk is the likelihood of a hazard occurring, and safety is an acceptable level of risk. At Danzer our risk appetite is very low. Danzer's approach to risk level assignments for species, or countries, or regions, is to go beyond what certified SFM (*Sustainable Forest Management) schemes and EUDR define, to ensure we cast a wide enough net, not to let risky material in. By that we mean, material that poses a high likelihood of presenting problems when it comes to legality, sustainability, corruption, or criminality like child labor or other human rights violations.

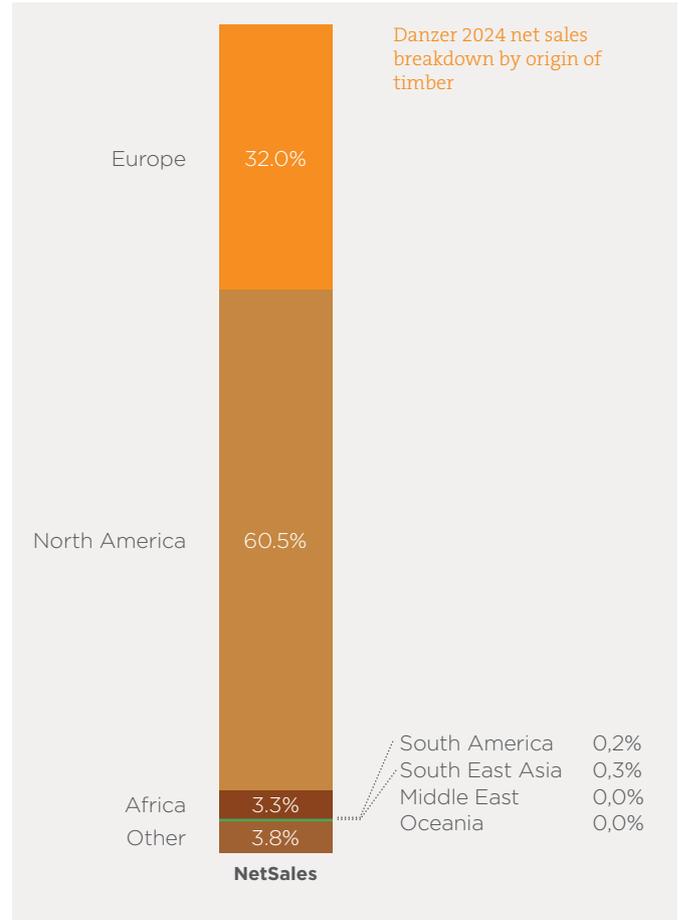
At Danzer: a distinction is made between:

- low risk (equivalent to negligible risk),
- medium and high risk (equivalent to non-negligible risk), and,
- 'off-limit', which means that Danzer does not purchase.

An excerpt from this evaluation summary can be found on page 8 –11.

Danzer operates in low to negligible risk regions and procures primarily (at least 98%) from low to negligible risk regions.

What this means for Danzer is that our due diligence for traded products sourced from medium to high risk regions must be very robust. This system at Danzer dates to at least 2014 in its current form. Low to negligible risk countries and regions do not get a pass at Danzer, the same questions are asked, but where the research points to negligible risk, naturally, less granular evidence is required.



