



LegalSource™ Audit Report

for Polfurnitur spółka z ograniczoną odpowiedzialnością

Annual audit 2018

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Organisation Contact

Julitta Rożek
ul. Leśna 1,
89-340 Bialośliwie, Poland

Audit managed by

NEPCon Sp. z o.o.
ul. Emaus 7/11, 30-201 Kraków, Poland



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Contact email:	cs@nepcon.org

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A. Introduction

The purpose of this report is to document conformance with the requirements of the LegalSource standard by Polfurnitur Sp. z o.o. hereafter referred to as "Organisation". The report presents findings of LegalSource auditors, who have evaluated the Organisation's systems and performance against the applicable requirements. The sections below provide the audit conclusions and follow-up actions required by the Organisation.

Dispute resolution: If stakeholders have concerns or comments about the LegalSource standard or the auditing body, they are encouraged to contact their closest NEPCon regional office. Formal concerns and complaints should be sent in writing.

B. Scope

The LegalSource audit, report and certificate covers the following scope:

Report Type	
Report type:	Public Summary

Organisation Details	
Primary contact:	Julita Rożek – Stock and quality manager
Address:	ul. Leśna 1, 89-340 Białośliwie, Polska
Tel/Web/Email:	0048 502 36 32 05, j.rozek@polfurnitur.eu
Jurisdiction of primary legal entity:	Poland
Primary Activity	Secondary Manufacturer
Description of Organisation:	<p>Manufacturer of floor products - mostly 3-layer floor-boards. Single site with 2 factories located in the same locality (Białośliwie, Poland)</p> <p>Purchase of FSC certified veneer follow by FSC certified HDF. Production of FSC certified floor boards for US and EU markets. Company shall meet Lacey Act requirements in wood verification. Mostly oak species.</p> <p>Organization also purchases non-certified oak sawn wood originally procured from FSC certified FMU in Poland. Material is used for production of different products, not placed in the scope of LS sale.</p> <p>The scope of the certificate is described in DCS, point 1, point 8 and supplier list.</p> <p>2018 SCOPE:</p> <ul style="list-style-type: none"> - Purchase of FSC 100% pine sawnwood, FSC 100% certified oak sawn wood and veneer, non-certified, DDS verified oak sawnwood from Belarus, FSC Mix certified HDF. - Main species is <i>Quercus robur</i> ((dąb szypułkowy) - Other potential species: <i>Quercus petraea</i> (dąb bezszypułkowy), <i>Quercus alba</i> (dąb biały), <i>Quercus frainetto</i> (dąb węgierski), <i>Quercus cerris</i> (dąb burgundzki), <i>Fagus sylvatica</i> (buk zwyczajny), <i>Betula pendula</i> (brzoza brodawkowata), <i>Betula pubescens</i> (brzoza omszona), <i>Betula alleghaniensis</i>, <i>Pinus sylvestris</i> (sosna pospolita), <i>Picea abies</i> (świerk pospolity), <i>Fraxinus excelsior</i> (jesion wyniosły), <i>Alnus glutinosa</i> (olsza czarna), <i>Ulmus glabra</i> (wiąz górski), <i>Ulmus laevis</i> (wiąz szypułkowy),

	<p><i>Ulmus minor</i> (wiąz pospolity), <i>Ulmus rubra</i>, <i>Juglans nigra</i> (orzech czarny), <i>Juglans regia</i>.</p> <p>- Production of FSC 2 layer floor boards in Białośliwie factory (PL) – product that is accepted for LS certified sale</p> <p>- Production of 3 layer floor boards (product not placed in the scope of LS cert)</p> <p>- Sale of floor boards to KARSH Polska. Karsh Polska sale to KARSH Sweden and finally to West Europe clients and USA (no LS sale in 2017-18).</p> <p>- US client requires Lacey Act compliant certificate. LegalSource system accepted by client. No actual LS sales has taken place.</p>
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Certificate Scope	
Certificate Type	<input checked="" type="checkbox"/> Single site certificate <input type="checkbox"/> Group/ Multi-site certificate
Standards Evaluated:	<input checked="" type="checkbox"/> LegalSource Standard (LS-02) v2 <input type="checkbox"/> NEPCon Generic Chain of Custody Standard (NC-STD-01) <input type="checkbox"/> NEPCon Generic Group & Multi-Site Standard (NC-STD-02)
Product scope:	<p>Double layer floor panels FSC 100%, FSC Mix PL: Deska podłogowa 2 warstwowa FSC 100%, FSC Mix <i>Quercus robur</i> (dąb szypułkowy), <i>Quercus petraea</i> (dąb bezszypułkowy), <i>Quercus alba</i> (dąb biały), <i>Quercus frainetto</i> (dąb węgierski), <i>Quercus cerris</i> (dąb burgundzki), <i>Fagus sylvatica</i> (buk zwyczajny), <i>Betula pendula</i> (brzoza brodawkowata), <i>Betula pubescens</i> (brzoza omszona), <i>Betula alleghaniensis</i>, <i>Pinus sylvestris</i> (sosna pospolita), <i>Picea abies</i> (świerk pospolity), <i>Fraxinus excelsior</i> (jesion wyniosły), <i>Alnus glutinosa</i> (olsza czarna), <i>Ulmus glabra</i> (wiąz górski), <i>Ulmus laevis</i> (wiąz szypułkowy), <i>Ulmus minor</i> (wiąz pospolity), <i>Ulmus rubra</i>, <i>Juglans nigra</i> (orzech czarny), <i>Juglans regia</i></p>
Changes to certificate scope since last audit:	<p>No significant changes.</p> <p>In 2017/18 organization has started to purchase oak thin layer sawn wood from Belarus that exchanged Ukraine (higher risk country).</p>
Certificate Sites or Group members	
<input type="checkbox"/> In place of below table, details are found in Exhibit N/A	
Site 1:	
Site name:	Polfurnitur spółka z ograniczoną odpowiedzialnością (POLFURNITUR Limited Liability Company)
Site Address/ Tel/Web/Email:	ul. Leśna 1, 89-340 Białośliwie, Polska
Site Activity:	Secondary Manufacturer

