



Corporate Social Responsibility Report 2010

- Staying focused

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FOREWORD



DLH stays focused

In 2010, we introduced a new Go to Market strategy with a view of becoming a leading global timber wholesaler by focusing on distribution as a core-competence. To pursue this strategy, we completed a divestment programme which has given DLH the financial, structural and organizational strength necessary to find a new growth path.

We are staying focused on Corporate Social Responsibility (CSR). After the divestment of forest and production activities, the company's focus on CSR remains unchanged. In February 2010, we officially joined the United Nations Global Compact in order to stress our continuous commitment to responsible business.

For many years, DLH has managed its own forests in a responsible manner and we have therefore acquired extensive knowledge about legality and sustainability. In the years ahead, we will use

this knowledge to manage our supply chain in order to meet customer requirements as well as international regulations.

We are staying focused on our goal of being the leading wholesaler of certified tropical hardwood. We are proud to announce that in 2010 we purchased more certified wood than ever before: 36% of our total purchases were third-party verified/certified, whereby 22% was FSC certified.

We are committed to advancing the principles of Global Compact and we are building our responsible business based on a more comprehensive CSR strategy, including a revised Environmental Policy, a Social and Human Rights Policy and a Business Integrity Policy.

We believe that profitable and responsible business can go hand in hand and this is the route we wish to continue along.

Kent Arentoft
CEO Dalhoff Larsen & Horneman A/S

DLH's PROFILE

DLH at a glance

- ✓ Since its foundation in 1908, Dalhoff Larsen & Horneman A/S (DLH) has been trading with wood and wood products worldwide.
- ✓ DLH's ambition is to strengthen its position as one of the world's leading wholesalers of wood and wood products manufactured in accordance with environmental and social standards.
- ✓ DLH supplies products primarily to the building and construction industry and to the furniture industry.
- ✓ DLH is headquartered in Høje Taastrup, Denmark, and operates globally, being the major sales markets Europe, USA and Russia and the major sourcing markets South America, Africa and Asia.
- ✓ DLH has sales and procurement offices in the main markets and employs approximately 716 people worldwide on continuing businesses.
- ✓ The consolidated revenue for continuing businesses in 2010 was DKK 3.2 billion.

For more information on DLH's organizational profile, see the Annual Report 2010 or visit our [group's website](#).

Corporate Governance

- ✓ DLH A/S is a Danish listed company, quoted in the Copenhagen Stock Exchange.
- ✓ The Management structure consists of a Supervisory Board, integrated by five members elected at the general meeting and three members elected by the employees; and an Executive Board, presided by the CEO of the company.
- ✓ Once a year, DLH holds an Annual General Meeting, where all shareholders -including minority shareholders- can participate, express their opinions and thereby influence decision making processes.

For more information on DLH's corporate governance and share capital structure, visit the Investor Section on our [group's website](#).

Highlights 2010

- Feb:** DLH joins United Nations Global Compact.
- Feb:** Launch of the Business Integrity Policy.
- July:** Revised Environmental Policy and New Social and Human Rights Policy.
- Aug:** DLH joins The Danish Business Network for Human Rights.
- Oct:** DLH joins The Confederation of Danish Industry's CSR Network.
- Jan (2011):** DLH recognized as joint leader in its sector by the Forest Footprint Disclosure Annual Review 2010.

Highlights 2000 - 2010

- 2000:** DLH among the first ones in the industry to obtain FSC Chain of Custody Certification.
- 2002:** DLH establishes the Good Supplier Programme.
- 2005:** DLH obtains PEFC Chain of Custody Certification.
- 2006:** DLH cooperates with Rainforest Alliance to develop the VLO system, in order to verify the legal status of its wood sources in Sabah.
CIB, DLH's subsidiary, becomes the 2nd FSC-certified forest in the Congo Basin.
- 2007:** DLH begins cooperation with suppliers to assist them in obtaining third-party verification of legality or certification.
- 2008:** DLH starts a partnership with DANIDA to launch an HIV/AIDS Prevention Programme at CIB, Congo-Brazzaville.
- 2010:** DLH joins UN Global Compact.

ABOUT THE CSR REPORT

Report Profile

The aim of our Corporate Social Responsibility (CSR) report is to provide stakeholders with an overview of our strategies, initiatives and results within CSR. The report is a key communication tool, part of our commitment to openness and accountability.

The report is thus intended to serve as our Communication on Progress (COP) report to UN Global Compact and ensures compliance with the "Act amending the Danish Financial Statements Act (Accounting for CSR in large businesses)" regarding corporate responsibility reporting.

DLH's Annual Report and CSR Report complement one another, as the former provides an insight into the group's financial statements while the CSR report provides an overview of non-financial statements material to our business.

This year's CSR Report represents a milestone for DLH's growing CSR commitments, as it is our first COP report to UN Global Compact.



Reporting Period and Cycle

The reporting period is the calendar year 2010. The reporting cycle will be annual and the CSR Report will be made available to our stakeholders together with DLH's Annual Report every year towards the end of the first quarter.

DLH has on previous years communicated progress on its CSR work. Our most recent communication on CSR is included in the Annual Report 2009 published on 11 March 2010, in accordance with the requirements for corporate responsibility reporting of the Act Amending the Danish Financial Statements Act.

