

DOING OUR PART

Update to the Danzer Sustainability Report 2016,
February 2019

Working at Danzer



Hardwood Excellence.



In June 2017, Danzer published its second Sustainability report: Doing Our Part. Prior to the next full report, Danzer will prepare subject-specific updates to its Sustainability Report every quarter and demonstrate how Danzer is doing our part toward the UN Sustainable Development Goals (SDGs) published in 2015; a personal commitment to operate business in a way that is responsible for the resources we share with the communities we operate in.

This is an update on the segment Working at Danzer found in the Danzer Sustainability Report 2016: Doing Our Part, pp.44. The data for this report was updated in July and October 2018.

[G4-10] Danzer’s social contract with the communities we operate in implies that the operation and community thrive so long as a precautionary approach is taken with employees. As of July 2018, Danzer employed 1,537 people at production facilities worldwide. Approximately 264 of those employees work in maintenance, engineering, management, procurement, sales and administration. Danzer’s employment worldwide, including sales and administrative offices as of October 2018 was 1,607.

“DANZER GOES ABOVE AND BEYOND ON EQUALITY – THEY ARE MORE THAN FAIR. THEY GIVE PEOPLE SECOND CHANCES.”

From production employee interviews, January 2019



SDG 5 is to “achieve gender equality and empower all women and girls”. At Danzer, this target is taken seriously. Danzer is an equal opportunity employer who knows that diverse experiences are valuable to the mix of innovation at Danzer. Of 1,537 employees at production facilities worldwide, 28 % are women, many work in non-production

positions which make up 19 % of the Danzer workforce (engineering, maintenance, procurement, management, sales, administration, maintenance, and IT). Seniority at Danzer is as high as 47 years among both production and non-production workers – on average about 14 years in production and 23 years in salaried positions. The following figure shows the age distribution of the Danzer production workforce.

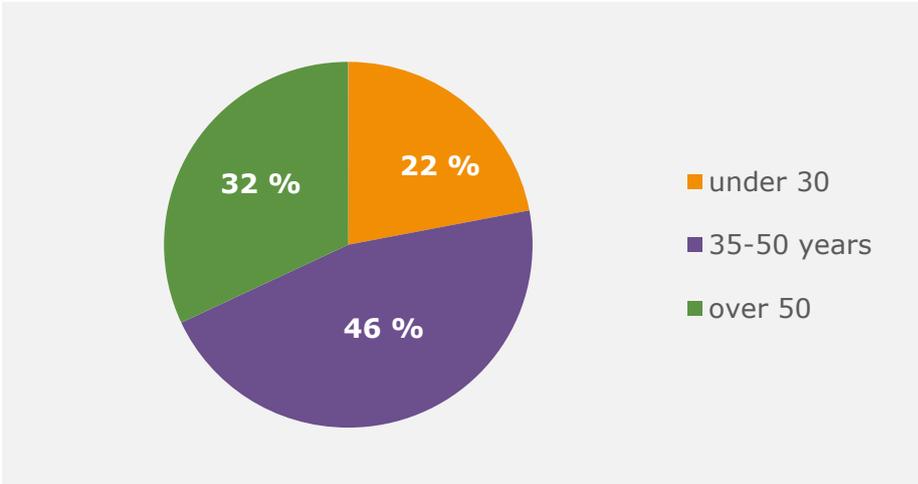


Figure 1: Age distribution of the Danzer production workforce

DANZER IS AN "EQUAL OPPORTUNITY EMPLOYER) IN THAT THEY DO NOT DISCRIMINATE BUT FAVORITISM EXISTS IN PAY AND THINGS LIKE PARKING SPACES."

From production employee interviews, January 2019



The precautionary approach of Danzer is in total alignment with the United Nation’s Sustainable Development Goal #3, “To ensure healthy lives and promote well-being for all at all ages”. The text suggests that, “You can raise awareness in your community about the importance of good health and a healthy lifestyle”.

