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LegalSource™
Surveillance Audit 2015
Report for:
Danzer UK Ltd.
in
Maldon, Essex, United Kingdom

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Report Format: Public Summary
Audit Dates: 17th November 2015
Audit Team: Oliver Cupit
Piotr Nowak

Type of Evaluation: Multi-site
Certificate code: NC-LS-012324
Certificate issued: 23rd December 2014
Report based on Standard(s): LegalSource Standard Version 1,
dated 8 January 2013

Organisation Contact: Danzer UK Ltd.
Address: 46 Market Hill, Maldon, Essex,
CM9 4QA, United Kingdom

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1. INTRODUCTION

The purpose of this report is to document conformance with the requirements of the LegalSource standard by Danzer UK Ltd, hereafter referred to as "Organisation". The report presents findings of NEPCon auditors who have evaluated organisation systems and performance against the applicable requirements. Section below provides the audit conclusions and any necessary follow-up actions by the organisation.

Dispute resolution: If NEPCon clients encounter organisations or individuals having concerns or comments about NEPCon and our services, these parties are strongly encouraged to contact relevant NEPCon regional office. Formal complaints and concerns should be sent in writing.

2. EVALUATION FINDINGS

Audit Recommendation

Based on Organisation's conformance with LegalSource requirements, the auditor makes the following recommendation:	
<input checked="" type="checkbox"/>	Certification approved: Upon acceptance of NCR(s) issued below
<input type="checkbox"/>	Certification not approved: -
Additional comments: 2 Major NCRs, 1 minor NCR and 6 Observations issued	

Open Non-conformity Reports (NCRs)

Note: NCRs describe evidences of Organisation non-conformances identified during audits. NCRs include defined timelines for the Organisation to demonstrate conformance. MAJOR NCRs issued during assessments/reassessments shall be closed prior to issuance of certificate. MAJOR NCRs issued during surveillance audits shall be closed within timeline or result in suspension.

Issued for: Danzer UK Ltd	
NCR: 12/14	NC Classification: MAJOR <input checked="" type="checkbox"/> Minor <input type="checkbox"/>
Standard & Requirement:	NEPCon LegalSource Standard, version 1.0; 8.3 (Risk Mitigation) The organisation shall implement risk mitigation actions before the related material is accepted as being LegalSource certified.
Report Section:	Appendix: A, 8.3
Description of Non-conformance and Related Evidence:	
<p>It appears that in the vast majority of cases (those where Danzer UK is requiring certification/legal-verification as a risk mitigation action), risk mitigation actions are implemented prior to the related material being accepted by the Organisation. This is in line with the Danzer UK DD manual (see Exhibit 2) which states that for "non-negligible" assessment conclusions, "appropriate risk mitigation actions shall be planned and implemented before products are purchased and place on the EU market..."</p> <p>However, in one case, risk mitigation has not taken place, demonstrating that procedures need to be strengthened: Doors purchased from a manufacturer based in Europe. No clear records were observed by the Auditor to demonstrate that due diligence (risk assessment and any potential risk mitigation measures) had been carried out before purchase.</p>	
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	3 months from report finalisation (19/05/16)
Evidence Provided by Organisation:	<ul style="list-style-type: none"> • Manufacturer sub-supplier species/origin declaration (exhibit 4). • Interview with Danzer UK staff.
Findings for Evaluation of Evidence:	<p>The auditors reviewed a variety of supply chain risk assessment and risk mitigation records during the audit and found most to be adequate.</p> <p>However the supply chain raised as an issue at the last audit was also reviewed and risk mitigation actions found still to be inadequate:</p> <ul style="list-style-type: none"> • Since the last audit the Organisation has gathered further supply chain information in order to mitigate the risk relating to the fact that unknown species are used in the door. • The supplier & sub-suppliers have identified a potential pool of species which may be used in the MDF and Chipboard components of the doors supplied to Danzer (see exhibit 4 for species/origin list from chipboard supplier).