Reporting Guidelines

Starting in 2010, DLH has decided to follow the Global Reporting Initiative's (GRI) guidelines for the group's corporate responsibility reporting. By following GRI guidelines we seek to conduct our reporting in accordance with globally applicable principles developed and agreed by a multi-stakeholder network.

Furthermore, Global Compact recommends the use of GRI guidelines for CSR reporting due to the complementary roles played by both initiatives. Thus, the use of these guidelines further ensures that our report can serve as a COP report to Global Compact, as intended.

For an overview of the GRI profiles included in this report and their correspondence to Global Compact Principles, see p.19.

Reporting Principles

- Materiality and Stakeholder Inclusiveness:

The report is organized on three main sections, which refer to the three policies integrating our CSR strategy. These policies ensure that our business grows responsibly within key areas of interests for the Group, the industry and for the communities in which we operate. They are as follows:

- Environment,
- Social and Human Rights, and
- Business Integrity.

The concrete issues for which we report in each section have been selected based on the Group's strategy and priorities set out for the year 2010 and upcoming years, as well as on inputs received from various stakeholder groups on an on-going basis. Stakeholder groups include investors, NGOs, business customers and employees, among others.

- Sustainability Context:

Each section starts with a briefly overview of the main challenges the industry faces on the specific area covered, namely Environment, Social and Human Rights and Business Integrity, thus seeking to provide a framework for the company's performance in the wider context of Environmental Stewardship, Labour and Human Rights and Anti-corruption, respectively.

- Completeness:

This report addresses the initiatives and results achieved by the Group in relation to Environment, Social and Human Rights and Business Integrity in various degrees of detail, thus reflecting the level of advancement of the Group's CSR policies.

Performance data is available for some issues within Environment.

We see the integration of our CSR policies into our daily businesses as an on-going process. In 2010, we began a journey towards strengthening our work within CSR by further developing our CSR policies and by setting our CSR strategy within the framework of Global Compact. As we continue to translate our policies into concrete actions and goals in future years, our reporting will benefit from improved progress measuring and performance communication.

Reporting Scope and Boundary

This report addresses only continuing businesses. This means that the Group's businesses for which discontinuation was decided at the beginning of 2010 as a result of the new corporate strategy, are not included in the scope of this report.

Thus, unless otherwise noted for specific data, the report addresses all DLH's sales and procurement offices and warehouse facilities worldwide for continuing businesses. For a list of facilities, please see page 87 on the Annual Report. The report also addresses our relations with suppliers when applicable; for instance, regarding our Good Supplier Programme.

STRATEGY & ENGAGEMENTS

Corporate Social and Environmental Responsibility at DLH

*"For the forests, for the people
and for the future"*

At DLH, we have long-term standards. We were among the first ones in the industry to introduce an environmental policy in 1991, and we have on an on-going basis revised and further developed our CSR strategy. We take seriously our role in protecting the world forests, as they provide a number of highly valuable resources and services to the global community.

"We have been in the wood business for more than 100 years and we would like to continue doing business in the future". Peter K. Kristensen, Vice-President CSR & Environment

Values from the House

At DLH, we conduct our daily business with respect for social and ethical values, as illustrated in our "House of Values".



Responsibility forms the roof of our global and multicultural company. Therefore it is the Group's ambition not only to strengthen its position as one of the world's leading wholesalers of wood and wood products, but also to be a leader in the

wholesale of wood and wood products produced in accordance with environmental and social standards.

Our business relies upon wood

We operate globally and source wood from tropical forests, temperate and boreal forests, whose preservation is important for the future of the entire global community.

Therefore we have a social and environmental responsibility for promoting sustainable forestry.

Our products are based on the raw material "wood" and, as such, our business relies upon wood.

Therefore we have a commercial interest in ensuring responsible management of the world forests.

Our CSR Strategy

Our CSR strategy relies on three pillars, namely our Environmental Policy, our Social and Human Rights Policy and our Business Integrity Policy.

These policies are framed within the overriding principles of UN Global Compact. The backbone of DLH's Environmental Policy and Social and Human Rights Policy is the Good Supplier Programme (GSP), which is a tool used to collect and evaluate information on how suppliers produce, process and trade wood.

On the basis of the new corporate strategy and commitment to UN Global Compact, we have launched a more comprehensive CSR strategy. We revised our Environmental Policy and developed the company's first Social and Human Rights Policy as well as a group-wide Business Integrity Policy.

GOAL 2010	Action	Status	UN Global Compact Principle
<u>Strategic CSR Management:</u> To ensure that our policies reflect our commitment to the Global Compact's Principles.	To revise the Environmental Policy. To develop a Social and Human Rights Policy and a Business Integrity Policy.	Revised Environmental Policy launched in July. Social and Human Rights Policy launched in July. Business Integrity Policy launched in February.	Actions taken to implement P1-P10.

Our Engagements

DLH becomes signatory to UN Global Compact

For many years, we have been working on improving our social and environmental performance. To further stress our commitment to doing business responsibly, we joined the United Nations Global Compact –the world's largest initiative for organizations working actively on CSR- in February 2010.