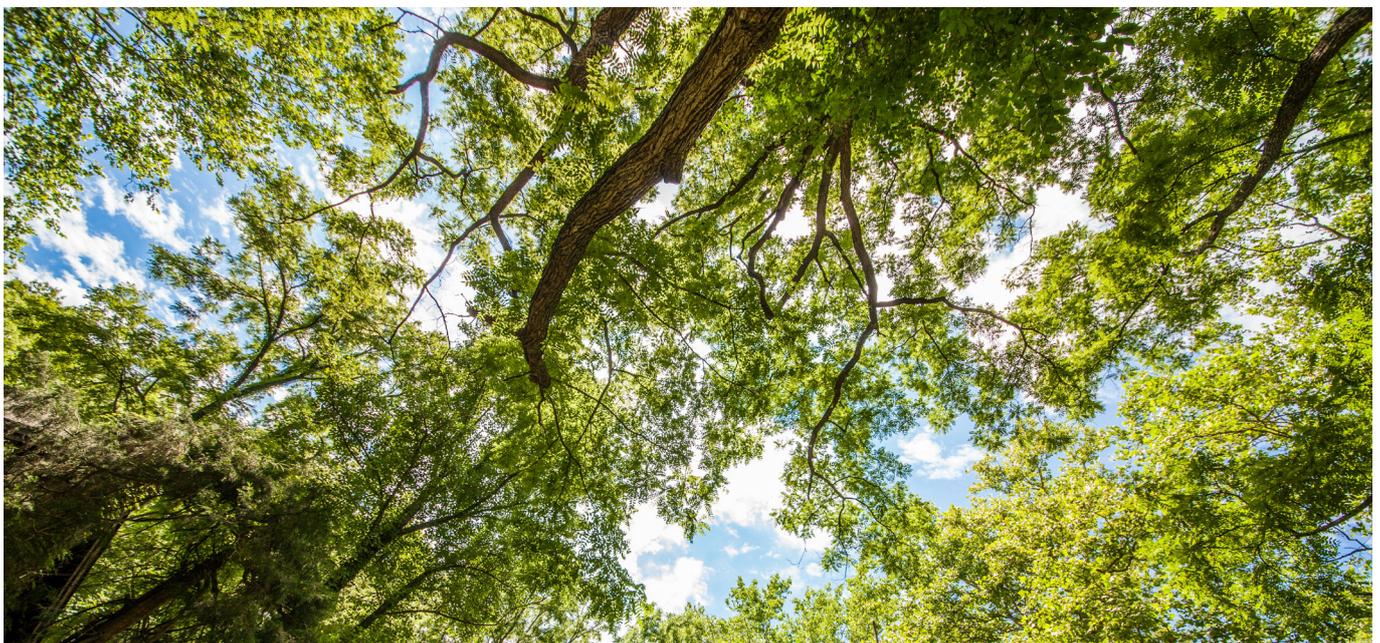
“I heard of Danzer’s reputation before even meeting one of its employees. Starting at Danzer, I found the legacy of those builders who established a foundation of due diligence based on sustainability and respect of nature and people. Honoring this legacy means thriving to improve our process, being pragmatic but still respectful of the wonderful resource we work with.”

Elodie Albery
Sustainability & Compliance Leader, Danzer
MSc. Agricultural Development, Copenhagen | DK
MSc. Agronomy, Agri-Food, Rural and Tropical Forestry, Montpellier | FR
BSc. Forest Environment and Management, Quebec | CA

Examples of our due diligence summary for controlled wood certification to identify low to negligible risk regions as of 09/2025:

Region	Number of exact suppliers of certificate holder	Number of suppliers in supply chain	Supply chain types	Average length of the non-certified supply chain	Risk of mixing with non-eligible inputs and justification
Europe -72	27	0 to 5	State forest, Forest owners, Forest associations, Forest harvesting company	1 to 2: Forest/Forest association <ul style="list-style-type: none"> • Logger (optional) • Certificate Holder (CH) 	Negligible: sourcing close to the forest and identification of forests or municipalities in negligible risk regions
Europe -72	45	0 to 5	Sawmills and traders	3 to 5: Forest <ul style="list-style-type: none"> • Logger • Trader (head) • Sawmill/log yard • CH OR Forest • Logger • Trader 1 • Trader 2 (opt.) • Trader 3 (opt.) • CH 	Negligible: sourcing takes place in small supply areas, far away (>200 km) from non-negligible risk supply areas; origin information is present (clear documentation about origin and chain of custody of the supply), or species are different in the non-negligible risk supply area; inspection of logs takes place at the suppliers
North America -250	250	0 to 5	State forest, Forest owners, Forest associations, Forest harvesting company, Sawmills and traders	3 to 5: Forest <ul style="list-style-type: none"> • Logger • Trader • Sawmill/log yard • CH 	Negligible: sourcing takes place in small supply areas, low-risk states, far away (>200 km) from non-negligible risk supply areas; origin information is present (clear documentation about origin and chain of custody of the supply), or species are different in the non-negligible risk supply area; inspection of logs takes place at the suppliers

