



DLH and Corporate Social Responsibility

- for the forests and for the future



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One of the world's largest timber wholesalers

The DLH Group

- Expected group revenue of DKK 5.7 billion in 2008
- Largest producer of sustainable tropical hardwood in Africa
- 85% of DLH's revenue is generated outside Denmark
- Sales and procurement offices, warehouses and processing plants in 33 countries across five continents
- Approximately 3,800 employees
- Listed on the OMX Nordic Exchange Copenhagen A/S

Group objectives

DLH intends to expand its position as one of the world's leading suppliers of timber and timber products manufactured from sustainably produced raw materials. Through profitable growth, organic as well as by acquisition, and the effective exploitation of the capital invested, DLH aims to create financial results that will secure shareholders a satisfactory return on their investments.

Values from the heart

The corporate values of the DLH Group have been formulated on the basis of interviews with employees from various parts of the world, cutting across job functions, hierarchical levels and companies. The five values are the common basis for the employees and management of the DLH Group and constitute the guidelines, which direct the day-to-day business. The values are illustrated as a house to show how they interact and support each other.

Establishing values is a dynamic process, which continuously will be a part of the ongoing dialogue between the management of the DLH Group, the employees and stakeholders.

Global/Multicultural

We are a company with Scandinavian and European roots, but with worldwide presence.

We respect and adapt to the various markets and cultures in which we operate. We are a large and flexible enterprise, and our global presence enables us to rise to the challenges we meet.

Professionalism

We base our work and existence on the human and professional skills, including the sound business talent of our employees. We know all there is to know about timber and how to use it. We are proud of what we do, and we conduct business in a decent manner respecting the people we are dealing with.

Entrepreneurialship

We explore and have flair for business opportunities and every individual must have opportunity to identify and create new possibilities – and we must creatively utilize these

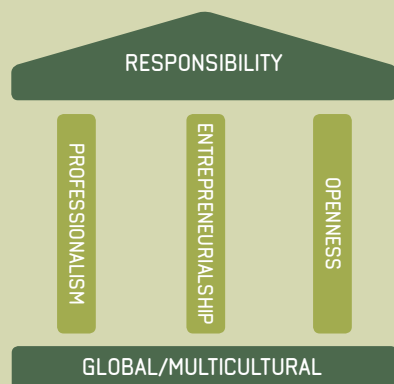
visions. We have the will and the energy to expand and continuously develop our business – whether it is through organic growth or the acquisitions of companies.

Openness

We want our business to be transparent, internally as well as externally. We share our knowledge and we approach each other with unprejudiced minds. We communicate good and bad news honestly respecting the multiple cultures represented within the group.

Responsibility

We conduct our business in a responsible manner, adhering to high ethical and moral standards. This applies to our internal co-operation and the Corporate Social Responsibility (CSR) criteria we have adopted with respect to environment, human rights and social responsibility.



For the forests and for the future



A handwritten signature in black ink, appearing to read 'Jørgen Møller-Rasmussen'.

Jørgen Møller-Rasmussen,
President, CEO

The DLH Group celebrates its 100 years anniversary in 2008. From the very beginning, we have based our activities on supplies from the world's forests and over the years we have grown to become one of the leading timber trading companies. With our global presence and activities, we play a positive role in fostering local development, creating employment opportunities, and supporting local business and infrastructure.

Trees are symbols of life – and the importance of the world's forests is becoming increasingly evident at a time where the public debate focuses on global warming and the potential consequences of permanent climate change.

At the DLH Group, we are aware of our unique standing in this debate. We have a clear obligation to do what we can to conserve the forests that provide us with our vital source of income.

The conservation of forests is, of course, not only in the interest of DLH and the timber industry. Forests are of public interest because they provide products, services and livelihoods for countless people around the globe.

This publication highlights some of the initiatives that the DLH Group has launched to act responsibly as a global corporation. It reflects the growing expectations of our stakeholders and focuses primarily on the challenges we meet in the tropical regions. It also reflects the company values which determine the way we live and grow as a multinational group every day.

