Enabling landscapes

Sustainability Report 2017
About this report

Aimed at our employees, customers and any interested public, Interholco’s current Sustainability Report has been informed by the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI), Core Report, version G4. The report has not been externally assured.

The focus of this report has been identified based on the analysis of internal and external sources. The resulting topics have been grouped according to the value they add, following a colour code throughout the report: social landscape (fuchsia), environmental landscape (green) and economic landscape (blue).

This report covers Interholco’s operations for the period 2015-2016 (fiscal year ending 31 December 2016). Data from the previous report, Danzer Sustainability Report 2014, are incorporated here to show trends where they exist. It contains data for wholly owned companies and subsidiaries, excluding suppliers and service providers, unless otherwise specified. The next Interholco Sustainability Report is planned for 2019.

We hope you find this report informative.
We would appreciate your input, feedback and views to Tullia Baldassarri Höger von Högersthal:
tullia.baldassarri@interholco.com
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<th>Description</th>
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<tr>
<td>ADHUC</td>
<td>Association pour les Droits de l'Homme et l'Universe Carcenal <em>(based in the Republic of Congo)</em></td>
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</table>
| AP      | African Parks  
https://www.african-parks.org/ |
| ATIBT   | Association Technique Internationale des Bois Tropicaux  
https://www.atibt.org/en/ |
| BCAC    | Business Coalition Against Corruption  
http://www.bcac-cm.org/ |
| CATC    | Confédération Africaine des Travailleurs Croyants *(based in Cameroon)* |
| CBFP    | Congo Basin Forest Partnership  
http://pfbc-cbfp.org/partnership.html |
| CDHD    | Cercle des droits de l'Homme et de développement *(based in the Republic of Congo)* |
| CIFOR   | Center for International Forestry Research  
http://www.cifor.org/ |
| CIRAD   | French agricultural research and international cooperation organization  
http://www.cirad.fr/en |
| COSYLAC | Confédération des Syndicats Libre et Autonome du Congo *(based in the Republic of Congo)* |
| CSC     | Confédération Syndicale Congolaise *(based in the Republic of Congo)* |
| CSTC    | Confédération Syndicale des Travailleurs du Congo *(based in the Republic of Congo)* |
| DMA     | Disclosures on Management Approach |
| EU      | European Union |
| EUR     | Euro, the currency of the members of the European Union |
| EUTR    | European Union Timber Regulation  
| FAO     | Food and Agriculture Organization of the United Nations  
http://www.fao.org/ |
| FLEGT   | Forest Law Enforcement, Governance and Trade Action Plan of the European Union |
| FPIC    | Free, Prior and Informed Consent |
| FSC     | Forest Stewardship Council  
https://ic.fsc.org/en |
| GHG     | Greenhouse Gas |
| GRI     | Global Reporting Initiative  
https://www.globalreporting.org/ |
| ha      | hectare |
| HCV     | High Conservation Value |
| IFO     | Industrie Forestière de Oussou |
| IHC     | Interholco  
http://interholco.com/ |
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Definition</th>
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</thead>
<tbody>
<tr>
<td>IUCN</td>
<td>International Union for the Conservation of Nature</td>
</tr>
<tr>
<td>KPI</td>
<td>Key Performance Indicator</td>
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<tr>
<td>LCC</td>
<td>Logistique Congo-Cameroun</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-Governmental Organization</td>
</tr>
<tr>
<td>PEFC</td>
<td>Programme for the Endorsement of Forest Certification</td>
</tr>
<tr>
<td>PROGEPP</td>
<td>Projet pour la Gestion des Écosystèmes Périphériques au Parc National Odzala-Kokoua</td>
</tr>
<tr>
<td>RIL</td>
<td>Reduced Impact Logging</td>
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<tr>
<td>ROC</td>
<td>Republic of Congo</td>
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<tr>
<td>RWE</td>
<td>Round Wood Equivalent</td>
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<tr>
<td>SFM</td>
<td>Sustainable Forest Management</td>
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<tr>
<td>UN Women</td>
<td>United Nations Entity for Gender Equality and the Empowerment of Women</td>
</tr>
<tr>
<td>US</td>
<td>United States</td>
</tr>
<tr>
<td>USD</td>
<td>United States dollar, the official currency of the United States</td>
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<tr>
<td>WCS</td>
<td>Wildlife Conservation Society</td>
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<tr>
<td>WG</td>
<td>Working Group</td>
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<tr>
<td>XAF</td>
<td>Franc de la Coopération Financière en Afrique (Central African CFA franc)</td>
</tr>
</tbody>
</table>
CEO Message

Over the past few years, architects have been increasingly restoring nature into the urban landscape, shifting from concrete to the warmth of the living material par excellence, WOOD – a material that ages and matures like a society. Everyone can witness a paradigm shift: while in the past, wood and timber products were considered problematic, today the multiple benefits of wood are considered part of the solution of the many global challenges of mankind.

Much in the same way, we wish to welcome you to our first, stand-alone, Interholco Sustainability Report. We will take you on a journey through what we do, so you can experience the value we add as one of the world’s leading producers of African hardwood products.

At our heart are the values which drive us to generate value for the environment, and local people and communities as well as consumers in regional and global markets.

We apply our values to more than 1 million hectares (ha) of tropical natural forest that we manage in the North of the Republic of Congo (ROC). And we motivate our suppliers to do the same.

Throughout our concession over 16'000 people live in more than 80 villages. We harvest an average of 0.5 trees per hectare, process approximately 220'000 m³ of African hardwood, and sell to about 55 countries worldwide.

What is really at stake?

According to FAO, the African continent harbours the world’s second largest contiguous block of tropical forest in the Congo Basin. Over 300 million hectares (ha) in total and about 200 million ha of dense humid forest, provide livelihood for over 125 million people. Literally tens of thousands of plant and animal species live in thousands of unique ecosystems.

Sustainable management as we understand it, recognizes that tropical forests provide: soil and water protection, clean air, drivers for weather regimes worldwide and biodiversity conservation, but also jobs, livelihood, food and natural resources, social infrastructure and benefits, recreational spaces and sacred ground for millions of people.

For us, a stable and equitable balance of social, environmental and economic values are distinctive features of tropical forest management in Africa.

We combine advanced industrial processes with our dedication to nature and people. Our quality products guarantee well-being to those who produce and those who decide to buy and use our products made of African hardwood.

Each and every one of our products provides our customers with a solution to their project needs, turning their choice into a means to effectively protect the environment as well as enriching the lives of the people and communities involved in our operations in Africa.

On 25 September 2015, the United Nations adopted a set of 17 Sustainable Development Goals, officially launched at the ensuing Private Sector Forum held in New York City. 2015 was also the year of the climate agreement that 195 parties signed in Paris, under the aegis of the United Nations.

Being a relatively small company, we are aware that little achievement is possible, unless we join forces with our partners in science, civil society, government and business as well as with customers around the world, who share the same commitment to social benefits, environmental safeguards and economic viability and innovation.

We hope that our report will inspire you: our employees and partners as well as suppliers and architects; all the way to our customers who decide to buy and use African hardwood.

We need to join forces and choose wood as the building material that grows and is ever modern. We, and future generations, who want a sustainable, enjoyable future, choose wood as a major natural and technical solution.

It is here, that I expressly thank all people within our teams who have participated in preparing, writing, putting figures together, reviewing, structuring and designing our first sustainability report.

It was a tough way to go and we are very grateful for the outcome.

Please enjoy.
We, and future generations, who want a sustainable, enjoyable future, choose wood as the most natural and technical solution.
Value we add: our foundations

Interholco (IHC) is a leading producer of African wood sustainably harvested in the Congo Basin. Through its subsidiary Industrie Forestière d’Ouesso (IFO) in the Republic of Congo (ROC), it manages the largest contiguous forest concession for timber in the tropics (1.16 million hectares) that is fully certified by the Forest Stewardship Council™ (FSC™ C122325). This certification assures that the forest is well managed, i.e. environmentally responsible, socially beneficial and economically viable.

Interholco is active in Africa since 1962. With a wealth of experience accumulated, Interholco is determined to be a social, environmental and economic leader in Congo Basin forest management. Our production in ROC is paired with distribution of wood products around the world. Our own logistics company, Logistique Congo Cameroun (LCC), is based in Cameroon.

Throughout our forest concession over 16’000 people live in more than 80 villages. We harvest an average of 0.5 trees per hectare and process approximately 220’000 m³ of more than 20 different hardwood species. We supply logs, lumber and semi-finished products to over 400 customers in more than 55 countries.
1. **EUROPE**
   - IHC Headquarters (Switzerland)
   - IHC Belgium

2. **NORTH AFRICA**
   - IHC Representation Office (Morocco)

3. **ASIA**
   - IHC Representation Office (Shanghai)

4. **GULF COUNTRIES**
   - IHC Representation Office (Bahrain)

5. **CENTRAL AFRICA**
   - IFO (Republic of Congo)
   - LCC (Cameroon)
From the Forest to the World: our value chain

Forest operations

**NATURAL GROWTH.**

The trees we harvest are carefully selected. Due measures are taken to minimise impact. Well-planned road construction is needed, to transport wood to the saw-mill.

Saw-mill processing

**QUALITY PRODUCTION.**

On average, 85% of the wood harvested is processed locally; 15% is exported in log form. Depending on wood species and end-use, processing may include drying in kilns.