Danzer Veneer and Lumber North America have established a Wellness Program to provide employees the tools to better understand and manage their health. This initiative has included a comprehensive review and explanation of health care benefits provided by Danzer, as well as company-sponsored Biometric screenings. These screenings, which are an important component of a health management program, help employees learn about their current health status and identify health risks and disease conditions which can lead to illness and serious disease. A Walking Challenge has also been organized for employees in North America to encourage an increase in physical activity and well-being.

"EMPLOYMENT PACKAGES – NOT JUST PAY BUT THE ENTIRE PACKAGE. THAT IS THE MAIN REASON WHY I WORK HERE."

From production employee interviews, January 2019

The SDG 3 target, "Strengthen the prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol", is relevant to Danzer as an employer in communities also affected by rising trends in drug and alcohol consumption. In North America, this is particularly relevant, so pre-employment, post-accident (with suspicion of intoxication), and random drug testing programs are in place.

In the September 27, 2018 edition of the New York Times, it was reported that Bureau of Labor Statistics data shows an increase in worker on-the-job deaths from overdose increased 32 % from 2015-2016. Further, workers who misuse pain medication miss an average of 29 days per year compared with 10.5 days for other workers.

Of all production operations, only Danzer's United States facilities have found it necessary to institute employee drug screening programs to protect employees from harming themselves or others on the job due to intoxication. All five facilities screen employees before hire, four of the five screen when an accident raises the suspicion of intoxication, and three (plus the facility in the Czech Republic) randomly drug test employees. Only one random test was positive of 344 total tests (pre-employment, post-incident or random). All facilities have a no tolerance drug and alcohol policy and three facilities offer a treatment option for existing employees.

DANZER DOES “FAIRLY WELL WITH COMMUNICATION ABOUT CONCERNS, USUALLY SLOW THOUGH”.

From production employee interviews, January 2019

The SDG 3 target, “Achieve access to quality essential health-care services”, is also relevant to Danzer as an employer-provider of health care coverage.

Where public health care is not available, the company insures that all employees and their families have access to good health care options and contributes a majority of the costs for these programs. Bench-marking data by insurance carriers show that in these cases, Danzer North America health care benefits exceed the average for companies of the same size and industry. Danzer also encourages employees and their families to maintain healthy lifestyles by sponsoring the costs related to these programs.

“THE SAFETY PROGRAM HAS IMPROVED OVER THE LAST YEAR, ESPECIALLY IN THE LAST MONTH. WE ACTUALLY HAVE A SAFETY PROGRAM. I'VE WORKED OTHER PLACES THAT DIDN'T HAVE ONE.”

From production employee interviews, January 2019

[G4-LA6] At the same time, Danzer is committed to keeping employees safe and healthy in the workplace. The following table shows employee days lost due to workplace injuries as a percentage of total working days.

Location (#employees)	Lost days / working days
Kesselsdorf, DE (94)	0.45 %
Melnik, CZ (634)	0.34 %
Souvans, FR (82)	0.59 %
Raspenava, CZ (69)	0.24 %
Grödig, AT (33)	0.06 %
Darlington, US (143)	0.93 %
Edinburgh, US (183)	0.01 %

Williamsport, US (79)	0.36 %
Bradford, US (148)	0.05 %
Shade Gap, US (42)	1.49 %
Durham, CA (30)	0 %

In July 2018, Danzer rebuilt its internal safety and environmental online reporting system to improve reporting and track that problems are fixed. This system is the recordkeeping arm of Danzer’s Grievance Mechanism and Integrity Line. One facility experienced a regulatory fine for an incomplete safe lockout procedure, which has been corrected.

