

Environmental Policy – specific targets and results

1. Our own forests

After divestment DLH will not own any forests

2. Our own production

After divestment DLH will not have any production facilities

3. Our suppliers

Key activities:

- All our suppliers must commit to comply with DLH's environment policy. As a consequence, we will implement our Good Supplier Program (GSP), serving the purpose of a risk assessment tool. Signing up to GSP is a qualification for being a supplier to DLH
- We will work with our suppliers on knowledge sharing and capacity building using our position as one of the market leaders in certified tropical hardwoods and support suppliers to achieve VLO and FSC certification
- In major procurement regions, specific targets will be made for implementation of VLO and certification activities with suppliers

We will implement and maintain responsible purchasing practices, which are consistent with our Environment Policy. In areas where there is a potential risk of inconsistency with this policy, we will implement our Good Supplier Programme (GSP).

We currently consider all tropical countries as well as Russia, Belarus, Ukraine and China as risk countries. It is our target that all suppliers of wood that was originally harvested in risk countries must be covered by our due diligence programme called GSP.

100% of all wood from risk countries will be covered by GSP by the end of 2010.

Known Origin

DLH will investigate the origin of all wood originating from risk countries. Origin is defined by DLH as the forest in which the wood was harvested. Only in very special cases can wood from risk countries be accepted without DLH knowing the origin of the wood. In these cases only small volumes can be accepted. We will seek to phase out such supply; however these supplies should never exceed more than 5% of our purchased volume from risk countries and should decrease in volume every year. Such exceptions from GSP include supply from competitors who for commercial reasons will not disclose the origin of the timber and plywood from China where we will accept local poplar/eucalyptus plywood, local poplar/ eucalyptus plywood with thin face veneer of Okoumé, or pine. DLH will not purchase any plywood from China made of other materials than poplar, eucalyptus, okoumé and pine unless the legal origin is known. We will for instance not purchase any Bintangor plywood from China.

DLH will know the origin of 95% of all our wood from risk countries by the end of 2010.

Very High Risk Countries

There are some supply countries where we as a result of a country risk assessment have taken extra measures to avoid unacceptable timber. These are:

Nigeria – we do not trade any wood originating from Nigeria because Nigerian export laws for wood products stipulate that only finished furniture is allowed.

Burma – DLH will not source any timber which was harvested in Burma. We will not utilize the “hole” in the EU sections against import of wood from Burma which allows import of wood if it has been significantly processed in another country and therefore according to trade rules has changed the country of origin to e.g. China or Thailand.

Brazil – Before wood is purchased and exported by DLH the wood has to pass inspection by our local forester engineer who verifies that all relevant documents are genuine and that it complies with Brazilian law.

Cameroon – We have decided to stop any business with community forests as it has not been possible for us to establish credible verification that the wood does originate from the community forest and that it was legally harvested.

Democratic Republic of Congo (Kinshasa) – DLH has followed the government’s review of 156 logging deals in the Democratic Republic of Congo (DRC) resulting in cancellation of 60% of the forest contracts. DLH will only source timber from those forests which passed the investigation.

Liberia – In 2010 we will resume our sourcing of timber from Liberia which has been suspended since 2003 when UN sanctions were imposed. We will only source timber that is covered by a genuine SGS/ Helveta certificate. Certificates are issued based on an electronic system to track logs to avoid illegal logging and loss of revenues.

Papua New Guinea (PNG) – Due to the many NGO reports from PNG on social conflicts and illegal logging we will only purchase wood from natural forest in PNG which has been 3rd party legally verified by an independent certification body. We only consider the compulsory SGS export verification as sufficient evidence for plantation timber.

Malaysia, Sarawak - In Sarawak we only source limited volumes and only when we are sure of the concession where it was sourced.

Sierra Leone – No timber to be sourced from this country until independent legal verified timber is available.

Legal verification and certification

As we want to actively encourage our suppliers to aim for FSC certification we will work together with suppliers, consulting companies and certification bodies on implementing legal verification schemes as a stepwise approach towards full certification for all our supplies.

In 2008 20% of our tropical hardwood supply was covered by a legal verification system and 8% was covered by FSC. It is our target to continue to increase this figure.

By end of 2010 25% of our tropical hardwood purchase will be covered by legal verification, PEFC or FSC.

By end of 2013 30% of our tropical hardwood purchase will be covered by legal verification, PEFC or FSC.

By end of 2017 50% of our tropical hardwood purchase will be covered by legal verification, PEFC or FSC.

By end of 2025 100% of our tropical hardwood purchase will be covered by legal verification, PEFC or FSC.

In order to reach our target, specific national annual targets and KPI's will be formulated. Progress and results will be monitored by Group Management

4. Our products

Overall target:

- To be a leader in our industry with regards to distribution of certified tropical hardwoods
- To increase our sales of certified wood from non-tropical areas based on market requirements

DLH strives to purchase as much certified timber as possible and we want to continue to be the leading supplier of certified tropical hardwood.

