



**SUSTAINABILITY
REPORT 2020**
Bauwerk Group



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BAUWERK GROUP IN NUMBERS

1,641
Employees worldwide

40.0
Years average age

2.2%
Investment ratio

261.4
Mio. CHF
net sales

8.2 Mio
Square meters sold

46%
Share of female
employees

31
Different nationalities

46%
Equity ratio

11.9%
EBITDA ratio

0.8%
R&D ratio

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Brands

Editorial

Dear Reader

At the time of my last editorial we were at the onset of a global pandemic. 12 months later, this pandemic still impacts our communities and business a great deal. Within our group we unfortunately had 97 Covid-19 cases to be lamented by end of the year. Luckily, all our employees have recovered. However, we also learned a lot this past year as you will see throughout this report. Overall, I am very happy and proud of how we managed this challenging year of internal change and external uncertainties. And I want to thank all our employees for their engagement, flexibility and tenacity in these difficult times.

It's never the right time for a pandemic to hit, but in our case the timing was particularly challenging: at the start of 2020 we were waiting in the wings to roll-out our strategy to chase our new corporate vision to become the "innovative leader of natural, sustainable wood flooring". Although we could not start or drive all our key initiatives as planned, we still made considerable progress. For example, with our aspiration to make Bauwerk Group our "joint home" we achieved more than I would have expected a year ago. Paradoxically, the pandemic contributed in a positive way to bringing us closer together as a group. We further grew together as one company in dealing with the pandemic and at the same time following through on our strategy implementation and corresponding business targets. As part of our strategy – and in hindsight as a good reflection of standing together – we changed our name to Bauwerk Group. Even though Boen will no longer be represented in our group name, we will remain a house of brands and our customers will continue to see and feel us as Bauwerk and Boen.

Despite of a 6% decline in square meters sold, 2020 was financially speaking the best year in our group's history. For us, this is a clear indicator that our initiatives regarding efficiency and productivity are paying off. We are constantly improving our yield and reducing the amount of waste we create, both a financial and environmental win. Particularly in the beginning of the pandemic, we benefitted from drops in raw material prices due to an oversupply in the market. Also, we postponed non-urgent investment projects (see [financial statement 2020](#)).

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Some key achievements I want to mention: During the reporting year we expanded our ISO 14001 environmental management certification to our production sites in Lithuania and Croatia. Moreover, we started to implement our SPS efficiency and engagement program to Switzerland. Also, we introduced an intranet to distribute information and enable communication across our group to better fulfill our "joint home" commitment. And finally, our efforts in Croatia have been recognized and we are very proud about being awarded from the city of Đurđevac for our positive impacts on the community.

Although we justifiably shy away from predictions for the near future during these challenging times, I personally see a lot of momentum in our organization. First, the current pandemic and its causes show us as individuals and communities how important our physical health and – in a figurative sense – the health of our planet are. As a flooring company building solely on natural wood, we want to contribute with our healthy solutions and a stringent sustainability management. Second, as I mentioned, the pandemic brought us closer together as a group. Going forward we continue to build our "joint home" and to harmonize our processes and systems. Third, as much as we all look forward to meeting and greeting each other in person again, it is also evident that the frequency and form of cross-border business travel and social interactions will without a doubt change. At Bauwerk Group we embrace the smaller as well as bigger changes and challenge ourselves to find the best solutions for us a company as well as our stakeholders and the natural environment. *April 2021*

Some pictures in this report show employees with face masks. This is due to health prevention in connection with Covid-19. More details about our reporting can be found [here](#).



KLAUS BRAMMERTZ,
President and CEO

BAUWERK®
Parquet

 **BOEN**

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About Bauwerk Group

ONE GROUP, TWO BRANDS

Bauwerk Group is the second-largest parquet company in Europe and the leader in the premium segment. The group was formed in 2013 with the merger of Swiss Bauwerk Parkett AG and the Norwegian Boen AS. Bauwerk Parkett has produced parquet in St. Margrethen since 1946, at first solid wood parquet and now primarily two-layer parquet. Processing of wood at Boen can be traced back to as early as 1641 with two small sawmills in scenic southern Norway. Boen has produced parquet since 1956 and now focuses on three-layer parquet and sports floors made of wood. Kietaviškės in Lithuania and the bordering Russian province of Kaliningrad have been production sites since the 1990s. In 2016, the group continued to grow with the acquisition of a wood processing plant and sawmill in the Croatian town of Đurđevac. In total three sawmills and parquet production plants in Europe produce for both of our brands.

How we create value

We develop, produce and sell parquet. Our parquet is distributed by two brands, Bauwerk Parkett and Boen. Three-layer parquet, the main focus of the Boen range, can be installed in floating floor installation directly by professionals or experienced end customers. We primarily reach Boen end customers via wholesalers and retailers. Boen has a global presence and is particularly well established in the markets of Scandinavia, Germany, the United Kingdom, China, the Baltic States, Poland, Switzerland and the United States. In addition, Bauwerk Group produces wooden sports floors, since 2020 also under Bauwerk. The two-layer parquet mainly sold by Bauwerk Parkett must be professionally glued down. We reach Bauwerk end customers in particular through selected floor installers, but also through the company's own Parquet Worlds, showrooms in which interested parties can experience parquet directly in an inspiring atmosphere and receive advice from competent parquet specialists. The Bauwerk Parkett brand is particularly well represented in the Swiss, German and Austrian markets, as well as some other international markets with a tradition of floor installers. With the two brands, we have a complete range across all major sales channels and a presence in all key markets. In 2020, we sold 8.2 million m² of parquet – the equivalent of 1,150 standard

football pitches. We have centralized services from the procurement of goods via production to logistics and through to classic support functions such as HR, IT, TQM, R&D and finance. This provides great synergy potential in the purchase of raw materials, means of production and commercial products, but also in the broader use of our expertise from research and development. Also, we created an overarching marketing and sales organization to reflect our new corporate strategy.

Sustainability management at Bauwerk Group

As a wood-processing company, we have long been aware of our environmental and social responsibilities. We did not start from scratch but were able to build on past achievements. What is new, however, is our claim to consolidate our past growth, to establish the same standards throughout the group and to consistently anchor relevant sustainability aspects in our processes (see [management approaches](#)).

Several years ago, we set up a cross-functional Sustainability Committee to drive this process forward. It is chaired by our CEO. The heads of quality management, environment and safety management, HR, research and development, purchasing, and representatives of both brands are likewise part of the committee. In late 2019 and early 2020, we revised our vision and corporate strategy in a process which involved representatives from all departments. Our new vision is to become the “innovative leader of natural, sustainable wood flooring”. To put this into practice we defined a set of strategic initiatives ranging from production excellence to driving digital transformation and corporate (leadership) culture to sustainability. All initiatives are tracked monthly. Although there is one initiative entirely devoted to integrating sustainability and addressing risks and opportunities in connection with climate change, we also made sure that sustainability-related aspects are considered in every strategic initiative we lead.



Innovative leader
of natural, sustainable
wood flooring

VISION OF BAUWERK GROUP

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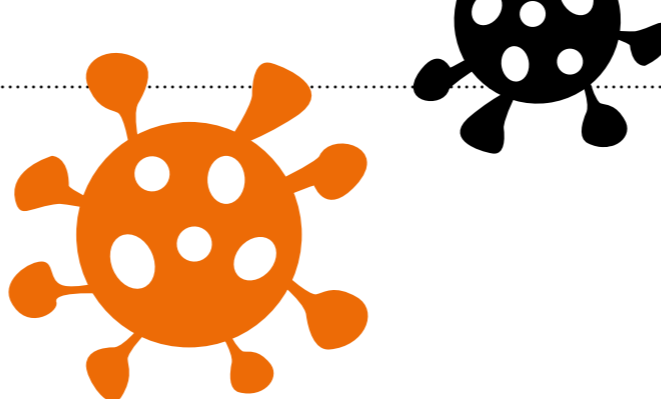
DEALING WITH COVID-19

The global Covid-19 pandemic reached us when Croatia, Lithuania, Russia and Switzerland, our countries of production, all reported their first national cases within just two consecutive days in late February 2020. Luckily, we had become aware of the coronavirus at a very early stage. Our sales office in Hong Kong served somewhat as an “outpost”, so that we had been discussing the topic already mid-January of the reporting year. At the beginning of February our Chief Human Resources Officer wrote the first edition of what was to become the group’s Covid guidelines. From the very beginning we followed a “glocal” approach – meaning we introduced global guidelines which were adapted to the local context. While the first guideline was full of recommendations, its later editions became more stringent week by week. By the end of 2020, we had published 13 versions of our internal Covid guidelines.

Moreover, we soon created a directory with all relevant people to contact in case of suspected cases and kept a logbook where we listed all cases, isolations and quarantines. In addition, we shared a template with all preventive measures being taken in all entities of the group. Although our group stayed completely Covid-free until October 2020, which was possible only thanks to the high level of discipline and solidarity among our employees, we unfortunately had 97 cases to be lamented by end of the year. Luckily, all our employees have recovered.

What had started as a one-man show quickly turned into a virtual task force with representatives from all subsidiaries. This group met on a regular basis depending on the current situation in the different countries. Furthermore, our group task force was complemented with local task forces.

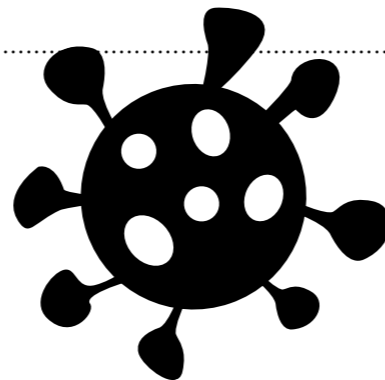
Looking back to 2020, the crisis paradoxically brought us closer together – and still does. Experience showed that when the purpose and underlying reasons for specific precautionary measures were explained our people responded supportively and graciously. Despite this positive interim conclusion, we will have a closer look at our crisis management in our 2021 employee satisfaction survey.



“Our key success factors were employee trust – built up in the past decade, clear and coherent communication and a strict enforcement of our rules.”

Edita Morkūnienė, Director Human Resources and Covid task force leader, Lithuania

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Production with precautions

Throughout the pandemic we were able to keep our day-to-day business up and running. As the first wave of the pandemic coincided with a decrease in orders, we had to reduce the number of shifts at times. However, step by step we increased our capacities depending on the market demand over the course of the reporting year. At all our production sites we introduced a back-up scheme for critical functions to make sure that people with the same skills were not working in the same shift. For all shift changes, we made sure that people from different shifts would not cross their ways in our entities. Furthermore, we created sectors with separate entries and exits in the production halls and the break rooms. We also asked our workers on the shop floor to already change into their working clothes at home.

Handling the supply chain

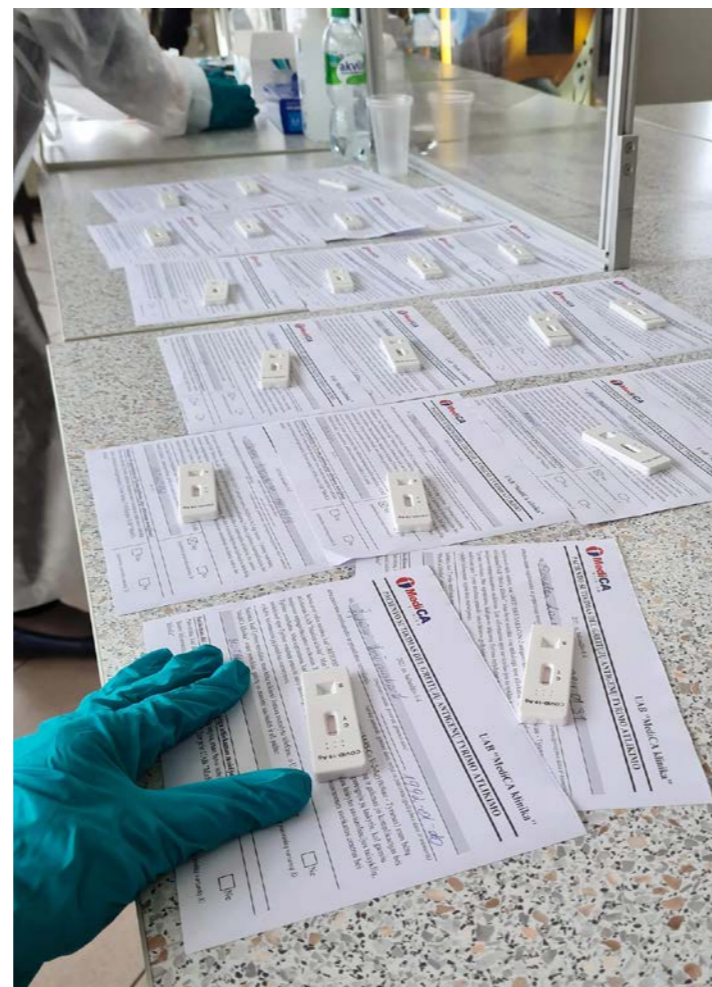
In the early stages of the pandemic the supply of raw material was a challenge. From one day to the other borders were closed and the supply situation was unstable. Gladly this situation resolved fairly quick as the countries in question made arrangements for cross-border transport. We also introduced special guidelines and procedures for our logistics partners. In Lithuania, truck drivers were not allowed to exit their vehicle during unloading or loading of goods. Required documents were checked at a special window and it was required to book a delivery window online. Moreover, we informed our suppliers proactively about cases on our premises so that they would not find out about them indirectly via third parties or the local newspapers.

Office work – same but different

Key office workers, including the members of the management team and their deputies, were not allowed to meet in person anymore. Whenever possible, we used online tools for our meetings and promoted remote work. During the two waves, practically all administrative employees worked from home.

Short-time work wherever reasonable

During the pandemic many governments offered crisis management measures to support the local economy. Whenever necessary and reasonable we introduced short-time work. The only exceptions were Croatia, Russia, Sweden and the United States, where such a concept did not exist. However, Croatia granted Covid-19-related subsidies on the condition that all our people were kept employed, which we fortunately could fulfil as we had enough orders to keep production running. Employees on short-time work were compensated with 80% of their regular salaries. In countries where the official level was below that, we increased it to initially 80% and to almost 100% with a second payment to guarantee equal treatment across the group.



Communicated and enforced rules

To inform our employees in a timely manner we used different communication channels. Starting in autumn 2020 we used our newly established intranet and additionally the “wefect” mobile application that had been introduced in 2019. All employees from the production lines who work without computers were informed during their breaks. For that reason, we installed TV screens at our biggest site where the most recent information and guidelines were presented in loops. For the sake of reaching our employees outside the factory gates we asked our employees for a private e-mail address. Finally, to support people and address their fears appropriately, we also introduced employee hotlines run by the local HR managers at all production sites.

Although communication and trust are key in crisis times, they are not sufficient. We realized early on that in order to keep up our rules they needed to be enforced. Consequently, we regularly performed audits and did not shy away from taking decisive actions in case of severe violations of Covid-19 rules.

Testing in Lithuania

At our production site in Lithuania we measured our employees' body temperature upon entering the premises. Initially it was a security guard's job. At the beginning of winter, we set up a completely automatic temperature scanner where employees would simply walk through. In case of elevated temperature after two consecutive measurements the employee was sent home as a precaution.

Moreover, to start as safely as possible after Christmas 2020 we tested our complete workforce in Kietaviškės with an overwhelming participation rate of 100% – a strong sign of trust. “This kind of trust does not build up in a couple of weeks – it instead takes years to grow, for which our culture of truly involving people is the foundation”, explains Artūras Šumakaris, Vice President of Operations, with conviction.

“Everyone was aware that their individual behavior has an impact on the collective. It is about protecting the colleagues to your right and left.”

Marko Osmanović, Head of TQM, Croatia

“Thanks to a swift response and our ‘glocal’ approach that included clear guidance but left room for local adjustments, we were able to steer through this pandemic without excessive individual suffering so far”

Michael Kummer, Chief Human Resources Officer

VALUE CHAIN BAUWERK GROUP 2020



Purchasing

We purchased **191,054 m³** of wood (incl. HDF) to produce parquet.

