

Corporate Social Responsibility Report 2013

dlh.



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FOREWORD



From commitment to action: DLH passes the EUTR audit

In 2013 DLH was among the first companies in Denmark and Europe to be audited against the EU Timber Regulation (EUTR) requirements. Our new due diligence system, GSP v. 2013 was assessed to be compliant with EUTR. After several years of dedicated work towards improving our supplier due diligence procedures, we can ensure customers and key stakeholders that we are the leading wholesaler of responsible timber.

With the implementation and audit of our new due diligence system GSP v. 2013, we continued our work on integrating the principles of UN Global Compact in our daily business activities. Our new due diligence system allows us to map, assess and mitigate the risk of illegal timber entering our supply chain.

Kent Arentoft
CEO, Dalhoff Larsen & Horneman A/S

ABOUT DLH

DLH at a glance

- ✓ Since its foundation in 1908, Dalhoff Larsen & Horneman A/S (DLH) has been trading in timber and timber products worldwide.
- ✓ DLH's ambition is to strengthen its position as a global leading wholesaler of timber and timber 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 Copenhagen, 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 500 people worldwide on continuing businesses.
- ✓ The consolidated revenue for continuing businesses in 2011 is about DKK 2 billion.
- ✓ Distribution via warehouses accounts for 57% of the group's sales revenues while direct trading accounts for the remaining 43%.

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 six members elected by the General Assembly and three members elected by the employees; and an Executive Board, presided by the CEO of the group.
- ✓ Once a year, DLH holds an Annual General Assembly, where all shareholders -including minority shareholders- can participate, express their opinions and thereby influence decision making processes.

For more information on DLH's organizational profile, see the Annual Report 2013 or visit the [website](#).

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

Highlights 2000-2013

- 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
- 2012:** DLH launches GSP version 2013

Highlights 2013

March: EUTR comes into force. DLH achieves full implementation of GSP v. 2013 in all business units

Dec: DLH successfully passes EUTR audit and thus has a due diligence system assessed to be in full compliance with the regulation

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 section 99a of the Danish Financial Statements Act 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.

DLH's Annual Report 2013 can be downloaded from the [website](#)



This is our **Communication on Progress** in implementing the principles of the United Nations Global Compact.

We welcome feedback on its contents.

Reporting Period and Cycle

The reporting period is the calendar year 2013 and the reporting cycle is annual. The CSR Report is published together with DLH's Annual Report at the end of the first quarter.

DLH has on previous years communicated progress on its CSR work. The most recent publication is the CSR Report 2012 published in March 2012 in accordance with: a) section 99a of the Danish Financial Statements Act regarding corporate responsibility reporting; and b) UN Global Compact's requirements for communication on progress.

The CSR Report 2012 can be downloaded from [here](#).

Reporting Guidelines

DLH follows the Global Reporting Initiative's (GRI) guidelines for the group's corporate responsibility reporting. By following GRI guidelines we seek to conduct 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 COP reporting due to the complementary roles played by both initiatives. Thus, by following GRI guidelines the same report can double as DLH's Annual CSR Report to stakeholders and the group's Annual COP report to Global Compact.

We follow GRI G3 Guidelines.

For an overview of the GRI profiles included in this report and their correspondence to UN Global Compact Principles, see p.23.

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 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 2012 and upcoming years, as well as on inputs received from various stakeholder groups on an on-going basis. Stakeholder groups include investors, NGOs, and business customers, among others.

- Sustainability Context:

Each section starts with a short 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 group's performance in the wider context of Environmental Stewardship, Labour and Human Rights and Anti-corruption.

- Completeness:

This report addresses the programmes implemented and results achieved 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.

We see the integration of our CSR policies into our daily businesses as an on-going process. In 2010, we aligned our CSR strategy with the principles of UN Global Compact and further developed our CSR policies. In 2012, we launched a new and innovative Good Supplier Programme, which is the group's supplier risk-assessment tool. As we strengthen our CSR work, our reporting will benefit from improved progress measuring and performance communication.

Reporting Scope and Boundary

Unless otherwise noted for specific data, the report addresses all DLH's sales. The report also addresses our relations with suppliers with regards to the implementation of The Good Supplier Programme.

The CSR Report 2013 has the same content structure and design of the previous years' reports. Stakeholders will therefore be able to follow progress easily.

STRATEGY & ENGAGEMENTS

Corporate Social and Environmental Responsibility at DLH

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 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.

Our Values

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 a global leading wholesaler of timber and timber products, but also to be a leader in the wholesale of timber and timber products manufactured in accordance with environmental and social standards.

