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**LegalSourceTM Audit Report**

**for Vijn Holding B.V.**

**Annual audit 2017**

**Report date: 22/11/2017 – Public Summary**

**Certificate code: NC-LS-024284**

**Issued date: 04/11/2016**

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# A. Introduction

The purpose of this report is to document conformance with the requirements of the LegalSource standard by **Vijn Holding BV** 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:

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| **Report Type** | |
| Report type: | Public Summary |
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| **Organisation Details** | |
| Primary contact: | Richard Kok |
| Address: | Gerstdijk 15  5704 RG Helmond |
| Tel/Web/Email: | +31 492 531 919 /  m.roobeek@mevohoutindustrie.nl |
| Jurisdiction of primary legal entity: | The Netherlands |
| Primary Activity | Secondary Manufacturer |
| Description of Organisation: | Vijn Holding BV is operator under the EUTR. Import and distribution of PEFC certified Keruing (*Dipterocarpus spp*., further specified in the scope) from Malaysia to produce trailer floors for the European market. |
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| **Certificate Scope** | |
| Certificate Type | Single site certificate  Group/ Multi-site certificate |
| Standards Evaluated: | LegalSource Standard (LS-02) v2  NEPCon Generic Chain of Custody Standard (NC-STD-01)  NEPCon Generic Group & Multi-Site Standard (NC-STD-02) |
| Product scope: | Sawn wood, wood in the rough  HS Code: 4403, 4407  Keruing, Dipterocarpus spp. List of species from Peninsular Malaysia:  *Dipterocarpus acutangulus* Vesque  *Dipterocarpus baudii* Korth.  *Dipterocarpus caudatus* Foxw. ssp. *penangianus* (Foxw.) P.S.Ashton  *Dipterocarpus chartaceus* Symington  *Dipterocarpus concavus* Foxw.  *Dipterocarpus coriaceus* Slooten  *Dipterocarpus cornutus* Dyer  *Dipterocarpus costatus* Gaertn.*f.*  *Dipterocarpus costulatus* Slooten  *Dipterocarpus crinitus* Dyer  *Dipterocarpus dyeri* Pierre  *Dipterocarpus elongatus* Korth.  *Dipterocarpus eurynchus* Miq.  *Dipterocarpus fagineus* Vesque  *Dipterocarpus gracilis* Blume  *Dipterocarpus grandiflorus* (Blanco) Blanco  *Dipterocarpus hasseltii* Blume  *Dipterocarpus kerrii* King  *Dipterocarpus kunstleri* King  *Dipterocarpus lowii* Hook.*f*  *Dipterocarpus oblongifolius* Blume  *Dipterocarpus obtusifolius* Teysmann ex.Miq.var.*subnudus* Ryan et Kerr  *Dipterocarpus palembanicus* Slooten ssp. *palembanicus*  *Dipterocarpus perakensis* P.S.Ashton  *Dipterocarpus retusus* Blume  *Dipterocarpus rigidus* Ridl.  *Dipterocarpus rotundifolius* Foxw.  *Dipterocarpus sarawakensis* F.G.Browne ex Slooten  *Dipterocarpus semivestitus* Slooten  *Dipterocarpus sublamellatus* Foxw.  *Dipterocarpus tempehes* Slooten  *Dipterocarpus verrucosus* Foxw. ex Slooten  Red Balau, Shorea Spp.  *Shorea Balangeran* |
| Changes to certificate scope since last audit: | **Red Balau, Shorea Spp.** |
| **Certificate Sites or Group members**  In place of below table, details are found in Exhibit []  Not applicable | |
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| **Evaluation Process** | |
| Audit team: | **Debora van Boven-Flier**  Debora holds an MSc in Tropical Forestry from Wageningen University and Research Centre, the Netherlands. She has participated in various lead auditor courses for FSC, PEFC, LegalSource and SAN and she has been conducting audits since 2008.  **Tim Roelandts**  Tim Roelandts is auditor for NEPCon in the Netherlands and Belgium. Tim has a Master in international relations and is carrying out CoC audits since 2012. He passed FSC and LegalSource lead auditor courses since 2016. |
| Description of Audit Process: | Prior to the audit Vijn Holding BV had submitted their Due Diligence system for sourcing of timber products, relevant legality documents and the audit reports of their suppliers.  On-site audit was carried out on 5th September 2017 (11.00-15.00) and covered the following:  1. Opening meeting, audit program and scope  2. Introduction by Vijn Holding to the organization and their Due Diligence system  3. Evaluation of 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 Vijn Holding  5. Evaluation of operational implementation of the DD system, including:  a. Interview with staff involved in the operational implementation of the DD system  b. Evaluation of a sample of supply chains and the implementation of the Due Diligence on the selected samples (access to information, risk assessment and risk mitigation)  6. Closing meeting: presentation of LegalSource audit conclusions and discussions and follow-up.  A wide range of documentation and records were reviewed during the audit, including the following (NEPCon DDS documents are used):  - Handboek Stelsel van Zorgvuldigheidseisen  - Staff Instruction Sheet  - Legality Declaration for Suppliers  - Supplier Consent and Information Form  - Responsible Purchasing Policy  - Letter for request of information  During the audit a sample of consignments (both boat and truck loads) were selected for which Vijn Holding presented how their Due Diligence system had been implemented. |
| Actions taken by Organisation prior to report finalisation: | None |
| Notes for the next audit: | None |

