

## Forest Fact File:

### Forest Crime File Greenpeace 2<sup>nd</sup> Edition updated [www.greenpeace.org](http://www.greenpeace.org)

**In June 2004, Greenpeace International published a so called “Forest Crime File” that included a number of accusations against the Danzer Group and its business in Africa. Greenpeace published a revised version of the report in November 2004.**

**The Danzer Group conducts an open and objective dialog with the public, absent of pre-discussion, condemnation, and unjustified attacks on the reputations of others. That is why the Group has on various occasions informed Greenpeace in personal discussions and official letters that the accusations made in the “Forest Crime File” are incorrect. In keeping with our aim to ensure comprehensive transparency we hereby publish the “Forest Crime File” accusations and make detailed statements on each criticism leveled by Greenpeace.**

“By the mid-1980s, the environmental movement had abandoned science and logic in favor of emotion and sensationalism. I became aware of the emerging concept of sustainable development: balancing environmental, social and economic priorities. Converted to the idea that win-win solutions could be found by bringing all interests together, I made the move from confrontation to consensus.” (Patrick Moore, Greenpeace co-founder and 15-year full-time environmental activist.)<sup>1</sup>

1	“Danzer Group involved in bribery...”	<p>The Danzer Group is not corrupt and has never been involved in bribery. Our actions are guided by effective laws and conventions of international organizations like the OECD.</p> <p>Based on documents that were stolen from our offices in Baar, Greenpeace put together an unfounded charge against the Danzer Group. The Swiss Attorney General started a preliminary investigation, which was discontinued within six months after finding no evidence to support the Greenpeace charge. Greenpeace still claims that the Danzer Group is involved in bribery, despite the fact that the company was audited (by the Attorney General) regarding its compliance with Swiss laws implementing the OECD standards against bribery.<sup>2</sup></p>
2	illegal logging,	<p>The Danzer Group does not practice illegal logging in its own concessions nor does it tolerate illegal logging by third party suppliers. To ensure that any timber traded within the Group stems from legally managed forest concessions, Danzer Group has introduced guidelines for the procurement of African round timber, sawn timber and veneers. The procurement rules are part of our environmental and safety management system (ESMS) which follows the international standard ISO 14001:2004.<sup>3</sup> The ESMS will be audited and validated by a third party.</p> <p>IFO, the Danzer Group company in the Republic of Congo (Brazzaville), is participating in the development of a legality audit</p>

<sup>1</sup> Miami Herald. Posted on Sun, Jan. 30, 2005, ‘Environmental movement has lost its way’.

<sup>2</sup> The OECD’s Anti-Bribery Convention was signed on 17 December 1997 and entered into force on 15 February 1999. The Swiss law implementing the OECD Convention entered into force on 1 May 2000. The OECD “complimented the Swiss authorities for taking important steps towards the thorough implementation of the Convention into Swiss legislation”; see: OECD Country Report on the Implementation of the Convention on Combating Bribery, February 2000. In the Report on Phase 2, published in February 2005, among others, the OECD “applauds the efforts made by the Swiss authorities to make the criminal prosecution ... more efficient”.

<sup>3</sup> See [www.danzer.com](http://www.danzer.com). ISO Standard 14001 is a management system to firmly establish systematic, all-embracing environmental protection for the purpose of continually and verifiably improving aspects related to the environment. Adherence to this standard is reviewed at regular intervals in audits performed by independent certification agencies. Danzer Group’s ESMS covers all relevant areas, from the procurement of raw materials, to production, through to the shipment of finished products, and contains binding provisions for all companies, including wide-ranging reporting and monitoring obligations.

		<p>program called FORCOMS (Forest Concession Monitoring System for Central Africa)<sup>4</sup> and will undergo third party audits to confirm FORCOMS compliance as soon as FORCOMS is available. Thereafter, SIFORCO, the Danzer Group company in the Democratic Republic of Congo (Kinshasa), and third party suppliers will also be audited according to FORCOMS.<sup>5</sup></p> <p>Eliminating illegal logging is a principal concern for us – if only to protect our own investments in Africa. The Danzer Group owns forest concessions totaling 3 million ha in Africa. The availability of illegal timber drives prices down, because the timber is produced according to lower forestry standards.<sup>6</sup> Consequently, selling wood from sustainable forestry often does not allow one to cover costs. Therefore it is in our interest to establish fair and legal trading conditions for everyone.</p> <p>Further, the eradication of illegally produced timber is a precondition for an enduring creation of value and long-term development potentials in Africa. Sustainable use and industrial processing of timber constitute one of the few potentials for economic development in many countries of West and Central Africa.</p>
3	dealings with blacklisted arms trafficker	<p>The Group’s business dealings are grounded in high ethical and legal standards. These standards are also required of third party suppliers and Danzer’s business partners.</p> <p>In the case of Gus Kouwenhoven’s ties to Afribois<sup>7</sup> we made mistakes of judgment and have to concede a lack of systematic due diligence. To ensure that bad actors are filtered out of our supply chain in the future, we are in the process of reviewing and re-enforcing our internal procedures, which includes reviews concerning political as well as criminal involvements.</p> <p>These procedures provide for a detailed check of the supplier’s legal status, including any international blacklists. In case that such a check results in any negative facts or evidence, no business relation will be started.</p>
4	and suspected of forgery”	<p>As the charge of forgery is currently being investigated by the canton of Zug (Switzerland), we are not in a position to comment on this allegation. We want the legal proceedings to take their course without prejudice of either party. Once a result of the investigation is</p>

<sup>4</sup> FORCOMS was developed by IUCN (Union Internationale pour la Conservation de la Nature)-CEFDHAC (Conférence sur les Ecosystèmes des Forêts Denses et Humides d’Afrique Centrale), IFIA (Interafrican Forest Industries Association), and WRI (World Resources Institute). The aim of this process is to monitor the legality and sustainability of forestry concessions in Africa based on specific criteria and indicators.

<sup>5</sup> <http://www.globalforestwatch.org/english/index.htm>

<sup>6</sup> FAO (Food and Agriculture Organization of the United Nations), STATE OF THE WORLD’S FORESTS 2005 (hereinafter “SOFO”) at 76 ([www.fao.org/forestry/site/21407/en](http://www.fao.org/forestry/site/21407/en)).

<sup>7</sup> Details see section 52.