	<ul style="list-style-type: none"> • The sub-supplier also indicates potential countries of origin for these species, which include Ukraine (CPI = 26), Romania (CPI = 43) and Croatia (CPI = 48) (see exhibit 4). • Ukraine is classed as a high risk country in the Organisation's Procurement Rules and Croatia and Romania as medium risk (exhibit 1, Sec 8.3.2.1). The Procurement Rules state that for all high risk countries the mitigation action will be to source certified materials instead. • The Managing Director was interviewed on this point and stated that the supplier had been asked to become PEFC certified and the supplier has confirmed that this will be pursued (expected to occur by December 2015). • The Managing Director explained that the interim risk mitigation measure was that the supplier has been asked to exclusively use PEFC certified MDF and Chipboard for Danzer products until certification is in place. • The auditors accepted this as an adequate <i>interim</i> mitigation action (in theory) pending PEFC certification being in place by 2016. However, when asked for evidence that the supplier has in fact been exclusively using PEFC certified MDF and Chipboard the Organisation provided insufficient evidence and the Managing Director stated that Danzer UK have not been verifying the implementation of this mitigation action by the supplier (e.g. Danzer UK has not been requesting sub-supplier invoices to show the certified status of MDF and Chipboard inputs). • As such supplier declaration has been relied upon when sourcing broken chain of custody certified PEFC products which potentially originate from high risk countries. • Despite this inadequate risk mitigation action, door purchases from manufacturer have continued since the last audit.
NCR Status:	OPEN
Comments (optional):	This NCR is upgraded to major status as the Organisation has not implemented sufficient corrective actions to ensure conformance with its own DDS procedures, nor to address the root cause of the issue. Non-negligible risk persists in the manufacturer supply chain whilst purchases are on-going.

Issued for: Danzer UK Ltd			
NCR: 13/14	NC Classification:	MAJOR <input checked="" type="checkbox"/>	Minor <input type="checkbox"/>
Standard & Requirement:	NEPCon LegalSource Standard, version 1.0; 8.1 (Risk Mitigation)		
Report Section:	Appendix: A, 8.1.1		
Description of Non-conformance and Related Evidence:			
<p>Danzer Group has reviewed various certification/legality-verification schemes according to the Commission Implementing Regulation (EU) No 607/2012. For this purpose, Danzer Group relies for the most part on external studies in the public domain, regarding the coverage and compliance of certification/legality-verification schemes. The results can be found in DGProc_32-05_Evaluation of certification-legality verification schemes (exhibit 20). In the case of SGS (TLTV) a more in-depth internal evaluation has been conducted, as this was not included in Proforest/CPET reports (DGProc_32-05b_Evaluation of certification schemes_ANNEX 3_SGS-TLTV, exhibit 21). However, the auditors make the following observations:</p> <ul style="list-style-type: none"> • The available external studies (and therefore the Danzer Group records) do not include evaluation of Annex 5, points 1.5 and 1.6, which are not included within EU legislation. • It is not clear that the external studies (nor Danzer Group itself, except in the case of SGS TLTV) include an evaluation of conformance with applicable legislation as per Annex I of the LegalSource standard. • Danzer Group has not evaluated the MTCS (PEFC) certification system against the above requirements. • Danzer Group procedures for evaluating certification/verification schemes against Annex 5 have not been documented. This is quite important given that the effectiveness of their dominant mitigation action (source certified/legal-verified) hinges on the rigour of the certification systems. 			
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>		
Timeline for Conformance:	3 months from report finalisation (19/05/16)		
Evidence Provided by Organisation:	<ul style="list-style-type: none"> • Evaluation of certification Schemes (DGProc_32-05) (exhibit 9) • Interview with Ken Walsh (Managing Director) and Tom van Loon (Environmental Manager, Danzer Group) 		
Findings for Evaluation of Evidence:	<p>The auditor reviewed the Certification Scheme Evaluation (exhibit 9) and interviewed staff responsible for up-keep of this document.</p> <p>The following elements of the non-conformance were seen to have been adequately addressed:</p> <ul style="list-style-type: none"> • The Environmental Manager stated that since the last audit all schemes have been evaluated against points 1.5 and 1.6 of the LegalSource Standard Annex 5. The 		

only scheme found to be non-compliant with regards to point 1.5 was the TLTV scheme, (which has now been phased out) and the Organisation mitigated this action by keeping in contact with the certification body to check validity of the certificate. With regards to point 6, assurance systems are not in place for all schemes and as such the Organisation has evaluated the publicly available information on certification schemes; e.g. despite LegalSource scheme not having an assurance system, it was reviewed by the EU Commission as part of the NEPCon's recognition as an MO. This is seen to be sufficient (however explicit recording of this risk mitigation process is required – see below).