As a Global Compact participant, DLH has committed to integrating ten universally accepted principles relating to human rights, labour, environment and anti-corruption into daily business

and to report annually on progress made in the implementation of these principles.

DLH focuses on strengthening its CSR strategy

Our CSR work is challenged by complex dilemmas on a day-to-day basis. By participating in networks where we can share knowledge with and learn from peer companies we can improve our decision-making process in the CSR area. This year, we have joined the Danish Business Network for Human Rights (DBNHR) and The Confederation of Danish Industry (DI)'s CSR Network.

GOAL 2010	Action	Status	UN Global Compact Principle
Strategic CSR Management: To strengthen our CSR strategy and management approach by: <ul style="list-style-type: none"> - Engaging with companies that face similar challenges. - Knowledge sharing and networking. 	To engage in learning initiatives.	We joined DBNHR in August 2010. We joined DI's CSR Network in October 2010.	Actions taken to implement P1 -P10.

We care about our impact

At DLH we care about our environmental and social impact and we support certification schemes that aim at ensuring that wood and wood products come from well managed sources.

We consider the Forest Stewardship Council (FSC) and its principles to provide the best global guidelines for responsible forest management. These principles have been developed and agreed by multiple stakeholder groups, such as NGOs, corporations, indigenous people's organizations, community forestry groups and certification bodies. For more information visit: www.fsc.org

DLH is a member of FSC International as well as of FSC National Initiatives in Denmark, Netherland, France and Belgium. We have been on the board of the Danish National Initiative since 2007.

We care about our industry

DLH is an active member of The Danish Timber Trade Federation. Participation in this organization enables us to channel our opinions and to lobby collectively on national and international level. Responsible forestry management, illegal logging and the new EU Illegal Timber Regulation have been the main topics on this year's agenda.

Our dialogue with NGOs

DLH has an open dialogue policy towards stakeholders, including NGOs. For the past 5 years, we have been in close dialogue with multiple organizations and we meet a few times a year to discuss issues of mutual concern. We also include them in our consultations on our policies and programmes. Together, we have lobbied at EU level for the implementation of stricter public timber procurement policies favouring legal and sustainable timber, as well as regarding the new EU Illegal Timber Regulation. It is our policy to engage in dialogue with NGOs and other stakeholders willing to work with us.

Our professional partners are important

Over the last decade, we have benefitted from our collaboration with the independent certification body [Rainforest Alliance](#) and its partner [NEPCON](#), and the independent certification body [Société Générale de Surveillance](#) (SGS). Their services have contributed greatly to the progress made in the management of our supply chain. Our active collaboration with Rainforest Alliance on verification of legality, led to the development of their standards for verification of legal origin (VLO) and legal compliance (VLC). Below is a list of our offices, their corresponding chain of custody codes and certification bodies:

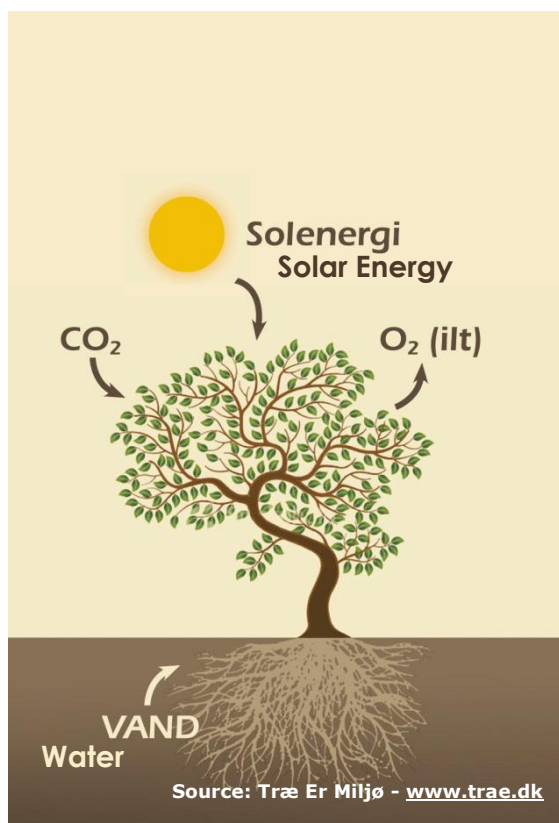
Certification Body	DLH Offices	Chain of Custody Code
	Dalhoff Larsen & Horneman A/S, Denmark	SW-COC-001521
	DLH Poland	SW-COC-004607
	DLH Finland Oy	SW-COC-004299
	DLH Sverige AB	SW-COC-002509
	DLH Nordisk Inc, USA	SW-COC-004114
	Indufor NV, Belgium	SGS-COC-000793
	DLH France	SGS-COC-0946
	DLH Nederland	SGS-COC-001100

ENVIRONMENT

The challenges of managing the world's forests

Forests are of vital social, environmental and economic importance for the global community. Forests help regulate the climate and act as natural carbon sinks by capturing CO₂ and reducing its concentration in the atmosphere. Forests house around two-thirds of the world's plants and animals, and provide for the livelihoods of 1.6 billion people around the world.