		<p>available, we will take appropriate action.</p> <p>In the meantime, in spring 2005 a third party auditor (Société Générale de Surveillance – SGS) audited the handling of documents regarding shipments originating from Africa in the period from January 2003 to December 2004. The auditor did not find any forged documents.</p>
5	<p>“Western lowland gorillas occur in Danzer’s IFO concession in Congo-Brazzaville. Industrial logging increases the illegal bush meat trade which is driving the great apes such as the gorilla towards extinction.”</p>	<p>Indeed, there are lowland gorillas in our concessions in the Republic of Congo. Their population is estimated to be 36,000 on the 1.3 million ha concession.<sup>8</sup></p> <p>In order to prevent poaching, we are in the process of implementing an anti-poaching program together with the Wildlife Conservation Society and the Forestry Ministry of the Republic of Congo.</p> <p>As part of the project, the IFO concession is controlled by ECOGUARDS to prevent poaching. Among a comprehensive list of measures an internal company rule spells out anti-poaching measures, trucks are monitored to prevent the transport of bush meat, forest roads are permanently closed after forestry activities in the area have been stopped, and special hunting zones for traditional hunting rights are established with the local population. Poachers are arrested and prosecuted.</p>
6	<p>“The documents submitted support the suspicion that employees of a Danzer Group company were involved in the forgery of official government certificates.”</p>	<p>See section 4.</p>
7	<p>“Danzer Group has so far refused to provide GP with a copy of the Attorney General’s decision.”</p>	<p>In order to protect the privacy of individuals, we cannot publish the Attorney General’s decision; names of employees, suppliers and other individuals are stated in the decision.</p> <p>The findings of the Swiss Attorney General coincide with the results of our own investigation and confirm that Danzer AG and Interholco employees have not been involved in bribery. Furthermore they also did not find any evidence that other Group employees have been involved in such action.</p>
8	<p>“Danzer Group has not given a satisfactory explanation of the evidence put forward by GP in its reports.”</p>	<p>The Danzer Group was very careful to accurately respond to Greenpeace’s charges. We responded to each charge, but only once. The fact that Greenpeace repeated the same accusation worded slightly differently several times only gave the impression of separate charges.</p> <p>The purpose of this report is to leave no misunderstandings.</p>

<sup>8</sup> Etude écologique de l’UFA Ngombe

<p>9</p>	<p>“... activities as described in the travel report (Giger) ... remain unexplained.”</p>	<p>The travel report which was stolen from our offices is an internal report which, in any case, is not understandable for outsiders.</p> <p>In most cases, the “travel report” is quoted out of context. We routinely audit internal activities and review compliance with national, international and Group standards wherever we do business.</p> <p>Mr. Giger’s trip in April 2003 was one of these routine visits and his report must be viewed in this light.</p> <p>In the report (total of 9 pages) many subjects were covered, most of them in connection with accounting, controlling and compliance. This report is full of abbreviations and acronyms which make it difficult to read and understand for someone who is not familiar with our reporting.</p> <p>The report had a distribution list of 15 people. If there were really sensitive and incriminating information, would it have been disseminated so freely?</p> <p>An outsider unfamiliar with the “lingo” of African countries (i.e. frais de mission, cahier de charge) might misunderstand the wording of the document and thus misconstrue the content.</p> <p>In the following, we will explain all accusations in connection with the report in detail.</p>
<p>10</p>	<p>“Danzer started to build an industrial veneer empire ... in 1947”</p>	<p>This statement implies that Danzer is a huge timber company, which is wrong. The global timber industry is a 354 billion US\$ business.<sup>9</sup> Danzer Group only has a global market share of 0.16%. There are many companies in the industry that are “giants” in terms of sales and assets, but Danzer Group is not one of them.</p>
<p>11</p>	<p>“... one of the biggest international traders in tropical round wood, sliced wood and veneers.”</p>	<p>Danzer Group is not the largest trader in tropical timber by far.</p> <p>Danzer Group’s market share concerning trade with tropical timber amounts to only 0.3% on a global scale – far from being one of the biggest traders of tropical timber in the world. Danzer does not have any assets in South East Asia, but only in Africa. South East Asia controls the largest share of tropical timber business.<sup>10</sup> On a global</p>

<sup>9</sup> FAO, SOFO 2005 at 71: “Globally, the gross value added by the sector in 2000 (...) is estimated at about US\$ 354 billion, or about 1.2 percent of GDP.”

<sup>10</sup> In 2001, more than 75% of the world’s total exports of tropical timber originated from the Asian-Pacific region. Only 16% came from Africa. Regarding tropical logs, Malaysia dominates the trade with 6.5 million m<sup>3</sup> exported in 2001, constituting 45% of ITTO producer member exports (see: UNECE (United Nations Economic Commission for Europe)/FAO (2002): “Forest products annual market review 2001-2002”, Chapter 13, p. 181, [www.unece.org/trade/timber/docs/rev-02/chap-13.pdf](http://www.unece.org/trade/timber/docs/rev-02/chap-13.pdf)).

		<p>scale, tropical log production amounts to 126 million m<sup>3</sup>, of which nearly 80 million stem from the Asian-Pacific region<sup>11</sup>, 33.4 million from Latin America and only 12.6 million from Africa.<sup>12</sup></p> <p>Africa is a niche business in the global tropical timber trade and comparatively small.</p> <p>Danzer Group (with its own operations as well as the trading activities) has a market share of only 2% of total industrial hardwood production in Africa.<sup>13</sup></p> <p>Trading in tropical round wood, lumber and veneer amounts to only a small proportion of the Group's consolidated net sales: in 2004, it amounted to € 18 million, or 4% of the consolidated Group's net sales (€ 426 million). The total volume of our African timber activities, including our own local production facilities (and including the trading business), amounted to € 48 million, or 11% of net sales.</p> <p>In an area the size of a soccer field, Danzer fells only one tree every 30 years – by no means is this destruction of the forests!</p> <p>Danzer's focus is by no means on tropical timber. Our focus is on timber from temperate regions. Our timber stems almost exclusively from sustainably managed forests in the US and in Western and Central Europe.</p> <p>For decades, the strategy of our company has been to provide users of wood worldwide with high quality, decorative veneer and lumber. By nature, raw material suited for decorative purposes is extremely scarce. We are not mass producers of timber, let alone a destroyer of forests.</p>
12	<p>“There are huge rents to be earned from activities such as logging in tropical rain forests, where permits can be obtained corruptly or where inspectors can be bribed’. World Bank 1997”</p>	<p>Greenpeace takes this sentence of the World Bank out of context, which clouds its real meaning. Reading the whole document of the World Bank carefully, shows the real message of the Bank: Firms, which use corruption or bribery to avoid compliance with environmental regulations to save money, harm the environment.</p> <p>Danzer does not belong to the group of firms that act in the manner criticized by the World Bank.</p> <p>First of all, Danzer does not tolerate any action in which business is</p>

<sup>11</sup> It is estimated that over half of the logging in Indonesia is illegal, see: The Forests Dialogue (2005): “Business, Governments and conservationists hold unprecedented gathering to combat illegal logging”, <http://research.yale.edu/gisf/tfd/logging.html>. This means that Indonesia alone produces twice as much illegal timber as the total (legal and illegal) timber production in Africa.