- The Organisation is relying on both external reviews of certification schemes (e.g. by UK CPET) as well as its own internal review. Staff interviewed stated that the CPET review has been relied upon for the approval of FSC and PEFC certification schemes and as seen from the CPET review this uses an elaborated legality framework (covering Harvesting Rights, Payment of Taxes and Fees, Harvesting regulations and activities, third parties' rights, etc.) in line with Annex I of the LegalSource standard. A separate assessment has been conducted for OLB against LegalSource standard Annex 1 because publicly available reports evaluating the scheme were not available. This was reviewed and found to be acceptable.

The following elements of the non-conformance were seen to have been **inadequately** addressed:

- Evaluation of the MTCS scheme has still not been conducted. The Organisation is relying on the CPET review of the PEFC system revised in 2015. This evaluation applies to the PEFC Sustainable Forest Management (PEFC ST 1003:2010) which is used for endorsement of national forest management schemes under the PEFC scheme. The Environmental Manager was interviewed and stated that he was aware of the need to conduct an analysis specifically for the MTCS standard but has not done to date.
- The Environmental Manager stated that he has not included written procedures for how the evaluation of certification schemes occurs. The auditor discussed that this is an integral part of the Procurement Rules, due to Danzer UK's reliance on certification as the dominant risk mitigation action. In particular the Organisation shall document clearly;

	<ul style="list-style-type: none"> - When publicly available reviews of certification schemes are relied upon. - How publicly available reviews are assessed to ensure they have reviewed all necessary legality requirements (as set out in Annex 1 and 5 of the LegalSource Standard). - When an internal review of certification schemes will be required. - Which criteria will certification schemes be assessed against (Annex 1 and 5 of the LegalSource Standard). <p>In addition to written procedures for how schemes will be evaluated, the Organisation shall also improve its written risk assessment analysis and conclusions and risk mitigation actions regarding certification schemes.</p> <ul style="list-style-type: none"> • For example, the Organisation has assessed whether certification schemes conform to 1.5 and 1.6 of the LegalSource Annex 5. However, the Organisation has only documented where certification schemes do not conform (i.e. TLTV). The Organisation should also document where risk mitigation actions have been undertaken and certification schemes were found to be in conformance. • When interviewed the Environmental Manager stated that the MTCS scheme has not been evaluated due to the endorsement of the PEFC system by CPET, along with the fact that Danzer UK is exclusively sourcing from Peninsular Malaysia and due to the CPI score being >50. This is all relevant risk assessment information which should be <i>documented</i> to justify the Organisation’s approach to acceptance of the MTCS certification as acceptable.
NCR Status:	OPEN
Comments (optional):	

Issued for: Danzer UK Ltd			
NCR: 01/15	NC Classification:	MAJOR <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
Standard & Requirement:	NEPCon LegalSource Standard, version 1.0; Requirement 7.1 7.1 The organisation shall assess and specify the level of risk of illegal forest products entering the supply chain		
Report Section:	Appendix: A, 7.1		
Description of Non-conformance and Related Evidence:			
<p>Whilst risk assessment had been conducted on most supply chains it was found that a walnut veneer has been purchased and sold without risk assessment being conducted.</p> <p>The Managing Director was interviewed and stated that the products in question were small quantities used for small sample jobs for dashboards to a car manufacturer. The supplies were purchased from Danzer Deutschland (see also OBS 01/15).</p> <p>The Organisation is reminded that risk assessment is required to be conducted PRIOR to purchase for all products included within the scope of the EUTR and the Organisation's LegalSource scope going forward.</p>			
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>		
Timeline for Conformance:	By the next annual surveillance audit		
Evidence Provided by Organisation:	PENDING		
Findings for Evaluation of Evidence:	PENDING		
NCR Status:	OPEN		
Comments (optional):	<i>This NCR is graded as a minor due to the small volume of products being accepted without prior risk assessment. However the Organisation should note that ANY future volume accepted without prior risk assessment will result in major non-conformance.</i>		

