

DLH *revised* action plan

I. Compensation of communities affected by illegal trade of timber from Grand Bassa and Gbarpolu counties in Liberia

The table below summarizes the activities of the revised action plan to ensure that communities affected by the illegal trade of timber by DLH receive compensation in compliance with FSC conditions for ending the disassociation. The [original action plan](#) was revised following a feasibility study conducted by Engineers without Borders. This study revealed that certain activities in the action plan were in conflict with Liberian legislation regulating the construction of water facilities.

In August 2017, DLH completed implementation of the revised action plan.

| Reparatory measure | Action | Timing | Status |
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| Free Prior and Informed Consent consultation process with the affected communities in Liberia – <i>Basic Needs Assessment</i> | Identification of the affected communities and verification by Sustainable Development International (SDI). | May 2015 | Complete |
| | SDI implements basic awareness raising among the affected communities about the DLH case and the potential compensation activities. | Jul – Oct 2015 | Complete |
| | Development of the Basic Needs Assessment following consultation with communities. Three activities to be implemented are prioritized by the communities and reflected in the Action Plan | Jul – Oct 2015 | Complete |

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| Construction of a school with well, hand pump and latrine, to serve the community in Zaye Town | Technical feasibility study of planned activities in Zaye Town and Salloyou Town | August 2016 | Complete |
| | Formation and legalization of community associations to represent community interests in Zaye Town and Salloyou Town | October 2016 | Complete |
| | District and County Education Officers and District Superintendent informed of planned activities | October 2016 | Complete |
| | Building plans completed and presented to Zaye Town community | October 2016 | Complete |
| | Site prepared, materials assembled and construction commenced | October 2016 | Complete |
| | School building completed | December 2016 | Complete |
| | Well, hand pump and latrine installed | January 2017 | Complete |
| | Project completion independently verified | January 2017 | Complete |
| | School complex handed over to community | February 2017 | Complete |
| Construction of a school with well, hand pump and latrine, to serve the community in Salloyou Town | District and County Education Officers and District Superintendent informed of planned activities | October 2016 | Complete |
| | Building plans completed and presented to Salloyou Town community | October 2016 | Complete |
| | Site prepared, materials assembled and construction commenced | October 2016 | Complete |
| | School building completed | December 2016 | Complete |
| | Well, hand pump and latrine installed | January 2017 | Complete |
| | Project completion independently verified | January 2017 | Complete |
| School complex handed over to community | February 2017 | Complete | |
| | Technical feasibility study of planned activities | December 2016 | Complete |

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| Construction of a maternity waiting home to serve communities in and around Henry Town | Approval secured from Ministries of Public Works and Health | December 2016 | Complete |
| | Building plans completed and presented to Henry Town community | December 2016 | Complete |
| | Community in Henry Town confirm site for construction | December 2016 | Complete |
| | Site prepared, materials assembled and construction commenced | April 2017 | Complete |
| | Maternity waiting home building completed | June 2017 | Complete |
| | Project implementation independently verified | June 2017 | Complete |
| | Maternity waiting home handed over to Ministry of Health | August 2017 | Complete |
| Trainings on facility use and project management | Trainings delivered to communities in Zaye Town and Salloyou Town on use and maintenance of well and hand pump | February 2017 | Complete |
| | Trainings delivered to communities in Zaye Town and Salloyou Town on leadership and organizational development | May 2017 | Complete |
| Independent evaluation of the outcome of the action plan | Field research, including surveys, focus group discussions and key informant interviews, conducted by independent consultant | August 2017 | Complete |
| | Findings of field research published in evaluation report | August 2017 | Complete |

II. Improving the DLH due diligence system

During 2015, DLH focused on improving its due diligence system (DDS), procedures and policies for the then-remaining business units DLH Nordic (Denmark and Sweden) and DLH France.

DLH's revenue reduced significantly due to the divestment of various business units during 2014 and 2015, with combined sales falling at this time to approx. EUR65 million. The Nordic hard wood business was among the business units sold. The divestments have significantly reduced the overall risk of illegal timber trade. With the divestment of the Nordic hardwood business, DLH Nordic no longer trades tropical timber from South America and only a small volume of legally verified or certified material from Côte d'Ivoire, Indonesia, and Malaysia.

Our approach consisted of two steps. Going through major changes as a result of the divestments, we conducted internal analysis at the start of 2015 to assess our current state as step 1. In step 2, we complemented our internal reviews with audits conducted by NEPCoN. The audits have been used to find gaps and detect areas for improvements. In DLH Nordic, we also changed our DDS from our old the Good Supplier Programme (GSP) system to a NEPCoN-supported platform.

During 2016, the decision was taken to close DLH France. No staff or activities transferred to DLH Nordic and so the due diligence evaluation for this business unit also came to an end at this time.

We have now completed the implementation of the recommendations made by NEPCoN for DLH Nordic, as shown in our action plan below.

