

Complaint process in the Wood Purchasing Department

PW-ZDBIS008 – RL - PL

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1. Purpose

This manual describes the process of claiming purchased wood by the Raw Material Purchasing Department. Delivered raw material is subject to quality and quantity evaluation during the reception. In case the delivered raw material does not meet the requirements, it will be immediately reported to the supplier. The instruction applies to round wood, sawmill by-products and biomass that can be processed / used for the production of chipboard and post-consumer wood

2. Scope of application

Egger Biskupiec plant.

3. Competences

Employees of the Raw Wood Purchasing Department and the Raw Material Reception Department at Egger Biskupiec plant.

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4. Qualitative and quantitative assessment of the raw material delivered.

The raw material delivered to Egger in Biskupiec is subjected to the quality and quantity evaluation during the reception of goods, which takes place at the Raw Material Yard/Log Yard according to the procedure PW-PDBIS001 "Measurement, control, registration and unloading of raw wood". All irregularities are immediately communicated to the employees of the Raw Material Purchasing Department. A specially dedicated application for this is the Quality Control App. It is a tool used to create a complaint notification, which contains information about delivery defects. The notification is delivered in real time via e-mail to the Raw Material Purchasing Department. The notification is used by Raw Material Buyers to pass information about the claimed goods to the supplier.

5. Claims on round wood from State Forests

Round wood coming from the State Forests according to the procedure PW-ZDBIS001 "WOOD SURFACES FOR PRODUCTION AND BIOMASS" must meet certain standards. In case of finding any significant quality defects in the delivered raw material, an employee of the Raw Material Reception Department initiates a complaint process in accordance with the contract concluded with the State Forests. A written complaint should be submitted to the State Forests immediately after the wood quality defects are found, but not later than 14 days after the issuance of the timber delivery document. Delivered raw material is unloaded and placed on a separate pile and properly described. The employee of the Raw Material Reception Department evaluates the percentage of inappropriate materials in the advertised delivery and wood defects (e.g. curvature, blue stain, burning, rot). He reports the complaint to the Raw Material Reception Department via the Quality Control App. On the basis of the notification, Back Office employees prepare documentation. In the SAP system the raw material is accepted in the traditional way. The State Forests have their own complaint procedure, which is described in each raw material purchase contract. According to this procedure, a written complaint must be filed with the seller's business unit immediately after the defects are discovered. The contract also specifies the periods within which complaints must be filed and the cases of wood defects that are subject to complaints. The complaint process is handled by the Back Office of the Raw Material Purchasing Department.

The tasks of a Back Office employee in the Raw Material Purchasing Department:

- Completion of the claim form in accordance with the contract with SF,
- to attach photographic documentation to the aforementioned notification,
- forwarding a printout of the application for signature to the manager of the Raw Materials Purchasing Department,
- the signed application is scanned and sent electronically to SF,
- The paper version of the application is kept on file in the Back Office and the electronic version on SharePoint LINK

The next step is the contact with the supplier, i.e. the forest inspectorate. The supplier will send his representative to Egger in order to inspect the claimed timber. The course of the claim and the findings are recorded in the form of a claim report. The supplier's representative can accept or reject the complaint. In case of acceptance, both parties sign the protocol, on the basis of which the supplier will issue a correction invoice

for the claimed delivery. In case the supplier rejects the complaint, Egger is entitled not to sign the record of complaint. The supplier's representative shall describe the reason for the refusal. In case of non-resolution, Egger can make use of the expertise of independent experts. If no expert appraises the defects, Egger must bear the costs for the expert opinion. The signatories of the complaint protocol are the head of the Raw Material Purchasing Department, the head of the Log Yard or the persons appointed by them.

6. Claims on fresh timber from sawmills and private forests

Sawmill by-products such as slabs, sawdust and chips according to the procedure PW-ZDBIS001 "WOOD SURFACES FOR PRODUCTION AND BIOMASS" must meet certain standards. In case of detecting significant quality defects of the delivered raw material, an employee of the Raw Material Reception Department has the right to accept the delivery as the claimed material in whole or in part, and ultimately refuse to accept the delivery in whole if the delivered raw material does not comply with the concluded contract (e.g. other material than on the delivery document, railway sleepers, stones, sand, impregnated material). In case of a complaint, the delivered raw material shall be unloaded and placed on a separate pile and properly described. An employee of the Raw Material Reception Department assesses the percentage of inappropriate materials in the claimed delivery. Using the Quality Control App, he reports the complaint to the Raw Material Purchasing Department, which is forwarded to the Back Office and the Raw Material Buyers. Employees of the Raw Material Purchasing Department in consultation with the supplier agree further procedure with the delivery.