Country	Supply area	Controlled wood category	Risk designation	Kind of risk assessment	Reference to the risk assessment	Reference to control measure(s)
Austria	The supply area is the lowlands region of the country (Northern Lower and Northern Upper Austria, Vienna, Northern Salzburg, Eastern Styria, Western Vorarlberg) where the hardwoods grow that are suitable for veneer logs.	CW CAT 1 CW CAT 2 CW CAT 3 CW CAT 4	all negligible	certified SFM scheme	CNRA-AT V1-0, 03 April 2018	N/A
Belgium	Whole country	CW CAT 1 CW CAT 2 CW CAT 3 CW CAT 4 CW CAT 5	all negligible	certified SFM scheme	CNRA-BE V1-0, 18 May 2017	N/A
Czech Republic	Whole country	CW CAT 1 CW CAT 2 CW CAT 3 CW CAT 4 CW CAT 5	negligible negligible negligible negligible / low	certified SFM scheme	CNRA-CZ V1-0, 08 May 2018	For CAT 5: Mitigation measures / Zmitigation statement 3.1, 3.2



VALUES THAT PROTECT YOU AND US

Danzer's Code of Conduct encapsulates the Danzer Values at the core of our culture since 1932 and refined over time.

Several conducts in the Danzer Code are key to the Due Diligence System.

CODE OF CONDUCT (EXCERPTS)

- We only buy responsible, legal wood.
- We buy locally grown logs.
- We hold suppliers to the same standards as Danzer.
- We respect human rights.
- We get that local communities can have different cultures, customs, and values.
- We don't discriminate based on physical, religious, ethnic, or other characteristics.
- Our workplace is free of harassment, exploitation, abuse and violence.
- Honesty and fairness are good for business.
- We follow the law, instructions, and this Code of Conduct.
- We work well with authorities and auditors.
- We contribute in a legal, ethical, fair, and transparent way.
- We don't allow other people to bribe on Danzer's behalf.
- We don't bribe or do corrupt business.
- The organization keeps good records.
- We help auditors evaluate our work.
- We keep the air, water, and soil safe for our community.
- We take decisions with the future in mind.
- We discover and fix environmental and safety problems.