Closed Non-conformity Reports (NCRs)

Issued for: Danzer UK Ltd			
NCR: 06/14	NC Classification:	MAJOR <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
Standard & Requirement:	NEPCon LegalSource Standard, version 1.0; 6.1.2 (Supply Chain and material information)		
Report Section:	Appendix: A, 6.1.2		
Description of Non-conformance and Related Evidence:			
<p>The situation for Danzer UK with regards to the maintenance and up-keep of information about products included within the scope of its DDS is as follows:</p> <p>6.1.2: Trade name is recored in SAP. Danzer UK maintains a list of trade name vs. scientific names (see Exhibit 5) although this list is restricted to certified products only and does not include all species (E.g. missing species on the list include Sipo, Meranti, Western Red Cedar, Southern Yellow Pine).</p>			
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>		
Timeline for Conformance:	By the next annual surveillance audit		
Evidence Provided by Organisation:	<ul style="list-style-type: none"> • Updated species list (exhibit 6) • Review of SAP system and supply chain risk assessments 		
Findings for Evaluation of Evidence:	<p>The Managing Director was interviewed and discussed that the list of species has been updated since the last audit to include those species missing at the last audit (Sipo, Meranti, Western Red Cedar and Southern Yellow Pine) and in addition, for new species purchased since the last audit (e.g. Movingui). The auditors reviewed the list of species and compared it to supply chain risk assessments throughout the day. All species observed were found to be included on the central species list.</p>		
NCR Status:	CLOSED		
Comments (optional):			

Issued for: Danzer UK Ltd			
NCR: 08/14	NC Classification:	MAJOR <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
Standard & Requirement:	NEPCon LegalSource Standard, version 1.0; 6.1.7 (Supply Chain and material information)		
Report Section:	Appendix: A, 6.1.7		
Description of Non-conformance and Related Evidence:			
<p>The situation for Danzer UK with regards to the maintenance and up-keep of information about products included within the scope of its DDS is as follows:</p> <p>6.1.7: Information on certification/verification status of the Supplier is shown in SAP. Danzer UK's procedures relating to purchasing of certified/legal-verified products (see sections 2 and 3 of Exhibit 1) include correct procedures for the prior-checking of certificates as well as sales documentation on incoming shipments. Interviews with staff as well as a random sample of documents reviewed by the Auditor, confirmed that these procedures are functioning well. Only one small element was missing: the systematic (but periodic only) checking of the scope of the Supplier's certificates. Scope with regards to Product Groups and Supplier locations (sites) covered by the certificate.</p>			
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>		
Timeline for Conformance:	By the next annual surveillance audit		
Evidence Provided by Organisation:	<ul style="list-style-type: none"> • Interview with Danzer UK Staff (Ian Spurling, Environmental Coordinator and Ken Walsh, Managing Director) • Review of various supplier certificates. 		
Findings for Evaluation of Evidence:	<p>Ian Spurling (Environmental Coordinator) was interviewed and was found to be aware of the need to check the scope of supplier certificates as this was raised at the last LegalSource audit. It was described that supplier certificates are checked before purchasing for the first time for any new supplier and then checked annually as this is required also for FSC and PEFC chain of custody certification. Checks are incorporated into the annual review of supply chains and the risk assessment notes are updated as applicable.</p> <p>The Environmental Coordinator demonstrated how these checks are made during the audit and described issues that had been detected in the past year, where suppliers had been contacted and asked for clarification/ amendment of their certificate. One was a case where an Indonesian decking supplier was found to have the wrong product type code displayed in the FSC certificate scope on the FSC database.</p> <p>The auditors reviewed a wide variety of supply chain throughout the day and found all products to be included within the scope of supplier certificates (where applicable).</p>		
NCR Status:	CLOSED		
Comments (optional):			

Observations

Note: Observations are issued for the early stages of a problem which does not of itself constitute a non-conformance, but which the auditor considers may lead to a future non-conformance if not addressed by the organization; observations may lead to direct non-conformances if not addressed.