In spite of these valuable properties, forests have over many decades been threatened by deforestation. Deforestation is a major contributor to global warming, as it accounts for approximately 18% of total CO₂ emissions, more than the share of emissions of the global transport sector. Tropical forests, which are the main source of the hardwoods we commercialize, are highly threatened. Deforestation in tropical forests is mainly the result of land clearance for commercial agriculture and it is primarily driven by the increasing demand for food, plant oils and biofuels.



Forestry and wood production, if conducted in accordance with local laws, environmental principles and social standards, do not contribute to deforestation. Well managed forests help ensuring the sustainability of flora and fauna over time. On the contrary, illegal and destructive logging activities threaten the preservation of the forests.

Therefore, ensuring that the wood we source has been legally harvested constitute one of the major challenges of our business. Our overriding goal is thus to contribute to the conservation of the world's forest by promoting legality and sustainable forest management. How? We explain so in the following paragraphs.

DLH's Environmental Policy can be found in the CSR Section on our [group's website](#) or downloaded from [here](#).

Our Suppliers

Quick Facts about DLH's Environmental Policy on Suppliers

- ✓ All our suppliers must commit to and comply with DLH's environment policy.
- ✓ In countries where there is a potential risk of non-compliance with this policy, we implement our Good Supplier Programme (GSP), which serves as a risk-assessment tool. Participation in GSP is a pre-requisite for becoming a DLH Supplier.
- ✓ In some supply countries, as a result of a country risk assessment, we have taken extra measures to avoid unacceptable wood. In other cases, we have stopped sourcing completely. The current list of countries with special sourcing guidelines includes Brazil, Burma, Cameroon, Democratic Republic of Congo (Kinshasa), Liberia, Malaysia (Sarawak), Nigeria, Papua New Guinea (PNG) and Sierra Leone.
- ✓ We will work with our suppliers on knowledge sharing and capacity building. We will use our position as one of the market leaders in certified tropical hardwoods in order to support them in achieving VLO and FSC certification.
- ✓ DLH will investigate the origin of all wood originating from risk countries. Origin is defined by DLH as the forest in which the wood has been harvested.

The Good Supplier Programme

In a time where the world's forests are threatened by illegal logging and high rates of deforestation, DLH is committed to the responsible sourcing of wood products. We want to know about the origin of the wood products we source as well as about the social and environmental conditions in which they have been produced. To help achieve this goal, we have established the Good Supplier Programme (GSP).

GSP is a tool used to collect and evaluate information primarily regarding origin, legality and verification and certification. GSP serves as a risk-assessment tool covering all tropical countries as well as Russia, Belarus, Ukraine and China. More than 700 suppliers currently participate in the programme.

GSP Results

In 2010, 96% of all purchases from risk countries were covered by GSP and DLH had information on the origin of 87% of all wood procured from risk countries covered by the programme.

These results are promising in terms of DLH's mid-term goal of being able to document the origin and legality of all wood procurement. Nevertheless, the results are below the targets for the year, i.e. that 100% of all purchases from risk countries is covered by GSP and information is available on the origin of 95% of all wood procured from risk countries covered by GSP.

2010 was a transitional period for DLH and the company underwent substantial organizational adjustments across the world. Focus was primarily

During 2010, in view of our new corporate strategy and in line with our commitment to continuously improve our CSR work, we have revised and further developed GSP. The new GSP will enable DLH to: 1) improve data gathering and analysis; 2) collect further information and documentation on the origin and legality of the wood we source; and 3) collect information on social and working conditions at suppliers. The new GSP is expected to be fully operational at the beginning of 2012.

Over the last 4 years, as we want to actively encourage our suppliers to aim for FSC certification, we have been working together with suppliers, consulting companies and certification bodies on implementing legal verification schemes as a stepwise approach towards certification.

at strategic level, which affected operational processes such as GSP and GSP targets. With the new structure in place in 2011, DLH will be able to concentrate on developing new and improved plans with a view to achieving the targets. The new GSP, as it is intended to improve data gathering and analysis, will play an important role in this respect.

Our future goals are as follows:

- ✓ 100% of all wood from risk countries will be covered by GSP by the end of 2011.
- ✓ DLH will know the origin of 95% of all our wood from risk countries by the end of 2011.
- ✓ The new GSP should be fully operational at the beginning of 2012.

Our Products

For many years, DLH's ambition has been to be a leading player within global trade with certified tropical hardwood. Since 2000, DLH has been Chain of Custody certified and has, therefore, been

able to commercialize certified wood. Since 2008, DLH has also been Generic chain of custody certified and has also been able to commercialize wood with verification of legal origin and verification of legal compliance claims.

Quick Facts about DLH's Environmental Policy on Product

- ✓ DLH strives to purchase as much certified wood as possible and we want to continue to be the leading supplier of certified tropical hardwood in the future.
- ✓ Our long term target is to only source sustainable wood and we consider FSC to be the best demonstration for sustainability. The success of this target is dependent on many factors, few of which we have any influence on. We therefore cannot set a fixed deadline for when we will reach this target.
- ✓ Promote greater uptake of FSC certified products.