STARTING WITH A WIDE SAFETY NET LOOKING DEEPER WHEN NEEDED

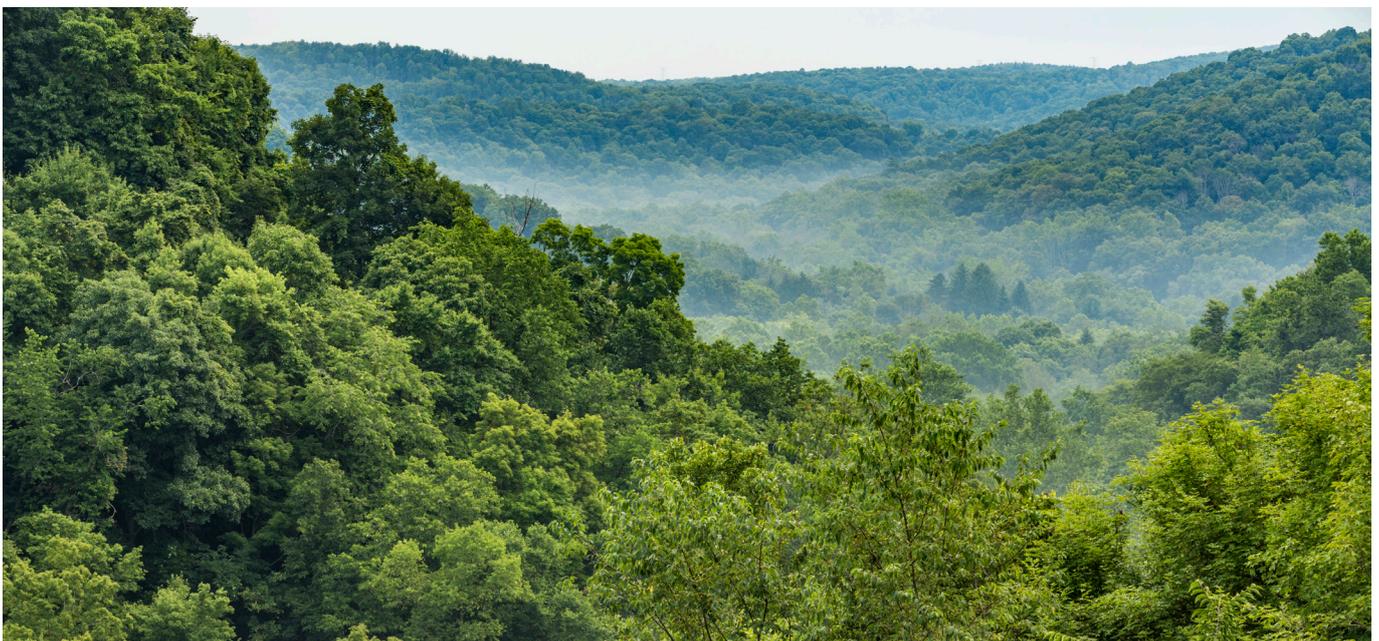
99% of Danzer's product is controlled wood inventory and the system is audited by a 3rd party. And a certain percentage of 100% controlled wood by a reputable certified SFM scheme is available in the product mix. Controlled wood is material that avoids illegal logging, violation of traditional and civil rights, threats to high conservation value forests, conversion of forests to non-forest use, or use of genetically modified trees. Danzer relies heavily, but not solely, on 3rd party certification to prove non-deforestation: if a forest is actively managed for the 70–140-year-old trees that Danzer purchases, it has not undergone recent deforestation.

The remaining supply is limited to trade products and special projects where a heightened level of scrutiny is paid by Danzer's Sustainability and Compliance Team including second party audits (see below). Regardless, the certification is only available to customers who also maintain a chain-of-custody certification.

The Due Diligence System starts with external risk assessments of countries and regions where materials are sourced. A risk assessment begins with a thorough review of literature and reports and a mapping of the supply chain. Risk factors identified by the EUDR

(European Deforestation Regulation), a reputable certified SFM scheme, other various sources (institutional, NGOs etc.) and customers of Danzer are included in the review. The detail of the mapping depends on the risks identified. The country, species and supply chain complexity risk assessment by literature leads to a risk designation of high, medium or low. If the risk identified is non-negligible, mitigation must take place. The same goes for species risks. The risks are mapped and before a buyer can approve a supplier, the master file of species and country risks must be consulted. Only if the country or specie has a green rating, may the buyer proceed with the transaction. If a yellow or red rating appears, the buyer must consult the sustainability and compliance team, who will do the necessary due diligence including as necessary:

- Supplier provided evidence
 - Level of trust with the supplier (years of doing business)
- Certified supply chain
 - Identified gaps between EUTR (European Timber Regulation) and the certification system in that country
- Identified risks to the 100% certified label
 - Mapping of illegal logging and conflict areas neighboring procurement area
- Checks of logging site documentation
 - Specie specific risks (identified on a “naturally



occurring” species map)

Next the team will help the buyer establish mitigation such as:

- Limiting the purchase to material controlled by reputable certified SFM scheme

- Internet searches of court cases against all state forest sources
- Document authenticity checks
- Forest management unit audit reports
- Verification that identified risks are mitigated in the forest management plan