Transport

**CATERING SOLUTIONS.**

We cater to customer specifications, taking care of each and every step along the value chain, including transport and delivery.
<table>
<thead>
<tr>
<th>Process</th>
<th>Green lumber</th>
<th>Dried Lumber</th>
<th>Moulding</th>
<th>Finger jointing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sawmilling</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
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<tr>
<td>Pre-drying</td>
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<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
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<tr>
<td>Kiln drying</td>
<td>✗</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>Moulding</td>
<td>✗</td>
<td>✔️</td>
<td>✔️</td>
<td>✗</td>
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<tr>
<td>Planing</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✔️</td>
</tr>
<tr>
<td>Finger jointing</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✔️</td>
</tr>
<tr>
<td>Lamination (gluing)</td>
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<td>✗</td>
<td>✗</td>
<td>✔️</td>
</tr>
</tbody>
</table>
Values drive value

For Interholco, ‘values drive value’.

We turn our values into economic, social and environmental value.

As individuals and together, we believe in our values. As a private business, we turn our commitment to values into economic, social and environmental value.

Our commitment makes us turn the challenges of our times into solutions and opportunities.

That dedication is our licence to turn values into value, making lasting change through progress and growth.
Values at Interholco

Sustainability
Our commitment to Sustainability inspires and drives us to holistically and equitably integrate the social, environmental and economic dimensions into our business.

Growth
We leverage economic growth to give tangible value to the forest, so that high-value forest areas are protected and conserved in the long-run for generations to come.

Traceability
We are proud to know where our products and services come from. We guarantee traceability of all our products and services. The high standards we apply reflect our commitment to demanding markets and to earning trust in our brand.

Together
We enjoy acting together with our employees, our suppliers, architects and public officials as well as customers, to run a socially, environmentally and economically sustainable business.

Transparency
We are transparent, and share what we do with our constituents, by putting a face to what we say and by matching our words with what we do.
Openness
We are open to and appreciate ideas, advice, inputs and criticism to improve internally and externally, in every aspect. Controversy, lively debate and active exchange inspire us, drive us forward and motivate us to act.

Responsible industrial model
We drive a responsible industrial model, by adding value to the Congo Basin’s natural forest. We process wood into high performance, quality products, so they provide a solution to our customer needs at the same time securing social benefits and environmental safeguards.

Leadership
We are committed to best practice and leadership. We strive to set an example for environmental safeguards, social benefits, and economic viability and innovation through the way we engage with our teams and their communities, the way we collaborate with partners and stakeholders, and through innovative high-quality products, and tailor-made customer service and value creation.

Trust
We work towards a culture of trust, within our teams and with our business-partners and customers.

Respect
We share the respect for each other, for our workers, their families and the communities they live in: for the people living in and around the forests we manage; for Free Prior and Informed Consent (FPIC) and the inclusion of Indigenous Peoples; for the industry we work with and for our customers and business partners, as well as for the forest and its biological diversity, and the environment at large.

Quality
We have quality at the heart of all we do. From the products we supply, the documents we deliver, the human interactions within our teams and their communities, to our professionalism with customers and reliability with business partners.
Our commitment to Sustainability inspires and drives us to holistically and equitably integrate the social, environmental, and economic dimensions into our business.
Values drive us

Our approach to governance and Code of Conduct is rooted in our values. As such, our values drive our daily operations.

**Governance**

Good governance not only helps maintain trust in our company, team and products, but it reduces risks to our business, and ensures that we provide our customers with the best possible products and services.

In daily operations, good governance translates into compliance with the principles and corporate values described in our Code of Conduct.

Our internal policies provide our diverse workforce of different backgrounds, age, gender, nationality and faith, with a coherent approach throughout the value chain. Our ethics and Code of Conduct are an integral part of employee orientation. Training on compliance is provided to all staff or partners exposed to these issues. Key positions include eco-guards, team leaders, security personnel, public administration representatives in locations we operate in.

**Human Rights Training: Employees**

2016 data. Scope: IFO, IHC and LCC

- Total hours trained: 640
- Total employees trained on human rights: 100
- Of all affected staff trained: 100%
Our Code of Conduct (click here or scan the QR code to find out more) is a living document, open to suggestions and taking into account the different contexts in which we operate.

Its principles are periodically reviewed and aligned with international best practice, such as the standards set out by the Forest Stewardship Council for all aspects of responsible forest management, the ILO Declaration on Fundamental Principles and rights at work, the Rio Declaration and ‘Agenda 21’, the United Nations Guiding Principles on Business and Human Rights, the United Nations Global Compact, the African Charter on Human and People’s Rights (click here or scan the QR code to find out more) and the United Nations Sustainable Development Goals (click here or scan the QR code to find out more).

We promote the respect for our ethics and Code of Conduct not only by our personnel but also towards suppliers.

25 members of the security personnel operating at IFO and 40 eco-guards (whose team has been increased to 50 people) attended a human rights training in 2015. It was carried out together with ADHUC, a local Human Rights NGO and African Parks, a non-profit conservation organisation that took over the management of the neighbouring Odzala-Kokoua National Park in November 2010, in partnership with the government of the Republic of Congo.

**Human Rights Training: Security Personnel**

2015 data. Scope: IFO

- Total number of security staff/management: 40
- 100% of all affected staff trained
Anti-bribery and corruption

On complex topics such as weak governance, conflict management and corruption, we consult and/or align with, external expert groups, such as the Basel Institute on Governance, BCAC, OECD and swisspeace. Risk assessments on critical issues such as corruption, illegal logging and forced labour are updated at least every second year, or more frequently depending on the risk level. Refresher trainings are provided to all staff exposed to these risks.

Between January 2015 and December 2016, staff working across our organisation received training on anti-corruption, especially staff in key positions, such as procurement and production purchasing staff, sales staff, finance and human resources personnel.

In addition to raising awareness and instructing our own personnel, we conduct due diligence before entering into new business relationships with potential suppliers.

Anti-corruption policies and procedures
2016 Data. Scope: IFO, IHC, LCC

108
Total employees

100%
of all affected staff trained

Some of the countries in which we operate, procure timber or sell products are ranked as ‘high risk’ on Transparency International’s Corruption Perceptions Index (TI-CPI, click here or scan the QR code to find out more). Based on the OECD ‘Guidelines for multinationals doing business in weak governance zones’, we prepared a list of 25 questions and interviewed employees working in ‘high risk’ countries, in 2013 and 2014, to ensure that our activities are not compromised by corruption and/or bribery. This procedure was upgraded in 2016 to reflect the UN Corruption Risk Matrix and the subjects of corruption, forced and child labour, and illegal logging were added to the matrix. We systematically inform third-parties of our policies, so they are aware of the standards we expect.

Failure to guarantee acceptable standards for wood procurement, as verified by our legality audits, results in our business partnership being terminated or not established in the first place.
Singing against corruption

‘As an artist, I told myself that I had to make my modest contribution for the good of the country. Aside from criticizing, it is necessary to bring solutions. That’s what really matters.’

‘RUFIN’ GOLEBA OSSEBI
External Relations Officer, IFO

On 3 February 2012, Mr Goleba Ossebi (photo, right), IFO External Relations officer, won the first prize at a national music contest organized by the National Commission against Corruption, Bribery and Fraud. Also known as ‘Rufin Hodjar’, his stage name, Mr Ossebi is an appreciated musician on the Congolese music scene, bridging tradition and modernity.

In his songs, Mr Ossebi uniquely mixes salsa and rumba with other rhythms, to bring attention to topics that he feels strongly about, such as pollution and the environment, the distinctive character of African countries and the need to connect Africa with the world.

Click here or scan the QR code to find out more
Values generate value

Our business is but a small window into a much broader reality: a world in which different interests, demands, objectives and targets compete. It is important that we take into account the needs and expectations of the social, economic and environmental dimensions that we are a part of. A detailed overview of how we operate together is provided in the following pages.
For Customers and Stakeholders

The sustainability dimension of our work is populated with a broad range of actors, with whom we engage, partner and exchange: our employees, local people, and indigenous communities, community leaders, government representatives, NGOs, international organizations, universities, research institutes, importers, suppliers, and third-party providers, all the way to end-consumers.

In order to add value for our customers and stakeholders, we have identified key concerns and expectations to be addressed in the context of this report. Those priority issues have been grouped according to the value they add: social (fuchsia), environmental (green) and economic (blue).
Working Across Landscapes

‘Conservation and sustainable management of forests in Central Africa contribute to the majority of the 17 Sustainable Development Goals. There is a clear coherence between them.’

ANDRÉ VAN HEEMSTRA
Chairman of UN Global Compact Network, Netherlands

Working in the Congo Basin means, first and foremost, working with the Congo Basin. It involves, embracing the diversity in needs, expectations and priorities as well as local conditions. Responses need to be multi-dimensional. To find, develop and implement solutions, we need to look at the wider landscape and, we need to connect all people involved. Effectively we are not working only within a bio-geographic landscape, but in a social landscape with all its complexities, in an environmental landscape with its intricate biodiversity linkages and in an economic landscape with its interactive linkages to local, regional and global markets.


The Sustainable Development Goals are truly global goals, addressing the North and the South, involving all sectors of industry and business, and calling on all groups of societies from indigenous peoples and local communities to international organizations and NGOs.

Obviously, the solutions to the challenges tropical forests are facing cannot be found within the forestry sector alone. Each of the landscapes we work with extends far beyond the business unit we manage. The social, environmental and economic landscapes neither exist in parallel nor overlap completely, but are highly dynamic and intricately intertwined.