(a) DLH Nordic

| Reparatory measure | Action | Supporting documentation | Status | Duration |
|--|--|---|--|------------------|
| Third party verification confirms that DLH due diligence systems are meeting relevant best practice standards, | DLH Nordic hard wood business sold to Global Timber – the divestment of the hard wood business reduces the risk profile for DLH Nordic significantly as the majority of tropical timber trade was related to this department | Press release | Done | 10 November 2014 |
| | PEFC and FSC certificate audit with NEPCoN. Audit detected 1 | Audit report from NEPCoN (DLH Danmark PEFC CoC audit 14 + Annex 9 DLH Danmark FSC CoC | Done. Conclusion: Approved PEFC and FSC audits | 4 December 2014 |

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| both on paper and in practice, across a range of different operating high-risk locations | nonconformance. The issue has been corrected | audit 15 + Annex 10 DLH Danmark FSC CoC CVA Apr15) | | |
| | Internal assessment of DLH Nordic GSP system. Internal assessment of system and procedures to identify areas for improvement | Assessment reports | Done. | January– March 2015 |
| | NEPCon DDS audit – audit organized as a basis for improving DLH Nordic DDS. The NCR report finalized on December 4th | Audit report from NEPCon (Annex 8 DLH Denmark LS Pre-Assess Report JUN15) | Done. | 21 April 2015 |
| | Migration from old GSP system to updated DDS based on NEPCon' s Legal source documents. Decision is made that DLH Nordic will implement new system in order to strengthen the internal setup to ensure DD | | Done. System installed and implemented. NEPCon approval received 9 December 2015 | 22 April to 1 October 2015 |
| | Implementation of NEPCon recommendation and updating procedures. An internal task force including Nordic management working on the recommendations, procedures, and policies | Annexes 4 and 5 DLH due diligence system vers1 151015 Indkøbs politik | Done. Report received by 10 December 2015. Recommendations implemented. | 22 April to 1 October 2015 |
| | Desk audit of legal compliance of supplier in Côte d'Ivoire initiated with NEPCon – audit was established with third-party verification as the supplier from Côte d'Ivoire posed the highest risk in DLH DDS | | Done. Report received in February 2016 | 3 June 2015 – February 2016 |
| | Voluntary participation in EUTR DNA trail testing with Danish Ministry of Environment, Nature Agency. DNA can verify the information regarding the species. We want to support the | Report available from http://mst.dk/media/117821/sampling-project.pdf | Done. Report published in June 2016. | 10 September 2015 |

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| | development of the technology for verification purposes | | | |
| | All recommendations from NEPCon audit implemented. All information and documentation in the new system. Internal deadline in order to be ready for NEPCon audit 15 October 2015 | Internal project plan | Done. | 2 October 2015 |
| | NEPCon audit of DLH Nordic DDS | NEPCon report | Done. Report received 10 December 2015 | 15–30 October 2015 |
| | Site visit to supplier in Côte d'Ivoire by NEPCon to collect pending information. During desk audit the supplier changed responsible person for their procurement. DLH decided to organize site visit to Côte d'Ivoire to verify the information provided by the supplier | | Done. Report received in February 2016 | 18–23 October 2015 |
| | Internal training in procedures for handling certified material. Training in our procedures for handling certified material | Instructor: Martin Bohmann Participants: Helle Suhr, Monia Jensen, Niels Rossen | Done. | 21 October 2015 |
| | FSC ends the disassociation | Documentation and evidence as requested by FSC | Done. | December 2017 |

(b) DLH France

| Reparatory measure | Action | Supporting documentation | Status | Duration |
|---|--|---|--|----------------------------|
| Third party verification confirms that DLH due diligence systems are meeting relevant best practice standards, both on paper and in practice, across a range of different operating high-risk locations | Audit by the French Timber Federation’s (LSB) environmental system – the audit was important to ensure European Union Timber Regulation (EUTR) compliance | Certificate extended and valid from 23 September 2014 to 23 September 2016 | Done. Conclusion: Full compliance with EUTR | June 2014 |
| | Pre-audit for Programme for Endorsement of Forest Certification (PEFC) certificate renewal by SGS | SGS audit report (SGS Audit DLH f. 24 Feb. 2015) | Done. Conclusion: Full compliance with EUTR | 24–25 February 2015 |
| | Audit for PEFC certificate renewal by SGS | SGS audit report (SGS Audit DLH f. 27 Mar. 2015) | Done. Conclusion: Full compliance with EUTR and renewal of PEFC chain of custody (CoC) certificate | 27 March 2015 |
| | Internal assessment of DLH Nordic GSP system and procedures to identify areas for improvement | N/A | Done. | May– August 2015 |
| | Audit of DLH France DDS by NEPCon – organized as a basis for improving DLH France DDS | Draft report (Annex 7 DLH France LS preassess 15 DRAFT ENcomments client – LCV) | N/A. DLH France closed before measure finalized | February 2016 |
| | Implementation of NEPCon recommendation and updating procedures This work is done by an internal task force including French management working on the recommendations, procedures, and policies | Internal action plan | Done. | September and October 2015 |
| | All recommendations from NEPCon audit implemented. Internal deadline agreed in order to be ready for audit related to reassociation | Internal action plan | Done. Recommendations implemented | 9 November 2015 |

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| | FSC reassociation process with NEPCon | N/A | N/A. DLH France closed before measure finalized | February 2016 |
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