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Nominated for the Public Eye Award 2006  
in the category:

**E N V I R O N M E N T**

Nominated by: Nepenthes, Denmark

## Dalhoff Larsen & Horneman

Headquarters:	Høje Taastrup, Denmark
Branch of trade:	Timber and wood products
Turnover / net profit 2004:	DKK 5 billion / DKK 132 million
CEO:	Jørgen Møller-Rasmussen
Owned by:	Danish owned, quoted on the Copenhagen stock exchange
Employees:	1700
WEF-Participant 2006:	not officially enrolled

### Summary

*Dalhoff Larsen & Horneman (DLH), the world's largest hardwood trade enterprise, has been criticised by the Danish environmental group Nepenthes for its policy of buying timber from suppliers who practise destructive forestry, violate national laws, support violent conflicts, use forced labour and abuse fundamental human rights. Nepenthes demands independent third-party verification procedures to determine the origin of DLH's timber.*

### Information on the case and characteristics of irresponsible corporate behaviour

In recent years, several reports from the World Bank and national governments have revealed the extensive nature of illegal logging activities around the world. These activities threaten the survival of countless plant and animal species, and jeopardize the livelihoods of millions of forest-dwelling people. Illegal logging is only of interest to perpetrators so long as powerful timber trading companies purchase wood without verifying its origin.

The Danish group Dalhoff Larsen & Horneman (DLH) buys large amounts of timber from countries where illegal logging, violent conflicts financed by timber traders and human rights violations are widespread. For many years, DLH has been criticised for buying timber from dubious suppliers. In several cases, the company has been made aware of the problematic origin of its hardwood by various environmental groups. Nevertheless, DLH has shown no willingness to stop dealing with these suppliers, or did so only after a very long time.

In Liberia, DLH dealt with the Oriental Timber Company (OTC) even though it was known that this company was involved in illegal logging, destructive forestry, human rights violations, arms trafficking, and the support of violent conflicts. Only after the United Nations imposed sanctions on

The deadline for the submission of the nominations was August 26<sup>th</sup> 2005. Later developments were considered in summaries as far as known. 1

the sale of Liberian timber did DLH end its relationship with OTC. In Cameroon, DLH continued buying timber from Group Hazim although it was known that this entity was involved in illegal logging and destructive forestry. Group Hazim has been fined repeatedly for illegal logging and cutting undersized trees. Despite these well-known facts, DLH stopped trading with Group Hazim only in 2003.

### **Consequences**

The irresponsible procurement policy of DLH has provided a marketplace for lumber peddled by criminal timber traders, irresponsible forest officials, human rights violators, and groups that support violent conflicts. As long as DLH continues to purchase timber without carefully determining its origin, these suppliers will continue to deforest, especially in regions where weak governments are unable to prevent such illegal activities.

### **Current status and demands**

DLH has stopped purchasing timber from some especially problematic countries. But the company is still active in places such as Myanmar and Brazil where it buys timber from suppliers convicted of illegal timber trading and the use of forced labour. DLH shows little interest in starting third-party verification procedures to determine the origin of the timber it purchases.

Concrete measures on behalf of DLH are necessary to stop its trade of illegally cut timber and its association with companies engaged in violent conflicts and human rights violations. Nepenthes, which owns a share in the company, put forward a proposal at the Annual General Meeting of DLH in April 2005 suggesting that the company take precautions to prevent all trading in illegally harvested timber no later than 2010. The board of DLH spoke out against such a commitment, convincing a majority of shareholders to reject the proposal.

Nepenthes demands *independent* third-party verification procedures to determine sources of timber. DLH claims it is too early to set goals and deadlines to verify the origin and legality of the timber it buys.

**Detailed nomination:** [www.publiceye.ch/nominierungen](http://www.publiceye.ch/nominierungen)

Further information and links:

- [www.nepenthes.dk](http://www.nepenthes.dk)
- [www.greenpeace.org/raw/content/international/press/reports/dlh-a-partner-in-global-forest.pdf](http://www.greenpeace.org/raw/content/international/press/reports/dlh-a-partner-in-global-forest.pdf)
- [www.globalwitness.org/reports/index.php?section=burma](http://www.globalwitness.org/reports/index.php?section=burma)
- [www.panda.org/downloads/forests/finalscaleofillegalloggingworldwide.doc](http://www.panda.org/downloads/forests/finalscaleofillegalloggingworldwide.doc)