LS Product Scope:	<p>1. Double layer floor panels FSC 100%, FSC Mix 70% PL: Deska podłogowa 3 warstwowa FSC 100%, FSC Mix 70% <i>Quercus robur</i> (dąb szypułkowy), <i>Quercus petraea</i> (dąb bezszypułkowy), <i>Quercus alba</i> (dąb biały), <i>Quercus frainetto</i> (dąb węgierski), <i>Quercus cerris</i> (dąb burgundzki), <i>Fagus sylvatica</i> (buk zwyczajny), <i>Betula pendula</i> (brzoza brodawkowata), <i>Betula pubescens</i> (brzoza omszona), <i>Betula alleghaniensis</i>, <i>Pinus sylvestris</i> (sosna pospolita), <i>Picea abies</i> (świerk pospolity), <i>Fraxinus excelsior</i> (jesion wyniosły), <i>Alnus glutinosa</i> (olsza czarna), <i>Ulmus glabra</i> (wiąz górski), <i>Ulmus laevis</i> (wiąz szypułkowy), <i>Ulmus minor</i> (wiąz pospolity), <i>Ulmus rubra Juglans nigra</i> (orzech czarny), <i>Juglans regia</i></p>
Other products not placed in the scope of LS sale.	<p>2. Thick Oak veneer lamels (non certified input material) PL: Lamele okleiny podłogowej Dąb niecertyfikowane FSC</p>
Site visited during audit:	<input checked="" type="checkbox"/>
Site 2	
Site name:	Polfurnitur spółka z ograniczoną odpowiedzialnością (POLFURNITUR Limited Liability Company)
Site Address/ Tel/Web/Email:	Ul. Kościuszki 38, 89-340 Białośliwie, Polska
Site Activity:	See above
Product Scope	See above
Site visited during audit:	<input checked="" type="checkbox"/>

Evaluation Process	
Audit team:	Piotr Nowak – LS / FSC / PEFC auditor
Description of Audit Process:	<p>The second annual evaluation process has started from opening meeting at the main office and factory site location - Białośliwie, near Piła, north of Poland.</p> <p>The general manager of the company, quality manager as DDS responsible person and auditor were present at opening meeting. Organization was informed about data and information protection policy as well as the methodology of the auditing and approval process.</p> <p>At this second stage, the following procedures and documents were checked:</p>

	<ul style="list-style-type: none"> - DDS procedures in terms of availability and potential changes - DCS FSC procedures - material ordering system - verification of suppliers - reception of the material (FSC certified) - purchase policy of the company - supplier declaration signed by new supplier from Belarus - sampled purchase and sale invoices. <p>During the field visit, the organization's site was visited to confirm management quality, scope of production, species used and stored, quantities, source of material, knowledge of staff, received material storage areas, sawing and production lines and halls, drying compartments and final product storage sites. Key workers were interviewed in connection to general understanding of due diligence procedures, receiving, storing, production and final sale of wood.</p> <p>At a separate date, a meeting with representative (owner) of Belarus supplier was organized in Białystok, close to Belarusian border. Original documents confirming origin of the wood (FSC certified FMUs) were reviewed and interview conducted.</p> <p>The annual audit ended with closing meeting where audit conclusions were provided.</p>
Actions taken by Organisation prior to report finalisation:	Organization has organized a meeting with Belarus supplier (owner of company). Original documents confirming the origin of the traded wood were reviewed by auditor (transport documents, purchase documents). Interview conducted. It has been confirmed all sources of the wood are FSC certified FMUs in Belarus.
Notes for the next audit:	No specific instructions.

