



LegalSource™ Audit Report for Carl Ronnow Sdn Bhd

Re-assessment 2021

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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 (Malaysia) 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:	Public Summary

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:	<p>Organisation is a sawn timber exporter located in Malaysia. Organisation is LegalSource certified with regards to its Due Diligence System (DDS) covering MTCS (PEFC)-certified sourced wood-products from Peninsular Malaysia.</p> <p>During the audit, the audit period is confirmed that covers from 1ST March 2020 to 31st July 2021.</p>

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) V2-1 <input checked="" 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:	Product types:

	<p>Malaysian Timber Certification Scheme (MTCS, as endorsed by PEFC): Sawn Timber, Moulding Products and Plywood 03000 Sawnwood and sleepers 05020 Plywood</p> <p>(The Organisation’s management representative confirmed that, during the audit period, the only product in the above category that was sold into Europe was sawn timber. Species: various, harvested from native forests in Peninsular Malaysia.)</p> <p>2. LegalSource certified: Doors and door-frames 4409 Mouldings 4407 Sawn timber 4409 Timber decking</p> <p>(The Organisation’s management representative advised the Audit Team that, while timber decking has been added to scope, none has been sold to date. Species: various, harvested from native forests in Gabon.)</p> <p>Certification schemes: Currently, Organisation includes only certified products within the scope of its DDS, as follows:</p> <ul style="list-style-type: none"> ▪ Malaysian Timber Certification System (MTCS) as endorsed by PEFC. Claim: PEFC 100% ▪ NEPCon LegalSource Certification System (LS). Claim: LegalSource certified (currently suspended in Gabon and will restart in coming years) <p>Origins (regions or countries of harvest):</p> <ul style="list-style-type: none"> ▪ Peninsular Malaysia (Malaysia; PEFC 100%) ▪ Gabon (LegalSource)
Changes to certificate scope since last audit:	Since 2021, the organization starts to use Timber Chain platform uploading and updating supply chain info which is also updated in organization’s Due Diligence Procedure.
<p>Certificate Sites or Group members</p> <p><input type="checkbox"/> In place of below table, details are found in Exhibit [N/A]</p>	
Site 1:	
Site name:	Carl Ronnow (Malaysia) Sdn Bhd
Site Address/ Tel/Web/Email:	Reference info above
Site Activity:	Broker/trader with physical storage
Product Scope:	Reference info above
Site visited during audit:	<input type="checkbox"/>
Site 2	

Site name:	Minho (outsourcing facility)
Site Address/ Tel/Web/Email:	Lot 6476, Lorong Sg. Puluh Off 6th Miles, Jalan Kapar 42100 Klang, Malaysia
Site Activity:	Broker/trader with physical storage
Product Scope	Reference info above
Site visited during audit:	<input type="checkbox"/>
Site 3	
Site name:	Carl Ronnow Limited (legal trading entity)
Site Address/ Tel/Web/Email:	Suite No. 02, Office Suites @ Kensington Gardens No. U1317, Jln Jumidar Buyong 87000 Federal Territory of Labuan, Malaysia
Site Activity:	Broker/trader with physical storage
Product Scope	Sawn timber, mouldings, doors and door frames
Site visited during audit:	<input type="checkbox"/>

Evaluation Process	
Audit team:	<p>Huang Rui (Rick)</p> <p>Huang Rui, Audit team leader, Master of Forestry, has more than 8 years' experience in forest survey and sustainable forestry includes 2 years academic work. Huang Rui is working for Preferred by Nature as Forestry certification specialist. Before that, he had worked for Forest Inventory and Planning Institute of Jilin Province. He also had been a sustainable development department commissioner of APP (China) Forestry. He has attended the auditor training of CFCC, FSC-COC and ISO9000. He is qualified as LegalSource, FSC FM and FSC CoC lead auditor and has participated more than 100 FSC CoC audits in China mainland, Taiwan, HK, Vietnam and Thailand etc.</p>
Description of Audit Process:	<p>Carl Ronnow's 2021 LegalSource re-assessment was a remote evaluation, conducted by Zoom and email.</p> <p>DCS, PGS and Supplier list were sent to the auditor and reviewed by the auditor before the re-assessment on 8th Sep 2021.</p> <p>An opening meeting for the audit via a Zoom meeting from 09:00 am to 09:20 on 9th Sep 2021. Auditor introduced the audit team. After that the management representative gave a brief introduction of the operation activities of the organization. In addition, the audit scope and the certification schedule were confirmed. No question raised during the opening meeting.</p> <p>After the opening meeting, the auditor team started the audit process of the organization. The audit team reviewed all necessary documents (DCS, PGS, Supplier list, transaction details, training records and etc.) and interviewed the environmental Manager and his assistant from 09:20 to</p>

	<p>11:00. From 11:00 to 12:00, audit reviewed all documents provided by organization and made the sampling.</p> <p>From 13:30 to 14:00, auditor started to review the organization's transaction documents including purchase documents, sales document and related info sheet.</p> <p>Closing meeting was hosted at 14:00-14:15, auditor recapped the audit plan and presented the overall findings against the standard for evaluation. Preliminary result was conveyed.</p>
<p>Actions taken by Organisation prior to report finalisation:</p>	<p>None</p>
<p>Notes for the next audit:</p>	<p>None</p>

C. Audit Findings

Audit Conclusion:	
Organisation approved: No non-conformances issued	<input checked="" type="checkbox"/>
Organisation not approved: Choose an item.	<input type="checkbox"/>
Additional comments: NA.	

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:

None

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:

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.

Observation #:	01/19
Standard & Requirement:	LegalSource Standard (LS-02) V2-1: Appendix E, 3.1 The Organisation shall have written procedures covering all applicable elements of this Standard.
Description of Observation: The Audit Team noted, during the audit that, with regard to several key documents:	
<ul style="list-style-type: none"> some text has been updated (see section 6, <i>Changes from Previous Version of This Document</i> for details of changes) but version numbers and dates have not kept pace with the internal changes (this applies, e.g. to both Due Diligence Procedures documents [Exhibits 1 and 2], and DD-04 CR Limited Gabon Supplier Management Form 15.09.18-31.10.18); no page numbers are included (e.g. for the Due Diligence Procedures), which makes it more challenging working with them and adds to the time take to review such documents. 	
Auditor confirmed the version changes and page number have been updated in the DDS. Now organization's LegalSource certification documentation is kept consistently up-to-date, with version numbers and dates of revisions being clear for reviewing.	

Observation #:	02/19
Standard & Requirement:	LegalSource Standard (LS-02) V2-1: Appendix F, 1.1.1 The Organisation shall have in place valid and appropriate business licenses and registrations.
Description of Observation: In the document CRM List, the Organisation refers to Rainforest Alliance as its Certification Body.	
The LS certification scheme has been stopped of organization's supplier in Gabon, thus, the supplier's CB mentioned with Rainforest Alliance has been deleted in the CRM list.	

