



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 which 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 forest and other 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. They also gave the group a set of 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 renowned non-governmental 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 activities to compensate communities for the income lost as a consequence of illegal logging and timber trade in Liberia.

The compensatory activities included building essential sanitary infrastructure, maternity houses for midwives and doctors, and school buildings to service three Liberian communities. 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 for the proposed project activities.
- there is a testimonial from SDI about the status and further progress of project activities that demonstrates that project 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. After further analysis, FSC concluded that the requests had been met. Based on this, on 21 December 2015, the FSC Board of Directors decided that FSC would end the disassociation from DLH on a probationary basis until the action plan submitted by DLH to FSC had been fully implemented.

The FSC Board of Directors also requested that DLH submit comprehensive progress updates every three months until completion of the action plan.

With this decision, DLH Group companies were once again able to seek FSC certification. In January 2016, [DLH Danmark](#) was awarded Chain of Custody certification.

Action plan implementation

In February 2016, DLH submitted the first update to the FSC Board of Directors, demonstrating progress in the first phase of implementation of the action plan.

DLH submitted the second progress update in June 2016. This second update revealed that the approved action plan was no longer feasible, with certain agreed activities conflicting with new Liberian legislation regulating the construction of water facilities.

As a result, DLH worked with SDI and Engineers without Borders to develop a revised action plan that would be in compliance with Liberian legislation. SDI and Engineers without Borders visited the affected communities to provide updates on the legislative issues. They also conducted a community consultation on revisions to the plan to ensure that the revised action plan continued to meet community needs.

FSC approved the revised action plan in September 2016, finding the revisions to be consistent with the intended outcome of the compensation process.

In August 2017, with the construction of two schools and a maternity waiting home, DLH completed the implementation of the revised action plan. All buildings are equipped with water, sanitation and hygiene facilities and communities have received training on use and maintenance of the buildings.



The two schools have now opened for the 2017-18 school year and the maternity waiting home is under the administration of the local health authorities. Evaluation surveys conducted by SDI illustrate a high level of satisfaction among the communities involved.

End of disassociation

In December 2017, on the basis of this outcome, the FSC Board of Directors decided to lift the probationary status of the end the disassociation, concluding DLH's full re-association process. With this decision FSC considers the case closed.

For more information, please click [here](#).