Our business relies upon wood

We operate globally and source wood from tropical, 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 the availability of wood.

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

Our CSR Strategy

Our CSR strategy rests on three pillars: the Environmental Policy, the Social and Human Rights Policy and the Business Integrity Policy.

These policies are framed within the 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 timber.

CSR Governance 2013

Having launched the new GSP supplier due diligence programme in 2012, we dedicated this year to full implementation in all business units as well as system improvement. Furthermore, the new GSP passed the EUTR audit conducted by Danish Competent Authority in December 2013.

Goal	Action 2013	Status	UN Global Compact Principle
<u>Strategic CSR Management:</u> To facilitate the integration of CSR into core business operations.	To fully implement the new GSP due diligence programme in all DLH business units.	Implemented throughout 2013.	Actions taken to implement P1-P10.

DLH successfully passes the EUTR audit

On Thursday 5 December, the Danish Competent Authority visited the head office of DLH Group in Copenhagen in order to conduct a routine EUTR audit. They audited DLH's due diligence system called Good Supplier Program (GSP), DLH's purchasing policies and procedures and legality evidence for a random sample of goods imported to Denmark. The Authority **concluded that DLH is in full compliance with EUTR without any remarks.**

We can proudly tell our customers that our due diligence system is in full compliance with EUTR, as

independently confirmed by the Danish Competent Authority.

The Danish Competent Authority stressed that the audit covers not only DLH Denmark but all DLH's business units, since they all follow the same procedures and implement the same due diligence system. As such, the **audit results apply to all DLH units in the European Union.**



From left: Jakob R. Klaumann, Danish Timber Trade Federation
Niels Bølling from Ministry of Environment (Danish Competent Authority)
Peter K. Kristensen, Vice President, CSR & Compliance
Virginia Dundas, CSR & Compliance Officer

Our Engagements

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 timber and timber products come from well managed sources.

We support the Forest Stewardship Council (FSC) and believe its principles provide the best global guidelines for responsible forest management. These principles have been developed and agreed by diverse stakeholder groups, such as NGOs, corporations, indigenous people's organizations, community forestry groups and certification bodies.

DLH is a member of FSC International and of the FSC National Initiative in Denmark. We have been on the board of the Danish National FSC Initiative since 2007.

We care about our industry

DLH is an active member of several Timber Trade Associations in Europe. Participation in these associations enable us to channel our opinions and to lobby collectively on national and international level. As in the previous years, EUTR has also been this year's main discussion point on the agenda.

Our dialogue with NGOs

DLH has an open dialogue policy towards stakeholders, including NGOs. 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 Timber Regulation. It is our policy to continue engaging 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 [NEPCo](#), 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
Rainforest Alliance	Dalhoff Larsen & Horneman A/S	SW-COC-001521
	DLH Denmark A/S	SW-COC-005747
	DLH Poland Sp.	SW-COC-004607
	DLH Sverige AB	SW-COC-002509
SGS	DLH France	SGS-COC-000946

ENVIRONMENT

The world's forests

Every year large areas of tropical forests are being converted to commercial agriculture due to the increasing demand and rising prices for food, plants oils and biofuels. Deforestation is thus one of the major contributors to climate change accounting for 18% of global carbon emissions.

Illegal and destructive logging activities also threaten the conservation of forests. But forestry activities, if conducted in accordance with local laws and international environmental standards, do not contribute to deforestation. Well-managed forests are forests that can continue to perform the numerous valuable services they provide to the global community: climate regulation, natural carbon sinks, biodiversity protection and contribution to the livelihood of 1.6 billion people.

Therefore, ensuring that the timber we source has been legally harvested constitute one of the major challenges of our business. Our overriding goal is to contribute to the conservation of the world's forest and battle against climate change by promoting legality and sustainable forest management. We explain how in the following paragraphs.



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 the Good Supplier Programme (GSP, which is the group's 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 timber originating in risk countries. Origin is defined by DLH as the forest in which the timber has been harvested.

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

The Good Supplier Programme

The Good Supplier Programme –also known as GSP– is a tool used to collect and evaluate information on the origin, legality, verification and certification of the timber and timber products we source. GSP is an important tool in complying with EU Timber Regulation and the US Lacey Act. All suppliers to DLH must complete the GSP assessment.

GSP version 2013

GSP is targeted at all suppliers, but the level of due diligence conducted depends on the supplier risk profile. Based on the country of origin and product type, our suppliers are divided into two categories, namely high risk and low risk. The formers are suppliers from countries with a CPI score (Corruption Perception Index Score) of less than 7 while the latters are those from countries with a CPI score of 7 or more.