Our long term target is to only source sustainable timber and we consider FSC to be the best demonstration for sustainability. The success of this target is dependant 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.

To push the market to accept greater uptake of FSC products, we have invested time and money in developing training manuals and courses for our staff, suppliers and customers and we have participated in a number of media events to market FSC certified products. In order to support the FSC system we are members of FSC international as well the FSC National Initiatives in Denmark, Germany, Netherland, France and Belgium.

How we source

Sheet material

Sheet material is sourced mainly from Chile, Russia, Scotland, Norway and Malaysia. The supply from Chile is 100% PEFC and the supply from Scotland is 100% FSC. The supply from Norway is made of 100% Norwegian wood. The supply from Russia is unfortunately not certified but through our GSP we know the origin of most of the wood used in the plywood and we will try to convince the supplier to work towards FSC certification.

All the supply from Malaysia is MTCC/MTCS certified.

It is our target to increase the certified supply over the coming year.

Softwood

Softwood is sourced from Russia. With the limited supply of certified wood from Russian it is difficult for us to source certified wood in Russia. In 2009 we did however manage to start sourcing significant volumes of FSC Controlled Wood from the Siberian region. We hope that this source becomes fully FSC certified. We are also pushing our other suppliers which are mainly in the Arkhangelsk region towards certification but it is showing to be more challenging than first anticipated. Through our GSP we know which forest our softwood in Russia is sourced from.

Hardwood Africa

Most of our wood from Africa comes from Congo Brazzaville, Cameroon, Gabon, Ivory Coast and Ghana.

Most of the major timber producers in the Congo Basin are working towards FSC and many has already reached 3rd party legally verified (VLO, OLB, TLTV). Several of the countries have also signed VPA agreements with EU. We therefore expect that the volume of certified or verified timber from this region will continue to increase.

Hardwood Asia

In Asia we source from Malaysia, Indonesia, Papua New Guinea (PNG) and the Philippines. 10% of what we source in Indonesia, 25% of what we source in Malaysia and 100% of what we source in the Philippines and PNG is covered by legal verification. We only purchase wood in Malaysia of which we know the origin of the timber and in Sarawak we only source limited volumes and only when we are sure of the concession where it was sourced. In Indonesia we know the origin of 83% of what we purchase. We expect to know the origin of 100% of the timber before end of 2010 and we expect to continue increasing the percentage of legally verified and certified timber.

Hardwood Latin America

Almost all wood is sourced in Brazil and small volumes from Peru, Bolivia, Guatemala and Guyana. We source as much FSC certified wood as possible which unfortunately is only in small volumes. We are trying to push for certification in especially Brazil where we have joined the Timber Trade Action Plan which is an EU funded project aiming to develop 3rd party legal verification. We expect through this project to increase the volume of legally verified timber we can source in Brazil. To decrease the risk of sourcing illegal timber in Brazil all wood exported by DLH has to pass inspection by our local foresters who verify that all relevant documents are genuine and that it complies with Brazilian law.

5. Our Customers

Key activities:

- Build awareness with regards to sustainable forest management in general, and promote certified wood in particular

DLH will make sure that our staff members are well trained so that our customers can always count on DLH for the latest information on political initiatives, changes in certification schemes and other environmental information.

We will on a regular basis arrange workshops where our sales staff in Europe are updated on the latest environmental developments and what DLH expects of our sales staff in this regard. At each sales office around the world one resource person is appointed to be the local environmental ambassador among his colleagues and clients. The resource person will receive special training and information on environmental issues from the environment department.

6. Stakeholders

Key activities:

- Cooperate with authorities to avoid illegally harvested wood entering the markets
- Join forces with NGOs to promote responsibly produced timber products
- Encourage the public sector to implement stricter timber procurement policies favoring legal and sustainable timber.

We will maintain an open dialogue with our stakeholders. When we receive feedback from our Stakeholders this information is passed on to senior management and appropriate action is taken.

Several times a year we participate in events and engage in open discussions about our policies and activities. We will continue being as open about our activities, policies and progress in

meeting our targets as possible. We will use our website and our annual CSR report as our means of reporting.

We will join forces with NGO's and other stakeholders to encourage the public sector to implement stricter timber procurement policies favouring legal and sustainable timber.

Through our membership of FSC both International and the local national initiatives (NI's) we will work hard to support the FSC organisation and promote FSC certified products.

7. Caring about the climate

Key activities:

- Report on our Carbon Footprint

From 2010 we will report under the Carbon Disclosure Project (CDP). Once we have an understanding of our carbon footprint we will work to reduce our carbon emissions.

8. Acquisitions

Over all target:

- Make sure our environmental policy is implemented when acquiring new companies

When we acquire new companies we will implement our environmental policy as fast as possible. As companies are often very different in the way they do business or because of the country they operate in it will often take some time before our policy is fully implemented. We will therefore allow ourselves 2 years of transition in order to implement our environment policy. For key issues we will accelerate the implementation even faster and will implement our policy as fast as it is legally possible.