OBS: 06/14	Standard & Requirement:	NEPCon LegalSource Standard, version 1.0
	Report Section	Appendix: A, 7..1.2
Description of findings leading to observation:	Danzer Group has evaluated supply chain risks for African countries (DGProc_32-020_ Legal & other requirements per country However, similar analysis is lacking for specific Danzer UK supply countries such as China and Thailand.	
Observation:	It is expected that China and Thailand, as countries of provenance, will be fully incorporated into the Danzer DDS. To be verified at future audits. .	

OBS: 07/14	Standard & Requirement:	NEPCon LegalSource Standard, version 1.0, Requirement 7.1.2
	Report Section	Appendix: A, 7.1.2
Description of findings leading to observation:	<p>2014: At this stage, Danzer UK considers that it has conducted sufficient <i>additional</i> due diligence beyond relying on the material's certification status, to conclude low risk of mixing. Emphasising the value and importance of a close working relationship with suppliers to good due diligence (which includes visiting them regularly) Danzer UK staff comment that they feel little more could be done which does not include species/laboratory testing. On this issue, they make the following claims:</p> <ul style="list-style-type: none"> • Cost of testing is significant – and potentially commercially prohibitive - if sufficient testing were required to ensure a representative sample and have statistically rigorous conclusions. (A back-of-an-envelope approximation of the cost arrived at the conclusion that it would be equivalent to the profit on one shipping container, out of 150) • Given the potential commercial consequences of an ambiguous laboratory result, Tom Van Loon suggests the need for species/laboratory testing on a sectorial level, to ensure that this issue is addressed across the industry, and not on the back of one company. 	
Observation:	2014: NEPCon considers that, given the steps taken by Danzer UK, and for the purposes of moving forward, it is reasonable to allow this NCR to be closed. However, Danzer UK should continue to monitor this risk situation, considering periodic species/fibre testing (or other laboratory analyses) in combination with the following (or others) due diligence measures:	

	<ul style="list-style-type: none"> • Additional focus on chain of custody, including requiring suppliers to further implement CoC/segregation systems to ensure oak inputs into Danzer products are kept separately from all other inputs (and are traceable) at all times. • Ensuring independent in-country experts support Danzer staff during internal supplier audits • Obtaining access and scrutinising full PEFC reports of the suppliers. <p>2015: While this original observation related to the testing of oak flooring, NEPCon maintains the view that a low intensity laboratory testing scheme may be used for a variety of wood species, to enhance Danzer UK risk assessments. This may be implemented as a spot check in certain supply chains to verify claims of species/origin and will complement other risk mitigation actions for high risk species/origins. The frequency of this testing would only need to be increased if results were returned which conflict with other due diligence information.</p>
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OBS: 08/14	Standard & Requirement:	NEPCon LegalSource Standard, version 1.0; PROCEDURES
	Report Section	Appendix: A, 9.1
Description of findings leading to observation:	Danzer UK has adopted Danzer Group DDS procedures. These procedures adequately <i>document</i> the risk assessment process and how risk conclusions should be reached. However, it is observed by the auditors that these procedures can sometimes be quite confusing with what appears to be repetition or lack of clarity in some areas with regards to how specific documents or records fit into the overall DDS.	
Observation:	In order to optimise the understanding, use and adoption by Danzer UK of the Danzer Group procedures - and to optimise the auditability of these systems - these should be revised to ensure as maximum clarity and precision, avoiding inefficiencies and repetition where possible. Policies, procedures and records should be correctly referenced. Master lists should be maintained and updated, complete with the reference code to each policy, procedure and records, and describing the role and relationship of each document.	

OBS: 01/15	Standard & Requirement:	NEPCon LegalSource Standard, version 1.0; Requirement 6.1.5
	Report Section	Appendix A, 6.1.5
Description of findings leading to observation:	Review of Walnut Veneer supply chain.	
Observation:	As the Organisation had not conducted due diligence on Walnut veneer supply chains being purchased from Danzer Deutschland (see	