CPI scores provide an objective measure of the levels of law-enforcement and governance in a given country. And we believe they also provide an accurate measure of the transparency of the forestry sector, as they 'match' our company knowledge on the prevalence of illegal harvesting and the enforcement of key forest legislation in our sourcing markets.

High risk suppliers are required to answer a thorough self-assessment questionnaire and must also provide detailed legality documentation; while low-risk suppliers are required to disclose less information about their supply chain and production process. When necessary, we conduct on-site visits of suppliers to further check compliance.

All information and documentation gathered is assessed by the relevant Sourcing staff and the CSR and Compliance department on the basis of DLH's environmental and social criteria and the requirements of timber legality legislations.

Business can only proceed with suppliers rated as "Silver", "Gold" and "Platinum", which are considered to be compliant with the international regulations EUTR and US Lacey Act and with DLH CSR Policies. Besides undergoing DLH's own due diligence, "Gold" and "Platinum" suppliers are audited by independent certification bodies and, as such, are given a higher rate. Gold suppliers provide only third-party legally verified timber (e.g. OLB; SW-VLC), while Platinum suppliers provide only sustainably certified timber (e.g. FSC-PEFC). Silver suppliers can supply a mix of non-certified and certified timber.

Figure 1 shows an overview of the rating scale used to assess suppliers as well as the supplier assessment results in 2013.

Exercising Due Diligence

In 2013, all our timber purchases from risk countries underwent GSP due diligence. We had therefore information on forest of origin, legality and supply chain of all timber purchased from risk countries, namely the tropical countries, Russia, China and Belarus.

Around 74% of our suppliers are rated Silver and 24% are rated Gold and Platinum. Less than 1% of our suppliers have been rated basic, meaning that further investigation or documentation is required

if DLH is to do business with these suppliers. Around 1% of our suppliers failed to pass our due diligence. This low percentage is explained by the supplier pre-selection that our Sourcing and Sales staff make prior to entering suppliers into our formal due diligence system. Our staff is informed

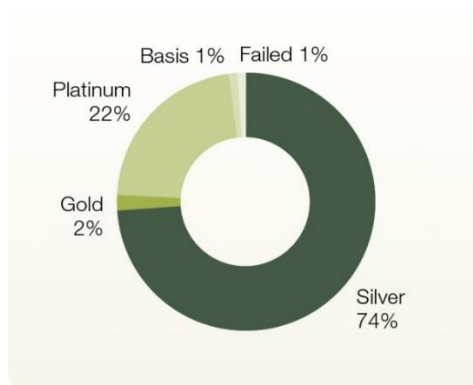
about our requirements and policies and uses such information to preselect suppliers.

In three cases, it was necessary to conduct on-site visits of suppliers to further check compliance with our corporate policies and international regulations.

Figure 1: Supplier Assessment results



Supplier Assessment



Our Products

Quick Facts about DLH's Environmental Policy on Product

- ✓ DLH strives to purchase as much certified timber 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 timber. 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 certified products.

Over the last decade, DLH's ambition has been to be a leading supplier of tropical hardwoods originating in well managed forests. Since 2000, DLH has been Chain of Custody certified and has, therefore, been permitted to trade in certified timber. Since 2008, DLH has also been Generic Chain of Custody certified and has, therefore, also been able to trade in timber with third-party verification of legal origin and legal compliance claims.

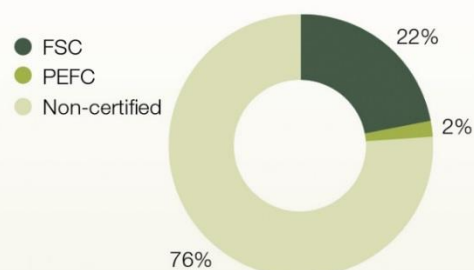
Purchases of verified and certified timber

In 2013, 24% of all procured timber (volume) was third-party verified or certified. Approximately 22% was covered by the certification scheme FSC, and 2% by PEFC. Other legality verification systems such as OLB, TLTV, MTCS, VLO and FSC CW account for very small volumes.

The volume of third-party verified or certified timber procured decline approximated 2% in relation to 2012 mainly due to the discontinuation of business in Europe.