C. Audit Findings

Audit Conclusion:	
Organisation approved: Minor non-conformance(s) issued	<input checked="" type="checkbox"/>
Organisation not approved:	<input type="checkbox"/>
Additional comments: In 2017/18 organization has started to purchase oak thin layer sawn wood from Belarus that exchanged Ukraine (higher risk country). No LS sale has taken place in 2016/2017.	

Non-Conformances

Non-conformance reports (NCRs) describe the non-conformances identified during audits. NCRs include defined timelines for the Organisation to demonstrate conformance. MAJOR non-conformances issued during assessments/reassessments shall be closed prior to issuance of the certificate. MAJOR non-conformances issued during annual audits shall be closed within the timeline specified in the NCR, or result in certificate suspension. Where applicable, all non-conformances against standard requirements are shown below:

Non-Conformance #:	01/18 (LS22396)	
Non-Conformance Grading:	MAJOR <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
Standard & Requirement:	LegalSource Standard (LS-02) v2, Requirement 7.4	
<p>Description of Non-conformance: Organization has access to wood level purchase documents and information on material origin, species. Quality of information has been evaluated in Supplier Management and Information Form (risk assessment). However at the risk justification column of DD-04 table, no FMU FSC certificate numbers have been provided to justify low risk.</p> <p>FMU certificate numbers have been provided in DD-05 table. Separate auditor evaluation of origin and certification of FMUs in Belarus has been performed, that confirmed low risk. The status of non-compliance is therefore minor.</p> <p>Exh 5.</p>		
Corrective action request:	<p>7.4 The Organisation shall assess relevant forest source or supply chain information to ensure that:</p> <p>7.4.1 information is relevant to indicate legality and ensure compliance with this standard;</p> <p>7.4.2 information is valid and verifiable; and,</p> <p>7.4.3 information can be related to the relevant product or supply chain.</p>	
Timeline for Conformance:	12 months from report finalization date	
Evidence Provided by Organisation:	PENDING	
Findings for Evaluation of Evidence:	PENDING	
NCR Status:	OPEN	
Comments (optional):	N/A	

Observations

Observations (Obs) are issued for the early stages of a problem which does not in and of itself constitute a non-conformance, but which the auditor considers may lead to a future non-conformance if not addressed by the Organisation or where general improvements may be made. Where applicable, all observations are shown below:

No OBSs have been formulated during 2018 audit.

D. Closed Non-Conformances

Closed Non-Conformances

This section indicates where the Organisation has adequately addressed non-conformances issued during or since the last audit.

Any non-conformances which cannot be closed remain open and appear in Section C (above). Failure to comply with a minor non-conformance results in the NCR being upgraded to major; the specified follow-up action is required by the Organisation or involuntary suspension will take place.

In 2016 no non-conformities have been found.

Non-Conformance #:	01/17 LS16758	
Non-Conformance Grading:	MAJOR <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
Standard & Requirement:	LegalSource Standard (LS-02) v2, Requirement 5.1	
Description of Non-conformance:	<p>Organization has defined input materials and products placed in LS scope. However, information presented at page 5/6 and point 8 of DDS procedures has not been updated from 2016. No date of exclusion for Ukraine and other countries that are not applicable to LS at the date of evaluation. LS verified input material (non-FSC) at table 8, page 12 is not approved and not used at the evaluation date.</p> <p>Currently only FSC certified products are accepted as potentially meeting LS sale requirements. No LS sale during 2016/2017.</p> <p>Exh 1, page 5, 6 and point 8.</p>	
Corrective action request:	<p>The Organisation shall define and document the products within the scope of its DDS, in terms of:</p> <ul style="list-style-type: none"> • origin; • species; • supply chains; and, • dates of entry to and exit from the scope for each product. 	
Timeline for Conformance:	12 months from report finalisation date	
Evidence Provided by Organisation:	<ol style="list-style-type: none"> 1. Interview with LS responsible person. Information provided on current scope and DDS procedure corrections. 2. DDS, points 5, 6, 8 updated. 3. DD-04 (exh 5, exh 6) 	
Findings for Evaluation of Evidence:	<p>LS responsible person has provided and confirmed information on current LS certificate scope in terms of origin, species, supply chains and dates of entry to and exit from the scope for each product. Supplier inclusion / exclusion date has been placed in the list of suppliers (DD-04). For excluded suppliers separate list has been provided (Exh 6). LS verified input material (from Belarus in 2018) has been evaluated and approved.</p>	
NCR Status:	CLOSED	
Comments (optional):	N/A	

