

Statement of Danzer Group responding to the Greenpeace Report "Logging Sector Briefing for the Democratic Republic of Congo - DRC logging review: The carving up of the Congo continues", published in October, 2008.

In October 2008, Greenpeace International continued its series of allegations against Danzer Group by publishing a so called "Logging Sector Briefing for the Democratic Republic of Congo" that included a number of accusations against Danzer Group and its subsidiary SIFORCO.

There are fundamental differences of opinion concerning the issue of how the future of the rainforests in the Congo Basin can be safeguarded. Greenpeace basically is demanding a stop to the industrial use of the forests. In contrast, all key stakeholders, such as the local populations, governments, supranational organizations, and important environmental NGOs (non-governmental organizations), are in agreement that sustainable forestry is an important tool to bring about sustainable social and economic development.

Like the Danzer Group, an increasing number of industrial forestry companies has entered into an ongoing systematic dialogue with the key stakeholders on social, flora and fauna issues. Numerous joint local projects are already in place in order to permanently improve the performance in all these areas. The operations of many companies are overseen by certification schemes, and in the mid term the majority is heading for FSC forestry certification.

Given the complex problems and the difficult environment in the African rainforests only constructive dialogue and cooperation will bring about the envisaged improvements.

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All of Danzer Group's business activities are built around the principles of sustainability. Danzer Group's African forest management and timber procurement is managed in an environmentally and socially responsible manner and in accordance with national and international law. The company has developed and implemented comprehensive control measures and standards, all of which are audited regularly and certified by independent parties. In addition, Danzer Group is cooperating closely with the World Wide Fund for Nature (WWF) in conjunction with the company's ongoing FSC certification for its own African forest concessions.

Sustainability includes not only logging, but also the local industrial processing of timber and thus the permanent job creation. Danzer Group operates a veneer plant and two large sawmills in the Congo Basin. Approximately 20,000 people depend on the income of 2,400 local Danzer Group employees. Moreover, Danzer Group invests 2 million euros in social programs every year in the Congo Basin.

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Hereunder our detailed responses to the recent Greenpeace accusations:

	Greenpeace Report	Danzer Group's answers
1	<p><i>"Of the nine titles SIFORCO submitted for conservation, six were awarded after the 2002 moratorium."</i></p>	<p>This is untrue. All of SIFORCO's logging titles were obtained before 2002. No titles were obtained after 2002. Far from it: In 2004 SIFORCO even gave back logging titles to the Congolese government.</p> <p>As a result of the conversion process the government of the Democratic Republic of Congo confirmed that seven of SIFORCO's nine concessions comply with legal provisions.</p> <p>Danzer Group will appeal the decision not to grant the conversion of two concessions. SIFORCO has held these concessions since 1980. In 2005, the contracts of both concessions in question were lawfully extended by the government in compliance with due process.</p>
2	<p><i>"Danzer stated that, although SIFORCO at no time made payments directly to the MLC, it did pay what the statement called "local administrative agencies". At least one DRC expert has claimed that some of these agencies must have served as sources of revenue for the rebels."</i></p>	<p>SIFORCO never made any direct or indirect payments to the MLC.</p> <p>Resumption of SIFORCO activities in 2002 was expressly recommended by the United Nations as an important part of the peace process in the Democratic Republic of Congo. All SIFORCO activities were closely coordinated with Monuc (United Nations Mission in the</p>

		<p>Democratic Republic of Congo).</p> <p>SIFORCO only paid taxes on the timber logged in Bumba both to the central government in Kinshasa as well as to the local administration in Bumba from July 2002 to December 2003. The central government in Kinshasa approved all payments. Monuc was informed of these activities and supported them. SIFORCO's procedure was in line with the objectives of the 1999 Accords de Lusaka, which placed the local authorities in the Democratic Republic of the Congo on the same level as the central government in Kinshasa. Both sides participated in the inner-Congolese dialog as equal partners. This fostered the peace and political transition process in the country, which, after numerous interim accords, was finalized in 2003 in the Sun City Agreement.</p> <p>Basically, the Greenpeace accusations are not reliable as they cannot name the cited "DRC expert".</p>
<p>3</p>	<p><i>Siforco's relationship with local communities has long been marked by conflict. Management has apparently never denied the published allegation that, in early 2005, police called in to repress an anti-Siforco demonstration at Bumba opened</i></p>	<p>SIFORCO works together closely with the government and the local population in the Democratic Republic of the Congo. Within the various regions, the company makes efforts to take the best possible account of the differing concerns and needs of</p>