Our team as well as customers and stakeholders help us understand issues beyond our business and inspire our management approach towards Intact Forest Landscapes in which people enjoy social well-being, environmental resources are safeguarded and economic business is viable and sustainable.
WORKING ACROSS LANDSCAPES
Our Partners, Projects and Initiatives

Central Africa

- Business Coalition Against Corruption (BCAC)
  Cameroon
  Together with BCAC we work on, implement and verify a strict Anti-Corruption and Anti-Bribery policy

- Association pour les Droits de l'Homme et l'Univers Carcenal (ADHUC)
  Republic of Congo
  Together we have organized Human Rights training courses for security guards at IFO

Projet pour la Gestion des Écosystèmes Périphériques au Parc National Odzala-Kokoua (PROGEPP)
Republic of Congo

- As part of the PROGEPP project, confiscated parrots, a much sought-after source of revenue on illegal markets, are transferred to quarantine facilities built by IFO. WCS veterinarians analyse blood samples and treat diseases. In 2014 alone the number of successfully treated parrots released in the wild exceeded 200

Cercle des droits de l'Homme et de développement (CDHD)
Republic of Congo

- We hired CDHD Director Roch Nzobo to work on and effectively implement the principle of Free, Prior and Informed Consent (FPIC)

Europe

- Meindert Brouwer, Writer
  The Netherlands
  Dutch writer Meindert Brouwer visited IFO in February 2016, to see with his own eyes how the population benefits from our presence

- Nature, Economy and People Connected (NEPCon)
  Denmark
  With NEPCon™ we make sure that we procure wood from safe sources, assuring a low risk of illegality

- World Wild Fund for Nature (WWF)
  Switzerland
  We have collaborated to a CIFOR-WWF study on the social impacts of FSC certification in Congo Basin countries (2014)

  WWF provided international expert advice in our Working Group on Forest Fires in Open Marantaceae Forest
WORKING ACROSS LANDSCAPES
Our Partners, Projects and Initiatives

Congo Basin Forest Partnership (CBFP)
Cameroon
We have joined 94 partner countries and organizations working together to promote sustainable resource management, improved living conditions and biodiversity protection in the Congo Basin.

Wildlife Conservation Society (WCS)
Republic of Congo
WCS conducted a comprehensive survey on wildlife conservation to help us implement necessary safeguards and conservation measures. WCS provided international expert advice in our Working Group on Forest Fires in Open Marantaceae Forest.

CATC, COSYLAC, CSCC and CSTC, Trade Unions
Republic of Congo
The unions and employee representatives have monthly meetings with senior management to express concerns and jointly find solutions.

Women’s Association of Ngombé
Republic of Congo
We jointly organize awareness-raising debates aiming to empower women in the local and indigenous communities (ROC). A debate on HIV prevention attracted hundreds from the various communities that reside in and outside Ngombé, including indigenous women from neighbouring villages.

Max Planck Institut, Research Centre
Germany
A PhD researcher from Max Planck Institut tested role playing with village hunters, and wildlife abundance close to villages, based on camera traps and data from hunters.

Thomas Weidenbach, Film director
Germany
In 2011, independent journalist, film director and NGO activist Thomas Weidenbach set out on a journey to the North of the Republic of Congo. He produced a documentary of sustainable forest practices implemented by IFO.

swisspeace
Switzerland
swisspeace developed together with us a Conflict Sensitivity Manual, to help us avoid social challenges before they escalate to conflict.
WORKING ACROSS LANDSCAPES
Our Partners, Projects and Initiatives

**European Coalition for Sustainable Tropical Timber (STTC)**
*The Netherlands*
We work with STTC as an active member, on improving the image of, and promoting sustainable tropical timber in, European markets.

**Association Technique Internationale des Bois Tropicaux (ATIBT)**
*France*
Together we:
- shape marketing initiatives for tropical timber
- lead legality-related initiatives
- push for comprehensive anti-corruption and anti-bribery standards
- promote and lead the industry-wide discussion on forest conservation and protection
- facilitate the discussion and promote comprehensive implementation of the concept of Intact Forest Landscapes (IFL)

**Dutch Development Agency (IDH)**
*The Netherlands*
With IDH funding, we conducted a sustainable wildlife management project and provided data for a Life-Cycle Assessment on tropical timber – Azobé.

**ARTE Television channel**
*France/Germany*
ARTE television broadcast a film showing how IFO respects the rights and needs of indigenous forest communities (2016).

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**United States**

**African Parks**
*USA*
African Parks is a non-profit conservation organisation that manages Odzala-Kokoua national park, in partnership with the government and local communities. Together we train new eco-guards and offer refresher trainings to the rangers operating in our forest concession.

**Rainforest Alliance (RA)**
*USA*
Rainforest Alliance (RA) is the certifier that verifies compliance of our forest management and timber processing with the FSC standards. RA is an expert organization supporting us with advice on best practice in our operations.

**World Resources Institute (WRI) and University of Maryland**
*USA*
WRI and the University of Maryland provided international expert advice in our Working Group on Forest Fires in Open Marantaceae Forest.
WORKING ACROSS LANDSCAPES
Our Partners, Projects and Initiatives

Centre de coopération internationale en recherche agronomique pour le développement (CIRAD)
France
CIRAD provided international expert advice in our Working Group on Forest Fires in Open Marantaceae Forest

Basel Institute on Governance
Switzerland
Together with the Basel Institute on Governance we work on, implement and verify a strict Anti-Corruption and Anti-Bribery policy

Forest Stewardship Council (FSC)
Germany
Together we:
- engage with important global social, environmental and economic constituents on comprehensive implementation of the concept of Intact Forest Landscapes (IFL)
- participate in setting leadership standards for good forest management – i.e. social, environmental and economic performance of forest management
- participate in a credible certification program to verify best practice in our forest management and timber processing operations

We are currently working with FSC on developing more robust FPIC standards and implementation

Programme for the Endorsement of Forest Certification (PEFC)
Switzerland
PEFC is an international non-profit, non-governmental organization dedicated to promoting Sustainable Forest Management (SFM) through independent third-party certification. Together we participate in developing standards for the Congo Basin

Center for International Forestry Research (CIFOR)
Indonesia
CIFOR provided international expert advice in our Working Group on Forest Fires in Open Marantaceae Forest
We have collaborated to a CIFOR-WWF study on the social impacts of FSC certification in Congo Basin countries

Asia
Key progress

Our share for sustainable building
87% of the wood we procured in 2016 was FSC® certified (FSC® C022952), thus providing quality blocks to sustainable building in environmentally aware markets

Role playing and camera traps vs poaching
A Max Planck Institute research project tested role playing with village hunters, using camera traps and hunters’ interviews to check methods for monitoring wildlife abundance and participatory natural resource management

What we stand for: IHC value assessment
Several workshops were held with IHC staff. The resulting core values are being used to fine-tune our business model, as detailed in ‘Values drive value’

Keeping the forest and bettering lives
Dutch writer Meindert Brouwer visited IFO in February 2016, to see with his own eyes how we carry out sustainability. His eye witness report on IFO Keeping the forest and bettering lives is part of his beautiful book Central African Forests Forever (click here or scan the QR code to find out more)

Celebrating African culture and knowledge sharing
A photo book celebrating African culture and the rich sharing that takes place in our Africa-based companies with their international staff, is in the pipeline

Understanding fire dynamics in Marantaceae forests
Around 20 international experts joined us in an independent working group focusing on open-canopy Marantaceae forests and extreme weather events

Putting quality wood under the spotlight at key trade shows
Our booth gives visitors of key international trade shows a full-round experience of the unique quality and properties of our wood products

Testing promotional wood species for environmentally-minded customers
We have selected several new species out of the hundreds growing in our forest, to enhance our customers’ projects with more quality products as well as to release pressure on traditionally traded species

Congo, a new pact with the forest
ARTE television broadcast a film showing how IFO manages its forest sustainably, including respecting the rights and needs of Indigenous Peoples and forest communities (click here or scan the QR code to find out more)
Enabling landscapes

Our products create positive impact and benefits across three inescapably intertwined landscapes: social, environmental and economic.

These landscapes need to be taken into account individually and collectively. They define the unique dimensions of forest management in the Congo Basin.
SOCIAL LANDSCAPE

Giving value to the source: our people

Production means that the local jobs lead to a decent standard-of-living and positive impacts, not only for the employees themselves, but also indirectly, for their families and the community at large. Interholco pays 220% above the local minimum wage on average and invests in schools, libraries, medical services and a broad range of social infrastructure. We consider this an investment in a stable operating environment and qualified workforce.
The engagement with motivated, loyal, and professional employees throughout the organisation – strong, unique characters who are personally committed – is critical. This is the only way that we can stay successful as a business in the long run. When we foster and value the talents of our employees, success and sustainable business will follow. The diversity of nationality, age, gender, faith, background is an asset we value. Diversity brings new perspectives to discussions about a way forward and helps us address issues proactively.

Four unions (CATC, COSYLAC, CSCC and CSTC) are currently active at IFO, our production site. The unions and employee representatives have monthly meetings with senior management to express concerns and find joint solutions. In the reporting period, 100% of IFO employees had joined a union.

After a serious fire broke out at IFO, in the night between 14 and 15 November 2016 (click here or scan the QR code to find out more), IFO senior management reassured all workers, that jobs are secured and the company would closely monitor the economic and social impacts.
Diversity and career

‘As they grow up, girls must be exposed to a broad range of careers, and encouraged to make choices that lead beyond the traditional service and care options.’

PHUMZILE MLAMBO-NGOUKA
UN Women Executive Director

‘No one has a greater asset for his business than a man’s pride in his work.’

HOSEA BALLOU

Our production site (IFO), logistics facilities (LCC) and sales offices (IHC) all offer career opportunities.

In our Africa-based facilities, this goes well beyond ‘traditional’ roles.

Take a look for yourself:

Christine MBONGO LOUKENGUE
Mechanic
Ms. Mbongo Loukengue has been working in our mechanical workshop since March 2012.