LANDX	Continent	Risk Country of harvest (1)	EU country	Sanc-tions	FLEGT License	Legal documentation to be obtained	Risk Country of origin
Austria	Central Europe	1 ●	1	0	0	proof of origin (invoice, transport document and/or forest document)	1 ●
Azerbaijan	South West Asia	Not evaluated	0	0	0	country not evaluated: to be evaluated & approved before procurement	3 ●
Bahamas	West Indies	Not evaluated	0	0	0	country not evaluated: to be evaluated & approved before procurement	
Bahrain	South West Asia	Not evaluated	0	0	0	country not evaluated: to be evaluated & approved before procurement	
Bangladesh	South Asia	Not evaluated	0	0	0	country not evaluated: to be evaluated & approved before procurement	
Barbados	West Indies	Not evaluated	0	0	0	country not evaluated: to be evaluated & approved before procurement	
Belarus	Eastern Europe	5 ●	0	5	0	country not evaluated: to be evaluated & approved before procurement	5 ●
Belgium	Western Europe	1 ●	1	0	0	proof of origin (invoice, transport document and/or forest document)	1 ●
Benin	Western Africa	Not evaluated	0	0	0	country not evaluated: to be evaluated & approved before procurement	
Bhutan	South Asia	Not evaluated	0	0	0	country not evaluated: to be evaluated & approved before procurement	
Bolivia	South America	3 ●	0	0	0	A. applicable legal documents concerning trade, transport and export of timber (B.L., cert. of origin, ...); B. Risk assessment questionnaire & Legality Declaration C. Forest: 1) a copy of the (annual) logging permit and/or the forest concession permit; 2) a small map of the forest/ harvest location or its geographic coordinates or reference to an official map; 3) a proof of approval of the management and/or harvest plan if applicable; 4) a proof of payment of timber and forest royalties and taxes.	3 ●

When procuring (controlled and certified) wood from low to negligible risk areas, sellers agree to Danzer's General Purchase Conditions https://www.danzer.com/images/company/Danzer_General%20Purchase%20Conditions_September2025.pdf and Danzer performs quality-control sampling with deforestation checks. When procuring (certified and independently verified) wood from medium to high risk areas, Danzer conducts systematic deforestation checks.

CPI Score (Corruption Perc. Index)	EPI score (Env. Perf. Index)	WJP (Rule of Law Index) (in %)	ITUC Global right index	WGI Control of corruption	WGI Government Effectiveness	WGI Political stability and Absence of violence	WGI Rule of Law	WGI Regulatory Quality	WGI Voice and accountability	EUDR Risk Level Deforestation	NepCon Sourcing hub	DANZER RISK LEVEL
67 ●	69 ●	79% ●	1 ●	1,1 ●	1,3 ●	0,7 ●	1,7 ●	1,4 ●	1,1 ●	Low	100 ●	Negligible risk
22 ●	40 ●	#NV	#NV	-1,2 ●	0,0 ●	-0,7 ●	-0,6 ●	-0,1 ●	-1,2 ●	Low		
65 ●	56 ●	59% ●	3 ●	1,3 ●	0,3 ●	1,0 ●	0,2 ●	0,0 ●	1,3 ●	Low		
53 ●	36 ●	#NV	5 ●	0,2 ●	0,7 ●	-0,4 ●	0,5 ●	1,1 ●	0,2 ●	Low		
23 ●	28 ●	39% ●	5 ●	-1,1 ●	-0,7 ●	-0,9 ●	-0,5 ●	-0,9 ●	-1,1 ●	Low		
68 ●	53 ●	66% ●	2 ●	1,3 ●	0,4 ●	1,2 ●	0,4 ●	0,5 ●	1,3 ●	Low		
33 ●	58 ●	45% ●	5 ●	-0,7 ●	-1,0 ●	-0,7 ●	-1,3 ●	-1,4 ●	-0,7 ●	High	0 ●	OFF LIMIT
69 ●	67 ●	78% ●	3 ●	1,3 ●	1,0 ●	0,4 ●	1,3 ●	1,2 ●	1,3 ●	Low	100 ●	Negligible risk
45 ●	37 ●	48% ●	4 ●	0,0 ●	-0,2 ●	-0,3 ●	-0,5 ●	-0,3 ●	0,0 ●	Standard		
72 ●	43 ●	#NV	#NV	1,5 ●	0,6 ●	1,0 ●	0,7 ●	-0,4 ●	1,5 ●	Low		
28 ●	45 ●	37% ●	3 ●	-0,8 ●	-0,6 ●	-0,3 ●	-1,2 ●	-1,2 ●	-0,8 ●	Standard	20 ●	Non negligible