Jørgen Møller-Rasmussen, President, CEO

BUSINESS ACTIVITIES – BREAK-DOWN OF REVENUE

70%

Hardwood Division

The Hardwood Division distributes tropical and temperate hardwood in the form of logs, sawn timber, components and finished products; some of these goods are produced at the company's own sawmills and processing plants in the countries of origin. The products are distributed via stockholding sales units in a number of countries in Europe and the USA and also via sales offices in Europe and the Far East.

30%

Timber & Board Division

The Timber & Board Division distributes timber-based sheet materials and softwood. The division has its primary market in Europe and exports considerable quantities of sheet materials to the USA as well.

A photograph of a dense, lush green forest with tall trees and a body of water in the foreground. The sky is clear and blue. The forest is composed of various types of trees, including some with bare branches and others with full green foliage. The water in the foreground is calm and reflects the surrounding greenery.

Sustainability and environment

The forest has many “consumers” – not only for its wood products, but also for its non-timber commodities. Local communities worldwide depend on forests to maintain their livelihoods, and the forests have essential cultural significance for the people living in them. Globally forests are providers of indispensable resources such as clean water, wildlife habitats, bio-diversity, carbon sinks and climate stabilization. Therefore, the real challenge of managing forests is doing so for the benefit of all stakeholders.

Responsible sourcing – from forest to customer

The DLH Group's global activities depend on the availability of timber and wood products from all climate zones – from boreal forests in Russia to tropical forests in Brazil.

One of the challenges related to the procurement of timber and wood products, is to obtain exact knowledge of the origin. In DLH we insist on knowing where our timber and timber products stems from. This is reflected in our environmental policy which was first formulated in 1992 and since then frequently revised. The current policy sets out the following goals:

Short-term: To know the origin of all wood by 2007

Medium-term: To become a global leader in certified tropical hardwoods

Long-term: To trade and produce timber and wood products which originate from sustainably managed forests.

We are working persistently to meet these goals and substantial progress has already been made. The environmental policy will be revised in 2008 setting new targets to steer our efforts to continuously improve our performance.

From Forest to customer

The value chain – from a tree standing in the forest to the finished wood product –consists of several links. Until recently, the DLH Group was primarily engaged in a limited part of this chain, i.e. from sawmill and "downstream" processing to the end customer.

However, 2006 marked a shift in DLH's business strategy. With the acquisition of the tt Timber Group, DLH became directly involved with forest management in the Republic of Congo (Brazzaville) and Gabon. The forest areas are managed in accordance with the highest recognised methods for responsible forest management. This strategic expansion enables DLH to secure future supplies of valuable tropical timber for our customers.

DLH – A GLOBAL LEADER IN TROPICAL CERTIFIED HARDWOOD

At the end of 2007, app. 25% the total volume of tropical hardwood purchased by DLH had been 3rd party verified.

We continue to increase our procurement of timber and wood products that is 3rd party independently verified, because we believe this is the most credible way to secure the legality of timber and wood products.

VALUE CHAIN – INTERNATIONAL TRADE IN TIMBER



Forest management the DLH way

Traditionally, tropical regions have produced only a very limited supply of credibly certified timber, and at DLH we would like to see this tendency changed. Our long term goal is to trade only in sustainably produced timber and wood products. This is one of the main reasons behind DLH's decision to become directly involved in forest management.

Our Congolese subsidiary Congolaise Industrielle des Bois (CIB) was the first company in Tropical Africa to publicly commit to achieving credible FSC certification. The first step was achieved in 2006 with certification of the Kabo concession. In 2008 we not only expect to increase our FSC certified area in Congo-Brazzaville, but also to start the certification process at Gabonaise Industrielle des Bois (GIB) in Gabon.

Management by Principles:

The FSC certificate guarantees environmentally appropriate, socially beneficial and economically viable forest management based on 10 generic and internationally accepted principles.