<sup>12</sup> UNECE/FAO (2002): “Forest products annual market review 2001-2002”, Chapter 13, p. 181, [www.unece.org/trade/timber/docs/rev-02/chap-13.pdf](http://www.unece.org/trade/timber/docs/rev-02/chap-13.pdf).

<sup>13</sup> Based on the round log production of SIFORCO, IFO, as well as the trading activities of Interholco. Traded lumber was calculated back to round log volumes.

	<p>done by illicit means. Consequently, it does not use corruption and bribery to avoid compliance with environmental regulations. To ensure that all business transactions are free of corruption and bribery, Danzer has developed a code of conduct as part of its comprehensive compliance rules. The “Code of Conduct: Countering Bribery and Related Matters” was developed together with the Société Générale de Surveillance. It adheres closely to the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the Inter-American Convention Against Corruption adopted by the Organization of American States, and the African Union Convention on Preventing and Combating Corruption. Adherence to the anti-corruption guidelines in the Danzer Group is monitored constantly by an internal control system and is examined by independent auditors.</p> <p>Secondly, Danzer does not only comply with the environmental regulations, such as those the World Bank requires, but is much more engaged in environmental protection; sustainable forest management is a key element of our business activities (see section 2).</p> <p>Greenpeace misunderstood the statement by the World Bank. Nevertheless, we would like to respond to Greenpeace’s understanding of the statement, even though it is not what the World Bank wanted to say.</p> <p>We do not earn “huge rents ... from activities such as logging in tropical rain forests”. On the contrary: in the last six years Danzer Group has lost more than € 20 million with its African timber activities.</p> <p>Despite the huge losses, we decided to remain in Africa, because we feel responsible for and committed to our timber concessions, our 1,800 employees, their families, and the countries that we have invested in.</p> <p>Danzer Group has always followed the strategy of local conversion; to create jobs not where the cheapest labor is, but close to the resource. Therefore, we have invested large amounts in Africa – thereby creating significant local value-added content.</p> <p>The World Bank emphasizes the positive role of private enterprises investing in Africa and conducting forestry activities in a sustainable manner. These private sector investors are important for the economic and social development of Africa.<sup>14</sup></p> <p>Danzer Group is financially harmed by the availability of illegal timber on the markets. Illegal timber on the market drives prices down, because it can be produced more cheaply.<sup>15</sup> We have every incentive</p>
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<sup>14</sup> World Bank (2004): “The World Bank and the Sustainable Management of Forests in the Democratic Republic of Congo (DRC)”, <http://inweb18.worldbank.org/ESSD/ardext.nsf/11ByDocName/WBandSustainableManagementForestsInDRCPage2>.

<sup>15</sup> FAO, SOFO 2005 at 76: “According to the World Bank, illegal logging results in a loss of US\$ 5 billion annually and a further loss of US\$ 10 billion to the economies of timber-producing countries...[t]he activity depresses prices.”

		to help make illegal timber disappear from the markets.
13	ILC and MMG as “related companies.”	<p>Greenpeace claims that ILC and MMG are companies related to Danzer Group.</p> <p>The term “related company” is a technical accounting term: This would mean that Danzer Group had management rights and/or owns equity in the companies.</p> <p>Danzer Group does not own any equity in either company.</p> <p>Danzer Group has no management rights in either company – neither de-facto nor de jure.</p>
14	“Interholco procures wood not only from the last rainforests being destroyed in West and Central Africa ...”	<p>The problem of tropical deforestation is much more prevalent in West Africa than it is in Central Africa.</p> <p>The annual negative rate of forest area change is very high in West Africa (-1.5%), whereas in countries of Central Africa it is much lower: Especially the Congo has a very low annual rate of forest area change (maximum of -0.1% per year).</p> <p>There are large rainforests in Central African countries that represent the second largest area of rainforest in the world. Forests in Central Africa represent more than 60% of the total African volume and 7% of the entire world volume. In contrast, forests of West Africa represent only 13% of the total forest cover on the continent and 2% of the world forest area.<sup>16</sup></p> <p>The high rates of deforestation in West Africa are mainly due to climate, large populations, agricultural clearing and long-term export of wood products.<sup>17</sup> For example, the official government policies of Côte d’Ivoire have been developed to encourage immigration from the north with the intent to convert timberland to agricultural use. Here, farmers have cleared vast sections of forest to plant coffee and cacao. Today, Côte d’Ivoire is the world’s leading producer of cacao and one of Africa’s top coffee producers.<sup>18</sup></p>
15	“... but in many cases from companies that have been documented to be involved in illegal logging or, until very recently, associated with arms trafficking activities.”	See sections 2 and 3.

<sup>16</sup> FAO, FRA (Global Forest Resources Assessment) 2000: Chapter 14-15, [http://www.fao.org/documents/show\\_cdr.asp?url\\_file=/DOCREP/004/Y1997E/Y1997E00.HTM](http://www.fao.org/documents/show_cdr.asp?url_file=/DOCREP/004/Y1997E/Y1997E00.HTM)).

<sup>17</sup> FAO, FRA 2000: Chapter 14–15.

<sup>18</sup> Microsoft Encarta Online Encyclopedia (2005): “Côte d’Ivoire” (<http://au.encarta.msn.com>).

16	“Danzer Group companies do not hesitate to bribe officials in Africa.”	See sections 1 and 7.
17	“Only one-third of the original forests in Africa still remain, and less than one-tenth are still big enough to permanently maintain the biodiversity of a large intact rainforest.”	<p>The statement is based on obsolete data. The problem of tropical deforestation exists – but when assessing it, it is advisable to use up-to-date figures. Greenpeace inaccurately quotes a study by the World Resource Institute which dates back to 1997.</p> <p>Current figures are provided by the FAO, which used satellite imagery to generate data<sup>19</sup>. According to the pan-tropical remote sensing survey the rate of deforestation of world’s tropical forests was 7% less in the 1990s compared to the decade before. The deforestation rate was 0.52% per year for the pan-tropical zone and 0.34 for tropical forests in Africa for the time period 1990-2000.<sup>20</sup></p> <p>As a side note, the 1997 WRI report concluded: “In Central Africa ... logging itself causes relatively little damage because only a few high-value tree species are removed.” The report emphasizes that the population increase in eastern Zaire, in particular, is of special concern to demands on the forest.</p>
18	“Experts consider over three quarters of all remaining frontier forests in Africa are threatened, mostly by the timber industry.”	<p>It is not correct that the timber industry is the main reason for tropical deforestation in Africa. There are various factors which lead to the destruction of rainforests.<sup>21</sup> As Greenpeace is not disclosing who the “experts” are, we cannot comment on any specific source. What are the scientific data used? Do they refer to Africa?</p> <p>In Sub-Saharan Africa deforestation is primarily caused by activities of the general population:</p> <p>Fuel wood-gathering is one of the major causes of deforestation in African countries. In Africa, an estimated 90% of the entire continent’s population uses fuel wood for cooking, and in Sub-Saharan Africa, firewood and brush supply approximately 52% of all energy sources.<sup>22</sup></p> <p>Furthermore, “deforestation is still largely the result of the conversion of forest to other uses such as agriculture pasture and infrastructure.”<sup>23</sup> Especially land clearing by farmers is a major reason for the depletion of tree stocks. According to the Massachusetts</p>