Chancelle Gelvie NGUMBI-KILENDO
Assistant Community relations Management and Cartographer
Ms. Ngumbi-Kilendo supervises operations to ensure proper safeguards are put in place, especially in high-conservation value areas. She frequently visits local communities and indigenous peoples, to keep them informed of their rights.
Mouissi MATSOUELA  
Chief Accountant  
Mr. Matsouela joined IFO in 2007, having previously served in the mining sector of the Republic of Congo. Overseeing the financial activities, he became a senior employee in our team.

Pierre Senger  
Logistics Operations  
Mr. Senger oversees our logistics operations from Brazzaville (ROC), in close collaboration with his LCC colleagues in Douala, Cameroon. He has direct on-the-ground knowledge of transport routes and ports, such as Brazzaville, Douala and Pointe Noire.

Minimum entry level wage. 2016 data. Scope: IFO

Republic of Congo

82.41 EUR
Country minimum wage per month

IFO

186.48 EUR
Minimum entry level wage per month

>220%
above country (ROC) minimum wage
International Women’s Day

On International Women’s Day (click here or scan the QR code to find out more), our production facilities grant female employees a half-day of paid leave and the Women’s Association of the neighbouring village of Ngombé receives a donation of Ankara fabrics. These are distinctive, wax-printed cotton fabrics that women use for custom-made clothing.

What we stand for: Interholco value assessment

In the second half of 2016, an assessment of employee and corporate values and behaviours was conducted at Interholco, with staff and senior management. After several workshops, core values were identified, to be used to fine-tune our business model, inspire our people as well as to use in our communication materials, including our new brochure and web site. The value assessment will next be carried out in our Africa-based units, to further strengthen our organisational culture.
Ms Amélie Kissakou (left), President of the Women’s Association of Ngombé, regularly facilitates awareness-raising debates and takes part in women’s celebrations

Celebrating African culture and knowledge sharing

A photo book celebrating African culture and the rich sharing that takes place in our Africa-based companies with their international staff will be released in 2017. Envisaged as a response to the multiple visits that photographers and television crews have paid to IFO over the years, the photo book contains a photo selection of the forest, Indigenous Peoples, IFO and LCC staff, portrayed at work and during daily occupations, as well as in their surroundings. A mix of African, Asian and Western proverbs and quotes comment the photos.
The skills, experience and motivation of each single employee make us strong as a company. Their engagement is crucial for the success of our operations. Tailored introduction and training, as soon as a new employee joins, helps them to understand our company culture, integrate and perform their job successfully.

Given the technical and skill-based nature of our operations, the power of formal and informal on-the-job training cannot be overemphasized.

At IFO, our production site in the Republic of Congo, new and younger employees work side-by-side with more experienced co-workers, who show and explain the best way to perform the tasks they are assigned. Comprehensive training is provided across IFO, IHC and LCC on good, corporate good practices, from our Code of Conduct to the importance of wearing suitable protective equipment, responsible procurement and sustainability, including legal compliance and Chain of Custody.

Throughout Interholco, mobility takes employees across divisions and literally, to new countries or continents. Staff members thus gain experience and business perspective. Annual performance reviews allow the setting of work goals and performance expectations, constructive feedback, enhancing strengths and giving recognition.
31 employees from indigenous communities work at IFO, mostly in the Forest Prospection team, which allows them to stay in the forest several weeks in a row. The indigenous employees may then take along their family members if they choose to do so.

The indigenous and non-indigenous employees share their respective knowledge, e.g. non-indigenous employees train the former to take notes and use GPS coordinates, while indigenous employees train the latter with useful guidance on forest herbs and tree species. This knowledge sharing process is mutually beneficial.

Mr. Fulgence OPENDZOBЕ supervises the work of the Forest Prospection team, ensuring that each tree with an important value for the local and indigenous communities is correctly represented in accurate forest maps, especially those referring to the annual harvesting area.

Mr. Opendzobe's parents come from Lango and Ibonga, two of the villages neighbouring IFO. He is able to visually distinguish several of hundred tree species in the thick forest. He lives in the IFO camp with wife Julia Beh and their four children: Tom Van Gloire Open-dzobe, Geni Préval Opendzobe, Esther Benicia Opendzobe Maleka and Royal Opendzobe Madiba.
Health and Safety

At our IFO production site in Ngombe, where we work with approximately 1’000 people, it is a daily challenge to reach out to each, single employee in order to ensure that they stay safe and healthy. Good practices, best protective equipment, safety signs inside the factory, physical health are each equally important. Most important is, training staff to intervene whenever they notice something that may be improved, so as to prevent accidents before something happens.

With this in mind, we are regularly updating our safety procedures, to ensure that safety culture becomes a state of mind. Company safety trainings continue well beyond working hours and employees take their knowledge home, back to their private households, where it leads to better and safer living conditions. Compared to 2014, the rise in recorded incidents actually resulted in small 'first aid' injuries, with 12% less severe injuries and zero fatalities.
Acting aware: HIV and AIDS prevention

In 2016, IFO organized two awareness-raising campaigns on HIV and AIDS prevention as well as a peer-educator training. Both initiatives involved IFO personnel and representatives of the village of Ngombé. The first campaign targeted school pupils and teachers and took place in February, on the occasion of the International Youth Day. The second campaign was held in conjunction with International Women’s Day, on 8 March 2016.
Communities

Communities that flourish have more hope, more dignity, more opportunity – now and long-term. Over 16,000 people, including our ca. 1,000 employees and 9,000 community members live in village communities throughout the forest concession we manage (over 60% in Ngombé). We want all of them to enjoy decent and safe livelihoods and to be able to improve their own living conditions.

Social inclusion

Located in the North of the Republic of Congo, we offer long-term employment, the security of regular family income, the provision of health/accident insurance, a contribution to the State pension scheme as well as continued, on-the-job training and access to schooling, medical services, clean drinking water and electricity.
Research led by CIFOR and WWF (click here or scan the QR code to find out more) has shown that certified industry actors do create real opportunities for better livelihood in the Congo Basin. The infographic above may give you a good sense of Interholco’s investment in its surrounding communities.
Developing social and emotional intelligence: the IFO Library

‘The IFO Library boasts a collection of 9,000 volumes, spanning French theatre and fiction to maths, chemistry, physics and philosophy. Together with my assistant, Ms. Raïssa, we regularly hold painting workshops and game sessions. In 2016, 53 pupils attended our free Word and Excel courses. English courses will start in 2017.’

Ms. Audrey Marine MAMPOUYA LOUAZA, the Librarian, pays regular visits to the nearby indigenous school; indigenous pupils participate in IT and computer courses that are regularly held at the IFO Library.
‘Our company’s choice of sustainability has led to improved efficiency in forest management and certification - a considerable source of pride for its employees.’

ANTOINE COUTURIER
Sustainability and Environment Director, IFO

‘I am glad to be part of Interholco’s long term work and commitment to social benefits, health and safety, low-impact forest harvesting. This has brought significant change on the ground, not just in reports! I am thinking of the African communities and the way they enjoy and exercise their right to Free Prior and Informed Consent.

Each time I visit IFO, or verify 3rd party suppliers, I am glad that we can contribute to good local development, ensuring at the same time that the law and international standards are applied in Africa, just as they are in Europe.’

TOM VAN LOON
Head of Sustainability, IHC

From left to right: Tom van Loon, Head of Sustainability, IHC; William Lawyer, FSC; Eric Mvouyou, Social Team, IFO; Fulgence Opendzobe, Forest Manager, IFO
Inclusion and human rights

In Central Africa, indigenous people have been regular forest inhabitants for thousands of years. To ensure that their customary and traditional rights to land and resources are duly recognized and respected, we have a well-defined set of safeguards.

Indigenous communities

Approximately 6’000 people are living in the rural areas within the concession, mostly along the roads (National Road 2 to Brazzaville and the road to Sembé-Souanké) and along the Sangha River. A number of temporary camps are located in the forest and along the smaller rivers.

40% of the rural population are indigenous peoples, in particular the Mikaya, Bangombé and to a lesser extent, Mbenzelé and Balouma – referred to as ‘Pygmy’ in the past, today correctly called ‘indigenous people’.

In 2014 and 2015, Interholco encouraged groups of indigenous women in several villages to produce traditional mats, which the company purchased. This has turned into a source of revenue while reinforcing community work and giving recognition to indigenous women for their craftsmanship.
In 2009, the ‘Center for the Education of Indigenous Peoples’ (CEPA) officially opened the doors of the first school for semi-nomadic pupils, the first of its kind in the Sangha department of ROC. The school was named ‘Langouani, Idjouki, Pangoani’, three words each meaning ‘Wake up!’ in three Pygmy languages (Mikaya, Bangombe and Mbendjele, respectively). IFO built the school to offer education to approximately 100 Pygmy children, aged 9 to 14, who would not normally enroll in public schools. Although the school was transferred to the Congolese administration in 2014, IFO continued to serve meals to the pupils, as an incentive to attend classes.

Dutch writer Meindert Brouwer visited IFO in 2016. His vibrant, personal account is part of ‘Central African Forests Forever’ (click [here](#) or scan the QR code to find out more).
Inclusion and human rights: the IFO Social Team

Led by Mr. Eric Mvouyou, the IFO Social Team provides a critical interface between the company management and its operations and the needs and expectations of the local and indigenous communities. In addition, Mr. Eric Mvouyou works together with Ms. Gelvie Nguimbi, Mr. Aubin Lobila and Mr. Timothée Epoutangongo, who is himself from an indigenous community.

In 2016 alone, our Social Team held over 300 meetings, to maintain an open dialogue with communities and listen to their needs and expectations. To effectively implement the principle of Free, Prior and Informed Consent (FPIC), we hired Mr. Roch Nzobo, director of human rights NGO ‘Cercle des droits de l’homme et de développement’ (CDHD). He identifies and is notified of social issues in the villages and ensures comprehensive and consistent implementation of the FPIC requirements, keeping communities informed, hearing their concerns, discussing and agreeing on joint actions, and ensuring that communities know about, and exercise, their right to FPIC.