# C. Audit Findings

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| Audit Conclusion: | |
| Organisation approved: MAJOR non-conformance(s) issued |  |
| Organisation not approved: Choose an item. |  |
| Additional comments: None | |

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| 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:

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| **Non-Conformance #:** | 01/17 | |
| **Non-Conformance Grading:** | MAJOR | Minor |
| **Standard & Requirement:** | LegalSource Standard (LS-02) v2, [Requirement 2.3](#NCR1) | |
| **Description of Non-conformance:** | | |
| Responsibilities have been designated to various staff members, but some of these staff members don’t work with the company anymore. Redistribution of responsibilities is necessary. | | |
| **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 finalization (date) | |
| **Evidence Provided by Organisation:** | PENDING | |
| **Findings for Evaluation of Evidence:** | PENDING | |
| **NCR Status:** | **OPEN** | |
| **Comments (optional):** |  | |

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| **Non-Conformance #:** | 02/17 | |
| **Non-Conformance Grading:** | MAJOR | Minor |
| **Standard & Requirement:** | LegalSource Standard (LS-02) v2, [Requirement 3.1](#NCR2) | |
| **Description of Non-conformance:** | | |
| The procedures that organisation uses are based on the template Due Diligence manual, drafted by NEPCon. However not all applicable elements are covered by these procedures due to the new version of the standard V2. Chapter 4.2, 4.3 and 4.4 are not available yet in the procedures. | | |
| **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:** | By the next annual audit, but not later than 12 months from the report finalisation date | |
| **Evidence Provided by Organisation:** | PENDING | |
| **Findings for Evaluation of Evidence:** | PENDING | |
| **NCR Status:** | **OPEN** | |
| **Comments (optional):** |  | |

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| **Non-Conformance #:** | 03/17 | |
| **Non-Conformance Grading:** | MAJOR | Minor |
| **Standard & Requirement:** | LegalSource Standard (LS-02) v2, [Requirement 4.1](#NCR3) | |
| **Description of Non-conformance:** | | |
| Exh 2 section 4.3 states that the DDS shall be maintained, evaluated and revised where necessary on an annual basis. However no documentation exists of this review and interviewed personnel confirmed that there was no internal review. | | |
| **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 finalization (date) | |
| **Evidence Provided by Organisation:** | PENDING | |
| **Findings for Evaluation of Evidence:** | PENDING | |
| **NCR Status:** | **OPEN** | |
| **Comments (optional):** |  | |

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| **Non-Conformance #:** | 04/17 | |
| **Non-Conformance Grading:** | MAJOR | Minor |
| **Standard & Requirement:** | LegalSource Standard (LS-02) v2, [Requirement 5.1](#NCR4) | |
| **Description of Non-conformance:** | | |
| Exhibit 2 Section 7, of the organisations DD handbook contains the scope in terms of products and species, in DD-04 the details about the supply chains are listed.  *Dipterocarpus* *spp*. is the only genus in the scope of the LS certificate. As it is difficult to distinguish between the species within this genus, a list of available species from Peninsular Malaysia is provided.  *Shorea balangeran* with trade name Balau is also handled by the organisation, but not included in the scope in the documented due diligence procedures. However, the Organisation has conducted due diligence according to its procedures for all purchase/sale of Red Balau within the audit period. | | |
| **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:** | By the next annual audit, but not later than 12 months from the report finalisation date | |
| **Evidence Provided by Organisation:** | PENDING | |
| **Findings for Evaluation of Evidence:** | PENDING | |
| **NCR Status:** | **OPEN** | |
| **Comments (optional):** | *NOTE: The Organisation shall be aware that any changes made to the scope of the LegalSOurce certification shall be communicated to NEPCin prior to changes being made as specified in Clause 5.5 the NEPCon Certification Agreement:*  “*The Organisation agrees to notify NEPCon about any desired changes to the Certification scope before these changes are implemented. NEPCon will evaluate the need for additional audit activities, if any, and will agree with the Organisation the steps that need to be taken before the scope can be changed.”* | |

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| **Non-Conformance #:** | 05/17 | |
| **Non-Conformance Grading:** | MAJOR | Minor |
| **Standard & Requirement:** | LegalSource Standard (LS-02) v2, [Requirement 7.4](#NCR5) | |
| **Description of Non-conformance:** | | |
| Forest source is unknown or not documented. The organisation has assessed all risks in the supply chain, but has not documented all players in the supply chain as the organisation could not clearly prove that their supplier was also the owner of the wood on forest level and if there are other actors in the supply chain before that. All material is PEFC certified, reducing the risk, but no adequate verification took place to determine the status of possible sub-suppliers and validity of claims. | | |
| **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:** | By the next annual audit, but not later than 12 months from the report finalisation date | |
| **Evidence Provided by Organisation:** | PENDING | |
| **Findings for Evaluation of Evidence:** | PENDING | |
| **NCR Status:** | **OPEN** | |
| **Comments (optional):** |  | |

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| 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 Observations.

# D. Closed Non-Conformances

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| 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.

None