96% of hardwood purchases for top layer production are oak.

49% of our wood purchasing, incl. HDF, is FSC™ and PEFC® certified.

21% of our wood demand was covered with wood from our own sawmills.

In 2020 we had **232** active wood suppliers.

- Emissions & climate change
- Occupational Health and Safety
- Anti-corruption

Product Development & Production

We have invested **0.8%** of our turnover in product development.

In fall 2020, we successfully included our two high-volume production sites in Croatia and Lithuania into our environmental management system according to **ISO 14001**.

Our internal VOC emissions in Switzerland remain at a very low level of **5.4 tonnes**.

In April 2020, our production site in Croatia, received the Sveti Juraj prize for outstanding achievements for the local community of Đurđevac.

- Emissions & climate change
- Ressource efficiency
- Occupational Health and Safety
- Employee motivation
- Customer health and safety

Sales

We sold **8.2 million m²** of parquet – the equivalent of **1,150** standard football pitches.

481 installers attended training courses in our Bauwerk Academies in several countries and **428 end customers** were trained in cleaning and maintenance workshops.

With a total of **17 Bauwerk Parquet World** stores in four countries, we advised **thousand of end customers and architects**.

We trained **1,299 commercial customers** in the BOEN Academy.

In addition, we offered training courses for **273 customers** of our trading partners.

- Emissions & climate change
- Employee motivation
- Customer health and safety

Impacts

The most important impacts of our business activities on the environment and society across the entire value chain.

For more details see [our management approaches to material topics](#).

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Action area

HEALTHY SOLUTIONS

As individuals we spend 80 to 90% of our lives indoors, inhaling and exhaling ten to twenty cubic meters of air a day. Although today's nearly airtight buildings make sense from an energy point of view, the ventilation systems needed are questionable in terms of healthy living. Wood is a natural material. In parquet production, glues, lacquers, colors, stains, oils as well as cleaning and care products are applied during installation and the subsequent use phase. If improperly developed and applied, these may cause emissions that impair indoor air quality and a healthy living or working environment during the hardwood floor's service life. With our brands Boen and Bauwerk Parquet, we stand for parquet of high quality that is harmless to health. To meet the high quality demands for both of our brands, we rely on continuous investments in product development, credible certificates, and targeted information and training for installers and (end) consumers.



Our future priorities

The consistent elimination or substitution of potentially harmful substances during gluing, pressing, surface treatment and in the development of (home) cleaning and care products continues to be one of our focuses in our group-wide innovation efforts.

For more details, see [our management approach to customer health and safety](#).



SENTINEL HAUS
INSTITUT



Our brands' certificates

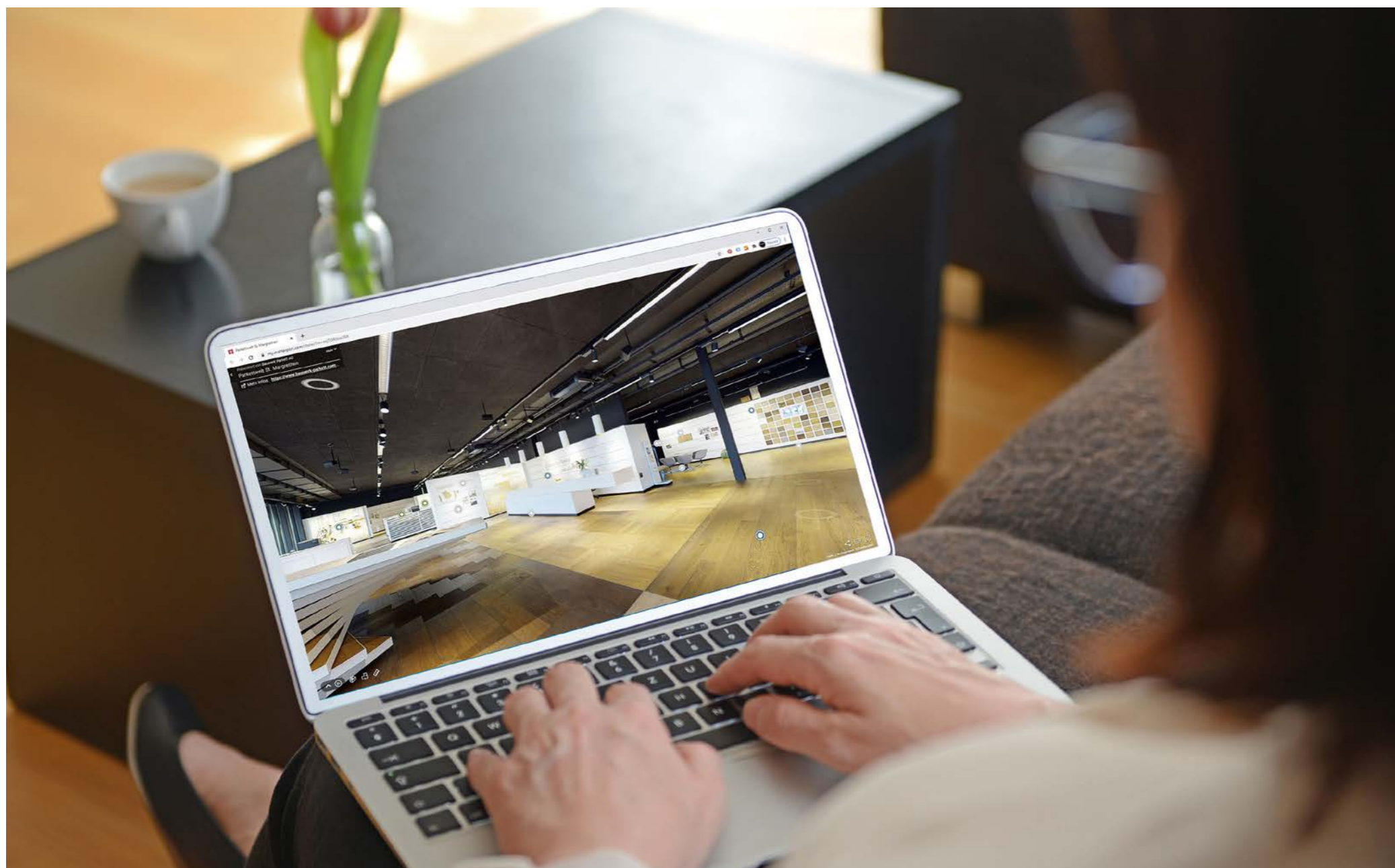
Boen parquet products have been awarded the Blue Angel label. Products with this seal of quality contain very low levels of emissions in order to ensure a healthy indoor climate. With a few exceptions the entire Bauwerk Parquet range is certified according to the high standards of the Sentinel Haus concept. For individual products, Bauwerk Parquet goes well beyond this standard. The products in the two-layer range meet – also with very few exceptions – the strict requirements of the eco-INSTITUT label. This guarantees quality control through regular independent laboratory tests for harmful emissions, ingredients and odors. The label safeguards good air quality in public and private buildings. The Cradle to Cradle™ certificate is also of special importance for the Bauwerk brand. It is based on the “from cradle to cradle” design principle. We are the first wood flooring manufacturer to be awarded the Cradle to Cradle Certified™ Gold certificate for all sound reducing Silente parquet floors of the Bauwerk brand. Such glued down two-layer product can be reused entirely after use without any negative environmental impact.

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100% NATURAL PARQUET

14.2% of the parquet sold is certified according to Cradle to Cradle Certified™.





VIRTUE OF NECESSITY

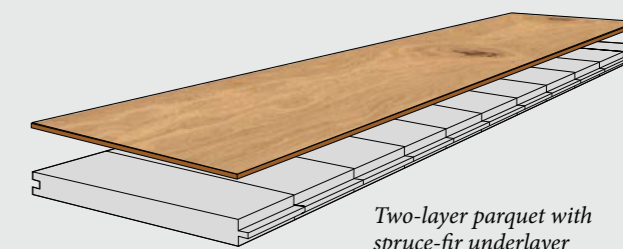
“We were already looking forward to January 2021, when the BAU fair in Munich was supposed to take place. Such a huge event always takes a lot of time for preparation. But the closer we got to summer 2020, the lower the likelihood that it would become a reality,” says Finn Roger Opedal, Vice President Marketing. Additionally, many of our group’s showrooms remained closed for weeks if not months. So how do we present our novelties and maintain relationships without mee-

ting any of our customers? It all began with 3D scanning one of our showrooms. “We wanted to offer a 360° walk through our ‘Parkettwelten’ and Boen showrooms,” explains Finn Roger Opedal. During their “visit” our customers can browse through our assortment and get inspiration, product-specific information and videos as well as recommendations for installation and maintenance. Moreover, the customer can get in touch with us, order brochures and samples or set up a Covid-safe appointment. As this process took time – our virtual showroom was not inaugurated until February 2021 – we were lucky to build on strong ties with

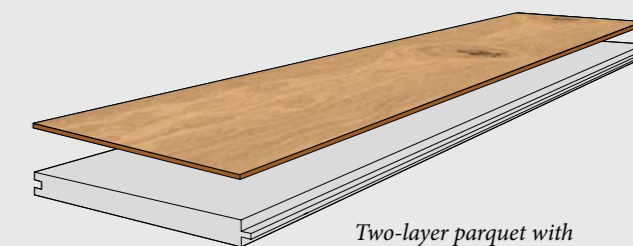
customers who know and value our qualities. In hindsight, the development of our virtual showroom was also a catalyst for cross-brand cooperation. To accomplish all of this we needed the creativity, agility and brain power of every person involved from both brands. “It was a thrill to see how it worked out with one overarching marketing organization,” adds the new group-wide Marketing Manager enthusiastically. “We worked jointly to find a solution that benefits both brands. This is also the aim of our new strategy. And the creation of the showroom was proof that we made Bauwerk Group our joint home.”

OUR TYPES

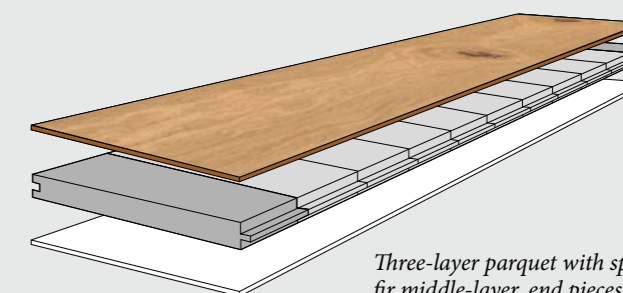
We are specialized in two-layer and three-layer parquet. We also sell a small amount of parquet from solid wood – less than 2% of our parquet sales.



Two-layer parquet with spruce-fir underlayer



Two-layer parquet with HDF underlayer



Three-layer parquet with spruce-fir middle-layer, end pieces out of wood-based panels and spruce-fir underlayer

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Action area

PROTECTED ENVIRONMENT

Our business revolves around wood: from purchasing and processing to sales and maintenance. As a wood-processing company, we also use energy and water, and our business activities generate greenhouse gas emissions and waste. Our wood waste is partly burnt at all production sites to generate heat. The remaining wood waste is either used for pellets production or processed into and sold as briquettes. To systematically record and control our environmental impacts, we use an environmental management system. In our production site in Switzerland, we have been operating an Environment Management System according to the ISO 14001 Standard for over ten years. During the reporting year we successfully expanded it to our two production sites in Croatia and Lithuania. Our subsidiary in Kaliningrad, Russia, is set to be integrated in the midterm. We also continue to expand our group-wide environmental, safety and compliance data management system. Our three key environmental focus areas are responsible procurement of wood and wood products, efficient use of our resources, and reduction of our greenhouse gas emissions. To preserve our raw material quality and improve our grading yield, several projects, initiatives and investments were successfully implemented in 2020 and will be continuously improved.

For more details, see [our management approaches to resource efficiency as well as emissions and climate change](#).



BROADENED ROOTS

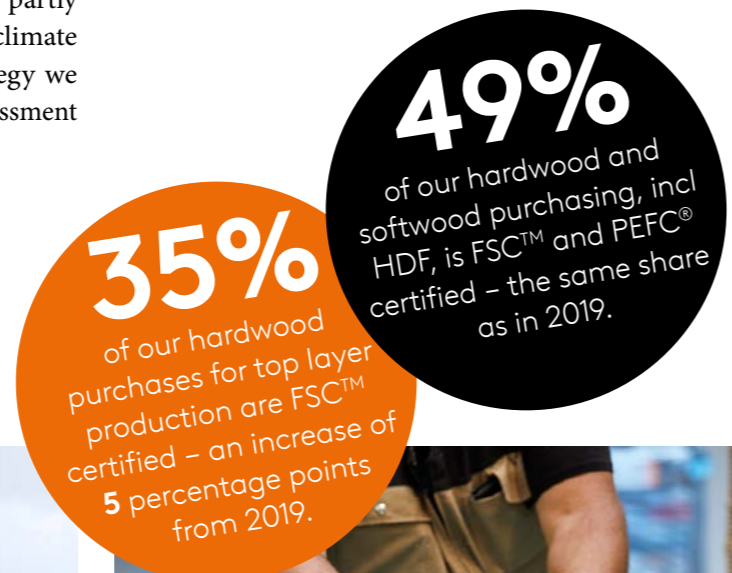
In fall 2020, we successfully included our two high-volume production sites in Croatia and Lithuania in our environmental management system according to ISO 14001. “In Lithuania we involved almost every department and the preparation for ‘audit day’ already started two years ago,” says Steffen Wöhrle, Manager of Group Environment and Safety. One year prior to the official audit, we started with internal audits to identify all gaps which needed to be closed during 2020. As our production site in Switzerland already underwent the whole certification procedure several times, we could build on a strong foundation and expertise. “However, a system like this must be adjusted to the local context. We did not want to create a paper tiger to simply please the external auditor,” stresses Steffen Wöhrle. Rather, a management system should help us in our daily business routines and to meet our strategic goals while at the same time to be true to the norm. “We certainly achieved this target,” Steffen Wöhrle says. Of course, it is not done without any documents, but our sites kept it to a minimum.

To have the buy-in from the local employees, Steffen Wöhrle opted for a train-the-trainer approach. He provided the local representatives with the framework but also left enough room for individual ideas and methods. In retrospect, the fact that we did not involve external assistance and internal audits were performed by local employees was a key success factor. The acceptance was much higher, as our own people were supporting the employees from the different departments. This is something that Neringa Mašalaitė, Environmental Specialist, experienced at first hand: “Some people needed a bit more care than others, but one thing was the same for all: You always need to speak the language of the addressee.” The internal auditors had been talking to some employees and even the most skeptical ones have started to realize that it is not about finding gaps, but rather about improving our current system. We embraced new approaches during the internal audit because we have started to rethink and question processes that remained unchanged for the past years. Even though the production site in Croatia is already included in our renewed ISO 14001 certificate, the official external audit will take place in 2021.

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Our future priorities

Our environmental and resource management is focused on continuous improvement. We are working at all sites to increase our resource efficiency and reduce our greenhouse gas emissions. In the latter case, we further invest in data availability and transparency. As for logistics, we are strengthening direct shipments and combined transports (see “Transparency not yet around the corner”). In addition, for our three main production sites solar power projects are in planning and will be partly put into operation during 2021. To further include climate change and its various impacts in our business strategy we will develop a roadmap during 2021 with a detailed assessment of our opportunities and risks.