Through our Social Team, we work with local communities and include Indigenous Peoples, on participatory cartography with a view to identifying forest resources (e.g. trees, medicinal plants, special sites, water courses, etc.) which need to be protected from harvesting to allow food and natural remedy production, cultural and/or religious ceremonies, etc.

Benefits are shared with the local communities and Indigenous Peoples through a local development fund, which independently supports community-projects. From 2014 to 2016, material was provided for houses, agriculture and livestock projects were initiated, drinking water wells, school and clinics were constructed, etc.

The fund provides the local communities and indigenous peoples with key resources, as part of a benefit sharing process and FPIC. In addition, our Social Team not only hears, collects and documents grievances, but collaborates with the local people and communities to prevent and/or resolve them.
Meetings with the communities and Indigenous Peoples
2016 data. Scope: IFO

Meetings with the communities and indigenous peoples 324 +53%
People participating* 8’982 +65%
Villages in which meetings were held: 82 out of 85 villages +3%

*Congo, a new pact with the forest

In Central Africa, Indigenous People have been regular forest inhabitants for thousands of years. To ensure their land and customary rights and traditional uses are duly recognized and respected, we have a well-defined set of safeguards.

On the occasion of International Forest Day 2017, ARTE television broadcast a film showing how IFO manages its forest towards environmental, social and economic sustainability, including respecting the rights and needs of indigenous forest communities (click here or scan the QR code to find out more). The film had German and French voiceover, with English and Spanish subtitles.

Along with Mr. Mathieu Schwartzenberg, FSC Congo Basin Programme Director, ARTE interviewed several of our staff and filmed how we carry out participatory cartography together with the indigenous communities, to correctly identify and map parts of the forest that need to be protected in sacred areas or that will be kept by the communities for medicinal uses or as a food source (fruits, caterpillars, etc.).
Grievances

‘Historically, when governments started to recognize the commercial value of the forests, they tended to issue logging concessions typically without consulting local communities. (...) A proactive and genuine engagement with all relevant stakeholders is advantageous as it enables the company to detect possible conflicts as early as possible.’

Conflict Sensitivity Due Diligence Manual for Timber Companies in the Congo Basin
ANDREA IFF
Project Coordinator of Business and Peace, swisspeace

Grievances filed through a formal mechanism
2016 data. Scope: IFO

9
total formal grievances

9
of which, filed and resolved

-65%
compared with 2014

We implement systems that ensure employees, suppliers, customers and other stakeholders can readily report practices or actions believed to be inappropriate or illegal, so we can take action right away.

To this end, our grievance mechanism has been distributed to all employees, the communities living in and around the forest area and is available to other stakeholders. Stakeholders who wish to present a grievance or complaint may do so in their own language, in writing or orally; the complaint is recorded, verified, investigated and a resolution is sought.
Our grievance mechanism and integrity line

Employee identifies a problem (safety, environment, human rights, corruption, etc.)

Employee reports to supervisor or hierarchical manager

Answer NOT satisfactory or confidentiality is requested

1. Problem is entered in complaint book
2. Problem is sent to confidential suggestion box or confidential@interholco.com / confidential@bfo-congo.com

SENIOR MANAGEMENT / INTEGRITY LINE
A control check is carried out

PLAUSIBLE

NOT PLAUSIBLE

INVESTIGATION

PROBLEM ISRecordED
ENVIRONMENTAL LANDSCAPE

Giving value to the Congo Basin, the world’s second largest rainforest

We ensure that vital ecosystems are maintained and continue to thrive, for the planet and for future generations. We protect over 27% of the forest from harvesting, to safeguard sensible and valuable ecosystems. The forest provides a habitat for over 70,000 lowland gorillas. In the rest of the area, we determine high conservation values – environmental aspects which deserve special attention so they are not compromised or eroded through forest management activities. Our forest management not only takes care to avoid degradation of the forest we work in, but our forest guards actively secure the forest estate against poaching and illegal settlement.

Wendell Berry wrote: *We do not inherit the Earth from our ancestors, we borrow it from our children* (click here or scan the QR code to find out more). We strongly believe this to be true for the forest of the Congo Basin, where we work.
IFO’s forest
1’159’000 ha
total surface

1/4
of Switzerland

IFO’s forest inhabitants
16’000

Swiss population
8’121’000

0.7 / Km²
People in IFO’s forest

198 / Km²
People in Switzerland

We harvest 0.5 trees on average per 1 ha (=1 football field) once every 30 years.

After harvesting, we return to the same harvest area after 30 years.

We ensure forest regeneration: we do not harvest trees that are too large or too small, as both are important for natural regeneration.
We harvest an average 0.5 trees per ha, equivalent to 1 football field, every 30 years. The minimum diameters by law would allow a harvesting volume of 10-15 m³. However, such a high quota would certainly lead to a much higher impact in the forest and possibly compromise natural regeneration and sustainable harvesting in future rotations. Actual harvest is below 10 m³.

**Reduced Impact Logging (RIL)**

The impacts of harvesting are only on 1/30 of the production area (i.e.: app. 24’000 ha annually of 800’000 ha total production area; app. 300’000 ha are set aside and fully protected as HCV area). Harvesting is only carried out along carefully laid out skid trails. After harvesting, skid trails are rehabilitated to avoid permanent soil compaction. Harvesting roads are closed to avoid poaching and illegal settlements. Already after a few months, skid trails and harvesting gaps are overgrown by tree regeneration. Roads disappear after few years due to natural regeneration of pioneer tree species.

**Tackling climate change, using wood**

Using sustainably sourced wood products contributes to mitigating climate change.

Of all building materials, wood is one of the few that sequesters significant quantities of CO₂, a prime greenhouse gas. CO₂ is absorbed as trees grow, and stored in the finished product – potentially, for generations. Even better, where wood is used as a substitute for materials that require enormous energy to be produced, transported and processed, such as aluminium, steel, concrete or plastic, even more CO₂ is saved.
Greenhouse gas emissions

On average, 1m³ of wood absorbs 1 tonne of CO₂ and, when used instead of steel, concrete or plastic, an average of 0.9 tonnes of CO₂ per cubic metre is saved. When looking at our wood products, greenhouse gas emissions amount to 57% of the CO₂ stored in IFO’s lumber and 38% of the CO₂ stored in IFO’s export logs (2016 data, as shown below).
There is more to responsibly selecting and harvesting wood in a forest management plan than meets the eye. A forest management plan is based on detailed calculations e.g. on the reconstitution rate for the next 30 year rotation and beyond, in next rotations.

*One way in which scientists record data regarding plant or animal species in an ecosystem is to sample an area using a technique called a line transect.

Both short-term (felling impact, skid trail length and GPS positioning, road width, log yard size, areas to be rehabilitated in the dry season, accuracy of the forest harvest inventory...) and long-term impacts (reconstitution rate of trees that are harvested) need to be regularly monitored.

Monitoring extends to our work with the communities, to assess progress status and follow up on existing projects.
In order to maintain High Conservation Value (HCV) and Intact Forest Landscapes (IFL), FSC is including more specific requirements in its standards. Interholco has been actively engaged with stakeholders, participating in IFL solutions fora and the Regional Technical Working Group of FSC, to find an optimal method for identification and management of HCV and IFL in the Congo Basin. All stakeholders agreed that a landscape view ‘well beyond the canopy’ is necessary, in order to address the conservation values and keep the forest intact.

We have since long adopted an approach recognizing and integrating the social, environmental and economic landscapes within and beyond our forest concession together with the local and national regulatory as well as regional and international political landscape.

Those different landscapes need not only co-exist, but they must interact with, and support, each other without compromising any one landscape. It is our experience and firm belief that the equitable and comprehensive integration of those very different social, environmental and economic landscapes safeguards and maintains IFL in the Congo Basin. National, regional and international political and regulatory landscapes provide the framework for integration of IFL.
Max Planck Institut project

In 2016, role playing was tested among the hunters who live closest to the forest, to see whether they would put the survival of their village first, hunting less, or if individual interest would prevail, leading to more animals being hunted and a higher risk of fauna depletion. At the same time, infra-red camera traps were placed in known hunting areas, to monitor trends in animal abundance/presence. It was shown that role playing contributes to sustainable wildlife management.

Parrot project

Dealing with poaching in the forest concession has led IFO to rescue hundreds of tropical parrots. As part of the PROGEPP project, confiscated parrots, a much sought-after source of revenue on illegal markets, are transferred to quarantine facilities built by IFO. WCS veterinarians analyse blood samples and treat diseases. In 2014 alone the number of successfully treated parrots released in the wild exceeded 200.

WCS report

In 2007, WCS made an on-the-ground survey to assess large mammal presence and distribution in the region in which we operate. The results revealed large gorilla abundance and an important population of forest elephants. A new inventory, carried out between March and September 2014, indicated that there was no significant difference between 2007 and 2014. During the same time, gorilla nests have declined in the neighbouring Ntokou-Pikounda National Park.

‘Chainsaw to the rescue’, a film by Thomas Weidenbach

The IFO forest concession and neighbouring Odzala-Kokoua National Park seem to have the largest concentration of lowland gorillas. In 2011, film director and former NGO activist Thomas Weidenbach set out on a journey to the North of the Republic of Congo, where he filmed how IFO integrated environmental conservation and safeguards, socio-economic stability and social well-being and economic viability and sustainability.
Early in 2016, several fires originated all over Africa and also within our forest concession, in open woodland forests, characterised by a dense *Marantaceae* and *Zingiberaceae* undergrowth. We carried out an exploratory mission, in cooperation with the local authorities. With the largest cluster being estimated at 10 x 15 km, the fires appeared to have irregularly punctuated different areas, no longer or not yet affected by forest operations.