Purchases of verified and certified wood¹

In 2010, 36% of our total purchasing volume was third-party verified/ certified. Approximately 22% of the purchasing volume was FSC certified and 9% was FSC Controlled Wood.

Regarding purchases of tropical hardwood, 39% of the total volume was third-party verified / certified. Approximately 19% of the tropical hardwood purchased was FSC Certified and 16% was FSC Controlled Wood.

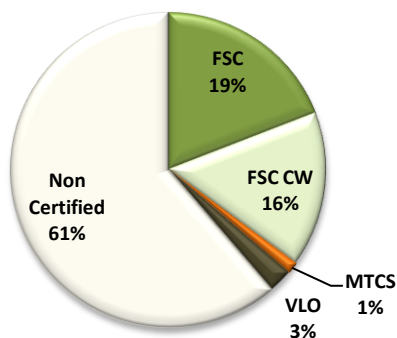
We have therefore surpassed our goal for the year, i.e. that 25% of our purchases of tropical hardwood were to be covered by third-party legal verification, PEFC or FSC.

Promoting FSC certified wood

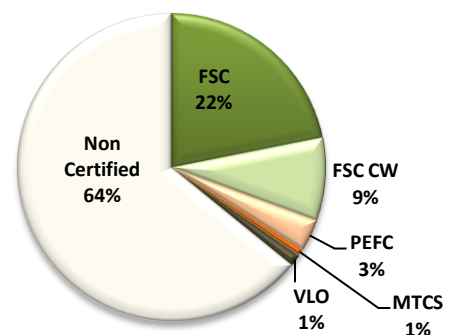
FSC Denmark organized the FSC Design Award 2010 with the purpose of promoting the use of responsible wood and wood products among architect and design students. DLH Group in cooperation with DLH Denmark sponsored this activity by supplying FSC-certified wood boards to the participants. Read more [here](#).

In cooperation with DLH Denmark, we have also contributed with FSC certified Bangkirai decking tiles to FSC Green Goods' auction held at Lauritz.com. The auction was organized as part of the international FSC Friday, with the aim of promoting FSC products worldwide. Read more [here](#).

**Purchases of Tropical Hardwood
Third-party verified/certified**



**Total Purchasing Volume
Third-party verified / certified**



(1) The figures are based on purchases from all active DLH offices in 2010.

Our Climate

In 2010, DLH decided to disclose its carbon emissions and forest footprint. These new reporting initiatives are in line with DLH's corporate values of openness and transparency and are also considered tools that will help the company improve its overall environmental performance.

Our Forest Footprint

DLH was recognized as joint leader in its sector by the Forest Footprint Disclosure Annual Review 2010.

FFD was launched in June 2009 with the aim of helping companies improve their understanding of a "forest footprint" generated by the use of key forest risk commodities such as wood, soy, palm oil, cattle products and biofuels. Participating companies are required to disclose what they are

doing to manage the impacts that their operations and supply chains have on forests worldwide. DLH participated in the 2010 Annual Review by reporting on the management of its wood supply chain. Read FFD's Annual Review 2010 [here](#).

Our Carbon Footprint

The first step towards outlining a carbon emission reduction strategy is indeed monitoring and measuring our carbon footprint. Our goal for 2010 has been to begin the process of developing an effective procedure for gathering and measuring carbon emission data.








As it can be seen in the table below, international transport of wood is the largest contributor to our carbon footprint, with around 68 thousand tonnes CO₂.

Our total carbon footprint adds up to approximately 80 kgCO₂ per cubic meter of wood traded.

Scope	Carbon Footprint (Tonnes CO ₂)
Scope 1: Direct Emissions (corporate cars and vehicles used at warehouses)	2,158
Scope 2: Indirect Emissions (electricity and heating)	1,557
Scope 3: Other Indirect Emissions	<ul style="list-style-type: none"> • International Freight ²: 67,859 • Business Travels ³: 110

(2) Total emissions calculated based on the average emissions of the containers shipped from the top ten origins.

(3) Only international travels of employees located in DLH headquarters and DLH Denmark.

GOALS 2010	Action	Status	UN Global Compact Principle
<p><u>Environment:</u> To minimize the risk of having negative impacts on forests worldwide.</p> <ul style="list-style-type: none"> - To monitor our supply chain regarding uphold of our Environmental Policy. - To promote greater uptake of FSC certified products and other verified and certified products. - To monitor and communicate our forest footprint. - To monitor and communicate our carbon footprint. 	<ul style="list-style-type: none"> - Revision and further development of GSP. - 100% of all wood from risk countries will be covered by GSP by the end of 2010. - DLH will know the origin of 95% of all our wood from risk countries by the end of 2010. - 25% of tropical hardwood purchase will be covered by third-party legal verification, PEFC or FSC by the end of 2010. - Promote FSC products by organizing and/or supporting promotion activities. - Report to Forest Footprint Disclosure Project. - Report to Carbon Disclosure Project. 	<ul style="list-style-type: none">  Revision on track. Implementation of the new GSP planned for fourth quarter 2011/beginning of 2012.  96% of wood from risk countries covered by GSP. Goal set for 2011.  85% known origin of wood. Goal reset for 2011.  39% of tropical hardwood purchase covered by third-party legal verification or FSC.  Sponsorship FSC Design Award 2010 and FSC Green Goods' auction at Lauritz.com.  Report submitted October 2010. DLH recognized as joint leader in its sector in the Annual Review for 2010.  Figures for 2010 are included in this CSR Report. They will be submitted before deadline for Investor CDP 2011. 	<p>Actions taken to implement P 7, 8 & 9; and outcomes from implementing P8 & P9.</p>