	NCR 01/15), this supplier had not been entered to the Organisation's Supplier List. The supplier list will be maintained up to date in order to avoid future non-conformances.
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OBS: 02/15	Standard & Requirement:	NEPCon LegalSource Standard, version 1.0; Requirement 3.1
	Report Section	Appendix A, 3.1
Description of findings leading to observation:	Review of the Procurement Rules (exhibit 1)	
Observation:	<p>Whilst reviewing the Organisation's Procurement Rules during report writing the auditor noticed that the manual includes a number of errors. For example;</p> <ul style="list-style-type: none"> The categorisation of risk in Section 8.3.2.1 shows incorrect values for CPI thresholds; <ul style="list-style-type: none"> <u>High</u>: CPI < 4 ; (should be <40) <u>Medium</u>: CPI ≥4 and <5; (should be ≥40 and <50) <u>Low</u>: CPI ≥ 5 (should be ≥ 50) In addition, the reference to the CPI references 2011 results instead of the most up to date results. <p>The Procurement Rules will be maintained up to date in order to avoid future non-conformances.</p>	

OBS: 03/15	Standard & Requirement:	NEPCon LegalSource Standard, version 1.0; Requirement 7.5
	Report Section	Appendix A, 7.5
Description of findings leading to observation:	Review of various supply chain risk assessments.	
Observation:	<p>Whilst the Organisation was found to document the risk assessment process and provide justification in most cases, for some supply chains these records were not fully elaborated and/or kept up to date.</p> <p>This was the case for;</p> <ul style="list-style-type: none"> SAS-certified supply chains: SAS certification now phased out and replaced by RA VLC certification. Staff were aware of this but records had not been updated. Chinese Bamboo and Malaysian Rubber wood supply chains: Staff were interviewed and described how risk assessment was reviewed and conclusions found to be still valid, however information to confirm that previous risk conclusions are still relevant was not clearly recorded. 	

	It is recognised that the Organisation has been conducting robust due diligence in these cases, it simply needs to be documented more accurately/often in the Organisation's written records.
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Actions taken by Organisation Prior to Report Finalization

A number of exhibits requested in electronic format were emailed to auditors by the Managing Director the day after the on-site audit.

3. COMPANY DETAILS

Contacts

Primary contact for Coordination with NEPCon

Primary Contact, Position:	Ken Walsh
Address:	46 Market Hill, Maldon, Essex, CM9 4QA
Tel/Fax/Web/Email:	Tel: +44 1621 851002 / Fax: +44 1621 859122 Web: http://www.danzer.co.uk/ Email: ken.walsh@danzer.co.uk
Jurisdiction of primary legal entity:	United Kingdom

Billing Contact

Same as shown for "primary contact"

Scope

Scope item	Check all that apply to the certificate scope		Change in scope (N/A for assessments)
Certificate type:	<input type="checkbox"/> Single Organisation	<input checked="" type="checkbox"/> Group or multi-site	<input checked="" type="checkbox"/>
Activity:	Primary: Broker/trader with physical	Additional: Broker/trader without physical p	<input checked="" type="checkbox"/>

Scope: Danzer UK staff described their Due Diligence System (DDS) as covering the following product scope:

All wood products (lumber and added-value products) supplied by Danzer UK to its customers, independently of whether:

- the wood originated (Country of Harvest) from within or outside the EU
- the wood products are sourced from companies based within, or outside, the EU
- the purchase is from another company within Danzer Group.

In a few aspects, this ambitious scope extends admirably beyond the limits of the requirements and obligations of the EUTR. Danzer UK communicated that it has chosen this approach based on the characteristics of the products and species sold by the organisation; the needs and expectations of the UK market as well as the high opportunity of sourcing *certified* or *legal-verified* among its product groups.

Description of Organisation

Danzer Group

The Danzer Group is composed of various Danzer group subsidiaries. NEPCon LegalSource certification is held by three separate legal entities:

Certificate 1: Danzer Veneer Europe (DVE)

Certificate 2: Interholco (IH)
Certificate 3: Danzer UK (DUK)

The product scope of DVE and IH LegalSource certification is more limited than DUK, applying to;

- a. Logs harvested or procured inside the EU.*
- AND/OR*
- b. Wood products procured by Danzer outside the EU and placed on the EU market*

Danzer UK

Danzer UK stands out from other organisations within Danzer Group as it is solely a trading company. No production takes place. Danzer UK sales can be divided between sawn timber and added-value products (manufactured products such as worktops, flooring and mouldings). Most added value products are single-species products, although DUK is beginning to work more with composite products such as engineered flooring and doors). In principle DUK is a multi-site organisation since storage takes place in two separate locations, however no processing takes place, the material is simply stored. Multi-site requirements are therefore handled via the chain of custody system.