A few months later, we launched an independent Working Group on Forest Fires in Open *Marantaceae* Forests (click here or scan the QR code to find out more), to see how best to address the impact of extreme weather events, such as El Niño. Some 20 experts from international research institutes and NGOs joined the working group. The experts agreed that the presence of *Marantaceae* vegetation is a sign that forest fires had already taken place in the past, over many years, without harvest. This can be explained by higher presence of charcoal in the soil and signs of a similar sized fire about 50 years ago. Contrary to what might be expected, science and on-the-ground studies showed that tree harvesting in these forests stimulates natural regeneration, which is inhibited in 'intact' forests. Further to the working group findings (click here or scan the QR code to find out more), fire-risk awareness-raising will be integrated in the activities that our social team already carries out with the local communities and Indigenous Peoples.
Giving value to ‘Made in Africa’ hardwood

Wood holds compelling environmental qualities over non-renewable, carbon intensive materials such as steel, concrete or plastic. Sustainably sourced wood is a naturally available, easily recyclable, renewable and carbon neutral or positive material. African wood species have physical and decorative properties that can only be created by chemical treatment of species from the Northern Hemisphere. Our African hardwood products aim to inspire our employees and customers, suppliers and architects, all the way to the consumers who decide to buy and use wood.

The value of ‘Made in Africa’ wood: for the State and local people 2016 data. Scope: IHC

For the State

Direct economic value, 2016

<table>
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<th>Compared with 2015</th>
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<tbody>
<tr>
<td>Revenue</td>
<td>64’254 €</td>
</tr>
<tr>
<td>Operating costs</td>
<td>42’593 €</td>
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</table>
Wood is the building material that grows and is ever modern. We, and future generations, who want a sustainable, enjoyable future, choose wood as a major natural and technical solution.
The value of ‘Made in Africa’ wood: for Cities, globally

Cities are hubs for ideas, commerce, culture, science, and productivity; social, human and economic development. According to the United Nations, the urban population in 2014 rose to 54% of the total global population, up from 34% in 1960. Today, the majority of people live in urban areas. Wood products lend themselves well to pre-fabricated components that take less time to build. Polluting less and with better seismic performance than concrete and masonry buildings, wood is fire resistant, thus holding the answer to cost-saving projects that ensure high-quality living spaces. From Brazzaville to Bergen, Chicago, London, Milan, Paris, São Paulo, Tokyo, Vienna and Zürich, wood is becoming more and more the material of choice.

Brazzaville, Republic of Congo
Despite a tight project deadline, London and Istanbul-based AVCI architects used natural wood as much as possible to complete their Congo Kintele Congress Centre (2017)

São Paulo, Brazil
Scheduled to open in 2019, Rosewood Tower hotel pays homage to trees that can be found in the Brazilian Atlantic Forest. With a plant-filled, 90-metre tall tower, the hotel draws on inspiration from Africa, America and Italy

Portland, United States
The United States’ first mass-timber highrise has been granted planning permission (2017), ushering in a new era of tall wooden construction in the US

Canterbury, New Zealand
The Nelson Marlborough Institute of Technology building demonstrates that sustainable multi-storey timber buildings ensure a high level of earthquake protection (2011)
‘Made in Africa’ wood, Europe’s sea-door to trade

In June 2016, the King of Belgium inaugurated Kieldrecht lock, the world’s largest sea-gate, in the port of Antwerp. The lock (or gate) allows large ships to access the Waasland harbour and consists of a water chamber with sliding doors. For the sliding doors, we provided Azobé (*Lophira alata*), an African species that resists fungal attack and decay. Azobé does not rot although in permanent contact with sea water, allowing the steel structure to easily slide along the concrete walls and then sink, as needed.

African wood products and LCA

Our African wood products perform well in Life Cycle Assessment (LCA) studies, which look at a material’s cradle-to-cradle environmental performance. We participated in a joint FSC-STTC LCA looking at every aspect of the journey, from sourcing, through transport, processing, end-use, maintenance, recycling, reparability and final disposal. Azobé (*Lophira alata*), one of the wood species growing in our forest, scored very well at every stage, with a low ‘Environmental Cost Indicator’.
Rightfully, responsibly, reliably

Our commitment is to market wood products rightfully, responsibly, reliably. Rightfully, by respecting experience and knowledge as much as legal requirements and by assessing the countries of origin and each single supplier; responsibly, by respecting the people affected by our work as much as the forest in which we harvest the wood for our products, through internationally recognized standards for good forest management and human rights (e.g. FSC® or PEFC™); reliably, by providing 3rd party certification of our due diligence system and sourcing performance (LegalSource™ (1), OLB, VLC, etc.); all of which contribute to a process of continual improvement.

(1) NC-LS-000160, Scope: Wood products procured by Interholco outside the EU and placed on the EU market.

Responsible sourcing

We ensure traceability of all our products from the forest through manufacturing and trade to the final project.

Any wood product we import into the EU or the USA undergoes our Due Diligence process, that meets the definition of ‘due diligence’ under the European Union Timber Regulation (EUTR), the PEFC standard, and the definition of ‘due care’ under the United States Lacey Act.

The standards we apply are our commitment to high-value markets and to earning the trust in our brand.

The European Union Timber Regulation

Introduced in the European Union in 2013, the EUTR has set a legality requirement for international trade of wood products. Properly implemented and enforced, this could be a major step towards eliminating illegal timber from the market place. Through levelling the playing field in timber trade, the EUTR can support efforts across forest products industries towards environmental safeguards as well as social benefits.

Putting quality wood under the spotlight at key trade shows

We regularly attend leading international business-to-business tradeshows for wood producers, traders, architects, specifiers and end-users. From Carrefour du Bois (held every two years in Nantes, France) to the Dubai Wood Show (a yearly rendez-vous in Dubai), our staff give visitors a unique, well-rounded experience of the quality and properties of our wood products.
In 2016, we procured 87% of FSC® certified wood (FSC® C022952) for environmentally conscious markets. In order to satisfy the demands of our building industry customers, we occasionally procure wood from external sources, other than IFO. Taking into consideration the need to check the country of harvest, the supplier, species and also the forest management unit, we obtain the necessary information and documentation in order to satisfy ourselves to a high level of confidence that the products are compliant not only with the national laws and regulations of the country of harvest, but also with international regulations (EUTR, Lacey Act).
We develop and contribute best practices to our industry and report transparently on our progress, to earn trust in our brand, products and company. In particular, we are committed to:

- representing our wood products and their characteristics in written, sound and visual presentations, so as not to mislead consumers
- using reliable technical and scientific sources in our communication
- engaging external experts to provide advice on best practices and best products and to independently verify Interholco’s efforts.

We contribute to the initiatives of a number of international timber- and sustainability-related associations, such as ATIBT, FSC, PEFC and STTC, with whom we share coherent approaches and messages.

**Product safety**

No pesticides or fertilizers are used in our natural forest management. Non-toxic components/adhesives are used in our wood processing facilities. No highly hazardous pesticides are used, as listed by FSC in its Pesticides policies and standards and as listed by WHO (Annex 1A, 1b), the Stockholm and Rotterdam conventions. Our certification requires compliance with the FSC pesticides policy, which includes using Integrated Pest Management if applicable.

**Product quality**

We verify the quality of our products through detailed internal control-mechanisms and specific certificates, such as CTB-LCA for finger-jointed wood.

Since 2012, an accurate quality control system has been put into place at our production site, in the Republic of Congo. Our customers appreciate consistent quality over time, which makes our brand stand out. At the same time, this builds our personnel’s competence, to produce according to a set of standards and characteristics/criteria.
Looking to enhance our customers’ projects with more choice and quality products, we have carefully selected a number of promotional species (also referred to as secondary species or lesser known species), out of the hundreds that are present in our forest, such as Andok (Irvingia gabonensis), Emien (Alstonia boonei), Etimoe (Copaifera mildbraedii) and Iatandza (Albizia ferruginea). Together with ATIBT and recognized laboratories, we carry out rigorous research to test how each selected species responds, subject to certain conditions and end-uses. Releasing commercial pressure on traditionally traded species is crucial, in order to keep the forest intact. At the same time, those tests ensure that customers are offered quality wood, without compromising on performance.
# Annexes

## SOCIAL LANDSCAPE

### Giving value to the source: our people

#### Employees

<table>
<thead>
<tr>
<th>G4-10 Workforce by area and gender</th>
<th>Unit of measure</th>
<th>December 2016</th>
<th>December 2015</th>
<th>December 2014</th>
<th>Scope</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total workforce (includes contractors)</td>
<td>No.</td>
<td>1'218</td>
<td>1'275</td>
<td>1'268</td>
<td>IFO, IHC, LCC</td>
</tr>
<tr>
<td>Total employees (includes continuing and temporary contracts)</td>
<td>No.</td>
<td>983</td>
<td>1'111</td>
<td>1'069</td>
<td></td>
</tr>
<tr>
<td>of whom men</td>
<td>No.</td>
<td>940</td>
<td>1'072</td>
<td>1'040</td>
<td></td>
</tr>
<tr>
<td>of whom women</td>
<td>No.</td>
<td>43</td>
<td>39</td>
<td>29</td>
<td></td>
</tr>
</tbody>
</table>

#### G4-11 Collective bargaining agreements

<table>
<thead>
<tr>
<th>Total employees</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