CIB's implementation of the FSC standard included a wide range of activities. One such activity was the undertaking of extensive forest inventories for its 1.3 million ha concession area. These inventories collected, for instance, information on the various tree and animal species found in the forests, their distribution, status of their population etc.

Based on the data collected through research CIB has developed long-term forest management plans to guide the sustainable management of the forests. In the plans high conservation value areas have been identified and subse-

quently these areas have been conserved. Other set-aside areas include areas for community development and agro-forestry.

CIB has developed techniques to reduce the environmental impact associated with harvesting activities through a detailed Reduced Impact Logging (RIL) program. This program also set environmental safeguards, for instance, CIB's maximum harvest is restricted to two and a half trees per hectare over a 30 years rotation period.



CIB SUPPLIES 17% PF DLH'S TOTAL VOLUME OF TROPICAL HARDWOOD



CIB is not only the largest forestry company in the DLH Group, and one of our major sources of FSC certified tropical timber – CIB is also one of the largest contiguous areas of FSC certified tropical forests in the world.

Good Supplier Program

In a time where the world's tropical forests are threatened by illegal and uncontrolled logging, it is essential for DLH to know the origin of all the wood products we trade. To help ensure this we have established the Good Supplier Program. The Good Supplier Program is used to collect and evaluate information on the origin of timber and wood products from our suppliers. At the same time, our suppliers are requested to respect DLH Basic Values on human and social rights.

Determining the origin of the supplied timber and wood products can be very simple in some cases, and extremely complicated in others. Often DLH buys semi-finished products from suppliers who in turn have a number of sub-suppliers who in turn have their own sub-suppliers etc. It is, therefore, a considerable challenge to trace the origin of all wood products.

Despite our efforts, the challenge turned out to be more difficult than first expected, and our target of 100% known origin has not yet been achieved in all countries covered by the program. By the end of 2007 we reached an average of 80% percent known origin.

Still, the target in itself and the work with the Good Supplier Program has resulted in dramatic changes in DLH's procurement patterns. The program has proven to be an excellent "early warning" tool, allowing DLH to be proactive in problematic situations. As a consequence, we are phasing out of countries such as Burma and Nigeria. In Papua New Guinea, Brazil and Cameroon we have phased out supplies from high risk areas. Presently, we apply the Good Supplier Program in all tropical countries as well as Russia, Ukraine and Belarus. More than 900 suppliers are participating in the program.



Working with suppliers in Brazil

RAISING THE BAR

DLH has set the bar high: We are determined to identify the origin of all timber and wood products. By the end of 2007 we were able to determine the origin of 80 percent of our supplies.

Although the above was a considerable achievement, it was still not completely satisfactory. As a consequence we aim to reach a figure of 90 percent known origin in the countries covered by the Good Supplier Program by the end of 2008.

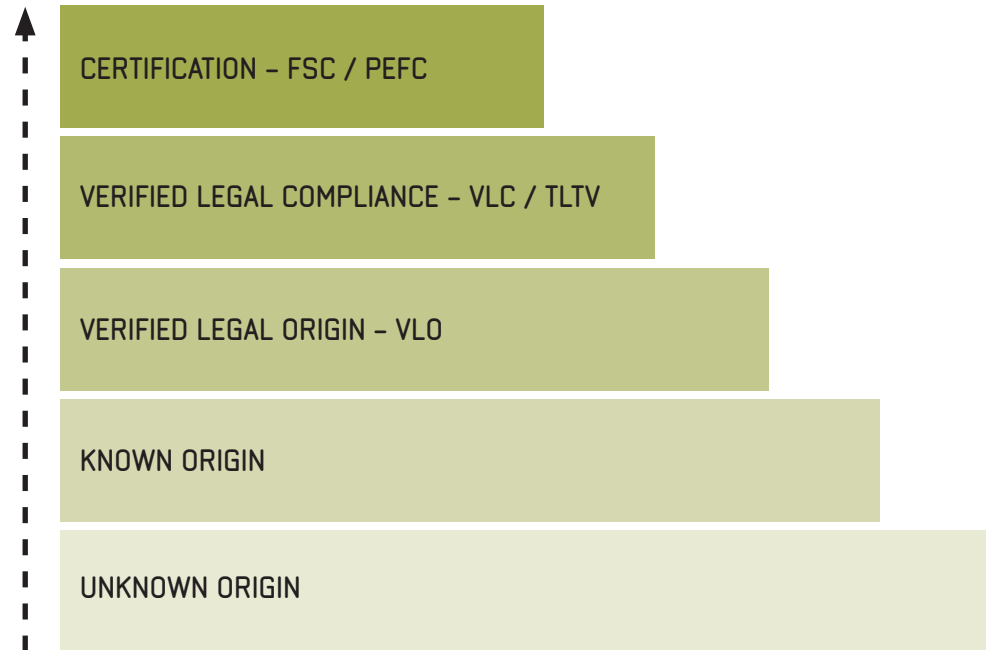
It is important to stress that the Good Supplier Program is based on self declaration. Our local staff evaluate the information based on their knowledge of the supplier and country in question. Still, the program should not be seen as a substitute for more scrutinizing third party verification. As a result we encourage our suppliers to obtain verification of legality from an independent 3rd party, or alternatively encourage them to aim for full certification in accordance with an international certification scheme.