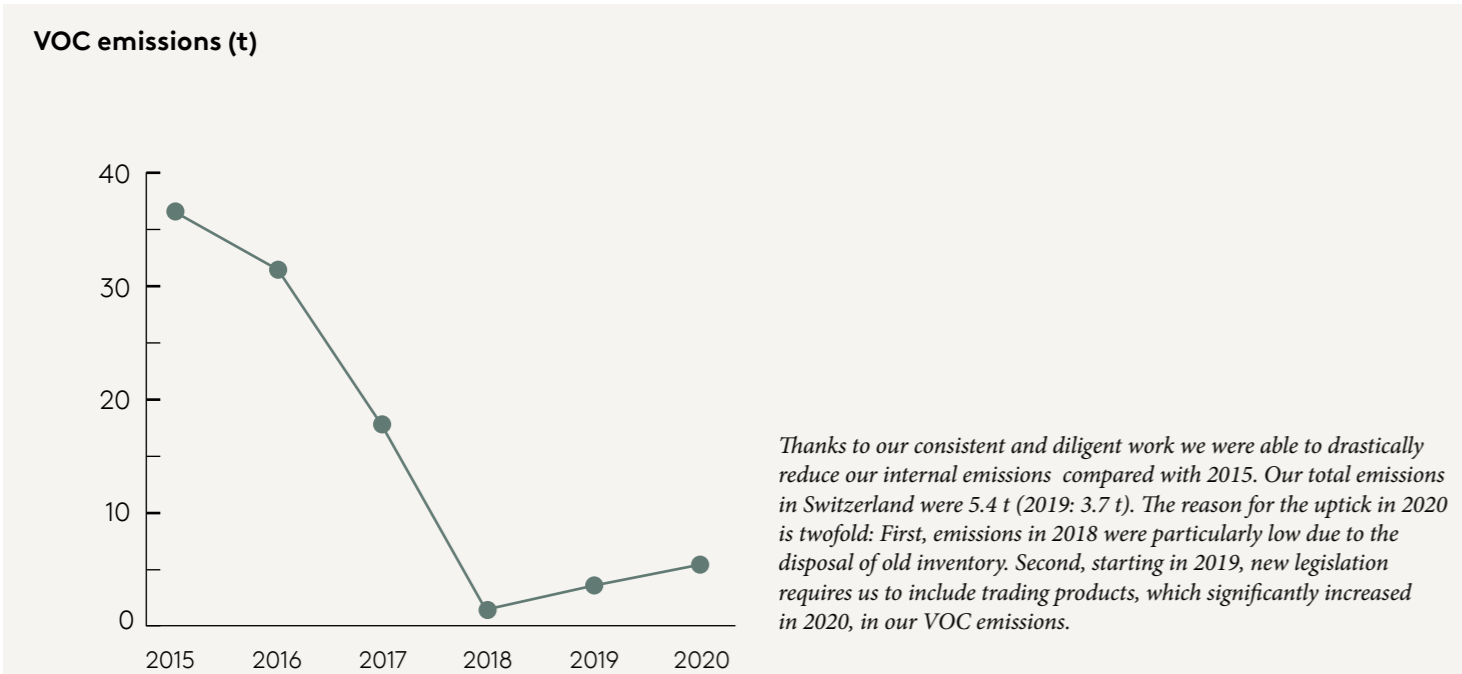
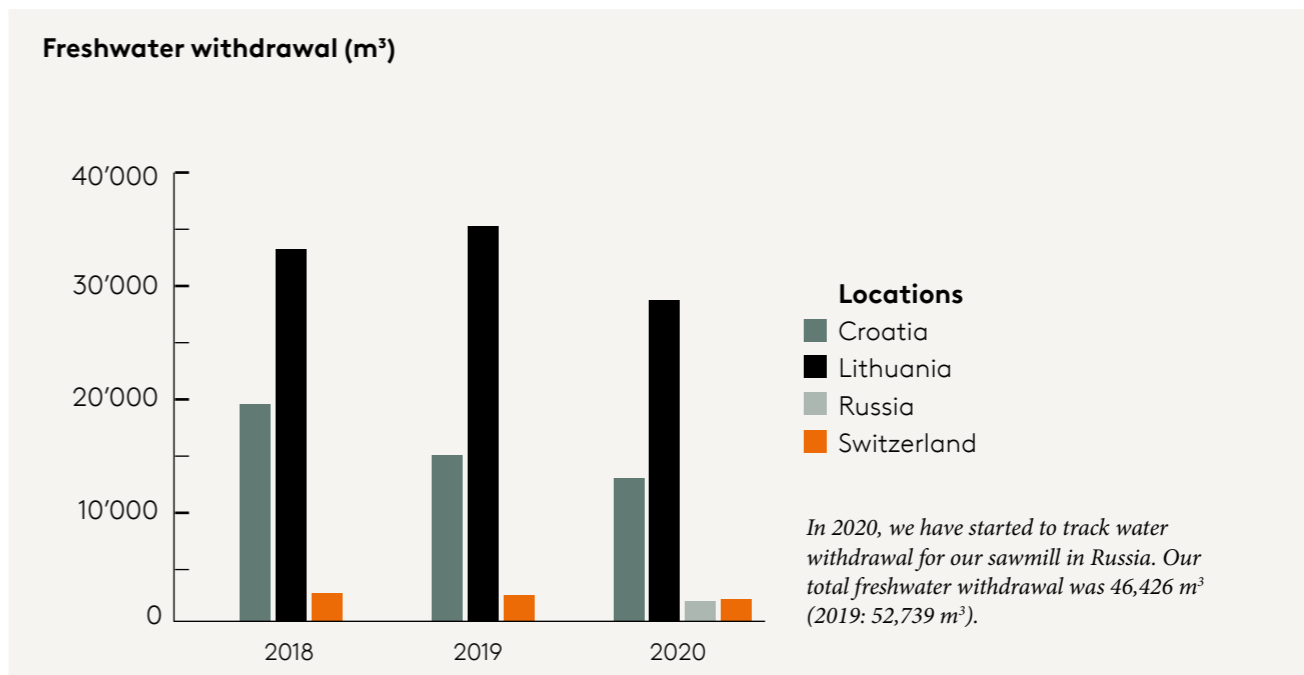
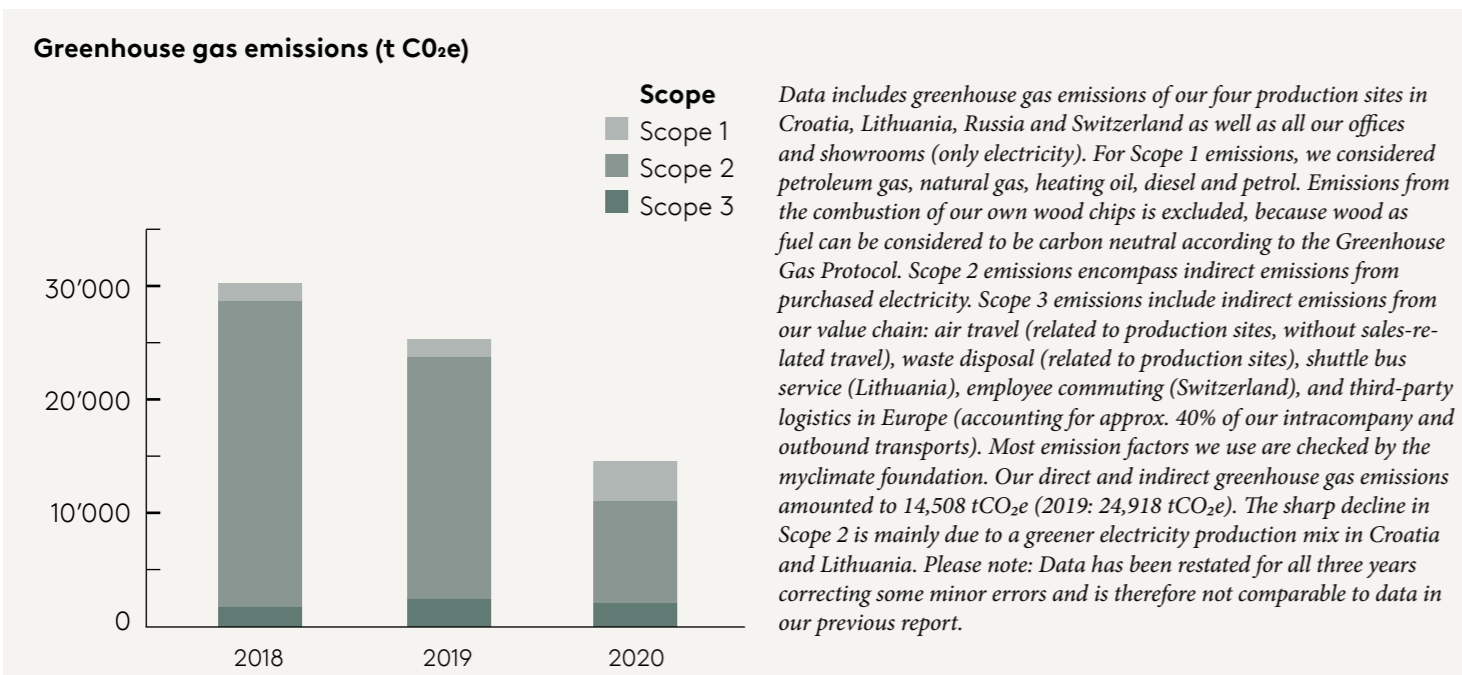
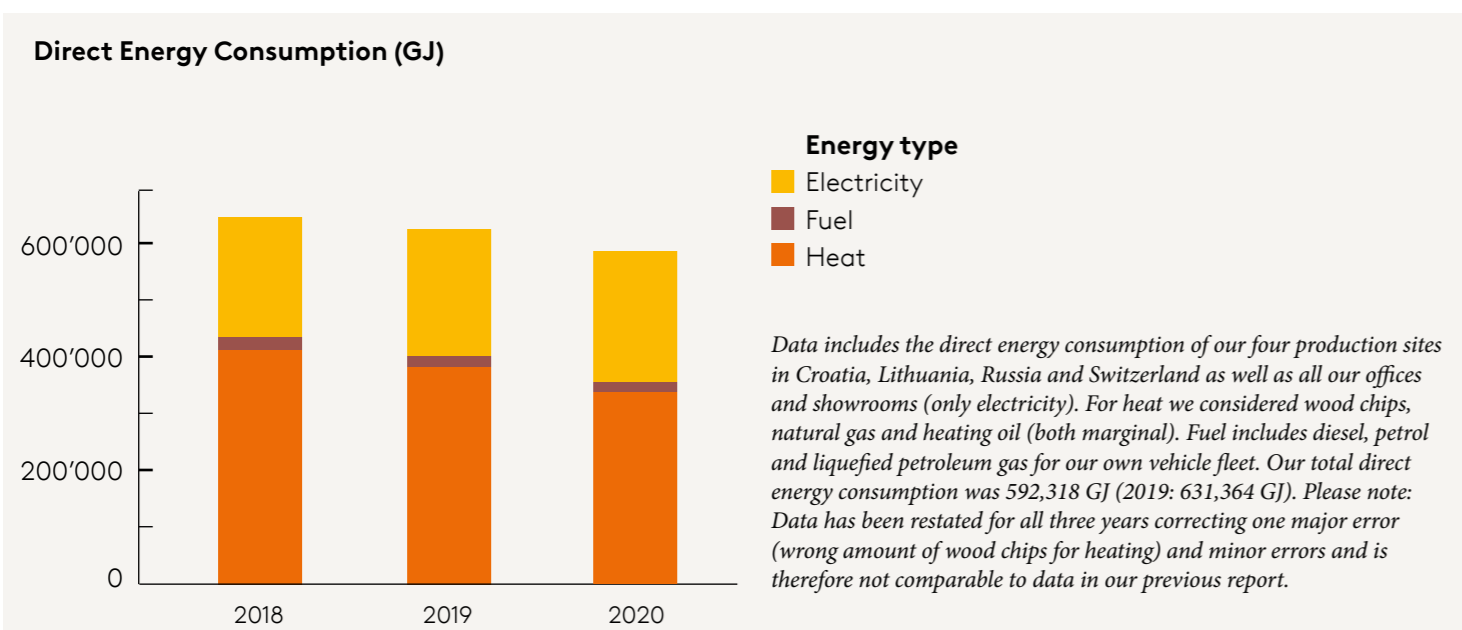
TRANSPARENCY NOT YET AROUND THE CORNER

Our final objective remains: we want to reach full transparency regarding greenhouse gas emissions linked to the logistics of our products – be it raw materials or production goods to our production sites, intercompany transport from production to warehouse, sourced trading goods to warehouse or outbound logistics from warehouse to wholesale or installation partners and customers. Based on what we know so far, this is a noble goal. “Data availability and quality remains our key challenge as we do not get the appropriate metrics from all our logistics providers,” explains Jörg Holderegger, Director Group Logistics. “Nonetheless, we made considerable progress in mapping out our transports from an emissions point of view.”

Although the pandemic partly slowed down cross-border transport, we continued unwaveringly to develop our direct shipments (see previous reports). In 2020, the Logistics Department has forced the pace of direct shipments from both high-volume production sites in Croatia and Lithuania. Out of Đurđevac, we service selected wholesale customers in Europe, Middle and Far East directly. These direct transports accounted for 33% of all transports of finished goods from the Croatian site (2019: 13%). Moreover, wholesale customers in Scandinavia and central Europe received more parquet directly from Kietaviškės during 2020. For Scandinavia, predominantly Norway, we shipped 38% directly (2019: 33%). And for key markets of Central Europe we are already at a very high rate of 85%, 10 percentage points higher than 2019. Our group’s key market Switzerland is served mainly from our warehouse in Berneck in the proximity of our production site in St. Margrethen. This is to provide the required 24-hour delivery service from stock and to guarantee for the highest flexibility. Although planned for the near future, we do not yet ship finished products directly from the Swiss production site. Finally, we made progress with our combined road-sea-road transports. From Lithuania via Trelleborg, Sweden, to our warehouse in Norway we forwarded 52% of our finished goods (2019: 46%). And our route from the port of Rijeka, Croatia, to our warehouse in Tveit, Norway, accounted for 100% (2019: 68%). “As much as I am content with our improvements, I still see a lot of potential to push our group wide Logistics partners and us toward that envisioned transparency,” concludes Jörg Holderegger.



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MOTIVATED EMPLOYEES

Across all levels and functions, our employees are the key success factor for Bauwerk Group. To make a geographically spread-out business with a complex supply chain work with a rather small number of employees, the company requires knowledgeable, dedicated and entrepreneurial people throughout the whole organization. As an employer, we bear responsibility for the health and well-being of our employees. Accidents, simmering dissatisfaction or conflicts lead to both efficiency losses and reputational risks. At Bauwerk Group we are convinced to have that right people who want to make a difference. Our employees strive to create value and become better every day. This conviction guides our approach to employee and leadership development overall and is the reason why high employee participation and engagement is key.

For more details, see [our management approaches to employee motivation](#) as well as [occupational health and safety](#).



