



LegalSource™ Audit Report for Regal Veneers

Annual audit 2023

Report date: 26th July 2023

Certificate code: NC-LS-068168

Issued date: 29.06.2022

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LegalSource Audit Report Template:	
Document Code:	LS-03
Type of document:	LegalSource Audit Report Template
Scope:	International
Status of document:	Approved
Version:	V 2.1
Date:	23 January 2018
Consultation period:	N/A
Approval body:	NEPCon
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A. Introduction

The purpose of this report is to document conformance with the requirements of the LegalSource standard by **Regal Veneers** 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 Preferred by Nature 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:	Mr. Shabulal V.M.K., Managing Partner
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Tel/Web/Email:	9447645648 / - / shabulalvmk@yahoo.com
Jurisdiction of primary legal entity:	India
Primary Activity	Primary Manufacturer
Description of Organisation:	Organisation is a small-size company (9 staff members) situated in Kerala State, India, and producing the veneer. The raw material (logs) is sourced directly from agroforestry plantations and sometimes from home gardens in India. Organisation is supported by so-called traders (representatives of the local communities) who assist in finding the farmers wishing to sell their timber; but in fact this is not trader, but broker/agent activity.

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)
Product scope:	Product type: veneer

	Species: <i>Terminalia chebula</i> , <i>Swietenia macrophylla</i> , <i>Melia dubia</i> , <i>Mangifera indica L.</i> , <i>Hevea brasiliensis</i> , <i>Anacardium occidentale L.</i> Origin: India, Kerala State, Kannur District
Changes to certificate scope since last audit:	Not applicable for assessments

Evaluation Process	
Audit team:	<p>Mikhail Rai, Audit Team Leader Preferred by Nature lead auditor. Mikhail has been working at Preferred by Nature since 2017. He is a lead auditor for FSC, PEFC, SBP, and LegalSource certification schemes. Expert on timber legality, supply chains and trademarks. The total work experience in the field of woodworking, timber trade, valuation, legal and consulting activities is more than 10 years. Mikhail holds BSc in Forestry. He successfully completed NEPCon FSC forest management and chain of custody lead auditor training courses in 2017, LegalSource and Controlled Wood training in 2018, SBP auditor training in 2019, ISO 45001:2018 training course in 2022. Previous experience with more than 150 audits in different schemes worldwide.</p> <p>Marimuthuram Mahendran, Audit Team Member and the Local Expert M.Sc program "Tropical and International Forestry", University of Göttingen, Germany. Post Graduate Diploma, Plant Genetic Manipulation, University of Nottingham, United Kingdom. FSC Chain of Custody & ISO 19011 Lead Auditor. Participated in the Controlled Wood training course. He has been working with NEPCon/Preferred by Nature for the last 2 years and participated in many FSC COC evaluations in India and Srilanka.</p>
Description of Audit Process:	<p>The audit was split into two parts due to availability of the local expert and the client. The audit started on 26th of June 2023 with the opening meeting attended by the Organisation's representative (Managing Partner). After that, documented evidence provided by Organisation to close minor non-conformities issued during the assessment have been evaluated. An interview with the Managing Partner has been conducted and a decision of successful mitigation measures implementation have been made. The second part of the audit continued on 26th of July 2023 and included on-site visit of the production facilities. Staff interviews were conducted, review of the applicable production records, and inspection of the site. The next day the audit continued with the suppliers visits. At the end of the audit on 28 July 2023, the closing meeting was conducted with the Managing Partner by Skype, during which preliminary results of the assessment were discussed.</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: Choose an item.	<input type="checkbox"/>
Additional comments: none	

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 non-conformities identified during the audit.

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 raised during the audit. The Organization responded to the Observations issued during the assessment. Please see OBS 02/22 below.

Observation #: 02/22	
Standard & Requirement:	<p>LegalSource Standard (LS-02) V2.1, Requirement 6.2 The Organisation shall have access to information about the origin of material to a level that allows it to:</p> <p>6.2.1 conclude that the material originates from Forest Sources or supply chains with low risk of legal violations or that potential risks have already been mitigated; OR</p> <p>6.2.2 effectively identify, specify and mitigate risks of producing or receiving illegally harvested or traded material.</p>
Description of Observation:	<p>Audit team agrees with the Organisation's Risk Assessment (Exhibit 7), although for several sub-categories including 1.1, 1.15, 1.16, the risk should be considered as specified, but not low, as risk mitigation measures are implemented by the Organisation for each farmer (as per Standard requirement 6.2.2).</p>