Working with suppliers

Steps to certification

Being involved in the certification of forests ourselves we are acutely aware that it is often a long, exceedingly costly and complicated process. We are also aware that it will take time and effort to convince DLH's suppliers about the benefits of credible certification. Often, our suppliers do not manage their own forest concessions or even have a direct contact to the forests and hence may not have the means to ensure certification in the short term.

As a result, we view certification as a process where the Good Supplier Program is an important first step toward full certification for responsible forest management.



Independent Verification of legality

An important step on the road to full certification is independent verification of legality. DLH works with two different levels of verification of legality.

The first step is Verification for Legal Origin (VLO). This is a scheme developed by the auditing company Smartwood in 2005 in close co-operation with DLH and the consultant company, Global Forestry Services (GFS).

DLH began working with suppliers to implement VLO in 2006 in the Malaysian province of Sabah in 2006. A growing number of Malaysian suppliers are signing up to the program and suppliers in Indonesia are now also applying for VLO. We expect to extend the scheme to Brazil in 2008, followed by other relevant countries in the near future.

VLO requires that the documentation for the legality of the timber and wood products is in place. The scheme includes

landowner rights, the legal right to harvest as well as implementing a system for tracing the timber back to the forest.

The next step in the process is the Verification of Legal Compliance (VLC). These schemes add additional requirements to ensure full legal compliance. The VLC schemes also contain basic social aspect regarding workers' rights and health and safety.

DLH's subsidiary CIB has obtained VLC verification (through the SGS TLTV program) for all its areas not yet FSC certified. DLH is also supporting our suppliers in the process and, as a result, DLH is already in a position to supply VLC verified timber from Central African Republic, Cameroon and Gabon.

Visit www.dlh-group.com for additional information on verification and certification.

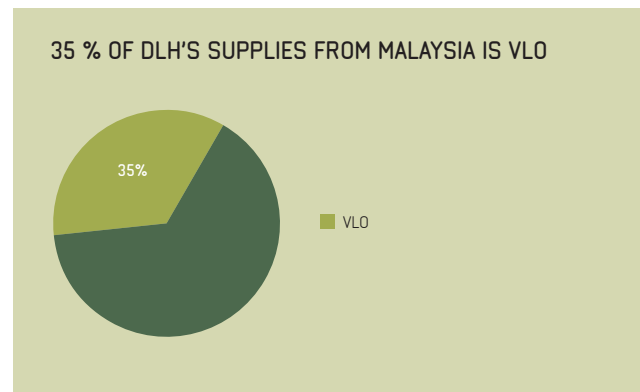
MANAGING THE ENVIRONMENTAL IMPACTS

To mitigate potential environmental impact associated with our processing activities in Gabon and Congo-Brazzaville we are currently implementing the International Standards Organisation (ISO) 14001 system. The ISO 14001 standard is based on an Environmental Management System and provides us with systematized procedures to consistently improve the environmental performance of each site. Additionally, the system guarantees integration of health and safety measures to the benefit of employees and contractors.