<sup>19</sup> FAO, FRA 2000, Chapter 46, 47.

<sup>20</sup> The survey was the first to provide a consistent methodology for assessing forest cover change between two assessment periods (1980 to 1990 and 1990 to 2000).

<sup>21</sup> Agyei, Yvonne (Massachusetts Institute of Technology; African Technology Forum): “Deforestation in Sub-Saharan Africa” (<http://web.mit.edu/africantech/www/articles/Deforestation.htm>), see also: FAO, FRA 2000, March 2001.

<sup>22</sup> See Agyei, Yvonne (2005).

<sup>23</sup> Results of FRA 2000, March 2001 (FAO); see also: NASA Earth Observatory (<http://earthobservatory.nasa.gov/Library/Deforestation/>).

		<p>Institute of Technology, conversion of forests for subsistence and commercial agriculture contributes as much as fuel wood-gathering to deforestation in Sub-Saharan Africa.</p> <p>Other reasons for deforestation in Africa are activities such as cattle ranching, cash crop plantations and the construction of dams, roads and mines.</p> <p>Poverty and high population growth contribute to the depletion of tree stocks.</p> <p>“The national demand for forest products within the countries where deforestation is occurring is a much more important cause of deforestation than the demand for these same products on the international markets. It should be noted that this conclusion is contrary to the opinion held by many Northern NGOs that it is the industrialized countries’ insatiable demand for tropical timber that is driving deforestation.”<sup>24</sup> 80% of the wood used in developing countries is for firewood, and shifting cultivation accounts for two thirds of tropical deforestation<sup>25</sup></p> <p>In its concessions in Africa, Danzer Group only cuts one tenth of what is cut in forests in Germany. Danzer Group cuts on average 12m<sup>3</sup> per ha in a 30-year cycle. This equals 0.4 m<sup>3</sup> per ha per year. To compare: In Germany, the average annual cut is 4 m<sup>3</sup> per ha, or ten times higher.<sup>26</sup></p> <p>The Congo Basin is 60% swamp and under water.<sup>27</sup> These areas cannot be utilized for sustainable forestry or for agriculture.<sup>28</sup></p> <p>The causes of tropical deforestation in Africa are very different from those in South East Asia, or in South America. As other main stakeholders, such as local governments, the European Union, the World Bank, IUCN and WWF, Danzer Group believes that long-term, sustainable forest management is possible in Africa for generations to</p>
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<sup>24</sup> CFAN (CIDA Forestry Advisory Network), 1999, Deforestation: Tropical Forests in Decline: <http://www.rcfa-cfan.org/english/issues.12-5.html>.

<sup>25</sup> CFAN, see above.

<sup>26</sup> There are FSC certified tropical forests in South America that on average cut down as much as 3m<sup>3</sup>/ha. We do not believe that this is sustainable.

<sup>27</sup> The largest swamp tropical forest in the world (10 million ha) is still in the Congo Basin, (Mayauz, Philippe; Bartholomé, Etienne et al (2004): A new land-cover map of Africa for the year 2000, in: Journal of Biogeography 31, p. 867).

<sup>28</sup> The decay processes in the tropical forests release as much carbon dioxide as the living trees absorb. Thus, the tropical forest does not bind carbon dioxide. “Only a managed forest with a high amount of young trees binds carbon dioxide and thus contributes to climate protection”, (Holzabsatzfonds (2004): “Natürlich Holz. Die deutsche Forstwirtschaft. Zahlen und Fakten”). Latest research suggests that the Amazon is a net producer of carbon dioxide, not an absorber: The Amazon is “... emitting much more (carbon dioxide) than it is absorbing”, Philip Fearnside from the Brazil’s National Institute of Amazon Research on the Third Science Conference of the Large-scale Biosphere-Atmosphere Experiment in Amazonia, 27-29 July 2004, Brasil, Brasilia.

		come. This is why we have committed our resources to this continent.
19	<p>“These forests have been at the epicenter of violent conflicts for the past decades in several African countries, from Sierra Leone to the Democratic Republic of Congo, from Liberia and the Ivory Coast to Central African Republic. Local populations have been held hostage, either to militias and armies, or to all-powerful industrial groups seeking profits at any cost.”</p>	<p>The local population in Africa has been held hostage mostly by civil war.<sup>29</sup> The problem is not “powerful industrial groups.” The main problem, from which the local population in Africa suffers, is civil war. Civil war in Africa is mainly due to deep-rooted ethnic and religious conflicts as well as population increase. The forest cannot be regarded as the epicenter of civil war.</p> <p>In the war in Congo, 3 million people died between 1998 and 2003.<sup>30</sup> Today, there is civil war or at least a very unstable political situation in Liberia, Ivory Coast, Togo, Nigeria, Central African Republic, Democratic Republic of Congo, Rwanda, and Burundi.</p> <p>Personally knowing the fears of the local people through our operations in DRC during the last years of civil war, we can assure that timber companies have been a source of stability, income and medical services. By supporting the development of an efficient domestic timber industry and by providing jobs and education, Danzer helps to combat local poverty and instability in Africa.</p>
20	<p>“Destructive logging nonetheless continues largely unabated in Africa.”</p>	<p>The timber industry plays a vital role in the economic development of sub-Saharan countries. Based on the above-mentioned data it is obvious that logging cannot globally be called “destructive.”</p> <p>Today there is a major effort of many companies in Africa, including Danzer Group, to improve the paper flow and the documentation so that customers and the general public have guarantees that the timber they buy stems from legal and sustainable sources.</p> <p>Several organizations like Global Forest Watch, Interafrican Forestry Association, and European timber trade associations are in the process of developing and implementing such procedures. The preparation of forest management plans is at different stages in Central African countries: in Cameroon 31% of concessionaires had approved management plans in May 2004, while in the Republic of Congo, IFO, a Danzer Group company, is among the first two companies finalizing their management plans.<sup>31</sup></p>
21	<p>“The (OECD) Convention (on Combating Bribery ...) makes it a crime to ‘offer, promise or give a bribe to a foreign public official in order to obtain or retain international business</p>	<p>Greenpeace omits key components of the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. Thus it distorts what the OECD says.</p> <p>Article 1 of the respective OECD Convention makes it a crime to “offer, promise or give any undue pecuniary or other advantage ... to a foreign public official ... in order that the official act or refrain from acting in relation to the performance of official duties, in order to</p>

<sup>29</sup> FAO, SOFO 2005: “Forests and war, forests and peace” at 116 – 123

<sup>30</sup> The Economist, 17.01.2004, p. 1.