SOCIAL & HUMAN RIGHTS

The challenges of doing business in diverse countries

DLH is a global company that conduct businesses in countries with diverse business and cultural practices, as well as legal frameworks, regarding the respect and uphold of labour and human rights recognized in the Universal Declaration of Human Rights and in the core conventions of the International Labour Organization (ILO). Approximately 72% of our sourcing activities are conducted in countries considered of risk. Therefore it is our responsibility to ensure that we do not directly or indirectly benefit from, contribute to, endorse, or in any way facilitate violations.

DLH's Social and Human Rights Policy can be found in the CSR Section on our [group's website](#) or downloaded from [here](#).





Quick Facts about DLH's Social and Human Rights Policy

- ✓ DLH supports the UN Universal Declaration of Human Rights and the core ILO conventions.
- ✓ DLH is a global company with a multicultural workforce and we recognize diversity as strength. We will work actively to ensure a work environment that is culturally respectful. DLH shall not engage in, or benefit from the use of child labour and DLH prohibits any kind of forced labour.
- ✓ When investing or sourcing in areas with existing or occurring conflicts, we will remain alert to possible violations of human rights and conduct risk assessments to ensure that we do not directly or indirectly benefit from, contribute to, endorse or in any way facilitate such violations.
- ✓ We expect our suppliers to work actively to ensure fair, good and safe working conditions for their employees and to respect basic human rights in accordance with our Social and human rights policy.

Our Suppliers

In order to ensure that we do not directly or indirectly benefit from, contribute to, endorse, or facilitate violations of labour and human rights at the supplier level, we have further developed or risk-assessment tool – The Good Supplier Programme (GSP)- during 2010. The main objective has been to make the tool more encompassing regarding social and working conditions and, as such, the revision has been based on the principles of the Global Compact and the core ILO conventions.

Once operational, the new edition of GSP will enable us to collect information on our supplier's social performance. As mentioned earlier in the Environment Section, GSP is implemented in all tropical countries, Russia, Belarus, Ukraine and China. Based on reports from internationally recognized organizations regarding the risks of illegal logging and violation of social and human rights, we consider them "risk countries" to be covered by GSP.

GOAL 2010	Action	Status	UN Global Compact Principle
<u>Social and Human Rights:</u> To minimize the risk of directly or indirectly contributing to, benefiting from, endorsing, or facilitating violation of labour and human rights at supplier level, by:			Actions taken to implement P1 –P6.
<ul style="list-style-type: none"> - Improving our risk-assessment tool, GSP. 	<ul style="list-style-type: none"> - Revision and further development of GSP. 	<ul style="list-style-type: none">  Revision on track. Implementation of the new GSP planned for fourth quarter 2011 /beginning of 2012. 	
<ul style="list-style-type: none"> - Collecting information on the performance of suppliers on labour and human rights. 		<ul style="list-style-type: none">  Information will be available once the new GSP is fully operational. 	

BUSINESS INTEGRITY

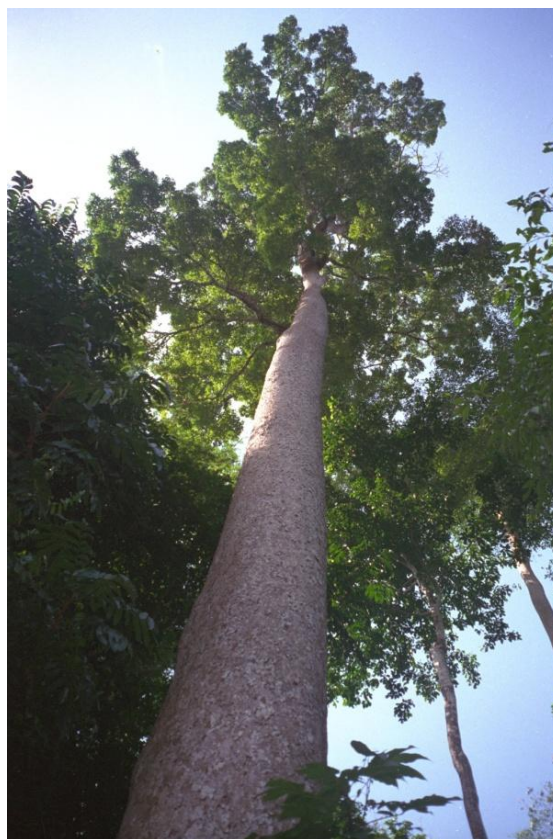
The challenges of working against corruption

Corrupt practices have devastating effects on the development of societies by weakening democracy, contributing to poverty, and creating social and environmental problems.

Corrupt practices have also negative effects on business, as they undermine the rule of law by distorting competition and creating unfair business environments.

