



SUMMARY SUSTAINABILITY REPORT 2017

of Bauwerk Boen Group

THE ENTIRE REPORT IS AVAILABLE AT:
bauwerk-boen.com/sustainability

BAUWERK®
Parquet

 **BOEN**



“We have gone through a long and successful transformation process. In the future, we would like to consolidate this growth and bring success and sustainability to the company.”

KLAUS BRAMMERTZ, President and CEO

WHY SUSTAINABILITY MANAGEMENT?

Since the merger of Bauwerk Parkett and BOEN in 2013, the Bauwerk Boen Group is the second largest parquet company in Europe and a leader in the premium segment. Our business activities have an impact on the environment and society for which we want to take responsibility.

We have the privilege of producing parquet flooring from wood, a natural product which will serve and please its owners for many years. Sustainability is not a foreign word to us in the wood business. We have long been pursuing various activities which we are announcing publicly for the first time, because they are part of our self-image as a long-term, profit-oriented company that earns a living thanks to the natural raw material of wood. What is new, however, is our claim to consolidate our past growth, to establish the same standards throughout the Group and to consistently anchor relevant sustainability aspects in our processes.



“We will become Europe’s most valuable hardwood flooring company measured by sustainability, profitability and free cash flow.”

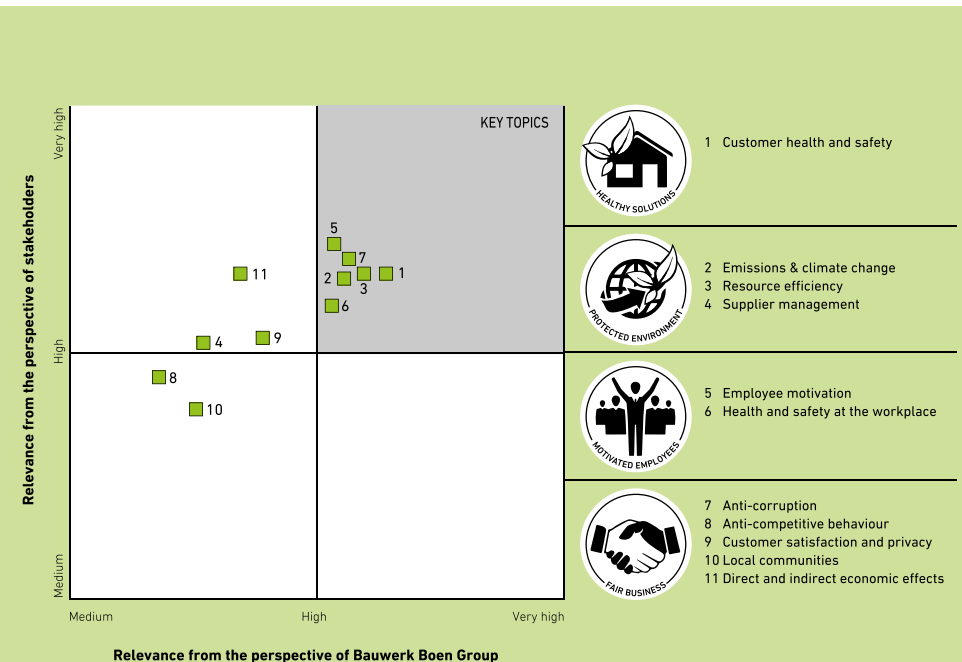
BAUWERK BOEN GROUP VISION

HOW DO WE DO THAT?

Since 2017, sustainability has been integrated as a key issue in our Group strategy and vision. We have set up a cross-functional Sustainability Committee to establish systematic sustainability management and drive this forward in the coming years. It is chaired by our CEO, Klaus Brammertz. In addition, the heads of quality management, environment and occupational health and safety, HR, research and development, purchasing and representatives of both brands are part of the committee.

The starting point was the identification and evaluation of the most important impacts of our business activities on the environment and society, for which we also included our most important external stakeholders in a stakeholder dialogue in March 2017. These included, in particular, customers, investors, authorities, business partners and NGOs.

On the basis of this review, we have set clear ambitions on our key topics and have drawn up a detailed milestone plan for the years 2017 to 2019 with clear goals, measures and control points. Our first sustainability report highlights our efforts in four fields of action.





Action Area

HEALTHY SOLUTIONS

What is it all about?

We spend 80 to 90 percent of our lives indoors, inhaling ten to twenty cubic meters of air every day. Although wood is a natural raw material, adhesives, lacquers and oils are used in the production of parquet flooring, which can cause emissions during its service life. In addition, when laying and using parquet floors, materials such as adhesives, cleaning and care products are used, which can also influence air quality and a healthy living or working environment.