[G4-SO11a] Between July and October 2018, 37 reported environmental and safety issues have been fixed and reviewed by management, all of the remaining “un-fixed” have a schedule to be fixed:

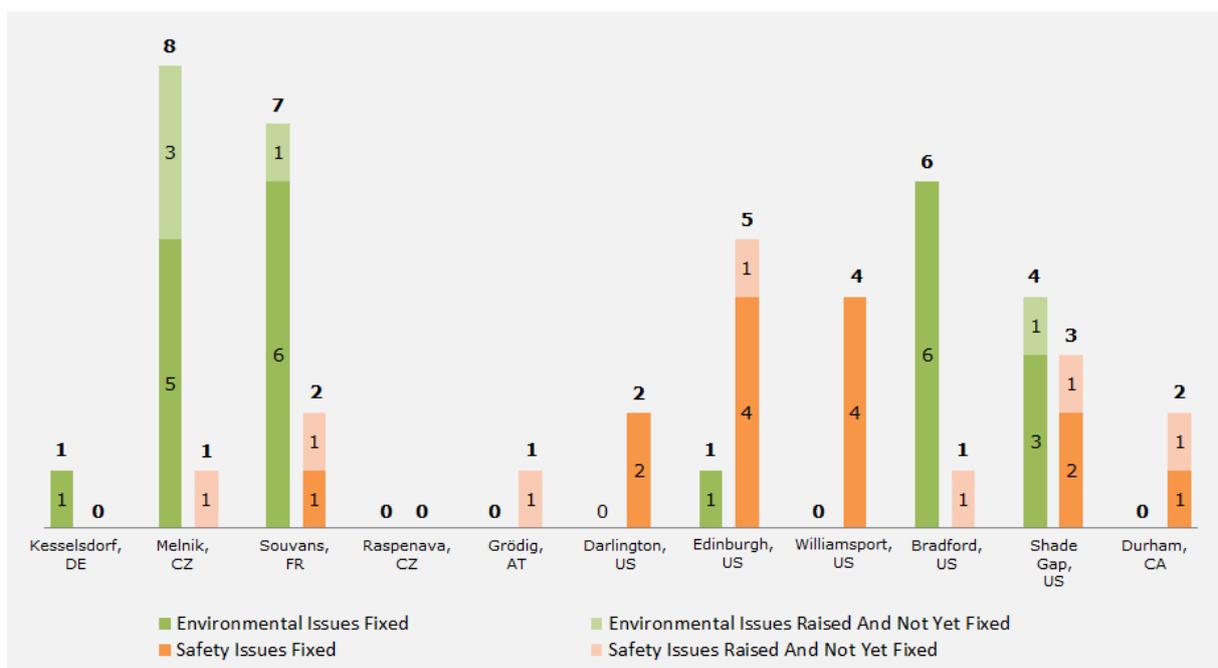


Figure 2: Number of environmental and safety issues raised and fixed between July and October 2018

[G4-LA9] Doing Our Part, the 2016 Danzer Sustainability Report, illustrated the need to make environment, health and safety (EHS) training uniform across Danzer. In 2018, Danzer developed our new training approach called FUN, which launched in January 2019 at the Darlington, PA location in the USA with a Personal Protective Equipment challenge. FUN engages all levels of the production and office staff in teams that cross work functions, languages, pay scales, and learning styles. Each group of 2-3 small teams meets at least once per month for a short game (15 minutes) to reinforce safe behavior and

good conduct. This collaborative learning program will target training to specific risks. A behavioral approach to safety – that is, identifying at-risk behaviors and correcting them before injuries occur – is an essential part of this program. The next facilities to begin the FUN project are: Williamsport (February), Edinburgh (March), Bradford (May), and Shade Gap (June). In the second half of 2019, the program will roll-out at European locations.



The FUN training program engages all learning types in an active “fun” setting.

“THIS IS A GOOD WORK PLACE.
IT'S LAID BACK AND YOUR BOSS IS
NOT BREATHING DOWN YOUR
NECK. BUT THEY MAKE TIME FOR
YOU EVEN WHEN THEY ARE BUSY
AND THEY CARE ABOUT YOU.”

From production employee interviews, January 2019

At Danzer, we Do Our Part to influence those Sustainable Development Goals that are linked to our business of bringing the sustainable natural product wood into people’s lives in beautiful and clever ways.