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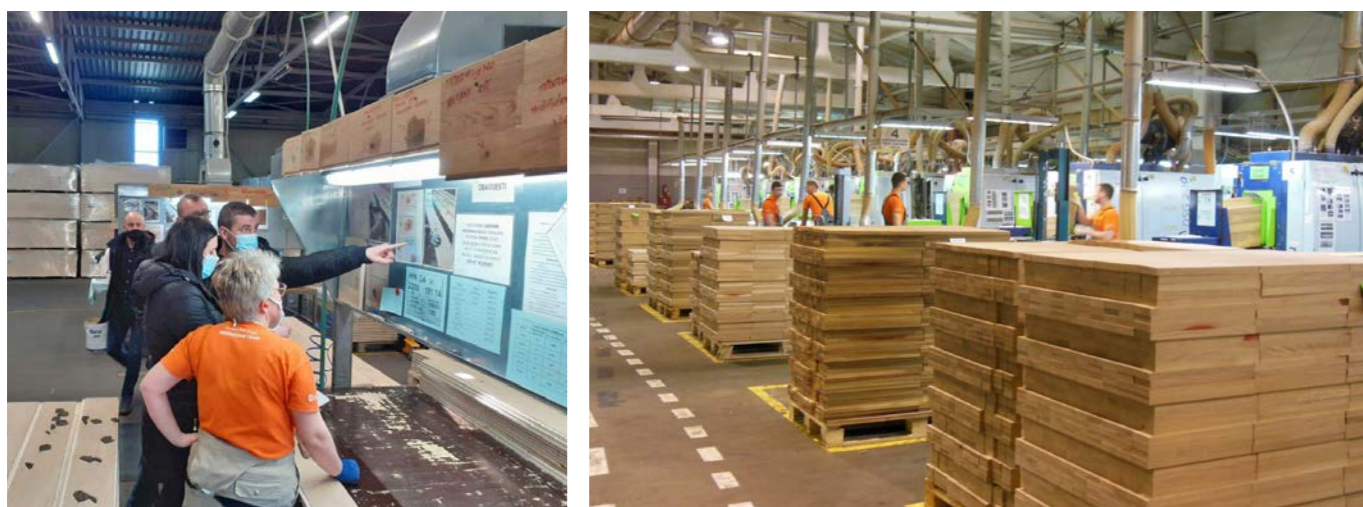


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SUCCESS STORY CONTINUES

“It is all about getting better,” explains Boris Poklepović, our SPS coordinator in Croatia. SPS groups have been very successful in Lithuania for over a decade. They provide an outlet for bottom-up activities by our employees to continuously improve our products and processes. So what experiences have been made at our site in Croatia since the roll-out in 2019? “In my opinion, SPS is something that cannot be decreed top-down. It is rather something that needs to be embraced by every employee on the shop floor. Only then will they perceive the vast potential for improvement in their day-to-day work,” states Boris Poklepović. He even compares it to an attitude of faith of which one is fundamentally convinced.

After two years everyone has experienced light bulb moments and significant improvements. Consequently, SPS is known as “Budi Bolji” (Be Better) at the production site in Croatia. The success is also reflected in our numbers: in 2020, we managed to save a six-digit amount thanks to SPS initiatives. In particular, we increased efficiency by improving the organization of processes, space and grading controls in our sawmill. Moreover, we improved quality and shortened drying times in our kilns and successfully implemented technical improvements to increase production capacity. These achievements and insights from Croatia will help us in the roll-out in Switzerland, which started slowly during 2020 due to Covid-19. However, SPS is not a one-size-fits-all solution. It needs to be embedded in a manner that is very conscious to the local context. This might be key in St. Margrethen, which due to its proximity to Austria and Germany is a border triangle. Each of the locations has its own strengths and weaknesses, which is also the reason why there is no right or wrong in picking the tools that fit best out of the wide-ranging SPS toolbox.



AN OASIS IN THE FRONT YARD

“Of course, we are curious to see what it will look like when it finally starts to bloom,” explains Marcel Zillig, Manager of Technics and Projects in St. Margrethen, adding with a grin: “The seed mixture we used for our park contained 50% flower seeds and looked promising in the catalogue.” Ever since our company moved pre-manufacturing of raw material from Switzerland to Croatia several years ago, the former timber storage space and its roof was no longer in use. Already in 2019, a group of motivated employees from the production team voiced their interest in creating their own recreational park in the front yard. Between spring 2019 and summer 2020 the self-proclaimed “flower bed brothers” transformed 2,500 m² of fallow land into a park which creates a habitat for native flora and fauna, not to mention a kestrel on the silo building. Moreover, it offers our employees a space where they can eat their lunch or meet up for a coffee break.

Our “brothers” went to work during their spare time, and the company bore the cost for the building materials. The construction machines and the soil for the landscaping were provided from a local construction company partly in return for the dug-out gravel. Our employees also sought assistance from a local environmental protection organization to create the park as close to nature as possible. In addition to native shrubs, seven trees were planted. “The choice of tree species was not random,” explains Patrick Signer, Plant Director. “We wanted to create a direct link to our parquet, giving the visitors a better understanding of the origin of our product.” A stroll through the park can be perfectly integrated into the small tours of our production site which we usually begin with when presenting our company. Although the park was formally opened in summer 2020 during a small celebration, visitors will only be allowed into the park once the pandemic is over. “We can’t wait for our visitors to see what oasis we’ve created,” adds Marcel Zillig.



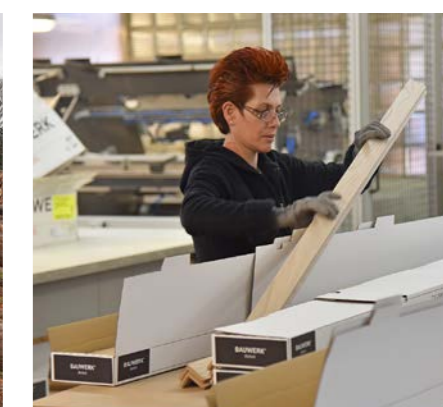
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TRAINING ON DEMAND

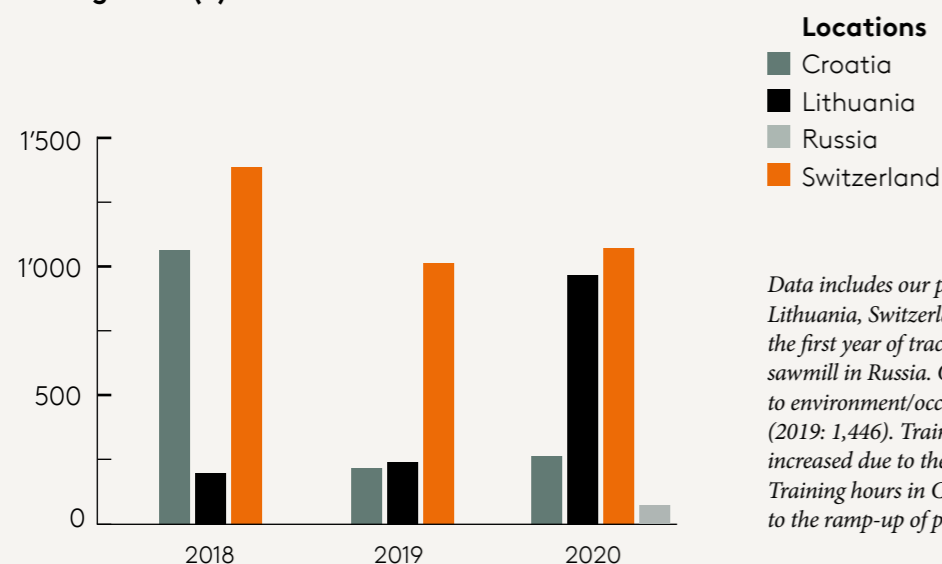
Training a workforce consisting predominantly of blue-collar workers has always been a challenge as training sessions usually interfere with production. To teach our employees the required information we used to stop production for two to three hours so that we could hold a lecture-like course for a complete department. That is about to change: “Our aim is to become more agile in terms of employee development and training in particular,” says Michael Kummer, Chief Human Resources Officer. Making customized knowledge available to our employees whenever they need it and have time to acquire it is key. With a shared laptop for each production department, employees can attend the relevant training sessions when it fits their schedule.

This goes hand in hand with our efforts to harmonize policies and guidelines within the group. By the end of 2020, already six different learning modules were implemented in Lithuania, where 864 people work in production: Fire-fighting, data protection, environmental protection, customer service, safety at work and employee onboarding. Edita Morkūnienė, local Director of Human Resources, likes the engaging manner of it: “It is almost like a game where you feel compelled to challenge yourself.” At the end of each learning module, the employee will be tested on the content just learned. This function brings another advantage: In Lithuania we have training mandated by the state, which we now conduct on our platform.

Such a shift to digital tools comes with pitfalls, reckons Michael Kummer: “I do not want our leaders to delegate training fully to the e-learning platform.” And Edita Morkūnienė doubles down on this: “Interaction with other colleagues will remain very important as we can learn so much from each other’s experiences. This cannot be transformed into a tool – neither today nor tomorrow.” After the full roll-out in Lithuania we will introduce the e-learning platform at our sites in Switzerland and Croatia. We aim to have all relevant group policies on the platform by the end of 2021.



Training hours (h)



Data includes our production sites in Croatia, Lithuania, Switzerland and Russia. 2020 was the first year of tracking training hours for our sawmill in Russia. Our total training hours related to environment/occupational safety were 2,316 (2019: 1,446). Training hours in Lithuania could be increased due to the roll-out of digital HR trainings. Training hours in Croatia were higher in 2018 due to the ramp-up of production.

weffect⁺

Our user-friendly engagement web platform – weffect – is accessible for all our employees:

- In 2020, about 120 colleagues shared about 1,000 actions and contributions.
- In the reporting year we saw big differences in the usage depending on attitude, culture and locality.
- The trend goes towards smaller topical interactions, for example on Covid-related actions or the year-end sales race, which have been accepted very well.

MUCH MORE THAN A BADGE

In April 2020, our production site in Croatia, received the Sveti Juraj (Saint George) golden badge. A public prize for outstanding achievements awarded by our “home town” of Đurđevac. This external recognition gives us great pride as our holistic contribution to the community is appreciated, not to mention that we were in our ramp-up phase. Thanks to our excellent production results and the increase of employees we could give something back to our community. “This award definitely does not mark the end of our journey,” explains Igor Benaković, Operations and Managing Director. “Rather it is confirmation that we – as the youngest Bauwerk Group family member – are on the right track with our actions.”

When we started in Đurđevac, we had a lot of difficulties finding new employees and further experienced significant fluctuation. “It felt as if the pool had been drained,” adds Igor Benaković. Particularly young men were leaving the rural parts or even the country in the hope of finding better perspectives elsewhere. We continue to do our fair share to increase the attractiveness of our region for the people who live here. “I see it as our responsibility to showcase that this is a place with a bright future,” says Igor Benaković. Moreover, our internal efforts to strengthen cohesion within and among teams, leadership and engagement from the bottom up (see “Success story continues” and the story in our previous report, “Employee retention task force”). We invite our employees to grow

with us; we are interested in long-term relationships. At the end of 2020 we set up an additional shift in one of the production halls. Consequently, we needed to increase our workforce by 10%. Fortunately, unlike a while ago, we found suitable employees in short time. Clearly the Covid-19 pandemic played some part in this. However, we also see this as a sign that all our efforts are paying off and that we are recognized as an attractive employer in the community.

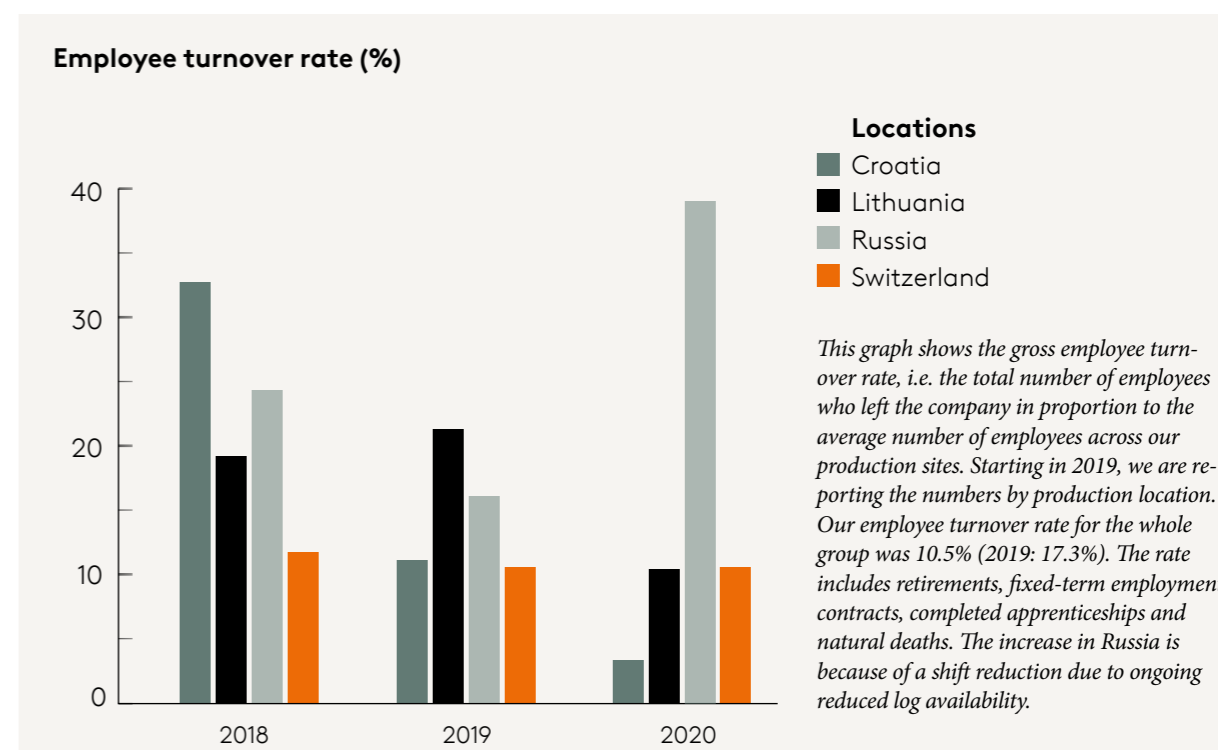
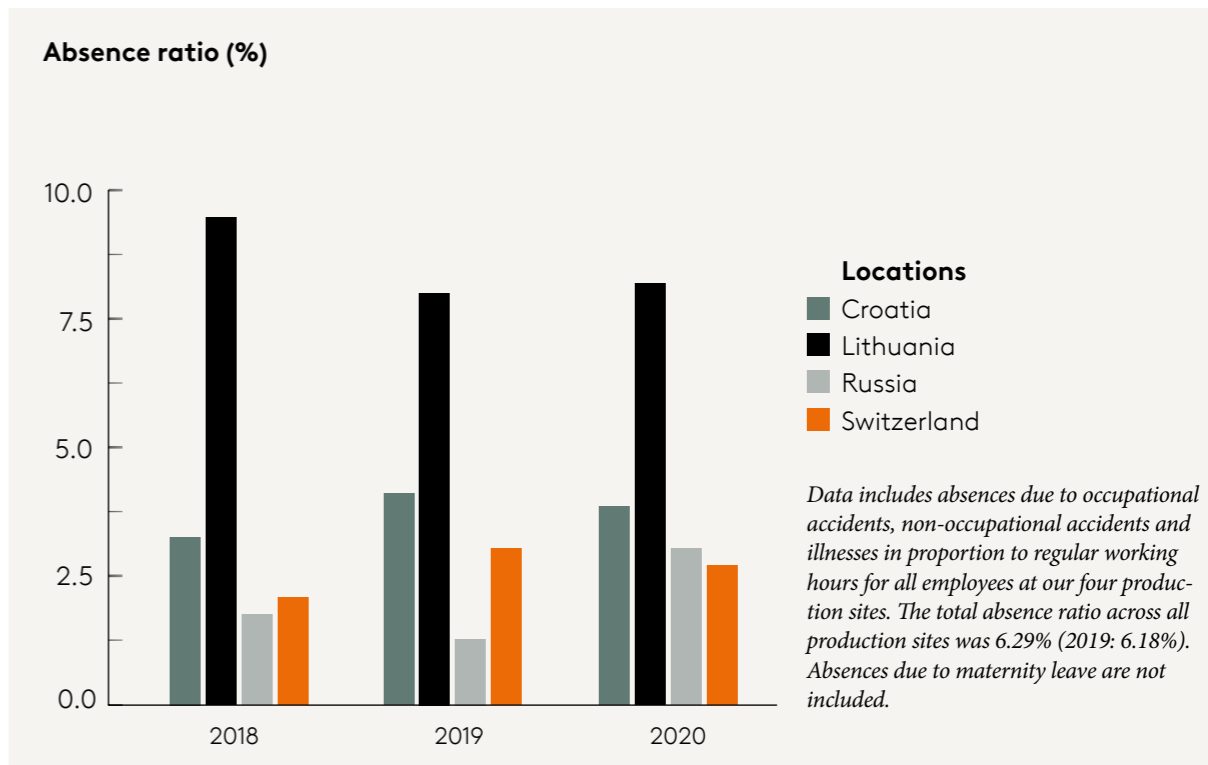


Our future priorities

After replicating SPS groups and their underlying principles from Lithuania to Croatia in the last two years we will proceed in Switzerland in 2021. One of the key initiatives of our strategy relaunch is “Making Bauwerk Group our joint home”. We initiated a human capital controlling project with the purpose of filling the gap of reporting derived from non-harmonizable personnel management systems. Moreover, we are continuing to strengthen our efforts of broad employee engagement with our “weffect” smartphone app. In 2021, we will conduct our next group-wide employee satisfaction survey to obtain once again broader feedback on our efforts in keeping our employees motivated and satisfied. The group-wide certified occupational safety management system has been and is being further implemented.

