



LegalSource™ Audit Report for Carl Ronnow (M) Sdn Bhd

Scope change audit 2017

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Organisation Contact

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Audit managed by

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A. Introduction

The purpose of this report is to document conformance with the requirements of the LegalSource standard by **Carl Ronnow (M) Sdn Bhd** 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: | Confidential |

| Organisation Details | |
|---------------------------------------|---|
| Primary contact: | Dick Anning, Environmental Manager |
| Address: | Locked Bag 20, Kota Kinabalu, Sabah, 88990, Malaysia |
| Tel/Web/Email: | +60 88 483 888 / + 60 88 483 801 / http://carlronnow.com/ |
| Jurisdiction of primary legal entity: | Malaysia |
| Primary Activity | Broker/trader with physical storage |
| Description of Organisation: | Carl Ronnow (CR) is a sawn timber exporter located in Malaysia. CR is LegalSource certified with regards to its Due Diligence System (DDS) covering MTCS(PEFC)-certified sourced product. |

| 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 checked="" type="checkbox"/> NEPCon Generic Chain of Custody Standard (NC-STD-01) |
| Product scope: | <p>The scope of the DDS is defined by: products; suppliers (region of harvest), and markets.</p> <p>1. Products</p> <p>Organisation has expanded the scope of its DDS, to include sawn timber (HS code: 4407) and timber decking (HS code: 4409).</p> <p>2. Certification systems</p> |

| | |
|--|--|
| | <p>Organisation includes only certified products within the scope of its DDS. For now, the following certification system is included within the scope of its DDS:</p> <ul style="list-style-type: none"> i. Malaysian Timber Certification System (MTCS) as endorsed by PEFC Claims: PEFC 100% <p>As further certification systems are evaluated, these would be included within the scope of its DDS.</p> <p>3. Regions of harvest</p> <p>Organisation has limited the scope of its DDS to include the following countries/regions of harvest:</p> <ul style="list-style-type: none"> i. Peninsular Malaysia <p>4. Markets</p> <p>Organisation has limited the scope of its DDS to include only products destined to the following markets:</p> <ul style="list-style-type: none"> i. EU countries ii. UK <p>There are no restrictions on the species, all species included in the DDS are from natural forests and not from timber plantations. According to Organisation's DD-04 LegalSource Supplier Management Form for 2016 and 2017, only Meranti (<i>Shorea spp.</i>); Keruing (<i>Dipterocarpus spp.</i>) and Jelutong (<i>Dyera costulataa</i>) have been traded during the 2016-2017 audit period.</p> |
| Changes to certificate scope since last audit: | Organisation has expanded its product scope to include 100% PEFC-certified timber decking originates from MTCS certified forest. The timber decking will be converted from sawn timber internally by the same supplier. |
| Certificate Sites or Group members | |
| Site 1: | |
| Site name: | Carl Ronnow (M) Sdn Bhd |
| Site Address/ Tel/Web/Email: | Same as above |
| Site Activity: | Broker/trader with physical storage |
| Product Scope: | Sawn timber as defined in the scope above |
| Site visited during audit: | <input checked="" type="checkbox"/> |
| Site 2 | |
| Site name: | Minho (outsourcing facility) |
| Site Address/ Tel/Web/Email: | 12-3-1, Jalan Setia Prima P Bandar Setia Alam, 40170 Shah Alam, Selangor Darul Ehsan |
| Site Activity: | Broker/trader with physical storage |
| Product Scope | Sawn timber as defined in the scope above |
| Site visited during audit: | <input checked="" type="checkbox"/> |

| Evaluation Process | |
|---|--|
| Audit team: | <p>Yee Fen Ng</p> <p>Yee Fen joined NEPCon Malaysia in 2015 and has a working background within the timber industry. She successfully completed the FSC Lead Auditor training course as well as the NEPCon LegalSource Expert Course. She has participated as an auditor in training for LegalSource and FSC Audits in Malaysia, Vietnam and Indonesia.</p> |
| Description of Audit Process: | <p>Organisation has requested to expand the scope of its DDS to include timber decking and has submitted its latest version of DDS procedures manual on 18 Dec 2017.</p> <p>The auditor has evaluated the revised DD-02 Manual, document e) CR MTCS explanation flowchart for LS – 18.12.17.docx and document o) Mino SOP.doc.</p> |
| Actions taken by Organisation prior to report finalisation: | None |
| Notes for the next audit: | None |

C. Audit Findings

| Audit Conclusion: | |
|---|-------------------------------------|
| Organisation approved: No non-conformances issued | <input checked="" type="checkbox"/> |
| Organisation not approved: | <input type="checkbox"/> |
| Additional comments: A number of criteria (indicated in the appendices below) shall be evaluated at next audit. | |

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:

No new non-conformances raised as a result of this expansion audit. A number of criteria (indicated in the appendices below) shall be evaluated at next audit.