<sup>31</sup> World Resources Institute (WRI); Global Forest Watch; Ministère de l’Environnement et des Forêts Cameroun (MINEF), 2004, Atlas forestier interactif du Cameroun.

	<p>deals.”</p>	<p>obtain or retain business or other improper advantage in the conduct of international business.”</p> <p>To get a full understanding of the OECD Convention, one should also take into account paragraph 9 of the Commentaries which says: “Small ‘facilitation’ payments do not constitute payments made ‘to obtain or retain business or other improper advantage’ within the meaning of paragraph 1 and, accordingly, are also not an offense. Such payments, which, in some countries, are made to induce public officials to perform their functions, such as issuing licenses or permits, are generally illegal in the foreign country concerned. Other countries can and should address this corrosive phenomenon by such means as support for programs of good governance. However, criminalization by other countries does not seem a practical or effective complementary action.”<sup>32</sup></p> <p>Danzer Group always complied with the OECD Convention (see below).</p>
<p>22</p>	<p>“Instead of complying with national laws and the OECD Convention ...</p>	<p>The Danzer Group has always complied with the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. No illegal payments were made to public office holders. This has been confirmed by the Swiss Federal Prosecutor’s Office.</p>
<p>23</p>	<p>... and setting standards for sustainable development ...</p>	<p>In our efforts to improve sustainable forest management in our African business we have actively cooperated with NGOs and experts. Since 1999, together with the World Bank, we have initiated a constructive dialog between industry and NGOs in the CEO WORKING GROUP ON AFRICAN FORESTS. As far as wildlife protection is concerned, Danzer provided an area of 60,000 ha in the Lomako area in RDC to WWF to create a Bonobo reserve as early as 1983.</p> <p>Sustainability has been central to all our business activities for years. Environmental protection is the focal point of our sustainability management. In 1994, Danzer Group started to introduce an environmental and safety management system (ESMS) in accordance with the draft of international standard ISO 14001 that was finally published in 1996. External experts verify the observance of the comprehensive reporting and controlling obligations.</p> <p>The Danzer Group supports sustainable development in Africa. To ensure that any timber traded within the Group stems from legally and sustainably managed forest concessions, we introduced guidelines for the procurement of African round logs, sawn timber and veneers (see section 2). Danzer supports the development of an efficient domestic timber industry that provides jobs, training and education for local skilled workers.</p>

<sup>32</sup> Commentaries on the OECD Convention on Combating Bribery adopted by the Negotiating Conference on 21 November 1997.

		To make sure that all enterprises of the Danzer Group comply with high ethical and legal standards and to ensure transparency, we have introduced third party audits as a control and continual improvement mechanism.
24	... Danzer Group continues to support a logging sector that is fuelling rampant corruption in the region.”	On the contrary, Danzer fights corruption. To ensure that all business transactions are free of corruption and bribery, Danzer has developed a code of conduct as part of its comprehensive compliance rules (see section 12). Furthermore, we have introduced procurement rules which ensure that any timber traded within the Group stems from legally and sustainable managed forest concessions (see section 2). Thus, Danzer prevents illegal logging – in its own concessions as well as in the concessions of third party suppliers.
25	“In a <i>confidential report</i> about Danzer Group’s business activities in Africa ...”	<p>This report (see above) was an in-house report and was written for insiders that are familiar with the jargon of Africa.</p> <ul style="list-style-type: none"> <li>■ The report had a distribution list of 15 people</li> <li>■ Nowhere did the report say “confidential” or “classified”</li> <li>■ There is nothing in the report that would grant the status of “confidential” within the organization. This is an internal audit report that was not written in explicit language.</li> </ul>
26	Giger summarizes: “With regard to gifts / frais de mission (baksheesh), three philosophies occur to me in Africa. In Douala one is blackmailed into having to pay baksheesh amounting to hundreds of thousands of FF, and this is also paid out liberally. In Congo ..., Mr. H ... tries to be more restrained but nevertheless is prepared to pay where necessary. At IFO both Mr. S ... and Mr. D ..., are absolutely against such gifts and are also about to rigorously eliminate the old sinecures. Mr. S...’s philosophy is not to give any gifts in advance in order to avoid any possible difficulties. If there is any threat of a fine, so-called conditioned	<p>Danzer Group does not claim that there is not a constant danger of corruption in these countries. That is why trips like Mr. Giger’s April 2003 trip are vital to us.</p> <p>As mentioned above, there are clear guidelines provided by OECD that govern our standards.</p> <p>Mr. Giger’s April 2003 report clearly states that the Danzer Group’s policy of not engaging in dishonest transactions leaves the Group at a business disadvantage in that region.</p>