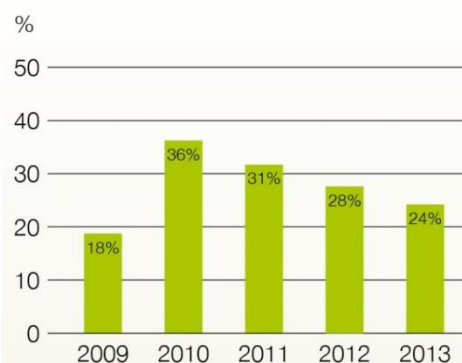
Total timber purchases

Third-party verified and certified 2013



Total timber purchases

Third-party verified and certified 2009-2013¹⁾



¹⁾ Due to changes in DLH's product structure, no comparative figures are available for 2008 and previous years.

Our Climate

As part of the group's continuous commitment to openness and transparency, DLH reports on carbon and forest footprints in 2013.

Our Forest Footprint

As part of DLH's commitment to openness and transparency, we report annually to Carbon Disclosure Project's Forest Program, formerly known as Forest Footprint Disclosure.

Companies participating in this program are required to disclose the procedures they have in place to manage the impact that their business activities and supply chains have on the world's forests. Companies participating in this programme are part of the global trade of forest risk commodities such as timber, soy, palm oil, beef and biofuels.

CDP's Forest Program results 2013 are available [here](#)

Our Transport Carbon Footprint

Since 2011, DLH reports only on emissions resulting from the international transport of timber, since this is the largest single contributor to the company's carbon footprint, accounting for more than 90% of total emissions.

Although DLH does not have direct operational control over transport routes, we believe it is important to monitor and disclose the transport footprint to our stakeholders.

DLH's total transport carbon footprint 2013 adds up to approximately 80 kg/CO₂ per cubic meter of timber traded

Transport

Total International Transport Carbon Emissions¹⁾





50.483 tonnes CO₂

International Transport Carbon Emissions / m³ of timber traded²⁾

80 kg CO₂

¹⁾ Total emissions calculated based on the average emissions of the containers shipped from the top ten origins in 2013.

²⁾ Emissions calculated based on the total timber volume traded in 2013.

Goal	Action 2013	Status	UN Global Compact Principle
<p><u>Environment:</u></p> <p>To minimize the risk of having negative impacts on the world's forests.</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 third-party verified and certified products. - To monitor and communicate our forest footprint - To monitor and communicate our carbon footprint 	<ul style="list-style-type: none"> - To implement GSP v. 2013 fully in all business units. - To constantly increase purchases of third-party verified and certified timber. - Report to Carbon Disclosure Project (CDP) Forest Programme - Report on the international transport carbon footprint of DLH's timber and timber products. 	<ul style="list-style-type: none">  Completed in 2013  24% of total timber procured is verified or certified.  Report submitted to CDP in 2013  Figures disclosed in the CSR Report 2013 	<p>Actions taken to implement P 7, 8 & 9; and outcomes from implementing P8 & P9.</p>

SOCIAL & HUMAN RIGHTS

Doing business in diverse countries

DLH is a global company doing business 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. Approximately 50% 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 recognises the importance of the UN Guiding Principles on Business & Human Rights, developed by the UN Special Representative John Ruggie. The Guiding Principles have become a global reference framework for the management of business and human rights challenges.

As stated by John Ruggie, the “appropriate response by an enterprise to the risk of contributing to human rights abuse through its supply chain is for it to conduct due diligence on its supply chain relationships to identify risks of actual and potential adverse impacts, and to prevent or mitigate both risks and impacts where they arise”¹.

DLH aims at being able to conduct more systematic human rights due diligence with the aid of GSP v. 2013, which is the group’s supplier risk assessment tool.



¹ Ruggie, John. 2010. The Corporate Responsibility to Respect Human Rights in Supply Chains. Discussion paper. 10th OECD Roundtable on Corporate Responsibility. Paris, France, 30 June

2010. New York: United Nations. Available at OECD website. Please follow this [link](#) [Accessed 02 January 2011].

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.

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

Our Suppliers**Exercising due diligence**

2013 has been the first year we have been able to gather systematic information on our supplier's performance on social and working conditions. As part of DLH's GSP due diligence, suppliers are required to fill out a self-assessment questionnaire. This questionnaire is later evaluated by the relevant Sourcing Staff and the CSR & Compliance Department. The Sourcing Staff possess first-hand knowledge on suppliers since they keep regular contact with them and make on-site visits.

We had no reports on forced labor or child labor. Less than 3% of our suppliers have informed that they employ apprentices age 15-17. The vast majority of these suppliers are located in Brazil, where local regulations require factories to support the training programs of technical schools by hiring apprentices. These young workers do not work more than 4 hours a day and perform low-risk tasks. Furthermore, they continue with their schooling while working.