TRANSPARENCY AND TRUST

The certification schemes play an important role in assuring consumers that the wood products stem from well managed forests. The two most well-known schemes are FSC (Forest Stewardship Council) and PEFC (Programme for Endorsement of Forest Certification). In 2007 DLH published the "DLH Guide to Certification and Verification"

Download the DLH Guide to Certification and Verification at www.dlh-group.com





Social responsibility

During 2007, the DLH Group has worked actively to establish a systematic approach to our social responsibilities. We have initiated different projects covering human rights, workers' rights and health and safety, including comprehensive assessments of our production sites in Malaysia, Brazil and Congo-Brazzaville. This not only gives us an overview of activities, but also helps us pinpoint areas for improvement.

Ensuring human rights

DLH operates in parts of the world where the safeguard of human rights and workers' rights can be problematic. DLH Basic Values describes our position on human and social rights and are based on the standards laid out by United Nations (UN) and International Labour Organization (ILO).

In 2007 we carried out an internal assessment of our human rights and workers' rights compliance and health and safety performance at DLH's three major production sites in Brazil, Malaysia and Congo-Brazzaville. The framework for the assessments was developed using the DLH Basic Values and a human rights compliance assessment tool developed by the Danish Institute for Human Rights. As expected, all DLH production sites operate in compliance with DLH Basic Values and basic human and workers' rights. With the results of the assessments we are able to pinpoint how to continuously and systematically improve our performance.

As part of our work to ensure compliance with the international standards on human rights, we are in frequent dialogue with the relevant local human rights organisations, national institutes and other bodies engaged with human rights related issues.



Training session on health and safety in DLH Brazil

Safety at work



Health and safety issues were a central theme in the assessments undertaken in 2007 of DLH production sites in Malaysia, Brazil and Congo-Brazzaville.

The assessment provided a clear overview of the performance of the individual sites as well as insight into the specific health and safety issues relating to our production facilities in general. The production sites all demonstrate a clear commitment to ensure safe working environments for the employees. Generally, the health and safety performance of DLH's production sites set important examples in the regions where we operate.

The Brazilian example

DLH Brazil is strictly complying with the wide-ranging Brazilian legislation on health and safety performance.



The company employs two full time health and safety technicians responsible for the implementation of health and safety measures in the production. The technicians are continuously occupied with improvements to prevent workplace accidents. All work-related health issues and accidents are systematically registered and analysed.

As a proactive measure to ensure early diagnoses of work related health issues, the employees are offered regular medical check-ups and hearing tests at the company's premises. Another initiative undertaken is weekly dialogues with the workers in order to raise issues related to health and safety.

The Congolese example

The scope of the health and safety measures taken by DLH's subsidiary CIB in Congo-Brazzaville is proving successful.



All employees are equipped with necessary protection gear, and usage is mandatory. Seminars and workshops are held in order to highlight what can be done in order to reduce risk, and committees are in place to ensure the continued improvement of health and safety.

CIB's adherence to international safety standards like ILO is enshrined in its ISO 14001 program and also systematically checked through its FSC and TLTV certification auditing programs.

VOICES FROM THE FOREST

The forests managed by our subsidiary in Congo-Brazzaville (CIB) are home to approximately 10,000 indigenous people. These include semi-nomadic communities, predominantly Mbendjele Pygmy communities.

The inhabitants are often dependent on the forests for their livelihoods. In close co-operation with the Tropical Forest Trust and its partners, and with funding from the World Bank Development Marketplace, CIB has taken far-reaching measures to secure the rights of the indigenous population.