	cases, he is, however prepared to take care of this by giving a gift.”	
27	“The scale of bribery practices by Danzer Group’s employees in Africa is not fully known and requires further investigation.”	<p>The Attorney General’s investigation determined that there was no evidence of bribery practices by Danzer Group’s employees in Africa. However, to ensure that we have precise sets of standards and to facilitate future audits (or “further investigations”) of our activities, we have introduced a Code of Conduct (see section 12).</p> <p>Danzer Group has neither been investigated nor prosecuted in Africa for corruption by relevant officials. We have nothing to hide.</p>
28	“[T]here apparently have been ‘undeclared exports of IHC via Alima F.’”	An internal report like the travel report is an internal working paper. After this whole issue had been analyzed in all relevant details it is clear that all exports of Alima F. concerning timber purchased by Interholco have been properly declared.
29	“Giger discusses a tax demand, including fines, for € 360 million against SIFORCO in DRC.”	<p>For a company that barely survived the civil war, that suffered huge losses and that had annual net sales well below € 10 million, a tax assessment of US\$ 360 million is absurd in any country. If there were a legitimate claim of that magnitude</p> <ul style="list-style-type: none"> <li>■ SIFORCO would have to have a profit of roughly US\$ 1 billion</li> <li>■ Annual sales of roughly US\$ 75 billion</li> </ul>
30	“To solve this problem Giger states ‘It is calculated that a maximum of US\$ 50,000 will be needed to get this whole thing off the table.’”	<p>As the tax bill was obviously absurd, Mr. Giger’s language is facetious: “to get this off the table” – well, what is there to get off the table? A clearly erroneous tax bill.</p> <p>In the end, Mr. Giger estimates that the legal fees and tax consultants’ costs to clear up the misunderstanding would be US\$ 50,000, which we actually paid to our lawyer.</p>
31	“Although today it (SIFORCO) is fully owned by the Danzer Group, it is still financially supported by DEG.”	SIFORCO is fully owned by Danzer Group. DEG has no financial interests in the company.
32	“[Danzer Group] do not explain ... how being ‘blackmailed [in the port of Douala] into having to pay baksheesh amounting to hundreds of thousands of FF’ is required by law.”	<p>Mr. Giger first mentions the situation in Douala in general, before he goes on to mention more specifically how Danzer Group management handles the daily “blackmailing”.</p> <p>The Danzer Group has always complied with the OECD Convention on Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. No illegal payments were made to public office holders. This has been confirmed by the Swiss Federal Prosecutor’s Office. It cannot be stressed enough that we are indeed at a competitive disadvantage in Africa as a result of our commitment to ethical conduct there.</p>
33	“Danzer Group has	Our enquiries showed that not all public officials are eligible to be

	confirmed that to pay frais de mission only as required by law ... represents a change of practice.”	paid frais de mission in the Republic of Congo. Some officials claimed that they were eligible for frais de mission payments even though – as we found out thanks to visits like Mr. Giger’s – in reality they were not.
34	“Whilst the Danzer Group does undoubtedly give money to charitable organizations, Giger’s travel report highlights that they also make payments for other purposes.”	As Greenpeace states, we are engaged in many charity activities. <sup>33</sup>  Giger’s report states that the Danzer Group companies are willing to make gifts in the form of lumber (once in a while we provide heavy equipment for construction purposes for public roads etc. as well).
35	“IHC purchases logs and timber from the logging company Mba Mba Georges (MMG), with which it has a close financial partnership.”	Danzer Group encourages businesses that are owned and run by local Africans. The company MMG is owned by Mba Mba Georges. In 1999, he offered a partnership, which we declined. Nevertheless, we helped MMG with financial advances and prepayments so that MMG could build a sawmill. This way MMG could start local transformation with the subsequent creation of up to 200 jobs. We believe that this concept is a good cooperation that can foster local entrepreneurship and help local economies. Danzer has no partnership or financial participation in this company.  MMG has an approved Forest Management Plan (one of the first companies in Cameroon to do so). We are in the process of evaluating their plan.  The UN organization FAO uses MMG as one example for a case study that demonstrates successful sustainable forest management in Africa. <sup>34</sup>
36	“Through loans to MMG, Interholco seems to have secured exclusive marketing rights for all MMG products.”	Indeed, Danzer Group gave loans to MMG. But this is not an exclusive arrangement. If MMG decides to sell all products to the Danzer Group, this is primarily in order to reduce the indebtedness towards Danzer.
37	“In 2000, MMG was involved in illegal logging on a massive scale.”	There are reports published in 2001 and 2002 which indicate illegal logging <sup>35</sup> . At the time we were not aware that they might have been logging outside their concession. Reading the numbers mentioned in

<sup>33</sup> Please refer to the section CSR on the Danzer Group website

<sup>34</sup> FAO Forestry Department (2003): “Sustainable management of tropical forests in Central Africa”, [http://www.fao.org/documents/show\\_cdr.asp?url\\_file=/docrep/006/y4853e/y4853e00.htm](http://www.fao.org/documents/show_cdr.asp?url_file=/docrep/006/y4853e/y4853e00.htm).

<sup>35</sup> MINEF Joint Mission UCC (Central Control Unit) of a forester section and an independent observer, KRIBI 7-8 October 2000. UCC is a unit set up at the Ministry of Environment and Forests of the Republic of Cameroon (MINEF) to execute control missions with the independent observer Global Witness.

		<p>the report, it is not correct to speak of a “massive scale”, however.</p> <p>Today we systematically carry out controls in order to ensure that the timber traded by us is legal.</p> <p>The report by Auzel et al. (2002, page 30), states: “The investigations show the confusion in the attribution of forest permits, for which there are often different geographic locations.” The different locations of logging permits in Cameroon have often led to confusion in the past. Currently in Cameroon these practices have been changed by the installation of “Global Forest Watch” and “Global Witness – Resource Extraction Monitoring”, as independent observers. The two observers are monitoring the attribution of logging permits and helping to produce detailed maps that do not lead to any confusion.</p> <p>In the last years different field visits of Global Witness, WWF and others have been made and in general they show a positive picture of MMG. In recent years, on many occasions MMG has been invited as host for field visits and trainings of different organizations (FAO, OIBT, WWF-Cameroon, RIFFEAC). This would not have been the case if MMG had had a negative reputation in the past years.</p>
38	<p>“Grauert seems to have a poor memory as in April 2003 he was directly informed by Rene Giger about MMG’s ongoing illegal logging in the newly obtained concession UFA 00-003.”</p>	<p>To claim that Danzer knowingly supported MMG in illegal logging or knowingly bought illegal timber is false.</p> <p>As far as Mr. Giger’s assessment of potential illegal logging is concerned, we investigated the case. There is a rather simple explanation for the matter. Mr. Giger was not informed about the attribution in July 2002 of the next annual allowable cut (AAC) for 2003 at the end of the 2001-2002 logging year. This was conducted throughout the whole of Cameroon in order to harmonize the logging year (July to June) with the fiscal and the calendar year. Therefore, all concessionaires obtained their next AAC for 2003 in July 2002, valid until the end of 2002, and the 2004 AAC at the beginning of 2003.</p>
39	<p>“Giger states: ‘Logging volumes are not being achieved. Yield is not being achieved because the diameters are too small. MMG is already felling illegally in the next coupe; as a result, next year the same coupe will be worthless again.’”</p>	<p>In addition, Mr. Giger refers to small diameters for a low yield in the sawmill, though he never mentions cutting below legal minimum harvesting diameters. In Cameroon, legal minimum harvesting diameters are relatively low (60 cm at breast height for Azobé for example). Currently, with the application of the management plan in 2005, minimum harvesting diameters have been increased for most species.</p>
40	<p>“Just as Giger’s remark indicates ongoing illegal logging activities by MMG beyond the 2000 incident, the company also continues to evade its financial</p>	<p>According to our investigations there is no indication of ongoing illegal logging activities by MMG.</p> <p>MMG might have financial obligations.</p> <p>Most companies have financial debts. Debt alone cannot be regarded as an indication of illegal logging, bad management or other questionable practices.</p>