Here is an excerpt of Danzer's own spatial risk rating and due diligence and risk measures (as of 09/2025):

EYES ON THE GROUND

Second party audits may come into play for some medium to high risk supplies where no 3rd party certification is available. Where risk is found and mitigation is necessary, for example, there is no certificate by a certified SFM* scheme available, Danzer hires someone we trust to do the due diligence on the ground where a Danzer forester cannot do the due diligence herself. All audit reports are analyzed by a Danzer forester with local contextual knowledge.

The Danzer second party audit checklist is based on a reputable certified SFM scheme internal audit and revised for the EUDR to cover all important points. This requires access to information on the ground for Danzer's own verification and approval at a high level to guarantee that the risk is negligible either before mitigation or after mitigation with an audit on-the-ground.

Danzer also uses certifications by various reputable certified SFM schemes as a way to obtain information at the forest management unit level, which can be double-checked against a media review, including contacting the auditors.

VERIFYING OURSELVES BEFORE OTHERS DO

Internal audits of the Danzer chain-of-custody are conducted annually. A formal report is prepared and, in recent years, subcontractor audits were added where non-certified contractors handle Danzer material somewhere along the value chain while in Danzer's possession (i.e. smoking, lacquering). The subcontractor audit checks for core labor compliance and the avoidance of mixing to maintain the integrity of the chain-of-custody.

LEARNING FROM EXPERIENCE – EVERY YEAR

Next, an annual internal risk assessment is conducted for all procurement from, and sales to, medium to high

risk countries. The internal risk assessment includes interviews of procurement and sales staff and agents about what they witness on the ground or in long-distance transactions with suppliers and customers in medium to high risk countries. Targeted questions are related to identified country specific concerns pertaining to bribery and corruption, forced labor, illegal logging, deforestation, legality, human rights. The interviews have been conducted annually in various forms: individual video calls, group video calls, and written surveys. Danzer has only identified situations where buyers or sellers were presented with an opportunity for bribery or corruption, but the Danzer employee resisted. All staff are made aware of the schemes presented to their colleagues in different regions and the tactics used to reject the request. The pre-mitigation risk is recorded based on identified practices in the country, the mitigation technique is recorded and a residual risk factor determined. These assessments have been taking place at Danzer since 2013.

TRANSPARENT PROOF FOR YOUR ASSURANCE

Danzer started reporting on its procurement practices and statistics in 2014, long before the EUDR's annual report will be required (2027).

<https://www.danzer.com/images/danzer/Company/Danzer-Sustainability-Report-2024.pdf>

Our Environmental Product Declarations are based on Life Cycle Assessments conducted at Danzer production facilities: all the data is based on the reality of the Danzer product and are available from your Danzer sales representative.

LEADING THE WAY IN OUR INDUSTRY

Danzer leads the way in the industry in this regard, for example, by being one of the first to partner with the UN Global Compact in 2023, being an early adopter of 3rd party certification of sustainable forest management and chain-of-custody (2007), and serving as the model for the development of the American National Standard for Due Diligence in Procuring/Sourcing Legal Timber (ANSI LTDD 1.0-2.0 2015).

YOUR BENEFIT: PEACE OF MIND

As you can see, due diligence at Danzer is taken seriously and we have more than a decade of experience identifying, assessing, and managing risks in our supply chain to ensure legal, responsible, and sustainable practices.

This robust Due Diligence System reduces supply-chain uncertainty, protects reputation, and ensures reliability. As an ESG expert yourself, you can see the detail, at a high level, that Danzer executes to identify risks, manage them, and turn global complexity into reliable sourcing. When you buy from Danzer, you buy from a partner who has already done the hard work of looking deeper, asking tougher questions, and managing risks responsibly; you can trust Danzer's Due Diligence from the forest to your door.