#### G4-EC5 Monthly minimum wage

<table>
<thead>
<tr>
<th>Country minimum wage (ROC)</th>
<th>EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total employees</td>
<td>82.41 82.41 76.66</td>
</tr>
<tr>
<td>Entry level wage (IFO)</td>
<td>186.48 173.40 173.16</td>
</tr>
<tr>
<td>% of local minimum wage</td>
<td>226% 210% 226%</td>
</tr>
</tbody>
</table>

#### G4-LA6 Health and safety

<table>
<thead>
<tr>
<th>Total injuries at work (including first-aid injuries)</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>185</td>
<td></td>
</tr>
</tbody>
</table>

#### G4-LA9 Training

<table>
<thead>
<tr>
<th>Total training hours on a yearly basis</th>
<th>h</th>
</tr>
</thead>
<tbody>
<tr>
<td>2'960</td>
<td></td>
</tr>
</tbody>
</table>

#### G4-SO4 Anti-corruption policies and procedures training

<table>
<thead>
<tr>
<th>Total employees</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>983</td>
<td>1'111</td>
</tr>
</tbody>
</table>

### Annexes

- **G4-10 Workforce by area and gender**
  - **Total workforce (includes contractors):**
    - December 2016: 1'218
    - December 2015: 1'275
    - December 2014: 1'268
  - **Total employees (includes continuing and temporary contracts):**
    - December 2016: 983
    - December 2015: 1'111
    - December 2014: 1'069
  - **of whom men:**
    - December 2016: 940
    - December 2015: 1'072
    - December 2014: 1'040
  - **of whom women:**
    - December 2016: 43
    - December 2015: 39
    - December 2014: 29

- **G4-11 Collective bargaining agreements**
  - **Total employees:**
    - 100%

- **G4-EC5 Monthly minimum wage**
  - **Total employees:**
    - 82.41
    - 82.41
    - 76.66
  - **Entry level wage (IFO):**
    - 186.48
    - 173.40
    - 173.16
  - **% of local minimum wage:**
    - 226%
    - 210%
    - 226%

- **G4-LA6 Health and safety**
  - **Total injuries at work (including first-aid injuries):**
    - 185
  - **Severe injuries:**
    - 30
  - **Non severe injuries (first aid):**
    - 155
  - **Incidence rate:**
    - 19.4
  - **Absence rate (AR):**
    - 2.6

- **G4-LA9 Training**
  - **Total training hours on a yearly basis:**
    - 2'960
  - **Average training hours per employee:**
    - 3.1

- **G4-SO4 Anti-corruption policies and procedures training**
  - **Total employees:**
    - 983
<table>
<thead>
<tr>
<th>G4-SO1 From engagement to implementation</th>
<th>Unit of measure</th>
<th>December 2016</th>
<th>December 2015</th>
<th>December 2014</th>
<th>Scope</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projects based on local communities' needs</td>
<td>No.</td>
<td>19</td>
<td>6</td>
<td>1</td>
<td>IFO</td>
</tr>
<tr>
<td>% of local operations</td>
<td>%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Meetings with the communities and indigenous people</td>
<td>No.</td>
<td>85</td>
<td>85</td>
<td>85</td>
<td></td>
</tr>
<tr>
<td>Total villages</td>
<td>No.</td>
<td>324</td>
<td>197</td>
<td>212</td>
<td></td>
</tr>
<tr>
<td>People participating</td>
<td>No.</td>
<td>8'982</td>
<td>5'003</td>
<td>5'433</td>
<td></td>
</tr>
<tr>
<td>Indigenous</td>
<td>No.</td>
<td>3'865</td>
<td>1'943</td>
<td>2'143</td>
<td></td>
</tr>
<tr>
<td>Local (Bantou)</td>
<td>No.</td>
<td>5'117</td>
<td>2'806</td>
<td>2'976</td>
<td></td>
</tr>
<tr>
<td>Women</td>
<td>No.</td>
<td>4'186</td>
<td>2'140</td>
<td>2'261</td>
<td></td>
</tr>
<tr>
<td>Men</td>
<td>No.</td>
<td>4'796</td>
<td>2'760</td>
<td>2'907</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>G4-SO2 Impact extent</th>
<th>ha</th>
<th>Geographic situation of the impact (annual harvesting area)</th>
<th>IFO</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.</td>
<td>27'511</td>
<td>20'146</td>
<td>27'496</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>G4-SO11 Impacts on communities</th>
<th>No.</th>
<th>Total grievances filed through formal grievance mechanisms</th>
<th>IFO</th>
</tr>
</thead>
<tbody>
<tr>
<td>of which filed and resolved</td>
<td>No.</td>
<td>9</td>
<td>6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>G4-HR2 Human rights training - employees</th>
<th>IFO, IHC, LCC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total hours</td>
<td>h</td>
</tr>
<tr>
<td>Total employees</td>
<td>No.</td>
</tr>
<tr>
<td>People trained on human rights (all affected staff)</td>
<td>No.</td>
</tr>
<tr>
<td>Percentage (all affected staff)</td>
<td>%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>G4-HR7 Human rights training - security personnel</th>
<th>IFO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total security personnel staff/management</td>
<td>No.</td>
</tr>
<tr>
<td>Trained on human rights (all affected positions)</td>
<td>No.</td>
</tr>
<tr>
<td>Percentage (all affected positions)</td>
<td>%</td>
</tr>
</tbody>
</table>
### Biodiversity

<table>
<thead>
<tr>
<th>Unit of measure</th>
<th>December 2016</th>
<th>December 2015</th>
<th>December 2014</th>
<th>Scope</th>
</tr>
</thead>
<tbody>
<tr>
<td>Protected areas and areas of high biodiversity value</td>
<td>ha</td>
<td>1'159'643</td>
<td>1'159'643</td>
<td>1'159'643</td>
</tr>
<tr>
<td>Total forest concession area</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Production area as per Management Plan</td>
<td></td>
<td>801'716</td>
<td>801'716</td>
<td>801'716</td>
</tr>
<tr>
<td>Protection area</td>
<td></td>
<td>220'000</td>
<td>220'000</td>
<td>220'000</td>
</tr>
<tr>
<td>Conservation area</td>
<td></td>
<td>88'000</td>
<td>88'000</td>
<td>88'000</td>
</tr>
<tr>
<td>Community development area</td>
<td></td>
<td>48'500</td>
<td>48'500</td>
<td>48'500</td>
</tr>
<tr>
<td>Production area % of total forest area</td>
<td></td>
<td>69%</td>
<td>69%</td>
<td>69%</td>
</tr>
<tr>
<td>Protection and Conservation area % of total forest area</td>
<td></td>
<td>27%</td>
<td>27%</td>
<td>27%</td>
</tr>
<tr>
<td>Community development area % of total forest area</td>
<td></td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>G4-EN13</th>
<th>Habitats protected or restored</th>
<th>IFO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Size of concerned area</td>
<td>ha</td>
<td>308'000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>G4-EN12</th>
<th>Impacts</th>
<th>IFO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction or use of manufacturing plants, mines, and transport infrastructure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extent of areas impacted</td>
<td>ha</td>
<td>27'511</td>
</tr>
<tr>
<td>Duration of impacts</td>
<td>1 year</td>
<td>1 year</td>
</tr>
<tr>
<td>Impact reversibility</td>
<td>Reversible</td>
<td>Reversible</td>
</tr>
<tr>
<td>Pollution</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extent of areas impacted</td>
<td>ha</td>
<td>0</td>
</tr>
<tr>
<td>Duration of impacts</td>
<td>1 year</td>
<td>1 year</td>
</tr>
<tr>
<td>Impact reversibility</td>
<td>Reversible</td>
<td>Reversible</td>
</tr>
<tr>
<td>Invasive species</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extent of areas impacted</td>
<td>ha</td>
<td>0</td>
</tr>
<tr>
<td>Reduction of species</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extent of areas impacted</td>
<td>ha</td>
<td>0</td>
</tr>
<tr>
<td>Habitat conversion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extent of areas impacted</td>
<td>ha</td>
<td>0</td>
</tr>
</tbody>
</table>
### Water, Soil and Energy

**G4-EN8** Total drinking and industry water withdrawal (m³)

<table>
<thead>
<tr>
<th></th>
<th>December 2016</th>
<th>December 2015</th>
<th>December 2014</th>
<th>Scope</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water from the Sangha river</td>
<td>95754.00</td>
<td>106477</td>
<td>121800</td>
<td>IFO</td>
</tr>
</tbody>
</table>

### Energy: fuel

**G4-EN3** Fuel consumption from non-renewable sources (m³)

<table>
<thead>
<tr>
<th></th>
<th>December 2016</th>
<th>December 2015</th>
<th>December 2014</th>
<th>Scope</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gasoline forest mostly</td>
<td>58</td>
<td>53</td>
<td>42</td>
<td>IFO</td>
</tr>
<tr>
<td>Diesel Forest production &amp; Forest transport</td>
<td>1702</td>
<td>1'354</td>
<td>1'341</td>
<td>IFO</td>
</tr>
<tr>
<td>Diesel Sawmill / production plant</td>
<td>2'933</td>
<td>2'762</td>
<td>2'613</td>
<td>IFO</td>
</tr>
<tr>
<td><strong>total non-renewable fuel</strong></td>
<td>4'693</td>
<td>4'170</td>
<td>3'996</td>
<td>IFO</td>
</tr>
</tbody>
</table>