Which topics are we working on?

Sophisticated seals of quality and certificates give our customers the assurance that they are purchasing parquet flooring that causes no harm to health. They also show employees and installers that there are no health impairments in the workplace. We focus in particular on the Sentinel House concept, eco-INSTITUT, Cradle to Cradle™ and the „Blue Angel“. The consistent substitution of all harmful substances in the entire production process and in the product is a central focus for further innovations. By training publishers and installers, we ensure that our healthy living-produced parquet is also installed and maintained for healthy living.



“We want to maintain our high quality standard throughout the Group and differentiate ourselves in the premium segment through particularly healthy living solutions.”

MARTIN GLAUNSINGER, Director Research and Development

What can we expect in 2018/19?

The continuous reduction of remaining potentially harmful substances during gluing and pressing or surface treatment is and remains the main focus of our group-wide innovation efforts.



Action Area

PROTECTED ENVIRONMENT

What is it all about?

With wood as our most important raw material, our business model is directly dependent on an intact environment. Our most important contributions to this are the responsible procurement of wood and wood products, the most efficient use of our resources and the reduction of our greenhouse gas emissions.

Which topics are we working on?

According to our purchasing strategy, we only source timber and wood products from controlled sources, and we want to continuously increase the proportion of FSC®-certified wood. Resource efficiency as a whole and especially in dealing with wood is a major lever for us. Increasing yield - producing more square meters of parquet from the existing cubic meters of wood - is a central cost factor and thus a factor for success. In parallel, we are working on the continuous reduction of our greenhouse gas emissions. The focus here is on CO2 emissions in production and logistics as well as internal VOC emissions, which are mainly incurred in the application of glues, oils and cleaning agents.



“We want to – and must – use our natural resources, especially wood, even more efficiently in the future.”

CHRISTIAN STEINER, Director Total Quality Management

What can we expect in 2018/19?

We are working on a detailed plan to increase resource efficiency and reduce our greenhouse gas emissions, including internal VOC emissions. For this purpose, a group-wide data management system will be available in the future. Finally, we are also revising our purchasing strategy.



Action Area

MOTIVATED EMPLOYEES

What is it all about?

As an employer, we bear responsibility for the health and well-being of our employees. Occupational safety and a supportive and demanding work environment, which employees can actively influence, are therefore at the centre of our efforts. Motivated, well-educated and healthy employees act fundamentally in a more effective and efficient way, and are prepared to make a contribution to the continuous improvement of our company.

Which topics are we working on?

Safety first. All employees at our four manufacturing sites wear their personal protective equipment at work and regularly take part in occupational safety training sessions. The Code „The Bauwerk Boen Way“ guides our actions. We strive to empower employees throughout the group through their direct supervisors and to fill as many vacancies as possible internally. With the „EBITDA15 +“ programme, we encourage all employees to actively promote efficiency gains of any kind.



“We want to offer our employees a safe working environment in all locations, where they are challenged and supported by their supervisors.”

MICHAEL KUMMER, Chief Human Resources Officer

What can we expect in 2018/19?

In 2018, we will conduct a group-wide satisfaction survey of all employees, which we will repeat every three years. In addition, we will work on the standardisation of our wage systems. In the medium term, a comprehensive group-wide occupational safety and absences management system will be introduced.



Action Area

FAIR BUSINESS

What is it all about?

It is a well known fact: the countries where we source and process most of our timber are not in the top ranks of Transparency International's Corruption Index. We are therefore quite exposed with regard to fair business practices and corruption. Our stakeholders, and our customers in particular, rightly expect us as suppliers of high-quality parquet to behave in an exemplary manner in our day-to-day business. In the procurement of raw materials, different shades of corruption continue to be a challenging part in our daily business.

Which topics are we working on?

We have a zero-tolerance policy set out in our group-wide anti-corruption policy. We deliberately accept negative operational consequences such as difficulties with access to raw materials or more complex administrative processes. Potentially exposed employees sign a code of conduct together with their contract of employment, and the subject of corruption is anchored throughout the Group in the daily work routine of all employees across all hierarchy levels. In addition, we have established an internal whistle-blower mechanism.



“We want to achieve our business success fairly and are therefore uncompromising against any kind of corruption.”

THORLEIF HALS, Chief Supply Chain Officer

What can we expect in 2018/19?

We will be developing a concept for the continuous training and certification of exposed employees via a digital learning platform. At the same time, we are refining our internal monitoring and reporting on fair business practices and corruption to use data to determine how well our routines work.



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