66%

OF OUR OPEN MANAGEMENT POSITIONS HAVE BEEN FILLED WITH INTERNAL CANDIDATES DURING 2020.



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Action area

FAIR BUSINESS

Our stakeholders rightly expect us as suppliers of high-quality parquet to behave in an exemplary manner regarding fair business practices. We are, however, quite exposed to potential corruption, as most of the countries where we source and process most of our wood score low in Transparency International's Corruption Perceptions Index (see [2020 rankings](#)). Those rankings are not just abstract figures but are also reflected in our day-to-day work experiences. In the procurement of raw materials in particular, different shades of corruption continue to be the order of the day. It is precisely there that a strict stance against corruption is associated with economic disadvantages in certain situations.

We have a zero-tolerance commitment set out in our group-wide anti-corruption policy. Anti-corruption is a key focus at Bauwerk Group, embedded in employee/management training, performance appraisals, and as a fixed item on the agenda of (extended) Management Team meetings. During the reporting year we finalized the setup of our central EHS data collection and management tool, which features compliance information and data, for our main production sites. Our commitment to fair business also extends to our relations with the local communities where we operate.

At the very end of the reporting year one potential corruption case was identified by a whistleblower. Investigations are under way with the support of an external auditor. One potential case could be prevented thanks to our whistleblowing channel.

For more details, see [our management approach to Anti-corruption](#).



NEED FOR TRANSPARENCY ON THE RISE

The past two to three years, we have seen a significant trend towards more transparency in the field of sustainability. This is driven both by new regulations and a growing push towards integrating sustainability into business practices across all sectors. Our sector is no exception. "If anything," says Klaus Brammertz, CEO, "we experience that with the ongoing pandemic, health as well as sustainability issues have attracted more of our stakeholders' attention." He stresses: "This includes our customers explicitly." It comes as no surprise that our two brands and the group increasingly share information about our company's and brands' many footprints to external parties. Moreover, larger individual customers operate their own supplier evaluation schemes or have sub-contracted third parties for that. In any case, questionnaires and online databases need to be completed

to show how we address business ethics, human rights, environmental protection and other sustainability-related issues. Of course, these developments do not come without challenges, mainly in the form of coping with a plethora of different guidelines and requirements. "However, this is something we must take 'head-on' and use as an incentive to further increase our internal data transparency and availability," says Christian Steiner, Director of Group Total Quality Management. "We use the results from these platforms, which often allow us to benchmark ourselves against others, as an incentive to continuously improve. "And as a recent interaction with a major client showed, it can also be a good entry point to start a conversation on potential collaborations to jointly tackle future sustainability challenges," adds Christian Steiner.

0 NOTIFICATIONS
OF UNLAWFUL
SUPPLIERS
IN RAW MATERIAL
PURCHASING

0 CORRUPTION
OR OTHER
COMPLIANCE
VIOLATIONS
IDENTIFIED

Our future priorities

In 2019, we formally adopted a new Group Code of Conduct and the Human Rights Rules, and in 2021 we see it as a clear priority to further implement and operationalize them in our processes and routines at all levels and locations, with the ultimate goal of further anchoring them in our culture. This includes a refinement of our internal monitoring and reporting on fair business practices and corruption. Currently we are updating our ERP system to a cloud-based version which will be fully implemented in the beginning of 2022. In parallel, we will implement a digital tool within our Supplier Relationship Management system in which our requirements towards our suppliers will be continuously monitored.

OUR MANAGEMENT APPROACHES TO MATERIAL TOPICS

Management approach disclosures enable an organization to explain how it manages the economic, environmental and social impacts related to its material topics. This provides narrative information about how the organization identifies, analyses, and responds to its actual and potential impacts.

Below are the disclosures for our management approaches to our six most material topics (key topics). The information is structured according to the recommendations in GRI 103 as follows: an explanation of the material topic and its boundary (103-1), the management approach and its components (103-2), and evaluation of the management approach (103-3).

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CUSTOMER HEALTH AND SAFETY

Relevant GRI Standards:
GRI 416: Customer health and safety



Explanation of the material topic and its boundary	
<p><i>a. An explanation of why the topic is material.</i></p>	<p>As individuals we spend 80 to 90% of our lives indoors, inhaling and exhaling ten to twenty cubic metres of air a day. Although today's nearly airtight buildings make sense from an energy point of view, the ventilation systems needed in consequence are questionable in terms of air quality. Glues, lacquers, colors, stains, oils as well as cleaning and care products are employed in hardwood flooring during production, installation and the subsequent use phases. If improperly developed and applied, these could cause emissions that impair air quality and a healthy living or working environment during the floor's service life.</p>
<p><i>b. The Boundary of the material topic with a description of:</i></p> <p><i>i. where the impacts occur</i></p>	<p>The impact on the health and safety of our customers occurs downstream in the installation of the parquet, the use phase, and the de-installation of our parquet. However, this is to some extent predetermined by the production phase and the quality of our products. Upstream activities are not relevant for wood, but they are important in the procurement of production materials such as glues, lacquers and oils, as well as cleaning and care products we trade.</p>
<p><i>ii. the organization's involvement with the impacts.</i></p>	<p>Impacts are direct regarding the quality and potential emissions of the parquet, and indirect regarding installation and cleaning in the use phase (conducted by third parties).</p>
<p><i>c. Any specific limitation regarding the topic Boundary.</i></p>	<p>None</p>

The management approach and its components	
<p><i>a. An explanation of how the organization manages the topic.</i></p>	<p>We rely on continuous investments and innovation in product development, credible testimonials and certificates, and targeted information and training for installers and (end) consumers.</p>
<p><i>b. A statement of the purpose of the management approach.</i></p>	<p>We want to actively substitute any hazardous substances to the natural wood, which could negatively influence the health of people working with or using our products.</p>
<p><i>c. A description of the following, if the management approach includes that component:</i></p> <p><i>i. Policies</i></p>	<p>All our products are certified by various labels and certification systems with a key focus on low emissions to air and the use of non-hazardous materials. The individual certifications are regularly re-evaluated with the aim of delivering cutting-edge material health and safety, plus the best fit for individual brand strategies in all our products.</p>

<p><i>ii. Commitments</i></p>	<p>Every BG product is non-hazardous to health during the entire time of use.</p>
<p><i>iii. Goals and targets</i></p>	<p>The consistent elimination or substitution of potentially harmful substances during gluing, pressing and surface treatment and in the traded (home) cleaning and care products is the focus of our group-wide innovation efforts.</p> <p>There are no quantitative targets, besides the overall ambition outlined above and operational quality targets (i.e. reduction of claims, see below). Also, ex ante emission certificates are compulsory for all our products.</p>
<p><i>iv. Responsibilities</i></p>	<p>Our R&D department is responsible for continuously evaluating, developing and testing new product recipes and processes for surface treatment and gluing. The head of R&D reports directly to our CEO. Furthermore, the Chief Operating Officer is responsible for implementing defined standards in coordination with R&D and QM. R&D (Application Engineering) provides training to hardwood flooring installers. Marketing provides training to (end) customers.</p>
<p><i>v. Resources</i></p>	<p>Our group consistently invests around 1% of its sales in the advancement and development of new products to maintain our leading role in the market. A significant share of this relates to innovations regarding customer health and safety. In addition, we invest in web platforms, social media channels and special events to train installers and end customers of our products.</p>
<p><i>vi. Grievance mechanisms</i></p>	<p>Customer complaints are analyzed and investigated on a regular basis. Based on the characteristics of a claim, relevant BG functions are involved in the swift and satisfactory resolution of the claim. These topics are on the agenda of the monthly MT Meeting.</p>

CUSTOMER HEALTH AND SAFETY



The management approach and its components (continued)

vii. Specific actions, such as processes, projects, programs and initiatives

Before we test new glues, lacquers and oils, but also cleaning and care products in our development laboratories, we use technical and safety data sheets to check whether these are harmless to health. Our Swiss production site is the incubator for our developments, which we then scale at our high-volume sites in Croatia and Lithuania. In our innovation process we analyze, evaluate and eliminate potential risks from new products during our compulsory Failure Mode and Effect Analysis (FMEAs).

In the past 3 to 5 years, our group has continually reduced any potentially harmful substance – regardless of how low its concentration was. We invested a lot of time and effort in the elimination of CMRs such as benzophenone, polyisocyanate and azo compounds from our products. The first two substances were used respectively as photoinitiators and hardeners in our lacquers. Azo compounds were used as dyestuffs in oils and stains. In the past few years we were able to finally and comprehensively substitute or reformulate these lacquers, oils and stains. New solutions need to be convincing not only in terms of their harmlessness to health but also in terms of gloss level, surface feel, yellowing, physical features such as robustness and elasticity, and chemical features such as how the parquet reacts to all kinds of liquids.

For our marketing we build on sophisticated seals of quality and certificates that give our customers the assurance that they are purchasing hardwood flooring of high quality that causes no harm to health. Moreover, they show our employees and private or professional installers that there are no health risks at the workplace:

Boen parquet products have been awarded the Blue Angel label. Products with this seal of quality contain very low levels of emissions to ensure a healthy indoor climate. The entire Bauwerk Parquet range is certified according to the high standards of the Sentinel Haus Institute concept. For individual products, Bauwerk Parquet goes well beyond this standard. The products in the two-layer range meet – with very few exceptions – the strict requirements of the eco-INITIUT label. This guarantees quality control through regular independent laboratory tests for harmful emissions, ingredients and odours. The label safeguards good air quality in public and private buildings. The Cradle to Cradle™ certificate is also of special importance for the Bauwerk Parquet brand. This is based on the “from cradle to cradle” design principle. In other words: Every certified product can be recycled entirely after its use without any negative environmental impact. We are the first and only wood flooring manufacturer to be awarded the Cradle to Cradle Certified™ Gold certificate for all sound-reducing Silente parquet floors in the Bauwerk Parquet line.

	<p>Our Boen brand, which mainly serves the wholesale and retail trade, provides sophisticated training for its commercial partners and customers, including painters, interior decorators, carpenters and parquet installers. For the courses, our Boen sales staff make use of the Boen Academy, an internet-based platform with useful information and tools. Boen primarily uses digital channels such as YouTube and social media to reach end customers who do their own installing.</p> <p>In 2020, approx. 1,299 commercial customers (2019: 1,009) and some 273 customers of trading partners (2019: 6,773) received training.</p> <p>For the Bauwerk Brand products, we work with selected installers and offer these partners professional training in the Bauwerk Parkett Academy in several countries.</p> <p>In 2020, 481 professional installers were trained in the Bauwerk Parkett Academy in several countries (2019: 722). Moreover, 428 end customers (2019: 1,018) attended cleaning and maintenance workshops in our Bauwerk Parquet World stores.</p>
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Evaluation of the management approach

<p>a. An explanation of how the organization evaluates the management approach, including:</p> <p>i. the mechanisms for evaluating the effectiveness of the management approach.</p>	<p>Our processes and products are independently evaluated on a regular basis in connection with our product-related certificates.</p>
<p>ii. the results of the evaluation of the management approach.</p>	<p>No significant adjustments to the management approach were required in the past year.</p>
<p>iii. any related adjustments to the management approach.</p>	<p>See above</p>



GEIR WÅLAND
Chief Sales Officer

RESOURCE EFFICIENCY

Relevant GRI Standards:
 GRI 301: Materials
 GRI 306: Effluents and waste



Explanation of the material topic and its boundary	
<p><i>a. An explanation of why the topic is material.</i></p>	<p>Resource efficiency in general is one important lever to improve our environmental impact. Oak is in high demand and makes up for 96% of our purchased hardwood for top layers and 41% of our overall hardwood and softwood (excl. HDF) purchases. Being able to purchase enough oak hardwood at high quality is a key challenge. Resource efficiency is just one way to address this challenge on the supply side.</p> <p>Mandatory from a supply chain point of view is our sourcing from sustainably managed forests, governed by the EU Timber Regulation (EUTR). This regulation aims to counter illegal logging and associated trade in timber and timber products in the member states of the European Union, including reduced emissions from deforestation and forest degradation beyond EU borders. Not meeting these requirements could result in serious damage to our business and reputation.</p> <p>Beyond securing our supply for hardwood and softwood, i.e. our business, we also have a strong economic as well as environmental impetus to secure on-time availability and to increase the efficient use of industrial goods such as glues, packaging materials as well as lacquers and oils. These are our top four purchased goods – besides wood – in terms of volume. In 2020, we bought 1,947 tonnes of glue and hardener (2019: 2,027), 1,085 tonnes of packaging such as foil and cardboard (2019: 1,157), and 829 tonnes of lacquer and oil (2019: 875).</p>
<p><i>b. The Boundary of the material topic with a description of:</i></p> <p><i>i. where the impacts occur.</i></p>	<p>Our impact regarding resource efficiency occurs primarily in our production activities. A potential impact of resource efficiency occurs also in the upstream processes through alternative sourcing.</p>
<p><i>ii. the organization's involvement with the impacts.</i></p>	<p>Impacts are primarily direct by way of continuously improved production processes that increase wood yield and reduce use of materials per square meter produced. Efficiency gains result in reduced costs (direct) and lower material use, i.e. lower environmental impacts (indirect).</p>
<p><i>c. Any specific limitation regarding the topic Boundary.</i></p>	<p>None</p>

The management approach and its components	
<p><i>a. An explanation of how the organization manages the topic.</i></p>	<p>We only purchase wood products from legal sources. We know our suppliers and the origin of the wood. In addition, we aim to further increase the share of certified wood purchased and of certified finished parquet. As part of our operations and environmental management we systematically track our materials, effluents and waste with the goal of increasing our resource efficiency in our four productions sites. In Switzerland, we operate an environmental management system according to the ISO 14001 standard. The certification was successfully expanded to our Croatian and Lithuanian sites in 2020 as planned. A roll-out to Russia will be undertaken afterwards.</p>
<p><i>b. A statement of the purpose of the management approach.</i></p>	<p>We continuously aim to identify and implement measures to improve our resource efficiency, particularly in connection with wood and our overall environmental impact.</p> <p>Alongside our efforts to increase our wood efficiency we place a specific focus on our wood sourcing from only sustainably managed forests.</p>
<p><i>c. A description of the following, if the management approach includes that component:</i></p> <p><i>i. Policies</i></p>	<p>Our commitment to procuring timber exclusively from controlled, sustainable and legal forestry businesses is laid out in our Group Environment, Health and Safety (EHS) Policy. This policy also states that BG recognizes and strives to minimize its environmental impact in design, manufacturing, distribution, consumption and utilization of its high-quality products. Moreover, the sparing use of resources is laid down in our Code of Conduct. In our Procurement strategy, we link to our Code of Conduct and our approach regarding sustainability.</p> <p>We continuously work on effective measures, including development of our suppliers, to attain this objective.</p>
<p><i>ii. Commitments</i></p>	<p>Our economic commitment to profitably produce and sell hardwood flooring goes hand in hand with our efforts to continuously improve yield, i.e. producing more square metres of flooring from the same amount of cubic metres of raw wood.</p> <p>Moreover, we are committed to addressing key challenges that currently prevent us from increasing the share of certified wood and wood products from sustainable forests (FSC™ and PEFC®).</p>
<p><i>iii. Goals and targets</i></p>	<p>We set ourselves annual specific reduction or efficiency targets for wood yield. In particular, there are yield targets for each entity, for each production step as well as for each product group.</p> <p>However, there is no group-wide harmonized yield target, as this would be highly dependent on our product mix and regional raw material quality and therefore not meaningful.</p>
<p><i>iv. Responsibilities</i></p>	<p>Chief Operations Officer</p>
<p><i>v. Resources</i></p>	<p>Operations Planning and Environmental Management at group and production site level.</p>