	obligations.”	
41	“MMG’s history of illegal logging means an independent investigation of their logging activities is long overdue.”	As a consequence of the implementation of our procurement rules (see section 2) in Africa, MMG will have to undergo a third party audit. Mba Mba George has already signaled his full support for the process.
42	“The UNSC was forced to take this drastic, unprecedented measure because international dealers such as Interholco had been unwilling to voluntarily stop trading with an industry that financed Liberian president and warlord Charles Taylor.”	<p>This statement implies that Interholco was one of the major reasons why the old regime stayed in power. The numbers do not support this allegation:</p> <ul style="list-style-type: none"> <li>■ Interholco bought timber from various sources in Liberia from 1999 to 2003</li> <li>■ Based on official export statistics, Interholco bought the following shares of the Liberian timber production:<sup>36</sup> <ul style="list-style-type: none"> <li>■ In 2000, Interholco bought 2.8% of the timber production</li> <li>■ In 2001, Interholco bought 5.8% of the timber production</li> <li>■ In 2002, Interholco bought 6.1% of the timber production</li> <li>■ In 2003, Interholco bought 7.8% of the timber production</li> </ul> </li> </ul> <p>It is dishonest to allege that the business of Interholco had any significant impact on the timber industry or the political situation in Liberia.</p>
43	“These included Maurice Cooper, co-owner of the Inland Logging Company (ILC).”	<p>It is not true that Maurice Cooper is co-owner of the Inland Logging Company (ILC). Maurice Cooper is the brother of Oscar Cooper. UNSC states that Oscar and Maurice “manage” the company. Greenpeace quotes the UNSC as claiming that they are “co-owners.” The UNSC never stated that.</p> <p>Oscar Cooper confirmed to us in a written statement (21 February 2002), that his brother has no involvement whatsoever in ILC.</p>
44	“Danzer Group’s Interholco AG had a very close partnership with ILC. It was the company’s exclusive agent for the export of timber.”	<p>ILC has never been an exclusive agent for the Danzer Group. Danzer Group encourages local African entrepreneurs, but we have never had any “close partnership” nor did we use an exporter. We have never owned shares in ILC. We just made prepayments and financial advancements to ILC.</p> <p>Indeed, ILC sold most of its timber production to Interholco.</p>
45	“The ILC also maintained a private militia in Sinoe County and managed the port of Greenville.”	<p>In a continent with civil war it is necessary to provide for security-relevant precautions. Being in charge of the port management of Greenville, ILC had to employ security guards.</p> <p>Employees of Danzer Group have never seen a militia or any kind of organized armed force.</p>
46	“The militia has been	Evidence to confirm this allegation has not been revealed. Local

<sup>36</sup> Source total timber production of Liberia: FAO statistics database; <http://faostat.fao.org/faostat/collections?subset=forestry>

	<p>reported as harassing local people.”</p>	<p>people from Sinoe County have never told us about harassment by ILC. The UNSC accusations prompted an inquiry at ILC. In a letter to Interholco (21 February 2001), ILC invited everyone to inspect its “militia” or to talk to people in Greenville about so-called harassment. Oscar Cooper openly invited everybody to verify the falsity of the accusation.<sup>37</sup></p>
<p>47</p>	<p>“The OTC’s manager, Dutchman Gus van Kouwenhoven, was regarded by the UNSC as a key figure in the logistics of illegal arms movements to Liberia.”</p>	<p>All our business actions are based on high ethical and legal standards and we expect our suppliers to maintain these standards. If this is not the case, we stop the respective business connection immediately. In the case of OTC we have to concede that our systematic due diligence failed. As soon as the business management of Danzer Group found out about the indiscretions, all business connections were stopped immediately. We have learned from this experience and developed a system, according to which we will act in the future. This system will also include procedures concerning political and criminal involvement, and ensures that something like this will not happen again.</p>
<p>48</p>	<p>“Trading in Liberian logs and with the OTC in particular did not, however, prevent the Danzer Group stating, in a letter (10 January 2002) sent to a German citizen: “The Danzer Group and all its subsidiary companies will do absolutely no business with companies which trade arms ... In our business-to-business relations we make decisions solely in accordance with our standards and in no event we do wish our business relationships to be misused for financing weapons or civil wars.”</p> <p>Yet, despite [Danzer’s] continual denials, new evidence has been</p>	<p>As mentioned above, our control and information chain, as well as our due diligence auditing, did not work reliably enough. Nevertheless, we want to avoid incorrect information. We will, therefore, describe the process with OTC during insecure political times:</p> <p>Up until 2003, Interholco had business dealings with various companies in Liberia, including OTC. When the UN export prohibition for Liberia took effect in July 2003, Interholco immediately broke off all business contacts with this country.</p> <p>Interholco stopped its supplies from OTC in September 2000. After a review of the situation with OTC, Interholco resumed its business relationship with OTC in September 2001.</p> <p>When Interholco was first made aware of the accusations by Global Witness<sup>38</sup> Interholco re-evaluated the business relationship with OTC. In January 2001, the decision was taken not to buy any further timber from OTC but only to honor the remainder of existing contracts. The last shipment pursuant to these contracts was made in February 2002.</p> <p>Based on the very favorable report to the UNSC by Kofi Annan<sup>39</sup> about the social and economic contributions of the timber industry in Liberia, in which OTC was specifically mentioned as a positive contributor to the country, Interholco decided to reassess its position regarding OTC. Interholco and OTC resumed a regular business relationship in August 2002.</p>

<sup>37</sup> 21 February 2002 letter from Oscar Cooper addressed to Interholco.