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	<p><i>fire on the crowd, leaving four people dead and 17 injured.</i></p>	<p>the population.</p> <p>For decades, Danzer Group’s work in Africa has involved large investments in the construction of local wood processing facilities and in the company’s training program, which have created a skilled workforce and have made a significant contribution to local development. The company also supports social projects and finances the construction and maintenance of schools, public buildings and other initiatives originally launched by the government. These initiatives provide many people with a solid basis for earning a livelihood.</p> <p>SIFORCO has no knowledge of people having come to harm after a demonstration at Bumba.</p>
<p>4</p>	<p><i>In a recent study of German business in the DRC, investigative journalist Dominic Johnson cites an internal company document dated 29 March 2007 describing an incident at Mba, in which villagers protesting the company’s failure to honour its promise to build a schoolhouse temporarily sequestered several employees. According to the document, the incident ended with the arrival of “political authorities” and the beating and arrest of the protestors -</i></p>	<p>Greenpeace is misrepresenting the facts. There was an agreement between SIFORCO and the population of Mba on the building of a school. In spite of this, a number of people had forced their way onto the grounds of SIFORCO. Some SIFORCO workers were taken hostage by them, others were physically assaulted. Following this, SIFORCO informed the territorial administration. The authorities arrested the violent persons. SIFORCO kept its promises and built the school.</p>

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	<i>- villagers Danzer describes as "accustomed to exerting pressure."</i>	
5	<i>In November 2007 Siforco workers at Maluku, Engengele and Kpengbe went on strike, paralysing logging operations for over two weeks. Their demands included higher wages, the contractualisation of day-labourers - some of whom appear to have been working without a contract for years - and the immediate firing of three abusive worksite managers. Local civil society organisations reported that numerous strikers were thrown in jail, and several appear to have been fired.</i>	<i>Here, too, Greenpeace has falsely represented the facts. SIFORCO did not dismiss any employees because they went on strike. Individual employees caused considerable damage to property in the company, held people against their will and injured them. Following this, SIFORCO informed the authorities. After the incident, SIFORCO did not continue to employ these people for understandable reasons.</i>
6	<i>In March 2007, Danzer filed a libel suit against 29 villagers and human rights activists who had signed a petition to the government complaining of "abusive" logging by Siforco. The petition had been drafted at a seminar organised at Bumba by the Congolese human rights group Les Voix des Sans Voix (VSV) in September 2006. The right to petition is guaranteed by the Congolese Constitution. Local media suggested that the company had sued out of fear the petition would jeopardise expected financing from the German Development Bank KfW. In March 2007, VSV publicly denounced Danzer's "threats,</i>	<i>The accusations leveled by VSV against SIFORCO are false. SIFORCO was brought into discredit. No private company would accept this. SIFORCO therefore defended itself through legal process. SIFORCO also has proof that the signatures procured by VSV for its petition were forged. The so-called NGO is unregistered and operating outside the statutes and is primarily pursuing the personal interests of its chairman.</i> <i>After a one-year hearing the court has declared itself not responsible and referred the case to a higher instance.</i>

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	<p><i>intimidation and harassment.”</i> <i>In April 2008, after more than a year of reported delaying tactics on the part of Siforco, the court finally declared its lack of jurisdiction.</i></p>	
7	<p><i>In the territory of Basoko in Orientale Province, conflicts with local communities have rekindled since the company’s return there earlier this year, after years of absence. During the Mobutu regime, a popular saying in the region was “Otumoli SIFORZAL, otumoli Mobutu” (“Make trouble with SIFORZAL and you’re making trouble with Mobutu”). In May 2008, discovering experts from the French forest management consultancy Forêt Ressources Management (FRM) preparing a management plan for Siforco in their forests, villagers organised a five-day sit-in at Lokutu to protest non-consultation. At a meeting with local representatives, FRM referred responsibility for the activities to its client, Siforco. No official record of the proceedings is available.</i></p>	<p><i>This is obviously a case of incorrect information. FRM was not acting in Basoko on behalf of SIFORCO, neither was it operating in the concession of SIFORCO.</i></p>
8	<p><i>Siforco supplements its own production with timber from other, often related, companies known for their destructive practices.</i></p>	<p><i>This is not true. Danzer Group procures wood responsibly by applying the Danzer Group’s Procurement Rules African Timber. Danzer Group requires their African suppliers to</i></p>

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		provide evidence of the legality of their sources. Danzer Group also visits suppliers regularly with the purpose of verifying legality or when the company suspects non-compliance.
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