The person responsible for contact with the supplier is the relevant Buyer of Raw Materials. The Buyer informs the supplier about quality defects that have been recognised upon the receipt of the raw material and about the fact that a certain weight has been accepted as non-conforming goods, i.e. it does not meet the quality requirements.

This raw material will be invoiced as agreed by the Raw Material Buyer with the supplier. The important information is that it will appear on the invoice as non-conforming goods, e.g. "Sawdust leaf-Z zk". If the supplier does not improve the quality of the delivered material, the Buyer is obliged to renegotiate the contract as regards price and quantity with the supplier.

The return (non-acceptance) of the delivery is possible when the material is contracted together with transport costs, i.e. DAP BIS, and when the scale of discrepancies of the delivered material is significant. In other cases (EXW, FCA) the return of material must be agreed with the Raw Material Purchasing Department.

In addition, it is mandatory to refuse to accept material when it is visibly contaminated with chemicals.

In the above process, it is important to remember to take an individual approach to each delivery and the company supplying the material.

7. Claims on post-consumer wood.

In the case of supplies of used/post-consumer wood, the procedure is analogous to supplies of fresh wood from sawmills and private forests. The difference is in the case of a change in the waste code. Information about the change must be immediately communicated to the person weighing the cars. E-mail address VT-Dispatch_BIS@egger.com.

In case of a significant level of contamination, the client Egger Biskupiec has the possibility to refuse the material.

8. Receipt of claimed deliveries in the SAP warehouse system.

8.1. Partial complaint

In case of finding significant quality defects in the delivered raw material, an employee of the Raw Material Reception Department evaluates the percentage content of non-conforming material in the complaint delivery. The delivery is accepted in the SAP system in proportion to the amount of compliant and non-compliant material.

The weighing protocol is accepted with two types of material:

- Woodchip and complaint woodchip
- Sawdust and complaint sawdust
- Slabs and complaint slabs

An exception is the delivery of post-consumer wood, which is accepted with one type of material. By way of further complaint procedure, the price for the material is reduced or other measures are taken as previously agreed with the supplier.

Through the Quality Control App, the Raw Material Reception Department employee reports the complaint to the Raw Material Purchasing Department.

The Back Office employee of the Raw Material Purchasing Department, in the weighing report in comment number 4, describes the delivery as a "claim" or in another form that fits the case. After receiving information about the price at which the delivery is to be settled, he settles the delivery.

8.2. Comprehensive complaint

8.3. Complaint 100% delivery rejected

When the scale of inconsistencies of the delivered material is significant, employees of the Raw Material Reception Department have the right to refuse to accept the material. A weight protocol is created. The material is accepted as normal. Through the Quality Control App, the Raw Material Reception Department employee reports the complaint to the Raw Material Purchasing Department.

The material is to be picked up by the carrier within 7 working days. The car leaves and is traditionally weighed. An employee of the Raw Material Reception Department informs the Raw Material Purchasing Department by e-mail that the material has left the factory and that the acceptance can be cancelled in the SAP system.

The Back Office employee of the Raw Material Purchasing Department, in the weighing report in comment number 4, describes the delivery as "100% complaint, return" or in another form that fits the case. After receiving information that the claimed material has been taken, the employee removes the delivery from the SAP system.

8.4. Claim 100% biomass reclassification

In the case of deliveries and claims of 100% of the raw material for production from a company that is KZR-certified, we allow the change of the weight group from 1 to 4, and accept as KZR-certified biomass that will be burned in the further process.

9. Related instructions

PW-PDBIS001 'Measurement, control, recording and unloading of raw wood'.

PW-ZDBIS001 "WOOD RAW MATERIALS FOR MANUFACTURING AND BIOMASS"

IW-PDBIS008 Guidelines for the acceptance and sorting of re-use waste wood