Goal	Action 2013	Status	UN Global Compact Principle
<p><u>Social and Human Rights:</u></p> <p>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:</p> <ul style="list-style-type: none"> - Improving the group's risk-assessment tool, GSP. - Collecting information on the performance of suppliers on labour and human rights. 	<ul style="list-style-type: none"> - To implement GSP v. 2013 fully in all business units - To collect information on the performance of suppliers on labour and human rights. 	<ul style="list-style-type: none">  Completed in 2013.  Information collected throughout 2013. All suppliers we have done business with uphold DLH Social and Human Rights Policy. No report received on forced or child labour. 	<p>Actions taken to implement P1 –P6.</p>

BUSINESS INTEGRITY

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

In 2013, DLH continued sustaining implementation of the Business Integrity Policy through monitoring and training. Monitoring is conducted on a quarterly basis as well as upon specific request of

Management. Training has been conducted ad-hoc and upon request of Management.

Goal	Action 2013	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"> - To sustain implementation of the Business Integrity Policy. 	 Regular monitoring and training conducted throughout 2013.	Actions taken to implement P10.

FUTURE PERSPECTIVES

GSP version 2013 is proving to be a very important tool to comply with EUTR and other international timber regulations. This has been confirmed by the results of the audit that the Danish Nature Agency conducted of DLH's due diligence system in December.

In the coming years, we look forward to the effective enforcement of EUTR through regular audit controls of both small and big actors in the timber industry, in order to create a level playing field for the commercialization of legal timber.



GRI INDEX TABLE

This report follows the Global Reporting Initiative (GRI) guidelines G3, 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 2013: AR; CSR Report 2013: 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, p.2. CSR, front and back pages.		Full	
PD 2.2 - Primary brands, products, and/or services.	AR, p.2; 7-11.		Full	
PD 2.3 - Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	AR, p. 79.		Full	
PD 2.4- Location of organization's headquarters.	AR, p.2. 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.79. CSR, p.11, 16.		Full	
PD 2.6- Nature of ownership and legal form.	AR, p. 13, 79.		Full	
PD 2.7- Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	AR, p.7-11, 50-51. CSR, p.4.		Full	
PD 2.8- Scale of the reporting organization.	AR, p.4.		Full	
PD 2.9- Significant changes during the reporting period regarding size, structure, or ownership.	AR, p.48-49.		Full	
PD 2.10- Awards received in the reporting period.		None.	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.		Due to changes in the IT system, there is no data available for purchases of verified/certified tropical hardwoods available, as in previous years.	Full	
PD 3.12 – Table identifying the location of the Standard Disclosures in the report.	CSR, p.22-24.		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.23-25. 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, p.15-16.		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, 15-16.		Full	P1-10.
PD 4.4- Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	AR, p.15-16. 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. 10-14. Social: CSR, p. 16-17. Business Integrity: CSR, p. 19-20.		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. 9.		Full	P1-10.
PD 4.13- Memberships in associations (such as industry associations) and/or national/international advocacy organizations.	CSR, p. 9. 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. 9. Website		Full	P1-10.
ECONOMIC				
Disclosure on Management Approach.	AR, p.50.		Full	P1, 4, 6, 7.
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.29-35.		Full	

EC2 – Financial implications and other risks and opportunities for the organization's activities due to climate change.	CSR, p.10-14.		Full	P7.
EC3 – Coverage of the organization's defined benefit plan obligations.	AR, p. 65.		Full	
EC4 – Significant financial assistance received from government.		No financial assistance received.	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	
ENVIRONMENTAL				
Disclosure on Management Approach	CSR, p.10-14. Environmental Policy .		Full	P7-9.
EN17 – Other relevant indirect greenhouse gas emission by weight.	CSR, p. 14.		Full	P8.
EN26 – Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	CSR, p. 10-13.		Full	P7-9.
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HUMAN RIGHTS				
Disclosure on Management Approach.	CSR, p.16-17. 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. 16-17.		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. 16-17.		Full	P1, 2, 4.
SOCIETY				
Disclosure on Management Approach.	CSR, p.19-20.		Partial	P10.
SO2 – Percentage and total number of business units analyzed for risks related to corruption.	CSR, p.19-20.		Full	P10.
SO3 – Percentage of employees trained in organization's anti-corruption policies and procedures.	CSR, p.19-20.		Full	P10.
SO5 – Public policy positions and participation in public policy development and lobbying.	CSR, p.19-20. CSR, p. 10.		Full	P1-10.

YOUR FEEDBACK IS IMPORTANT TO US

If you have any questions, comments or suggestions, please contact us:

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