Advancing anti-corruption policies can be challenging for global companies due to cultural differences. Nonetheless the abuse of entrusted power for private gain is unacceptable in all cultures and societies.

In view of this, DLH is committed to work for the advancement of ethical practices and against corrupt practices. We will do so by building awareness through the implementation of our Business Integrity Policy.



Our Policy

On February 2010, DLH formalized and launched a group-wide Business Integrity Policy. In accordance with our House of Values, we want to be responsible in all aspects of our business activities. The timber industry has a reputation of being prone to corrupt practices; therefore our new Business Integrity Policy sends a clear message about our commitment to ethical business conduct.

The policy has a global scope and, as such, covers our business activities in industrialized as well as in developing countries. The policy comprises: 1)

DLH's position in respect of corruption in all its forms; 2) Internal Guidelines for employees on how to proceed should they come across corrupt practices. The policy was formally communicated to employees worldwide and dialogue sessions were open for employees willing to discuss the policy in detail with managers, the group's HR department and/or the group's CSR and Environmental Department.

In the group management meetings held during 2010, efforts were put in communicating the principles of our policy as well as how to proceed upon non-compliance or risk of non-compliance. Managers are to ensure that employees are informed about the policy and understand its implications. All our employees have signed a commitment to comply with our business integrity policy.

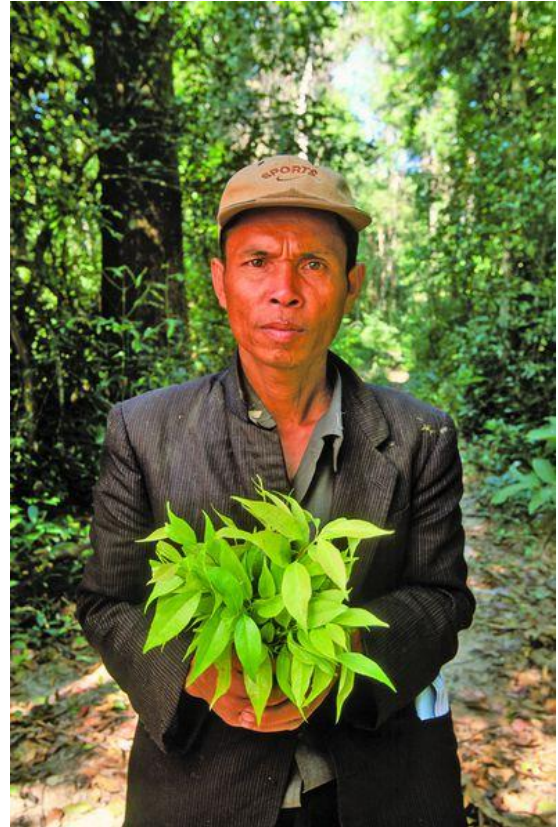
GOAL 2010	Action	Status	UN Global Compact Principle
<u>Business Integrity:</u> To engage in the work against corruption worldwide, by: <ul style="list-style-type: none"> - Formalizing a group-wide position regarding corrupt-practices. 	<ul style="list-style-type: none"> - Launch a group-wide anti-corruption policy. - Inform all employees worldwide (directors, managers, and employees in general) on the group's anti-corruption policy. 	<ul style="list-style-type: none">  Business Integrity Policy launched in February 2010.  100% of our employees have signed a commitment to comply with the Business Integrity Policy. 	Actions taken to implement P10.

FUTURE PERSPECTIVES

In 2010, we focused on revising our CSR policies on the basis of the new corporate strategy and our commitment to the principles of the UN Global Compact. In 2011, we will continue along the same route and focus on strengthening the programmes and procedures underpinning our Environmental, Social and Human Rights and Business Integrity Policies.

As the new corporate strategy focuses on distribution, our CSR strategy will primarily focus on the management of our supply chain. During 2010 we have revised our Good Supplier Programme in order to adjust it to the new strategy and prepare it for the challenges ahead. It is our goal to have the new programme fully operational at the beginning of 2012.

The new EU Illegal Timber Regulation, which was formally introduced by the European Council on October 2010 and will become effective at the beginning of 2013, represents an important step forward in the fight against illegally harvested timber and we expect that it will create a level playing field for responsible businesses. We will continue our work together with other industry organizations and NGOs in order to encourage both private and public procurement policies favouring legal and sustainable timber.



GRI INDEX TABLE

This report follows the Global Reporting Initiative (GRI) guidelines, application level "C". This application level is self-declared. For further information on GRI application levels, see [here](#).

The GRI index table below provides an overview of disclosures and indicators covered in this CSR

Report, as well as their correspondence with the principles of the UN Global Compact.

We also indicate where to find the information (Annual Report 2010: AR; CSR Report 2010: CSR; Website: website) and the extent of our reporting (full or partial).