A comprehensive social program has been set up, with new technology playing a significant role as a tool to ensure participation of local communities in forest management planning. Using GPS - based electronic devices and touch-screen technology, the local communities can participate actively in mapping the forests. The GPS-based devices work with small logic icons, each symbolizing a specific item of interest. This allows the largely non - literate forest communities to identify their essential food sources, places of spiritual worship, burial grounds and other areas of cultural significance. Following this process these areas are excluded from CIB's harvesting activities. For probably the first time, this extensive mapping system has given the communities a platform for dialogue with other parties.

The Tropical Forest Trust together with CIB is currently in the process of building a community radio station. The objective is to further enhance effective communication on forest management issues not only between communities and the company, but also among the communities themselves.



Health services in local African communities

To improve the health and well-being of our employees and their families, DLH's subsidiary CIB runs a hospital and four clinics providing basic health services to the communities living in its forest concession areas. The facilities offer free consultations- regardless of whether they are employed by CIB or not. The most frequent health concerns treated by the hospital include malaria, tuberculosis, intestinal diseases and HIV/AIDS. The hospital and clinics assist approximately 60 childbirths a month.

CIB works actively to combat HIV/AIDS. The activities undertaken by CIB include:

- Voluntary testing & counselling
- Education and Awareness building
- Antiretroviral treatment
- Prevention of mother to child transmission

To ensure the quality of the HIV/AIDS programme and prepare for its expansion, CIB carried out a feasibility study in 2007 in cooperation with the Dutch organisation PharmAccess. The study was partly financed by the Danida Public Private Partnership Program.

MALARIA

Malaria is rampant in the forest areas of Central Africa and the primary cause for consultations at CIB's hospital and clinics. An effective weapon against this deadly disease is the use of mosquito nets. Therefore, DLH is launching a fundraising campaign linked to our 100 years' anniversary. Our goal is to secure funds for at least 5,000 nets to be distributed among our local employees and their families. DLH will double every contribution made.





SOCIAL RESPONSIBILTiy IN THE REPUBLIC OF CONGO

The DLH Group's subsidiary CIB is currently the largest private sector employer in Congo-Brazzaville with around 1700 employees. The company provides a range of social services to the communities living in the area including:

- Primary Health Care –possibly the best equipped hospital in the Northern Congo with four satellite clinics
- Schools
- Food security through a range of company subsidised shops and stores – for instance a butchery selling imported frozen meats in order to reduce the pressure on local wildlife posed by hunting
- Free housing to employees and their families
- Clean water
- 24 hour electricity
- Television/radio/telephone communication – Including a local television and radio station used for environmental and HIV/ AIDS education
- Logistic support to local communities and local government
- Assistance to small business development
- Financial assistance directly to communities through a multi stakeholder community development fund
- CIB has received financial and technical support from ITTO, GTZ, FFEM, AFD, and numerous consultants, NGOs and other parties for 4 projects within its certification program.



Keeping up the dialogue

Good communication is key in raising awareness of the environmental and social aspects linked to DLH's activities, not only amongst staff, but also our stakeholders in a broader sense.

Keeping up the dialogue

The DLH Group is involved in dialogue and communication on several levels – ranging from high-level international forums on issues related to forestry and sustainability to the day-to-day communications with the indigenous groups inhabiting the forests where we operate.

The purpose is not only to inform about our work and share lessons learnt, but also to gain valuable input from others in our industry, environmental and social non – governmental organisations (NGOs), media representatives and policy makers. Maintaining an active dialogue, with the NGOs in particular, ensures that we are made aware and are informed about expectations with regard to our environmental and social performances. Equally important, it also allows for a mutual exchange on issues of dispute.

Advocating responsibility

Through our national and international activities we actively promote the need for legality and sustainability in forest management and the production of timber. The target audi-

ence is predominantly the timber industry in general and, specifically, our suppliers and buyers.

The Good Supplier Programme has proven to be an important tool for communicating responsibility. DLH staff have successfully implemented the program and made significant progress in promoting environmental and social values to local forest managers and suppliers worldwide.

Forums and membership

DLH participates in a number of national and international forums, conferences and stakeholder dialogues.