RESOURCE EFFICIENCY

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The management approach and its components (continued)

<p><i>vi. Grievance mechanisms</i></p>	<p>Our internal EUTR handbook lays down our due diligence and risk mitigation measures to prevent the procurement of illegally harvested wood. Apart from that, BG does not operate any specific grievance mechanisms. However, should potential breaches come to our knowledge during our own due diligence or through indications from third parties, we will act according to our internal rules (see vii.).</p>
<p><i>vii. Specific actions, such as processes, projects, programs and initiatives</i></p>	<p>EUTR compliance with all related documents (certificate of origin etc.) is the very baseline of our work. When we detect a risk of sourcing from potentially illegal sources, e.g. from Bosnia and Herzegovina, Russia, or Ukraine, despite all available documents, we have several mitigation actions including on-site supplier audits by internal and, in some cases external parties.</p> <p>Each production entity runs continuous improvement projects and processes to increase resource efficiency. In Lithuania and Croatia our internal SPS program specifically involves all employees to minimize waste and improve resource efficiency.</p> <p>In 2020, we purchased 191,054 m³ of wood (incl. HDF) to produce parquet. 96% of hardwood purchases for top layer production were oak. 49% of our purchased wood (hardwood, softwood and HDF) originated from FSCTM/PEFC[®]-certified sources, the same share as in the previous year. For data on other purchased materials see our GRI Content Index.</p> <p>In our three production sites in Croatia, Lithuania and Switzerland, our total freshwater withdrawal was 44,019 m³ – a drop of 17% in comparison with 52,739 m³ in 2018. For our sawmill in Russia, we have started to systematically track water withdrawal in 2020.</p>

Evaluation of the management approach

<p><i>a. An explanation of how the organization evaluates the management approach, including:</i></p> <p><i>i. the mechanisms for evaluating the effectiveness of the management approach.</i></p>	<p>Each production site is measured monthly on KPIs to evaluate its material efficiency and yield. In our production cockpits, any deviations are reported and followed up on when they are below target.</p>
<p><i>ii. the results of the evaluation of the management approach.</i></p>	<p>In 2020, we successfully increased our wood yield in key product groups.</p>
<p><i>iii. any related adjustments to the management approach.</i></p>	<p>To preserve our raw material quality and improve our grading yield, several projects, initiatives and investments were successfully implemented in 2020 and will be continuously improved.</p>



MICHAEL RANKL
Chief Operating Officer

EMISSIONS AND CLIMATE CHANGE

Relevant GRI Standards:
 GRI 302: Energy
 GRI 305: Emissions



Explanation of the material topic and its Boundary	
<i>a. An explanation of why the topic is material.</i>	Climate change is the challenge of our time and increasingly apparent for us on our supply side. In view of our dependence on wood as a raw material, we are directly faced with the consequences of climate change on wood availability and quality. In general, climate change has an impact on cultivated species and on individual forests/trees in terms of growth. Furthermore, it impacts bug and beetle infestation and extreme weather events (storm wood). Our impact on climate change is also determined by our wood sourcing decisions (see Resource Efficiency) as well as our direct and indirect greenhouse gas (GHG) emissions.
<i>b. The Boundary of the material topic with a description of:</i> <i>i. where the impacts occur.</i>	GHG emissions occur in all our activities along the full value chain: in production especially through the use of electricity and other energy sources; in upstream and downstream activities primarily through logistics and our business travel (combustion of fuels). For more information see the GHG footprint .
<i>ii. the organization's involvement with the impacts.</i>	We have a direct impact in our production and business travel activities and mainly indirect impacts through our purchasing of raw/production materials and our logistics, as we are working with third party logistics partners.
<i>c. Any specific limitation regarding the topic Boundary.</i>	None

The management approach and its components	
<i>a. An explanation of how the organization manages the topic.</i>	To systematically record and control our environmental impacts we use an environmental management system, including a group-wide data management tool which has been built up and updated over the past two years. Also, we are engaging our partners (e.g. suppliers and logistics partners) to obtain data on indirect emissions, and we are working on collaborative reductions of GHG emissions.
<i>b. A statement of the purpose of the management approach.</i>	We fully want to understand our environmental impact in all its dimensions. In addition, we strive to continuously and systematically lower our GHG emissions and environmental impact.
<i>c. A description of the following, if the management approach includes that component:</i> <i>i. Policies</i>	In our Group Environment, Health and Safety Policy we commit ourselves to analyze, review, and optimize environmental aspects and impacts so as to constantly improve our environmental performance. Also, we dedicated ourselves to producing our own heating energy using wood waste and residuals.
<i>ii. Commitments</i>	In the long term we want to achieve zero net emissions.

<i>iii. Goals and targets</i>	We are in the process of analyzing further our impact on climate change and its repercussions on our business. We aim to define group-wide GHG emissions reduction targets as soon as possible.
<i>iv. Responsibilities</i>	Our Group Environment and Safety Manager is responsible for collecting and consolidating all GHG emissions data with the support of local Environment and Safety Managers as well as other relevant departments. Operational responsibility for GHG emissions reduction lies with our Chief Operating Officer (COO) and his team of production plant managers. In close cooperation with Sales the COO and the Director Group Logistics are also responsible for our reduction efforts in connection with our third-party logistics.
<i>v. Resources</i>	See above.
<i>vi. Grievance mechanisms</i>	Grievances are filed either through our internal whistleblowing mechanism or our cross-functional sustainability committee.
<i>vii. Specific actions, such as processes, projects, programs and initiatives</i>	Our Swiss production site is ISO14001-certified. Our two production sites in Croatia and Lithuania were successfully integrated in the certification in 2020 as planned. To increase the efficient use of electricity and to reduce production-related GHG emissions at our Swiss production site, we have worked with a moderator from the Energy Agency of the Swiss Private Sector since 2013. As a production company with electricity consumption of more than 0.5 GWh, we are subject to the legislation governing large-scale consumers in the Canton of St. Gallen. Heating energy is not within the scope of this cooperation, as we produce our own heat from wood scraps. We pursue the path defined by a voluntary target agreement with the Canton for 2013-2022. Thanks to this cooperation we can rigorously work through a comprehensive catalogue of measures and track them via an online tool. These efforts also help us to identify further electricity reduction potential at our sites in Croatia and Lithuania. Additionally, we have solar power plant projects in all our main production entities, which will start in 2021. Using our group-wide data management tool, we collect relevant, particularly energy-related data in connection with our direct and indirect GHG emissions. With this foundational work we will be able to determine a baseline for future reductions of GHG intensity of our business. Both our upstream and downstream logistics – subcontracted to third parties – are a main contributor to our group GHG footprint. Here, we continued to increase transparency and cooperation with our logistics service providers. Furthermore, we promote direct shipments to customers and strengthen the use of combined transports, i.e. road, rail, and sea (see our report). In 2020, our total direct energy consumption was 592,318 GJ, a drop of 6% from 631,364 GJ in 2018. Our direct and indirect greenhouse gas emissions amounted to 14,508 tCO ₂ e, a significant decrease of 42% from 24,918 tCO ₂ e in 2019. Internally and in our engagement with external stakeholders, we try to raise awareness of climate change and the need for GHG emissions reduction.

EMISSIONS AND CLIMATE CHANGE

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Evaluation of the management approach (continued)	
<p><i>a. An explanation of how the organization evaluates the management approach, including:</i></p> <p><i>i. the mechanisms for evaluating the effectiveness of the management approach.</i></p>	<p>Sustainability management and our environmental footprint as well as GHG emissions are a fixed agenda item in our Management Team meetings. In addition, we have quarterly meetings of our Sustainability Committee to discuss progress and next steps on the topic, and we publish the status of our progress in our annual sustainability report. We have also integrated sustainability aspects in our main internal efficiency programs in our production entities, which are followed up monthly.</p>
<p><i>ii. the results of the evaluation of the management approach.</i></p>	<p>Our management of environmental impacts at the group level is a work in progress. Understanding the direct and indirect GHG emissions of a complex production and sales organization such as BG is a daunting task. Although we continued to make progress over the last year in further systematizing our efforts we are still not where we want to be in the medium term.</p>
<p><i>iii. any related adjustments to the management approach.</i></p>	<p>In 2021, we will work out a climate strategy and an action plan to further include climate change and its various impacts in our corporate strategy and key business and support processes, among others.</p>



MICHAEL RANKL
Chief Operating Officer

EMPLOYEE MOTIVATION

Relevant GRI Standards:
 GRI 404: Training and Education
 GRI 403: Occupational health and safety



Explanation of the material topic and its boundary	
<i>a. An explanation of why the topic is material.</i>	Across all levels and functions, our employees are the key success factor for BG. To make a geographically spread-out business with a complex supply chain work with a rather small number of employees, the company requires knowledgeable, dedicated and entrepreneurial people throughout the whole organization. At BG we are convinced that every single employee can and should make significant contributions to the success of our group and its continuous improvement. This conviction guides our approach to employee and leadership development overall and is the reason why high employee participation and engagement is key.
<i>b. The Boundary of the material topic with a description of:</i> <i>i. where the impacts occur.</i>	Most of the impacts in this topic occur in production, as this is where most of our employees work. In marketing, sales and after sales, motivated employees can make a key difference in the customer experience. There are few impacts in upstream activities, as we buy most of our raw materials ready for production.
<i>ii. the organization's involvement with the impacts.</i>	As employee motivation relates to our own employees, the impacts are, by definition, direct.
<i>c. Any specific limitation regarding the topic Boundary.</i>	None

The management approach and its components	
<i>a. An explanation of how the organization manages the topic.</i>	Employee motivation, in our understanding, is a function of a workplace that is safe (see separate management approach for occupational health and safety), challenging, engaging, and which offers opportunities to develop and grow on the job. Therefore, activities to continuously develop our organization and employees and engage employees at all levels are key to our management approach. At the very foundation of all this lies a non-discriminatory corporate culture. We want people to follow our mutual path by educating and sharing the key elements of our corporate strategy through ambassadors.
<i>b. A statement of the purpose of the management approach.</i>	Motivated, knowledgeable, and healthy employees fundamentally act in a more effective and efficient way, and they are prepared to contribute to the continuous improvement of our company. We want to keep our employees healthy, engaged (and thus motivated), and free from discrimination, and we aim to ensure their high level of training. We want BG to become our joint home.

<i>c. A description of the following, if the management approach includes that component:</i> <i>i. Policies</i>	The principles of non-discrimination, non-harassment, equal opportunity, and employee development are deeply anchored in the Group Code of Conduct and the Human Rights Rules, and they are embedded in the local company rules.
<i>ii. Commitments</i>	We are fundamentally committed to the fair and equal treatment and further development of all our employees. As part of our new strategic framework, we also set ourselves the ambition to make BG our "joint home" (see below).
<i>iii. Goals and targets</i>	A crucial goal is to have the same standards at all our production locations and to continuously replicate innovations from individual sites to the rest of the group as soon as possible. For fair remuneration across the group, we take our guidance from market wages in the country, the region, and the industry, as well as from a consumer price basket. Targets for SPS groups are derived from the group's annual efficiency goals (i.e. budget) and strategic initiatives. The contribution of SPS groups to the strategic targets is measured by KPIs such as number of accidents, near miss accidents, productivity, yield, etc. A further goal is to involve all our employees in our worldwide production entities through SPS groups. Incident and accident reporting is to be further harmonized throughout the group's production entities. For our joint leadership training sessions as part of the MT+ meetings in 2020, we set ourselves the goal of a participation rate of 100% (result in 2020: 98%). Furthermore, we encouraged employees to share experiences and learnings, and we measured active participation on our web platform "weffect". In 2020, we introduced focus topics and specific sprints on actual issues, which met with a good response.
<i>iv. Responsibilities</i>	Our Chief Human Resources Officer is responsible for all aspects related to employee development and engagement, in close coordination with our CEO. For our SPS groups we have a Director of SPS BG who reports to the Director of TQM.
<i>v. Resources</i>	Chief Human Resources Officer. Local HR Managers. SPS personnel. All leaders with direct reports.
<i>vi. Grievance mechanisms</i>	Overall, our organization's flat hierarchy, informal culture (on a first name basis), and open-door policy foster an environment where people are willing to indicate potential wrongdoings. In addition, we have established an internal whistleblower mechanism through which employees can report (suspected) violations of any of our internal policies to their line managers, the Management Team, or the Board of Directors (see Fair Business). Also, we conduct employee satisfaction surveys on a regular basis followed by corrective action plans. And finally, BG holds regular meetings with works councils in countries where they exist.

EMPLOYEE MOTIVATION



The management approach and its components (continued)

vii. Specific actions, such as processes, projects, programs and initiatives

As part of our efforts to make BG “our joint home” (see above) we focus on employee motivation and involvement. The foundation for creating a joint home is a joint culture in values, our working principles and leadership. We therefore updated our BG journey brochure and aligned it with our new strategy. Furthermore, all MT+ meetings held in 2020 were partly used as a refresher of the leadership training held in 2019 and of course related to the joint home initiative and leadership specifics due to Covid-19. The participants are supported with an app incl. memo cards, peer coaching and mentoring constellations with more experienced managers. In addition to this leadership training we continue to promote a joint leadership culture via internal recruiting.

To fulfil our “joint home” commitment we introduced a new intranet to distribute information and enable communication across our group. The group-wide platform is complemented by three individual platforms for our three production sites in Croatia, Lithuania and Switzerland. Thanks to our intranet the latest news, key documents, regulations and other valuable information are now accessible to all our employees alongside new ways to interact with one another.

Moreover, we use an employee engagement web platform where all employees are encouraged to share success stories with all colleagues, to honor great actions, and thus inspire them to follow suit and apply easy improvements also in their fields of responsibility.

At all our production sites, we run a Kaizen-based production system, called SPS (“Synchronized Production System”). The system is aligned with BG’s strategic targets and initiatives. SPS groups bring together smaller groups of people during their working hours to develop and test improvements in their daily business routines. Groups are autonomous and hence choose their tasks themselves. Thematic scopes range from efficiency-related efforts to health and safety. During “SPS hours”, if necessary, the machinery is stopped to ensure a full focus on future improvements. Every 6 months, BG awards a prize to the “best performing” group. This kind of involvement strengthens teamwork.

The group-wide roll-out of the EHS tool will be used to enable the next step in harmonizing accident and incident reporting. A human capital controlling project has also been initiated, with the purpose of filling the gap in reporting derived from non-harmonizable personnel management systems.

We offer apprenticeships (vocational training) in Switzerland and Germany as a measure against local skills shortage. We provide training in the fields of commerce, production mechanic, mechanic practitioner and automation practitioner. We also offer internships and co-op programs for higher diploma students. Experienced and certified employees provide practical training in accordance with planning by HR.

Evaluation of the management approach

a. An explanation of how the organization evaluates the management approach, including:
i. the mechanisms for evaluating the effectiveness of the management approach.

The management approach is evaluated on an ongoing basis by the Chief Human Resources Officer and the whole Management Team. Relevant KPIs, such as fluctuation, absenteeism and reasons for leaving are provided by monthly HR reports consolidated in the HR cockpit, analysed and discussed in every MT meeting. In 2021, we will conduct our next group-wide employee satisfaction survey to obtain broader feedback again on the effectiveness of keeping our employees motivated and satisfied.

ii. the results of the evaluation of the management approach.

Due to measures in compensation, investments in modern workplaces and personal equipment, fluctuation decreased from 17.3% (net fluctuation: 14.8%) in 2019 to 10.5% (net fluctuation: 6.6%) in 2020 – presumably partly driven by the Covid-19 crisis. Besides individual, local solutions, the group also launched its intranet with daily updates and permanently accessible information.

iii. any related adjustments to the management approach.