<sup>38</sup> The respective report by Global Witness was published in October 2001

<sup>39</sup> United Nations Security Council (UNSC), 5 October 2001, S/2001/939, p. 7

	<p>made available to Greenpeace that further document the Group's trade activities with companies and individuals linked to arms trafficking."</p>	<p>Interholco requested the ATIBT federation to ask for an official statement from the UN on the situation of the timber industry in Liberia.</p> <p>Nevertheless, looking back, we can only state, that it was a mistake to do business with OTC. At the time we dealt with OTC, there was conflicting information about Mr. Kouwenhoven's involvement with OTC, and his supposed activities regarding arms dealings. In view of the sensitive political development in Africa, we have always kept and are still keeping in close touch with the organizations of the United Nations. Especially in Africa, the prevailing political situation can make it very difficult for a company on its own to judge and evaluate possible criminal involvements among its supplier companies. As long as conclusive evidence and information are unavailable, we abide by the constitutional principle of presuming innocence until guilt has been proved.</p>
<p>49</p>	<p>"Recent investigations carried out by the Concession Review Commission, established by the National Transitional Government of Liberia (NTGL), uncovered a close business link between OTC and the Danzer Group's partner ILC .... In their report dated May 13th 2004, the Commission highlighted that ILC was operating as a contracting company to OTC ... "</p>	<p>(See section 47 and 48). Interholco's business with OTC/ILC ended prior to these investigations, upon the imposition of the UN timber export ban (7 July 2003). It is not obvious to Danzer Group that ILC was a contracting company to OTC as the vast majority of the production of ILC was sold to Interholco. Interholco is not aware of any other contractual relationships between the two companies.</p> <p>The fact that OTC, ILC and others did not get new concessions granted is solely due to the fact that they did not apply for any new concessions, and for that reason did not need to provide any paperwork to the NTGL.</p>
<p>50</p>	<p>"Between 2000 and 2003, Liberia accounted for up to one-third of Interholco's total tropical timber supplies, with ILC and OTC being their largest Liberian suppliers."</p>	<p>Interholco cannot account for Greenpeace's data source. Interholco's records show that the supplies from ILC and OTC accounted for roughly 10% of its tropical timber supply during the period 2000-2003.</p>
<p>51</p>	<p>"During this period these companies plundered, abused and devastated the forest and the forest resources of Liberia at</p>	<p>The timber industry in Liberia did not plunder the forest resources of Liberia at the expense of its people. On the contrary, the timber industry helped the local population, as the United Nations Security Council (UNSC) states: Firstly, it provides relatively well-paid jobs for up to 10,000 people. Secondly, timber companies provide health and education services to their employees, their families and the local</p>

	the expense of its people.”	communities in which they operate.
52	“Based on documents obtained by Greenpeace, it is clear that Kouwenhoven has been shipping logs from Afribois to Interholco during 2004.”	<p>(See section 3). Yes, we bought timber from Afribois. This should have never happened. In 2004, Kouwenhoven’s assets were frozen in line with UNSC Resolution 1532 (2004). This should have stopped Interholco from starting business with Kouwenhoven in 2004.</p> <p>The fact that timber was bought from suppliers that we would not consider trustworthy prompted our efforts to expand relevant rules: Firstly, we introduced guidelines for the procurement of African round timber, sawn timber and veneers (see section 2) to ensure that all timber dealt within Danzer Group stems from legally and sustainably managed forest concessions. Secondly, we introduced a code of conduct as part of our comprehensive compliance rules (see section 12.). The code of conduct provides assurance that all business transactions are free of corruption and bribery.</p>
53	“Danzer Group once again does not seem to have any moral problems with maintaining a business relationship with this arms trafficker.”	The Group’s business dealings are grounded in high ethical and legal standards. We do not maintain any relationship with Kouwenhoven or his associated companies and we have reinforced internal mechanisms through our Procurement Policy in order to prevent future mistakes of this kind. Regarding the lack of systematic due diligence we consider procedures against political and criminal involvements indispensable. Adherence to the Procurement Policy is constantly monitored by an internal control system and examined by independent auditors.
54	“Copies of Phytosanitary Certificates appear to have been forged with the help of a pair of scissors, white tape and a color photocopier, enabling official stamps and signatures to be cut and pasted on certificates for timber exports from a number of African countries, including Liberia, Cameroon and Equatorial Guinea.”	<p>It would be highly inappropriate to comment on these allegations against individual employees of the Danzer Group who are currently under investigation. It is impossible for us to make any statements regarding the period in question.</p> <p>The practices alleged would not comply at all with the Group’s standards. Therefore, Danzer Group commissioned a third party auditor SGS in spring 2005 to audit the handling of documents at Interholco regarding shipments from January 2003 to December 2004. The auditors did not find any forgeries. SGS also developed proposals to improve the consistency of the paper flow at Interholco in order to improve the efficiency of third party audits in the future.</p>
55	“The illegal ivory trade is now mainly targeting elephant’s populations in forest areas of Southeast Cameroon, Southwest CAR, North Congo and North Gabon. These areas have been opened up to	We are not active in Southeast Cameroon, Southwest CAR or North Gabon. Also, in order to prevent illegal ivory trading in Congo, we concluded an anti-poaching agreement with the Wildlife Conservation Society and the Forestry Ministry of the Republic of Congo. As part of the project Danzer concessions are controlled by rangers to prevent poaching.

	<b>industrial logging companies, which includes the Danzer Group.”</b>	
<b>56</b>	<b>“The local communities dependent upon them will continue to suffer directly and indirectly from the fierce battles to control, extract and appropriate these resources.”</b>	<b>As the United Nations Security Council (UNSC) stated, the timber industry helps the local population (see section 48 and 51).<sup>40</sup></b>
	<b>“CALL TO ACTION”</b>	
	<b>1. African countries where Danzer Group timber originates must open an inquiry into the evidence uncovered in this investigation, and prosecute companies and individuals found to be involved in bribery, corruption and illegal logging.</b>	<b>To ensure that any timber traded within the Group stems from legally and sustainably managed forest concessions, Danzer Group has introduced guidelines for the procurement of African round timber, sawn timber and veneers (see section 2). We have introduced third party audits to guarantee compliance with the high legal and ethical standards and to provide transparency.  We have nothing to hide. African countries can investigate our activities, but they will not find any relevant evidence to support these allegations.</b>
	<b>2. European countries must act swiftly to adopt new legislation through the FLEGT ... process aimed at halting the import and trade of illegally sourced timber and timber products in Europe. Switzerland should also adopt a similar legislation.</b>	<b>We actively support the FLEGT process. Consumers in Europe have the right to be assured that wood products in their homes stem from legal and sustainable sources. We would appreciate Switzerland’s adoption of similar standards.</b>
	<b>3. Companies must immediately stop buying timber products derived from companies involved in illegal activities (such as illegal logging, bribery, forced labor, arms trafficking etc.) until the producers</b>	<b>To ensure that we only deal with suppliers who comply with the ethical and legal standards of the Danzer Group, we have introduced procurement rules (see section 2) and the code of conduct (see section 12).</b>

<sup>40</sup> United Nations Security Council (UNSC), 5 October 2001, S/2001/939: p. 7

	<b>can demonstrate, through independent third-party verification, that they comply with all legislation.</b>	
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