GRI Profile	Reference	Comments	Reporting	Global Compact Principle
STRATEGY AND ANALYSIS				
PD 1.1 – Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and its strategy.	CSR, p.3.		Full	Statement of continued support.
ORGANIZATIONAL PROFILE				
PD 2.1- Name of Organization.	AR, front page. CSR, front and back pages.		Full	
PD 2.2 – Primary brands, products, and/or services.	AR, p.5.		Full	
PD 2.3 – Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	AR, p.86-87.		Full	
PD 2.4- Location of organization's headquarters.	AR, front page. CSR, back page.		Full	
PD 2.5- Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	AR, p.86-87. CSR, p.10, 15, 17.		Full	
PD 2.6- Nature of ownership and legal form.	AR, p.87.		Full	
PD 2.7- Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	AR, p.5-6, 47. CSR, p.4.		Full	
PD 2.8- Scale of the reporting organization.	AR, p.3-4.		Full	
PD 2.9- Significant changes during the reporting period regarding size, structure, or ownership.	AR, p.82 (N. 27) AR, p.84-85 (N. 30)		Full	
PD 2.10- Awards received in the reporting period.	CSR, p.12.		Full	
REPORT PARAMETERS				
PD 3.1– Reporting period (e.g., fiscal/calendar year) for information provided.	CSR, p.6.		Full	
PD 3.2 – Date of most recent previous report (if any).	CSR, p.6.		Full	
PD 3.3 – Reporting cycle (annual, biennial, etc.).	CSR, p.6.		Full	
PD 3.4 – Contact point for questions regarding the report or its contents.	CSR, back page.		Full	
PD 3.5 – Process for defining report content.	CSR, p.6.		Full	
PD 3.6 – Boundary of the report.	CSR, p.6.		Full	
PD 3.7 – State any specific limitations on the scope or boundary of the report.	CSR, p.6.		Full	

PD 3.8 – Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	CSR, p.6.		Full	
PD 3.10 – Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.	None.		Full	
PD 3.11 – Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	This is DLH's first COP Report. This is the first report based on GRI Guidelines.		Full	
PD 3.12 – Table identifying the location of the Standard Disclosures in the report.	CSR, p.19-21.		Full	
GOVERNANCE, COMMITMENTS & ENGAGEMENT				
PD 4.1- Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	AR, p.13-14. CSR, p.4. Website		Full	P1-10.
PD 4.2 - Indicate whether the Chair of the highest governance body is also an executive officer.	AR, front page.		Full	P1-10.
PD 4.3 - For organizations that have a unitary board structure; state the number of members of the highest governance body that are independent and/or non-executive members.	AR, front page, AR, p.20-21.		Full	P1-10.
PD 4.4- Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	AR, p.20-21. CSR, p.4.		Full	P1-10.
PD 4.8- Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Economic: AR. Environment: CSR, p. 9-13. Social: CSR, p. 14-15. Business Integrity: CSR, p. 16-17.		Partial	P1-10.
PD 4.12- Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	CSR, p. 8.		Full	P1-10.
PD 4.13- Memberships in associations (such as industry associations) and/or national/international advocacy organizations.	CSR, p. 8. Website		Full	P1-10.
PD 4.14- List of stakeholder groups engaged by the organization.	Website		Full	P1-10.
PD 4.15- Basis for identification and selection of stakeholders with whom to engage.	CSR, p. 8. Website		Full	P1-10.
ECONOMIC				
Disclosure on Management Approach.	AR.		Full	P1, P4, P6, P7.
EC1 – Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	AR, p.3-4.		Full	
EC2 – Financial implications and other risks and opportunities for the organization's activities due to climate change.	CSR, p.9-13.		Full	P7.
EC3 – Coverage of the organization's defined benefit plan obligations.	AR, p.65-67 (N.20)		Full	

EC4 – Significant financial assistance received from government.		Continuing business: No financial assistance received. Discontinuing business: HIV/AIDS Workplace Programme at CIB was co-financed between DLH and DANIDA (Danish International Development Agency).	Full	
EC6 – Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.		DLH has no specific policy on this matter.	Full	
EC7 – Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.		DLH has no specific policy on this matter.	Full	P6.
ENVIRONMENTAL				
Disclosure on Management Approach	CSR, p.9-13. Environmental Policy .		Full	P7-9.
EN3 – Direct energy consumption by primary energy source.	CSR, p. 12.		Full	P8.
EN4 – Indirect energy consumption by primary source.	CSR, p. 12.		Full	P8.
EN26 – Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	CSR, p. 9-11.		Full	P7-9.
HUMAN RIGHTS				
Disclosure on Management Approach.	CSR, p.14-15. Social and Human Rights Policy .		Full	P1-6.
HR6 – Operations identified as having significant risk for incidents of child labour and measures to contribute to eliminate child labour.	CSR, p.14-15.		Full	P1, 2, 5.
HR7 – Operations identified as having significant risk for incidents of forced or compulsory labour and measures to contribute to the elimination of forced or compulsory labour.	CSR, p.14-15.		Full	P1, 2, 4.
SOCIETY				
Disclosure on Management Approach.	CSR, p.16-17.		Partial	P10.
SO2 – Percentage and total number of business units analyzed for risks related to corruption.	CSR, p.16-17.		Full	P10.
SO3 – Percentage of employees trained in organization's anti-corruption policies and procedures.	CSR, p.16-17.		Full	P10.
SO5 – Public policy positions and participation in public policy development and lobbying.	CSR, p.16-17.		Full	P1-10.



March 2011

YOUR FEEDBACK IS IMPORTANT TO US

If you have any questions or comments on this report, please contact us:

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