### Greenhouse gas emissions

**G4-EN15** CO₂ emissions from fuel consumption from non-renewable sources (tCO₂ eq.)

<table>
<thead>
<tr>
<th></th>
<th>December 2016</th>
<th>December 2015</th>
<th>December 2014</th>
<th>Scope</th>
</tr>
</thead>
</table>
| Gasoline forest mostly | 131 | 120 | 94 | IFO | CO₂ eq. stored in wood
| Diesel Forest production & Forest transport | 4'555 | 3'624 | 3'590 | IFO |
| Diesel Sawmill / production plant | 7'897 | 7'437 | 7'036 | IFO |
| **Total non-renewable fuel - tCO₂ eq. emission** | 12'583 | 11'182 | 10'720 | IFO |
| tCO₂ emissions/m³ lumber (forest and sawmill production) | 0.23 | 21% | IFO |
| tCO₂ emissions/m³ logs (forest production) | 0.022 | 2% | IFO |

**G4-EN17** Energy indirect greenhouse gas (GHG) emissions (Scope 3)

<table>
<thead>
<tr>
<th></th>
<th>December 2016</th>
<th>December 2015</th>
<th>December 2014</th>
<th>Scope</th>
</tr>
</thead>
<tbody>
<tr>
<td>Terrestrial transport</td>
<td>12'428</td>
<td>19'298</td>
<td>44'308</td>
<td>IFO</td>
</tr>
<tr>
<td><strong>Total tCO₂ emissions and all products</strong></td>
<td>44'308</td>
<td>44'308</td>
<td>44'308</td>
<td>IFO</td>
</tr>
</tbody>
</table>

**G4-EN17** (direct and indirect)

<table>
<thead>
<tr>
<th></th>
<th>December 2016</th>
<th>December 2015</th>
<th>December 2014</th>
<th>Scope</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total tCO₂ emissions/m³ Lumber total</td>
<td>0.62</td>
<td>57%</td>
<td>IFO</td>
<td></td>
</tr>
<tr>
<td>Total tCO₂ emissions/m³ Logs total</td>
<td>0.41</td>
<td>38%</td>
<td>IFO</td>
<td></td>
</tr>
</tbody>
</table>
## Economic Landscape

### Giving value to ‘Made in Africa’ wood

#### Economic value

<table>
<thead>
<tr>
<th>G4-EC1</th>
<th>For the State</th>
<th>Unit of measure</th>
<th>December 2016</th>
<th>December 2015</th>
<th>December 2014</th>
<th>Scope</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Direct economic value generated and distributed</td>
<td>1'000 EUR</td>
<td>64'254</td>
<td>65'780</td>
<td>69'065</td>
<td>IHC</td>
</tr>
<tr>
<td></td>
<td>Operating costs</td>
<td></td>
<td>42'593</td>
<td>44'518</td>
<td>49'704</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Payments to providers of capital</td>
<td></td>
<td>12'814</td>
<td>11'473</td>
<td>10'822</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Community investment, health, safety and forest management and environment protection</td>
<td></td>
<td>2'502</td>
<td>1'984</td>
<td>1'718</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Social, Security, Health, Housing, Community Development</td>
<td></td>
<td>1'993</td>
<td>1'425</td>
<td>1'202</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Forest management (capitalized)</td>
<td></td>
<td>509</td>
<td>559</td>
<td>516</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Economic value retained</td>
<td></td>
<td>-18</td>
<td>3'328</td>
<td>2'718</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>G4-EC9</th>
<th>Local suppliers</th>
<th>Unit of measure</th>
<th>December 2016</th>
<th>December 2015</th>
<th>December 2014</th>
<th>Scope</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Cameroon and Republic of Congo) Procurement budget spent on local suppliers</td>
<td>1'000 EUR</td>
<td>23'439</td>
<td>24'914</td>
<td>24'120</td>
<td>IFO, LCC</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>G4-EN32</th>
<th>Suppliers screened in high risk regions</th>
<th>No.</th>
<th>December 2016</th>
<th>December 2015</th>
<th>December 2014</th>
<th>Scope</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total number of suppliers (including new suppliers)</td>
<td></td>
<td>20</td>
<td>20</td>
<td>22</td>
<td>IHC</td>
</tr>
<tr>
<td></td>
<td>of which certified or 3rd party verified</td>
<td></td>
<td>15</td>
<td>14</td>
<td>19</td>
<td></td>
</tr>
<tr>
<td></td>
<td>of which internally verified / audited for legality</td>
<td></td>
<td>6</td>
<td>6</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td></td>
<td>New suppliers screened</td>
<td></td>
<td>3</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>G4-EN33</th>
<th>Procurement</th>
<th>m³ RWE</th>
<th>December 2016</th>
<th>December 2015</th>
<th>December 2014</th>
<th>Scope</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total volume of wood procured</td>
<td></td>
<td>254'863</td>
<td>258'199</td>
<td>266'560</td>
<td>IHC</td>
</tr>
<tr>
<td></td>
<td>1. FSC certified</td>
<td></td>
<td>87%</td>
<td>80%</td>
<td>1%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. 3rd party legality verified and controlled wood</td>
<td></td>
<td>7%</td>
<td>11%</td>
<td>86%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. 2nd party legality verified</td>
<td></td>
<td>5%</td>
<td>8%</td>
<td>11%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4. From low risk regions</td>
<td></td>
<td>1.1%</td>
<td>1.4%</td>
<td>1%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5. Purchased in the EU (verified by other operators)</td>
<td></td>
<td>0.2%</td>
<td>0.2%</td>
<td>1%</td>
<td></td>
</tr>
</tbody>
</table>
Notes

1 The incidence rates represent the number of injuries and illnesses per 100 full-time workers and were calculated as: (N/EH) x 200'000, where N = number of injuries and illnesses, EH = total hours worked by all employees during the calendar year (2'000 x nb. of full time workers that year). 200'000 = base for 100 equivalent full-time workers (working 40 hours per week, 50 weeks per year or 2'000 hours per worker).

2 'Affected staff' i.e. staff who might be exposed to issues such as corruption, illegal logging and forced labour. Key positions include all procurement (including production purchasing) staff, all sales staff, finance and human resources personnel.

3 For all operations there are impact assessments:
   - 85 villages in the forest concession and max. 10 villages affected by the yearly harvest.
   - for the whole FMU, a socio-economic study (2004) and a social impact assessment (2008) have been carried out.
   - before the annual harvest, a ‘participatory cartography’ is done and all sites with particular importance for communities are identified;
   - all villages are informed about the social & environmental impacts and mitigating measures implemented;
   - a consultation platform with 25 village representatives and all stakeholders (including representatives of the local administration and NGOs) is held once or twice a year.

4 Most impacts are temporary and can be positive and negative at the same time:
   - Negative: disturbance of the village trails in the forest (for hunting / gathering).
   - Positive: after harvest, the trails are materialised again if requested by the villages / communities.

5 2016-2015 data.

6 A human rights training was carried out in 2015, for both eco-guards and security staff.

7 The security personnel operating at IFO do not carry any weapons.

8 Affected positions included the following: local administration (police, gendarmerie), IFO Environment and Forest Director, security guards and eco-guards together with ADHUC and CDHD.

9 This figure only takes into account IFO employees. 20 local authorities and 25 eco-guards and IFO employees attended this training in 2015 (total participants: 45).

10 We have protected the areas with the official classification in the forest management plan of the Forest management Unit Ngombé, approved by Ministerial Decree. In addition, we have established a buffer zone along the Odzala Kokoua national park, to prevent any possible negative influence on the national park. An active HCV management has taken place over the years, to protect HCV values (active wildlife management, protection of buffer zone, monitoring of conservation areas, etc.).

11 The impacts of harvesting are only on 1/30 of the production area (800'000 ha), based on the area to be harvested as per our Forest Management Plan.

12 Only small oil spills. All waste and oil is collected at the base camp and send back to the Ngombé industrial site, where it is treated, re-used or sent to approved waste collection plants (in Pointe Noire).

13 Not applicable, no specific invasive species. Marantaceae and Zingiberaceae herbs are naturally invading areas, but harvest can have a positive impact on forest regeneration.

14 No significant reduction in species. All trees species are managed to be maintained, or only decline in case of natural replacement in certain areas (forest succession).

15 There is only small impact of forest harvest (roads, skid trails, logging gaps), but no large scale conversion to non-forest land-use.

16 Calculation of tCO₂ eq. stored in wood based on: 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Chapter 12. Harvested Wood Products, Table 12.4, C content per m³ of wood 0.295 t/m³ x 44/12 = CO₂ eq. content / m³ of wood = 1.08.


20 Calculated as: (tCO₂ emission of non renewable fuel in forest production, for logs transformed in the sawmill + tCO₂ emission of non renewable fuel in sawmill production) / annual lumber production.

21 tCO₂ emission of non renewable fuel in forest production per m³.

22 Calculated according to volume (weight) transported per method (road, train) and destination (Douala, Pointe Noire) with the tool of "World Resources Institute (2015). GHG Protocol tool for mobile combustion. Version 2.6, with emissions factors from UK DEFRA and US EPA and the IPCC, 2006 Guidelines for National GHG Inventories (Scope 2, ‘other countries’)".

23 Calculated according to volume (weight) transported by shipping/large container vessel from Douala, Pointe Noire to client’s destination port with the tool of "World Resources Institute (2015). GHG Protocol tool for mobile combustion. Version 2.6, with emissions factors from UK DEFRA and US EPA and the IPCC, 2006 Guidelines for National GHG Inventories (Scope 2, ‘other countries’)."

24 Conversion from tonnes to m³ by density of tropical wood cf. IPCC, 2006, Ch. 12, Table 12.4 (in tonnes / m³) = 0.59. Total tCO₂ eq. / volume transported.

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26 Includes transport from Ngombé to Douala and Pointe Noire.

27 Due to disassociation from FSC, no FSC wood could be produced by IFO until Nov. 2014. Therefore, a large part of wood was ‘3rd party legality verified’. Production, however, continued according to the same standards.

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