- DLH is member of Forest Stewardship Council International (FSC International)
- We are one of the founding members of the Inter African Forest Industries Association
- We participate actively in various other organizations like Tropical Forest Trust, the Globe G8 Illegal Logging Dialogue, and the Tropical Forest Foundation.

- In addition to this, we maintain an active dialogue with a number of NGO's both internationally and nationally. In Denmark we are active members of FSC Denmark and Amnesty International's Business Forum.

Communicating Values: Passion for Wood

In May 2007, the DLH Group's new employee magazine 'Passion for Wood' was printed and distributed to DLH offices worldwide for the first time.

DLH has grown to become a company with a world-wide presence and a large multicultural workforce. The Passion for Wood magazine aims to create a sense of unity and a joint understanding of the company, our goals, our values and the future trends of our business. The magazine plays the role of bridging across the differences in our daily work, geography and culture. It informs about activities and events and conveys stories from our workplaces in the different parts of the world.



GUIDE TO CERTIFICATION

To share DLH's substantial knowledge and experience on certification, we have published a certification guide. The guide describes the various certification and verification schemes available internationally and explains and informs about the benefits of certification in general.

With this guide, DLH aims to improve the general understanding of certification and the business opportunities as-

sociated with it among our sales people, suppliers and customers. The ultimate objective is to strengthen the demand for certified products, in line with our strategy to become the largest seller of 3rd party independently certified tropical hardwoods.

Visit www.dlh-group.com for additional information on verification and certification.

The road ahead

DLH has "passion for wood" and is committed to set an example as a responsible leader in our field of business. We are committed to work continuously to secure the forests and develop our business based on the principles of sustainability.

With our long-term goal in mind – "to trade and produce wood products, which originate from sustainably managed forests" – DLH will continue to advocate 3rd party verification and, progressively, full certification of all timber and wood products. We will do so not only to fulfil the growing demands and expectations from our stakeholders, but also to implement the corporate values that we adhere to.

New Policies – new standards

In order to take into account the changing environmental challenges faced by our business, we will revise our environmental policy in 2008. The revision will be guided by dialogue with relevant stakeholders and advisors.

To ensure consistency in our work with human rights globally and our efforts to improve working conditions, including health and safety measures, we will begin the process of revising DLH Basic Values into an overall CSR policy. With the CSR policy we also aim to advocate an active approach to these issues among our suppliers.

Caring for climate

One of the most pertinent issues in the global debate on the environment is the risks posed by carbon emissions and climate changes. The debate highlights the importance of the world's forest due to their ability to absorb and store car-

bon. As a result these issues will increasingly feature high on DLH's agenda since we recognise both the challenges and opportunities these issues pose to our business.

Basing our activities on a carbon-neutral and renewable resource, our products offer obvious environmental advantages compared to other materials, and we expect a continued high demand. However, our commitment does not stop here.

An important step to reduce the global carbon emission is to work actively against deforestation. Estimates from the Food and Agriculture Organization of UN (FAO) suggest that deforestation in the tropical regions contribute with 15-25% of the annual carbon emissions. The main cause of deforestation is the conversion of forests to agricultural lands, but poor logging practices can also cause degradation of forests. Our persistent promotion of sustainable forest management and wood products is therefore essential. Increasing the number of certified forests also means reducing the risk of deforestation. DLH is committed to continue our engagement and efforts.

We will continue to study the challenges and opportunities with regard to the climate and carbon emissions as an integrated part of the revision of our environmental policy.



International trade in timber

In 2007:

- DLH traded app. 1,5 mio. m³ of timber and wood products
- DLH managed 1,4 mio. hectare African tropical rainforest – of which app. 300.000 hectare is FSC certified



- Hardwood Division
- Timber & Board Division
- DLH environment projects



For further information about DLH initiatives in the area of social and environmental responsibility, please consult our website at www.dlh-group.com. If you want further copies of this CSR publication for 2007, or additional information on the activities described, please contact the:

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1908 - 2008
100 YEARS OF PASSION