Danzer UK is located in one office location in Maldon, Essex.

The vast majority of products sourced from outside of Europe/United States are purchased as certified (FSC 100%, FSC CW, PEFC) or under a private or public legality assurance verification (SVLK, OLB, MYTLAS, RA VLC).

Site details

Organisation Site(s)	Address Tel/Fax/Email	Type of operation	Product groups placed on the market (include brief description)	Visited during this audit (mark the length in hours and auditor if applicable)
Danzer UK Ltd.	46 Market Hill, Maldon, Essex, CM9 4QA Tel: +44 1621 851002 / Fax: +44 1621 859122 www.danzer.co.uk ken.walsh@danzer.co.uk	Trader	Sawn timber and added value products (E.g. flooring, doors, mouldings, worktops)	1 day on-site
Denholm Handling Ltd	Stopgate Lane, Simonswood, Kirkby, Liverpool L33 4YL Tel: +44 151 5474141 / Fax: +44 151 5477658	Outsourced warehouse facility for reception, storage and dispatch of sawn timber.	Sawn timber packets	Not visited
W Clarks & Sons Ltd.	Unit F1, Beckingham Business Park, Beckingham Street, Tolleshunt Major, Maldon, Essex, CM9 8LZ	Outsourced warehouse facility for reception, storage and dispatch of added-value products and sawn-timber.	Sawn timber and added value products	1 -2 hours (visited during Danzer UK Ltd audit)

4. EVALUATION PROCESS

Evaluation Team

Auditor(s)	Qualifications
Oliver Cupit	Oliver is a LegalSource Lead Auditor and Forest Legality Specialist for NEPCo and manages NEPCo legality services in UK and Ireland. Oliver is also an FSC CoC Lead auditor for NEPCo in the UK and Ireland. He holds an MSc in Sustainable Tropical Forestry. He has been trained as a Lead Auditor for FSC Forest Management, FSC Chain of Custody, SAN Chain of Custody and LegalSource™ and is a qualified FSC trademark agent.
Piotr Nowak	EU Import regulation training 2014. Internal wood legality and LegalSource Program training Nov.2012. PEFC Forest Management auditing training course at Forestry Department of SGGW University, Warsaw, Poland April 2012. International auditor training course of FSC Forest Management, Chain of Custody and Controlled Wood in Riga, Estonia 2010 and Kraków 2011. Graduated from Ecology & Management faculty in WSEiZ Academy in Warsaw 1998, Forestry Faculty at SGGW Academy in Warsaw 1994 – 95. Forest silviculture forestry technician with Forestry Technical High School 1989 – 1994, Warcino, Poland. Experienced in wood industry and wood processing, trained in H&S, tree care and tree surgery services. NEPCo FSC / PEFC COC & FM auditor in Poland, Romania, Bulgaria, Hungary and Ukraine. EU Timber legality coordinator in Poland, Ukraine and Belarus.

Description of Evaluation Process

1. Opening meeting, presentation of participants, audit program and scope
2. Introduction by Danzer UK to the organization of Danzer UK / Danzer Group and the current Due Diligence System (DDS) in practice at Danzer UK.
3. Evaluation of quality management aspects of the DDS, including the documented procedures, including responsibilities, commitments made by the organization, procedures for internal monitoring and definition of product scope.
4. Evaluation of the general procedures for access to information, risk assessments and risk mitigation procedures adopted by Danzer UK.
5. Evaluation of operational implementation of the Danzer UK DDS, including:
 - a. Interview with staff involved in the operational implementation of the DDS.
 - b. Evaluation of a sample of supply chains and the implementation of Due Diligence on the selected samples (access to information, risk assessment and risk mitigation)
 - c. Evaluation of supplier audits and records
6. Break for Lunch
7. Site visit to warehouse to check segregation and traceability of stock in storage.
8. Continued evaluation of operational implementation of the Danzer UK DDS (see 5 above).
9. Remote interview with Environmental Manager.
10. Closing Meeting.