In 2020, the employee engagement web platform “weffect” was flexibilized with focus topics and sprints, such as sales initiatives and topics related to Covid-19. Both showed a significant increase in response when activated.

Remuneration has again been adapted upon a thorough analysis of market data for various entities.



MICHAEL KUMMER
Chief Human Resources Officer

OCCUPATIONAL HEALTH AND SAFETY

Relevant GRI Standards:
GRI 403: Occupational health and safety



Explanation of the material topic and its boundary	
<i>a. An explanation of why the topic is material.</i>	Across all levels and functions and along the whole value chain, our employees are the key success factor for BG. As an employer, we bear responsibility for the health and well-being of our employees. Accidents, simmering dissatisfaction or conflicts lead to both efficiency losses and reputational risks.
<i>b. The Boundary of the material topic with a description of:</i> <i>i. where the impacts occur.</i>	Most of the impacts regarding occupational health and safety (OHS) occur in production, as this is where most of our employees work. But there are also relevant impacts in the downstream activities of marketing, sales, and after sales. There are few impacts in upstream activities, as we buy most of our raw materials ready for production.
<i>ii. the organization's involvement with the impacts.</i>	As OHS is related to our own employees and to those who are hired to fulfill certain temporary tasks in our facilities, the impacts are direct.
<i>c. Any specific limitation regarding the topic Boundary.</i>	The physical and mental health of our employees is a result of our efforts as an employer offering a healthy work environment, but also of how our employees lead their private lives. We do not have direct impact on how, for instance, our employees spend their spare time. What we can do, however, is raise our employees' awareness of health- and safety-related aspects.

The management approach and its components	
<i>a. An explanation of how the organization manages the topic.</i>	There is an ongoing management focus on OHS, as we continue to work towards a uniform management system across the entire group. We run various initiatives to minimize health risks and to engage our employees in creating and maintaining safe workplaces.
<i>b. A statement of the purpose of the management approach.</i>	Our employees are our most important resource, and we continuously work to identify risks and further secure their working environment to make it as healthy and safe as possible.
<i>c. A description of the following, if the management approach includes that component:</i> <i>i. Policies</i>	Our group's OHS management is rooted in the BG Code of Conduct as well as in our Environment, Health and Safety Policy. In this internal strategy document, we commit ourselves to aligning our efforts with international occupational health and safety standards. Also, the policy lays down that health and safety matters are treated with the same priority as quality, productivity and profitability.
<i>ii. Commitments</i>	See above.
<i>iii. Goals and targets</i>	Our goal is to have a certified group-wide OHS management system according to ISO 45001 in the medium term.

<i>iv. Responsibilities</i>	Our Group Environment and Safety Manager coordinates efforts at group level. Our Chief Human Resources Officer is ultimately responsible at top management level.
<i>v. Resources</i>	There is a full-time Group Environment and Safety Manager in Switzerland, a local full-time TQM Manager in Croatia, full-time Safety as well as Environment Managers in Lithuania, and a full-time Environment and Safety Manager in Russia.
<i>vi. Grievance mechanisms</i>	Accidents and their causes and OHS performance indicators are reviewed on a regular basis and reported in the annual OHS management review. We plan to roll out internal near-miss reporting at all production sites.
<i>vii. Specific actions, such as processes, projects, programs and initiatives</i>	In Switzerland and Lithuania, we conduct regular risk assessments and optimization of our infrastructure and processes with the assistance of external specialist agencies. We have also established a case management system for accidents and illnesses. Our production sites in Croatia and Russia will follow suit in the next two years. All employees at our four production sites wear their personal protective equipment at work, e.g. ear protection, safety shoes and safety glasses, depending on the activity and personal requirements. We conduct regular employee safety training at all locations. The content of this training ranges from correct use of machinery and chemicals to firefighting training together with local professional firefighters.

OCCUPATIONAL HEALTH AND SAFETY

Relevant GRI Standards:
GRI 403: Occupational health and safety

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Evaluation of the management approach (continued)	
<p><i>a. An explanation of how the organization evaluates the management approach, including:</i></p> <p><i>i. the mechanisms for evaluating the effectiveness of the management approach.</i></p>	<p>Based on a management review prepared by the Group Environment and Safety Manager, the effectiveness of our OHS management is regularly evaluated and discussed at the MT and MT+ level.</p>
<p><i>ii. the results of the evaluation of the management approach.</i></p>	<p>Based on the OHS Management Review, necessary countermeasures are defined and aligned together with the Group's Environment and Safety Manager.</p>
<p><i>iii. any related adjustments to the management approach.</i></p>	<p>See above.</p>

STEFFEN WÖHRLE
Manager of Group Environment
and Safety



ANTI-CORRUPTION

Relevant GRI Standards:
GRI 205: Anti-corruption



Explanation of the material topic and its boundary

<p><i>a. An explanation of why the topic is material.</i></p>	<p>Our stakeholders (particularly our customers) rightly expect us as producers of high-quality natural hardwood flooring to behave in an exemplary manner regarding fair business practices. We are, however, quite exposed, particularly to corruption, as most of the countries where we source and process most of our timber score low in Transparency International's Corruption Perceptions Index (see 2020 rankings). Those rankings are not just abstract figures but are also reflected in our day-to-day work experiences. In the procurement of raw materials in particular different shades of corruption continue to be the order of the day. It is precisely there where a strict stance against corruption is associated with economic disadvantages in certain situations.</p>
<p><i>b. The Boundary of the material topic with a description of:</i> <i>i. where the impacts occur.</i></p>	<p>The challenge of fighting against any form of corruption applies to our whole business. Our primary impact and focus is in upstream activities with the purchase of raw materials, hardwood in particular, as this mainly originates from multiple smaller sawmills. Furthermore, corruption is an immanent risk also in our downstream business, i.e. project business in sales.</p>
<p><i>ii. the organization's involvement with the impacts.</i></p>	<p>We have a direct involvement with the impact in our purchasing. Equally important, though, is the indirect impact through our suppliers and their conduct in wood production and procurement.</p>
<p><i>c. Any specific limitation regarding the topic Boundary.</i></p>	<p>None</p>

The management approach and its components

<p><i>a. An explanation of how the organization manages the topic.</i></p>	<p>We have a zero-tolerance commitment set out in our group-wide anti-corruption policy. Anti-corruption is a key focus at BG, embedded in employee/management training, performance appraisals, and as a fixed item on the agenda of Management Team and second level Management Team meetings.</p>
<p><i>b. A statement of the purpose of the management approach.</i></p>	<p>Anti-corruption needs to stay top-of-mind for all our employees at all levels. Our customers rightly expect that their premium hardwood flooring is produced by a company that does everything in its power to fight corruption.</p>
<p><i>c. A description of the following, if the management approach includes that component:</i> <i>i. Policies</i></p>	<p>We have a group-wide anti-corruption policy and all potentially exposed employees sign an anti-corruption code of conduct as an integral part of their employment contract. We have defined anti-corruption as an integrative part of our supplier evaluation and auditing process.</p>
<p><i>ii. Commitments</i></p>	<p>We do everything we can to prevent corruption in any form. If corrupt practices are nevertheless identified, we are committed to investigating these incidents promptly, fully and transparently and to take effective corrective measures.</p>
<p><i>iii. Goals and targets</i></p>	<p>Our general aspiration is zero tolerance towards any form of corruption, be it active or passive.</p>

<p><i>iv. Responsibilities</i></p>	<p>A crucial responsibility lies with all employees involved in purchasing decisions. In that matter, the management responsibility lies first with the Chief Operating Officer. Regarding other potential corruption cases, the responsibilities lie with the Chief Sales Officer and the Chief Human Resources Officer. The ultimate responsibility for the anti-corruption efforts of BG lies nevertheless with the CEO and the Board of Directors.</p>
<p><i>v. Resources</i></p>	<p>We invest significant time and money in training and management meetings on anti-corruption. Moreover, we follow a risk-based approach: In delicate cases or countries rated low in Transparency International's Corruption Perceptions Index we execute audits at the suppliers' sites to mitigate the risk of corruption.</p>
<p><i>vi. Grievance mechanisms</i></p>	<p>We have established an internal whistleblower mechanism through which employees can report suspected violations of the anti-corruption policy to their line managers, the Management Team or the Board of Directors. Alleged incidents are dealt with in the following way: The potential cases are investigated and discussed at the Top Management Level. After being 100% sure that the case is true, we inform all relevant stakeholders about the case, including the learnings out of it. In addition, we adjust the corresponding processes if needed. The same procedure is triggered if any doubt comes up during the appraisal talks, in which each individual employee is challenged with the question of being part of or having knowledge of any potential corruption case.</p>
<p><i>vii. Specific actions, such as processes, projects, programs and initiatives</i></p>	<p>In the reporting year, Bauwerk Group continued to uphold its compliance management, incl. anti-corruption. We further emphasized the topic of anti-corruption in performance appraisals and as an integral part of our management development training. Finally, the central EHS data collection and management tool, which features legal compliance information and data, has been comprehensively set up for all (production) sites, except the one in Russia. This will follow within the next two years. At the very end of the reporting year, one (potential) corruption case was identified by a whistleblower. Investigations are under way with the support of KPMG.</p>

ANTI-CORRUPTION

Relevant GRI Standards:
GRI 205: Anti-corruption

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Evaluation of the management approach (continued)

<p><i>a. An explanation of how the organization evaluates the management approach, including:</i></p> <p><i>i. the mechanisms for evaluating the effectiveness of the management approach.</i></p>	<p>Anti-corruption is a fixed agenda item in the regular Management Team and second level Management Team meetings. Incidents, be they attempted or accomplished, are always discussed in the Management Team and communicated to all employees throughout the group. This allows for a very timely discussion of events along with an evaluation of whether our prevention mechanisms work.</p>
<p><i>ii. the results of the evaluation of the management approach.</i></p>	<p>We made significant progress in the last few years. Disappointingly, we had two cases of internal corruption back in 2017 and now the alleged case in 2020. One potential case could be prevented due to our whistleblowing channel. Evaluations showed our processes to be working well.</p>
<p><i>iii. any related adjustments to the management approach.</i></p>	<p>In the reporting year, no significant adjustments to the management approach were required.</p>

KLAUS BRAMMERTZ
President and CEO



ABOUT OUR REPORTING

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Identification and evaluation of sustainability issues

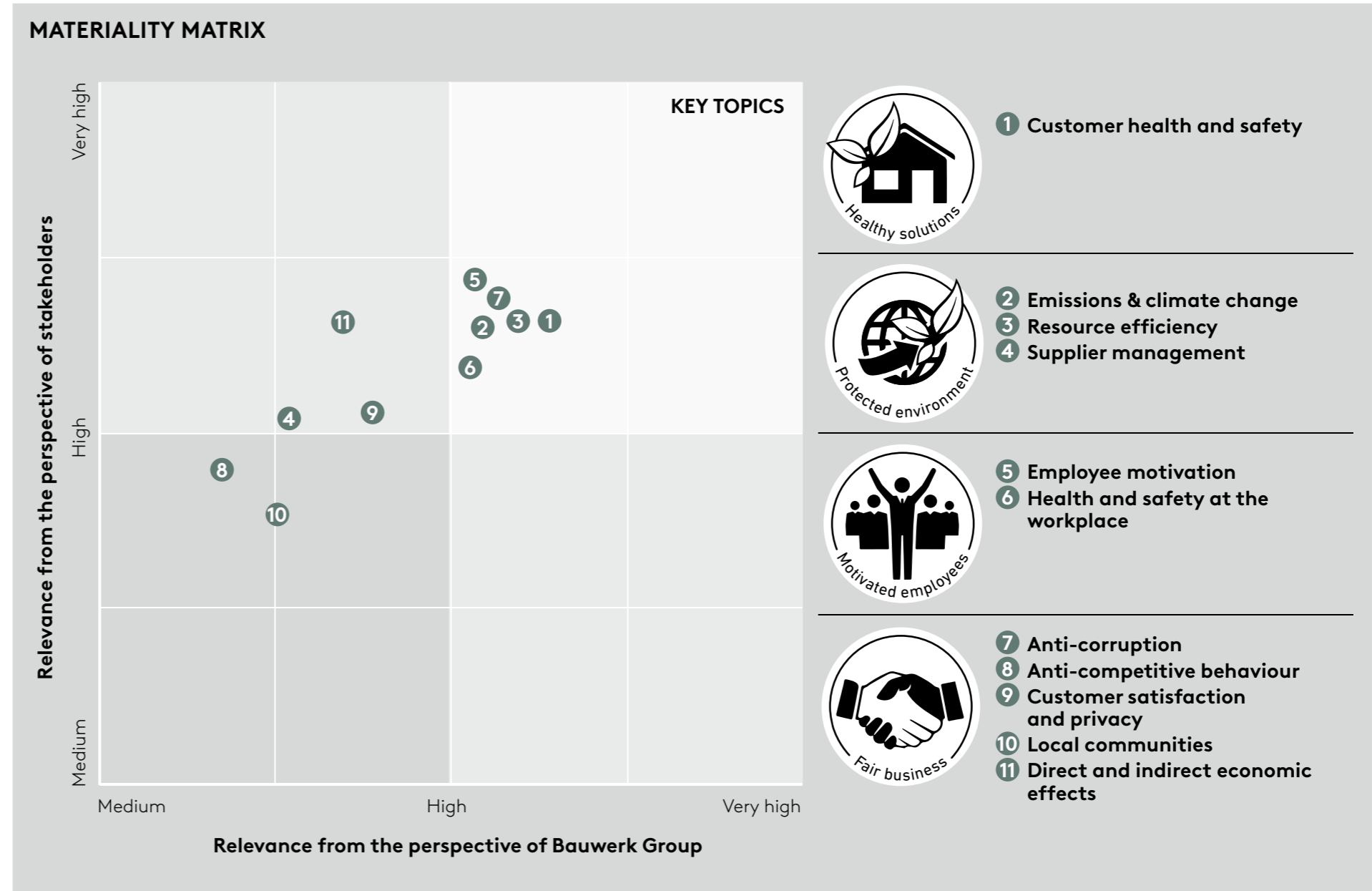
This is the third sustainability report of the Bauwerk Group. It is aimed at our stakeholders, in particular customers, investors, authorities, business partners, NGOs and our employees at all levels and functions. We involved these stakeholder groups in the identification and evaluation of our sustainability issues in a stakeholder dialogue in March 2017. The materiality matrix on the right shows how our internal and external stakeholder groups assessed the importance of our impacts in the individual topics. The upper right quadrant contains our six key topics. For our Sustainability Report we group those topics into the four action areas “Healthy Solutions”, “Protected Environment”, “Motivated Employees”, and “Fair Business”.

Sustainability organization and reporting process

As part of our sustainability management that was systematized in 2017, we established a Sustainability Committee with the participation of the central corporate functions and a Steering Committee to guide the key processes at a strategic level. The Sustainability Committee has developed the contents of this report in several iterations. One focus of sustainability management in the coming years will be the formalization and consolidation of our reporting process. We have based our reporting on the standards of the [Global Reporting Initiative \(GRI\)](#), and this report has been prepared in accordance with the “GRI Standards: Core option”. All GRI references refer to the 2016 standards. We have set ourselves the goal of publishing an externally audited report within the next few years.

Boundary of the report and data basis

The information and data in this report refer in general to the Bauwerk Group as a whole. Up to now, the management of sustainability-related data has been carried out on a decentralized basis, mostly via our ERP system or Excel by those responsible in the respective functions. We continue to roll out a comprehensive central data management system for compliance, environment as well as health and safety. This will help us to measure the success of our sustainability management and further formalize our reporting in the future.



