



## Dalhoff Larsen and Horneman case summary

### The complaint

In February 2014, Global Witness lodged a complaint against Dalhoff Larsen and Horneman (DLH) under the *Policy for the Association of Organizations with FSC* (FSC-POL-01-004 V2-0 EN). The complaint alleged that DLH had purchased illegal timber harvested under Liberian private use permits, and that this timber was exported to Bangladesh, China, and France.

On 1 July 2014, FSC established a complaints panel that conducted a thorough and detailed investigation to determine whether DLH was involved in illegal logging or the trade in illegal wood or forest products, an activity that is unacceptable under the *Policy for Association of Organizations with FSC*. The panel concluded that there was clear and convincing evidence that in 2012 DLH and its subsidiaries repeatedly purchased timber harvested under private use permits in Liberia, in violation of many national laws. DLH's violation of these laws had serious impacts on the rights and livelihoods of land-holding communities in Liberia, and the consequences presented a serious threat to the stability of the country and to the future of globally important forests in the country.

### Disassociation and conditions

On 8 January 2015, the FSC Board of Directors decided that FSC would disassociate from the DLH Group. The board also set conditions which, if satisfactorily fulfilled, would end the disassociation.

Conditions included DLH developing and implementing an action plan to compensate communities affected by the private use permits under which DLH was sourcing timber, monitored by a credible nongovernmental organization, and based on the free, prior, and informed consent of the communities.

Another condition was a thorough, third-party verification to confirm that DLH's due diligence systems are meeting best practice standards, both on paper and in practice, across a range of different high-risk locations, to make sure that events like the ones in Liberia are not repeated.

### DLH action plan

In October 2015, DLH presented FSC with an action plan describing the activities that it is undertaking to compensate the communities for the lost income they incurred as a consequence of illegal logging and timber trade in Liberia.

The compensatory activities included building essential sanitary infrastructure, three basic maternity houses for midwives and doctors, and a school building to service



three Liberian communities. DLH is also expected to provide training to the communities on the use of the facilities and support for teachers. These activities were agreed with the communities through the free, prior, and informed consent process conducted on the ground by the Sustainable Development Institute (SDI), a well-known, credible, and trusted local development organization.

This action plan was approved by the FSC Board of Directors at their November 2015 meeting, at which the Board also agreed to end the disassociation provided that:

- the full amount of the project budget had been transferred to a trustee such as SDI, and dedicated to the proposed project activities.
- there is a testimonial from SDI about the status and progress of project activities that demonstrates that activities are on schedule and can be achieved without major delays.
- the remaining conditions for ending the disassociation – a verified due diligence system, and the reimbursement of FSC costs – are also met.

In December 2015, DLH submitted further documentation showing progress towards these requests, and after further analysis, FSC concluded that they had been met. Based on this, on 21 December 2015, the FSC Board of Directors decided that FSC shall end the disassociation from DLH on a probationary basis until the action plan submitted by DLH to FSC has been fully implemented.

The FSC Board of Directors may request additional efforts from DLH if the activities detailed in the action plan are not fully and duly completed, and the Board can revoke the decision to lift [end] the disassociation altogether.”

The FSC Board of Directors also requested DLH to submit comprehensive progress updates in February, June, and October 2016.

For more information, including the action plan, please visit: <https://goo.gl/67ngaV>