D. Closed Non-Conformances

Non-Conformance #: 01/22		
Non-Conformance Grading:	MAJOR <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
Standard & Requirement:	<p>LegalSource Standard (LS-02) V2.1, Requirement 7.7 The Organisation shall document the risk assessment process and provide justification for the level of risk specified for each individual origin or supply chain.</p>	
Description of Non-conformance:	<p>For risk sub-category <i>1.12 Legal employment</i>, Organisation determined the risk as low, with the following justification: 'the timber is harvested by external contractors and hence there is no permanent farm employee as part of the harvesting process. This is out of the scope of the farmer.'</p> <p>However, from the legality point of view, it does not matter who conducts timber harvesting, the owner or contractor. Legal employment is applicable in any case.</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:	12 months from report finalisation date	
Evidence Provided by Organisation:	<p>Due Diligence Training Calendar Minor non-compliance corrective action report</p>	

	Regal Veneers risk assessment
Findings for Evaluation of Evidence:	<p>The Organization included the evaluation of the non-conformance in the corrective action plan and in the training calendar. As a result the Organization revised its risk assessment and defined risk from low to specified for the following categories: 1.1, 1.12, 1.15, 1.16. A detailed description of the mitigation actions is also provided in the risk assessment. The actions include document verification, completing the internal registers, on-site visits and stakeholder consultations. During the supplier visit implementation of the mitigation actions and its sufficiency to prove the low risk were verified.</p> <p>Actions undertaken by the Organization are sufficient to close the non-conformance.</p>
NCR Status:	CLOSED
Comments (optional):	N/A

Non-Conformance #: 02/22	
Non-Conformance Grading:	MAJOR <input type="checkbox"/> Minor <input checked="" type="checkbox"/>
Standard & Requirement:	LegalSource Standard (LS-02) V2.1, Requirement 3.1 Organisation shall have written procedures covering all applicable elements of this Standard
Description of Non-conformance:	<p>The audit team reviewed the Organisation’s documented procedures and came to the conclusion that they cover almost all applicable certification requirements. However, the following applicable elements are not included:</p> <ul style="list-style-type: none"> - All relevant records shall be retained for a minimum of five years (LS Standard, clause 3.3); - The risk assessments shall be reviewed at least annually and revised whenever changes occur that alter the risk characteristics (LS Standard, clause 7.9); - For products that are covered by the scope of the LegalSource certification, the Organisation may make a product-related certification claim on sales and transport documents (LS Standard, clause 9.1 – applicable only in case if Organisation would decide to make a product-related certification claim in sales and transport documents).
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:	12 months from report finalisation date
Evidence Provided by Organisation:	REGAL VENEERS Due Diligence Procedures
Findings for Evaluation of Evidence:	<p>The Organization included the evaluation of the non-conformance in the corrective action plan and in the training calendar. The Organization updated the Due Diligence Procedures and included missing information there. The Due Diligence Procedure and other related documents had been evaluated, and conformance with the standard requirements was confirmed.</p> <p>Actions undertaken by the Organization are sufficient to close the non-conformance.</p>
NCR Status:	CLOSED
Comments (optional):	N/A

Non-Conformance #: 03/22		
Non-Conformance Grading:	MAJOR <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
Standard & Requirement:	NC-STD-01 NEPCon Generic CoC Standard, V2.0, Requirement 1.2 The Organisation shall develop and maintain documented procedures to ensure compliance with all applicable CoC requirements.	
Description of Non-conformance:		
<p>The audit team verified that CoC requirements are incorporated in the Organisation's general documented procedure. However, the following applicable elements are not included:</p> <ul style="list-style-type: none"> - The Organisation shall develop and implement procedures for addressing non-conformances identified by auditors (NC-STD-01 NEPCon Generic CoC Standard, clause 1.3). - The Organisation shall ensure claim information is provided on sales invoices and shipping documents, including the following: <ul style="list-style-type: none"> 5.1.1 Description of the product and the claim category; 5.1.2 Quantity of each product/claim category; 5.1.3 NEPCon Generic Chain of Custody Certification Code, if applicable. (NC-STD-01 NEPCon Generic CoC Standard, clause 5.1). - The Organisation shall submit all claims to NEPCon for review and approval prior to use. (NC-STD-01 NEPCon Generic CoC Standard, clause 6.2). 		
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:	12 months from report finalisation date	
Evidence Provided by Organisation:	<p>Due Diligence Training Calender</p> <p>Minor non-compliance corrective action report</p>	
Findings for Evaluation of Evidence:	<p>The Organization included the evaluation of the non-conformance in the corrective action plan and in the training calendar. As a result, the Organization considered the above mentioned gaps in the management system and used the CAR as a part of the procedures.</p> <p>During the audit sample documents as well as TM approval had been evaluated and no gaps were identified.</p> <p>Actions undertaken by the Organization are sufficient to close the non-conformance.</p>	
NCR Status:	CLOSED	
Comments (optional):	N/A	