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GRI 102: General Disclosure		Information / Reference
102-1	Name of the organization	Bauwerk Group AG
102-2	Activities, brands, products and services	see p. 3
102-3	Location of headquarters	St. Margrethen, Switzerland
102-4	Location of operations	Austria, Croatia, Germany, Lithuania, Norway, Russia and Switzerland. See p.3.
102-5	Ownership and legal form	Company on shares; 98% EGS Beteiligungen AG
102-6	Markets served	Bauwerk brand: Austria, Benelux, France, Germany, Italy, Romania, Russia, and Switzerland; mainly floor installers and retail. Boen brand: the markets of Scandinavia, Germany, the United Kingdom, China, the Baltic States, Poland, Switzerland and the United States, and many others; mainly via wholesale. See also p. 3
102-7	Scale of the organization	Total number of employees: 1,641 Total number of operations: 5 Net sales: 261 MCHF Total capitalization: equity 113.0 MCHF and debt 57.5 MCHF Quantity of products or services provided: above 2'000 active products of hardwood flooring, side products as glue, lacquer and accessories.
102-8	Information on employees and other workers	Total number of employees - by employment contract, by gender: 1,641, whereof 746 female - by employment contract, by region: CH: 220; LT: 908; RUS: 81; HR: 255; AUT: 33; GER: 85; FRA: 6; NOR: 27; UK: 7; HK: 6; USA: 6; SE: 5 IT: 2 - by employment type, by gender: 1,595 FTE ; 78 female parttime; 19 male parttime; no significant portion of the organization's activities are performed by workers who are not employees - our management team comprises 5 people; 5 male, 0 female - Data is compiled using existing KPI and reporting formats, as monthly, quarterly and annual reports, department cockpits and fact sheets
102-9	Supply chain	see p. 3 and p. 6
102-10	Significant changes to the organization and its supply chain	none
102-11	Precautionary Principle or approach	Risk assessments are part of our Board, top management and next level managements meeting agendas. If potential risks are detected we work out scenarios on how to managing them pro-actively.
102-12	External initiatives	see p. 7 (product related standards) and p. 9 – 10 (production and wood related standards)
102-13	Membership of associations	see Bauwerk Parkett AG /see Boen AS
102-14	Statement from senior decision-maker	see p. 2
102-16	Values, principles, standards, and norms of behavior	see vision (p. 3) and values of BG
102-18	Governance structure	Board of Directors with 4 members, representing owners and governance functions law and benchmarking industries (6 pre-fixed meetings/year). Management Team (MT) with pre-fixed monthly meetings. Local Management Meetings (LMT) in each entity above 30 employees. Board of Directors and Management Team are responsible for decision-making on economic, environmental, and social topics.
102-40	List of stakeholder groups	see p. 30
102-41	Collective bargaining agreements	none

102-42	Identifying and selecting stakeholders	see p. 30
102-43	Approach to stakeholder engagement	We engage with our key stakeholders on a regular basis. For stakeholder engagement in connection with identifying our material topics see p. 30
102-44	Key topics and concerns raised	see p. 30
102-45	Entities included in the consolidated financial statements	Bauwerk Group AG Bauwerk Parkett AG Bauwerk Parkett Vertriebs GmbH Bauwerk Parkett GmbH Bauwerk France Sarl Boen AS Boen Bruk AS UAB Bauwerk Boen Boen Deutschland GmbH Boen Parkett Deutschland GmbH & Co. Boen UK Ltd. Boen Hardwood Flooring Inc. AO Dominga Nik Bauwerk Boen Group Asia Ltd. Bauwerk Boen d.o.o. Bauwerk Boen Logistics GmbH
102-46	Defining report content and topic Boundaries	see p. 30
102-47	List of material topics	see p. 30
102-48	Restatements of information	see p. 11 (direct energy consumption and greenhouse gas emissions)
102-49	Changes in reporting	none
102-50	Reporting period	Calendar and financial year 2020; effective date: 31.12.2020
102-51	Date of most recent report	This is Bauwerk Group's fourth sustainability report. This report is published in English and German (translation). In case of doubt, only the original English version shall apply. The previous report was published in April 2020.
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	Klaus Brammert, CEO; bauwerk-group.com/contact/
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option
102-55	GRI content index	see p. 31–32
102-56	External assurance	The content of this report has not been externally assured.

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GRI: Topic-specific Disclosures		Information / Reference
Economic topics		
205	<i>Anti-corruption 2016</i>	
205	Management approach disclosures	see p. 28–29
205-2	Communication and training about anti-corruption policies and procedures	see p. 28
205-3	Confirmed incidents of corruption and actions taken	see p. 28
Environmental topics		
301	<i>Materials 2016</i>	
301	Management approach disclosures	see p. 20–21
301-1	Materials used by weight or volume	For wood see p. 6 Foil: 331,300 kg Packaging: 753,300 kg Glue (incl. Hardener): 1,946,500 kg Cleaner / Thinner: 119,650 kg Laquer, Oil: 828,700 kg
302	<i>Energy 2016</i>	
302	Management approach disclosures	see p. 22–23
302-1	Energy consumption within the organization	see p. 22
302-2	Energy consumption outside of the organization	see p. 22 (greenhouse gas emissions)
302-4	Reduction of energy consumption	see p. 22
303	<i>Water 2016</i>	
303	Management approach disclosures	Water management is part of our ISO 14001 certified production in Switzerland. For more information about environmental management and future priorities (certifications of other production sites); see also p. 20–21
303-1	Water withdrawal by source	see p. 21
303-2	Water sources significantly affected by withdrawal of water	none
305	<i>Emissions 2016</i>	
305	Management approach disclosures	see p. 22–23
305-1	Direct (Scope 1) GHG emissions	3,724 t CO ₂ e
305-2	Energy indirect (Scope 2) GHG emissions	8,596 t CO ₂ e
305-3	Energy indirect (Scope 3) GHG emissions	2,188 t CO ₂ e
305-5	Reduction of GHG emissions	see p. 22
305-7	Nitrogen oxides (NOx), sulfur oxides (Sox), and other significant air emissions	For internal VOC emissions see p. 11
306	<i>Effluents and Waste 2016</i>	
306	Management approach disclosures	see p. 20–21
306-1	Water discharge by quality and destination	Data for Croatia, Lithuania and Switzerland (production sites): 46,426 m ³
306-3	Significant spills	none
306-5	Water bodies affected by water discharges and/or runoff	none

Social topics		
401	<i>Employment 2016</i>	
401	Management approach disclosures	see p. 24–25
401-1	New employee hires and employee turnover	see p. 15
403	<i>Occupational Health and Safety 2016</i>	
403	Management approach disclosures	see p. 26–27
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	for absence ratio and employee turnover rate see p. 15
404	<i>Training and Education 2016</i>	
404	Management approach disclosures	see p. 25–29
404-2	Programs for upgrading employee skills and transition assistance programs	see p. 25–29
404-3	Percentage of employees receiving regular performance and career development reviews	around 75%
405	<i>Diversity and Equal Opportunity 2016</i>	
405	Management approach disclosures	see p. 24–25
405-1	Diversity of governance bodies and employees	see GRI 102-8
406	<i>Non-discrimination 2016</i>	
406	Management approach disclosures	see p. 24–25
406-1	Incidents of discrimination and corrective actions taken	none
416	<i>Customer Health and Safety 2016</i>	
416	Management approach disclosures	see p. 18–19
416-1	Assessment of the health and safety impacts of product and service categories	see p. 18–19
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	none

GLOSSARY

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B

Backing layer: The underlay for three-layer parquet. It is made of softwood.

C

Carcinogenic, mutagenic, reprotoxic substances (CMR): CMRs are often referred to as a group. Carcinogens are substances or mixtures which induce cancer or increase its incidence. Cancer is a disease characterized by uncontrolled growth of altered cells and their ability to migrate from the original site and spread to different parts of the body. Mutagen is used for agents which increase the occurrence of mutations. A mutation means a permanent change in the amount or structure of the genetic material in a cell. Reproductive toxicity is used for agents which cause adverse effects on sexual function and fertility in males and females, developmental toxicity in the offspring and effects through or via lactation. Such agents are often referred to as reprotoxins or as being reprotoxic. There are two categories of CMRs: Category 1A includes substances that are known to be carcinogenic, mutagenic, and/or reprotoxic and category 1B includes substances that are presumably carcinogenic, mutagenic, and/or reprotoxic.

E

eco-INSTITUT: The eco-INSTITUT-Label guarantees quality control through annual laboratory tests for harmful emissions, substances and odours. The label guarantees good air quality in public and private buildings. At Bauwerk Parkett, the two-layer assortment, Prepark and Prepark Comfort, meets the strict requirements of the eco-INSTITUT-Label.

[Further information](#)

Elements: In an initial step, logs, i.e. round wood, are processed into sawn timber. These elements are dried and then processed into lamellas.

F

FSC™, Forest Stewardship Council™: The FSC™ organization promotes environmentally appropriate, socially beneficial and economically viable management of the world's forests. The FSC™ label guarantees that the wood comes from forests with exemplary management. The Bauwerk Boen Group is audited annually by an external certification company for compliance with the FSC™ specifications and FSC™ guidelines. We hold the following licence: C009732 Bauwerk Boen Group.

[Further information](#)

G

Gluing and pressing: Along with surface treatment and finishing (both downstream), gluing and pressing is one of the crucial quality steps in the process of parquet production. The top layer and the underlay are glued and pressed together.

Greenhouse gas emissions: Greenhouse gases contribute to the greenhouse effect and thus to global warming and climate change. Carbon dioxide (CO₂) as the most important greenhouse gas is produced, for example, during the combustion of fossil fuels for heat or power generation as well as for the transport of goods. VOCs are also greenhouse gases. [Further information](#)

H

Hardwood: Wood used for the top layer (wear layer) of parquet. At Bauwerk Boen Group, this is about 95 % oak.

HDF, high-density fibreboard: HDF consists of wood fibres saturated with glue which are joined under pressure and heat to form a particularly highly compressed wood material. As a durable and dimensionally stable backing layer with excellent thermal conductivity, HDF is particularly suitable for parquet production.



GLOSSARY

L

Lamellas: Dried and cut pieces of wood which, in the production of top layers, are cut to produce suitable parquet formats.

M

Middle layer: The layer between the top layer and the backing layer in three-layer parquet.

P

PEFC®, Programme for the Endorsement of Forest Certification: A certification system to ensure sustainable forest management. The Bauwerk Boen Group buys both FSC™ and PEFC™-certified wood, but does not report this on the sales side. [Further information](#)

R

Round wood (logs): Trunks of felled trees that have not been further processed. They are later processed into elements and lamellas (sawn timber).

S

Softwood: Wood used for the middle layer or underlay, especially spruce and pine.

SPS: Stands for “Synchronized Production System”, an approach based on the philosophy of “kaizen”, to continuously strive for incremental improvements in all business processes by involving all employees.

Surface treatment and finishing: Along with gluing and pressing (upstream), surface treatment and finishing are among the crucial quality steps in the process of parquet production. Brushing – to work out the existing structure of the annual rings – and the application of colour requires a great deal of sensitivity, given that every piece of wood is different. The challenge is to achieve a constant gloss level and colour tone. The final processing involves profiling and edge treatment. Precision is required so that the parquet strips can be installed quickly and easily at a later time (on the construction site). During the final quality inspection, the parquet strips are checked by hand and sorted out in the event of defects.

T

Two-layer parquet: Parquet consisting of a top layer of hardwood and a backing layer of softwood or HDF.

Three-layer parquet: Parquet consisting of a top layer of hardwood, a middle layer of softwood and a backing layer (underlay) of softwood.

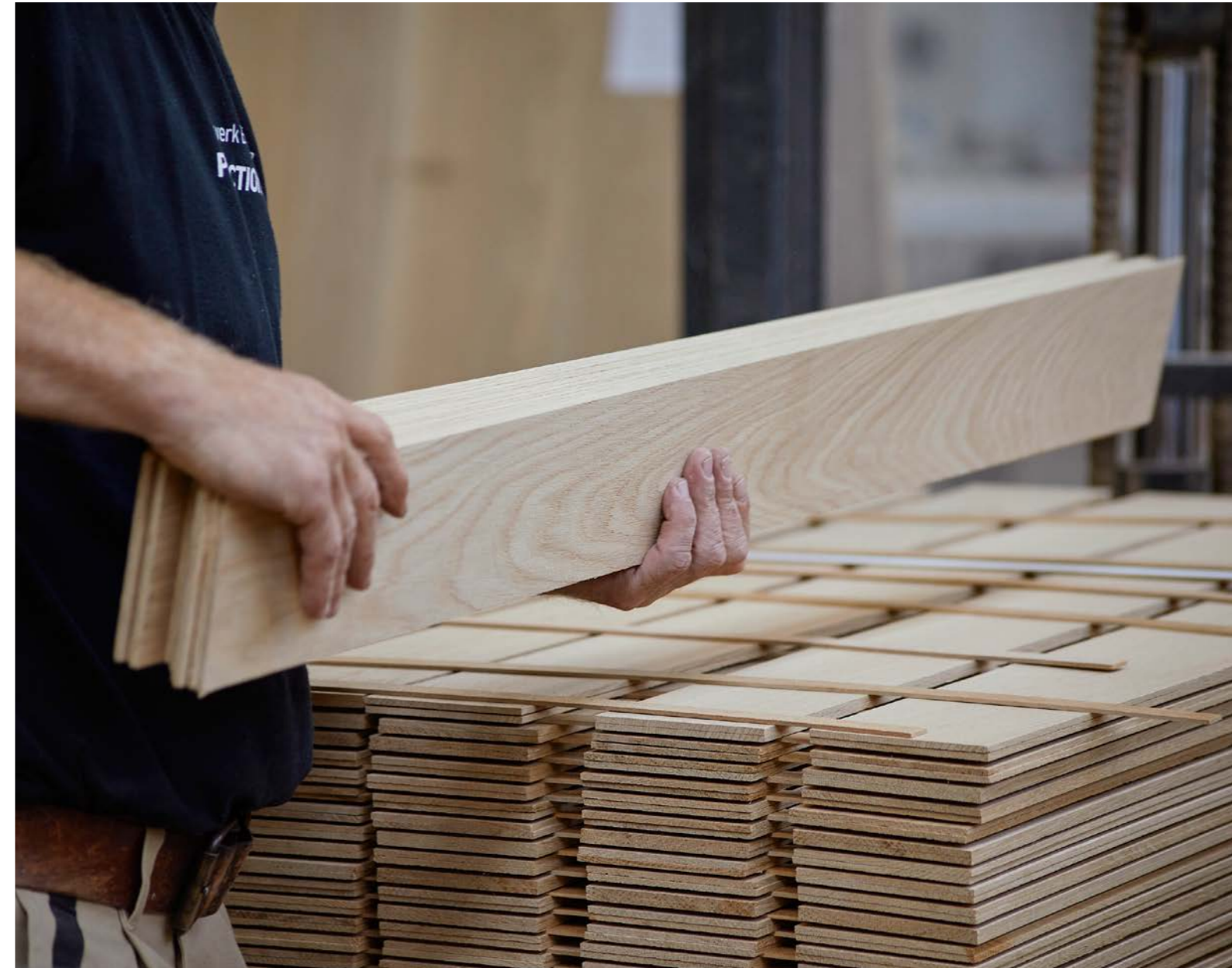
V

VOC, volatile organic compounds: Volatile organic compounds that are used in the form of solvents in glues, natural oils and cleaning agents in production for gluing, pressing, surface treatment and machine cleaning. When VOCs get into the air, together with nitrogen oxides, they contribute to the excessive formation of ground-level ozone, which is why the Federal Customs Administration levies an incentive tax on VOC-containing products imported or manufactured in Switzerland. Given that they evaporate quickly, they pose a health risk, especially in closed rooms. They can irritate the nose and throat and lead to allergic skin reactions, breathing difficulties, fatigue, headaches or asthma.

W

Wear layer: Also known as the top layer. The uppermost layer of a parquet board, i.e. the layer with which building occupants come into contact.

Wood briquettes: Wood residuals from production are pressed into a uniform shape using a briquetting press. The Bauwerk Boen Group sells parts of its waste wood as wood briquettes to third parties.



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