

## Sabah TLAS Audit Report Principles 5 & 6

<b>Organisation</b>	Es Eng Soon Trading Sdn. Bhd. (138357-D)	<b>Reference #</b>	GFSSBH 004-481
<b>Contact Person</b>	Ms. Chin Kim Hwang (Smart Link Manager)	<b>Audit Date</b>	29/03/2023
<b>Office Address</b>	Smart Link Logistics Sdn. Bhd.: DBKK 2A, Lot 12 Realton Industrial Park, Jalan Burung Keleto, Inanam Laut, 88450 Kota Kinabalu, Sabah, Malaysia. KL Office: No. 7, Jalan PPU 3, Taman Perindustrian Puchong Utama, 47100 Puchong, Selangor, Malaysia.	<b>Date close out</b>	-
<b>Mill Address</b>	-	<b>Telephone</b>	+6016 825 8328 +6088 383 699
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		<b>Approved By</b>	Dr. Kevin Grace

### Statements

<b>Audit Statement #</b>	GFS 278 WTP		
<b>Issuance Date</b>	03 April 2023	<b>Expiration Date</b>	02 April 2024

### Assessment Details

<b>Company Type</b>	Importer
<b>Scope of Assessment</b>	Sabah TLAS P5-6: FDS(KK)(I)048/2019
<b>Product Group</b>	Plywood
<b>Source of Material</b>	Indonesia & Vietnam
<b>Species</b>	Indonesia: <i>Paraserianthes falcataria</i> Vietnam: Mixed Plywood
<b>Lead Assessor</b>	Priera Bagang
<b>Assessor(s)</b>	Sandra George
<b>FDS Staff</b>	-

### Terms of Assessment

The scope of the evaluation is to verify compliance of Es Eng Soon Trading Sdn. Bhd. to the criteria within the Sabah Timber Legality Assurance System (TLAS) Principle 5 - Mill Operations and Principle 6 - Trade and Customs standards. Compliance is defined when the organization demonstrates that there is no non-compliance to any applicable criteria. Non-compliance to the Sabah Legality Standard occurs when the organization does not comply with 1 or more criteria. Non-compliance must be formally addressed prior to certification or within 2 months following a surveillance assessment.

### Limitations of Assessment

The information presented in this report is based on documentation and other information presented by the client and observations made during the field verification under the assessment. Auditor's reporting of information presented by the client are taken as accurate, unless evaluated differently through the observations made during the assessment. All information presented in the report is accurate and complete to the best of knowledge of GFS.

**Background Information:**

Es Eng Soon Trading was established in 1975 started as a family-owned business in hardware retailing for carpenter material supplies. Es Eng Soon Trading Sdn. Bhd. (Es Eng Soon Trading) is located in Selangor and registered with the SSM on 12/04/1985 in Kuala Lumpur, Malaysia, with registration # 138357-D.

The imported plywood from Indonesia and Vietnam is directly shipped to its local buyer, Yang Chuan Trading Sdn. Bhd.

The previous assessment was conducted in April 2022 that resulted in 2 gap(s) and 0 observation(s) (Report #: GFSSBH 004-333).

**Associated Organizations & Subcontractors:**

Es Eng Soon Trading is associated with Es Eng Soon (Johor) Sdn. Bhd., Es Eng Soon (Melaka) Sdn. Bhd., Es Eng Soon (J) Sdn. Bhd.

Smart Link Logistics Sdn. Bhd. acts as a forwarding agent for Es Eng Soon Trading in Kota Kinabalu, Sabah. Es Eng Soon Trading rents a part of Smart Link Logistics premise (tenancy agreement dated 01/09/2019) to provide administrative support for logistics in plywood trading.

Es Eng Soon Trading engages R.M Services Sdn. Bhd. as its agent to handle documentation for import activities.

**Description of the Supply Chain:**

From March 2022 to March 2023, Es Eng Soon Trading purchased raw materials from the suppliers as below:

Supplier	License	Raw Material	Location	GFS WTP # STCC #	Overall Risk *
CV Berkah Soewandi	22.00021-00389.019-ID-MY	Plywood	Indonesia	LVLK-019-IDN	Low
CV Anugerah Alam Abadi	22.00333-00402.003-ID-MY	Plywood	Indonesia	LVLK-003-IDN	Low
Cong Ty Co Phan Xuat Nhap Khau Van Ep 368	-	Plywood	Vietnam	-	High

Note: \*GFS risk evaluation is based on the risk matrix for Sabah TLAS (VL) material & products.

**Summary Results:**

(Major gap = 0, Minor gap = 2, Observation = 0)

GAPs: Year 2023					
GAP #	Type	Checklist	Status	Description	
001/2022	Minor	5.2.4	Outstanding	<b>April 2022:</b> The company has not established a documented chain of custody system in respect to TLAS compliance and imports of timber products. <b>March 2023:</b> Es Eng Soon Trading has not established and documented a Chain of Custody (COC) system for import and trading activities.	
002/2022	Minor	6.2.4	Outstanding	<b>April 2022:</b> The company did not conduct a risk assessment for importing plywood from suppliers. <b>March 2023:</b> Es Eng Soon Trading has yet to conduct a risk assessment for imported plywood from suppliers.	

\*Major = Non-Compliance

Observations: Year 2023		
Obs #	Checklist	Description
-	-	-

Highlights of Close-Out Visit (if applicable)	Date
Not applicable	

Recommendations
<p><b>Es Eng Soon Trading Sdn. Bhd.</b> has demonstrated compliance with the Sabah Standard Principles 5-6 for Chain of Custody and is recommended to receive a GFS Statement of Compliance and Sabah Timber Legality Assurance System Compliance Certificate (TLAS-CC) from SFD.</p> <p>Gap(s)/Observation(s) identified in this assessment should be addressed before the next surveillance visit. Action required to close the gap(s)/observation(s) include:</p> <p><b>Gap 001/2022 (Minor) Outstanding – Checklist 5.2.4:</b> Es Eng Soon Trading shall establish a Chain of Custody system to support compliance with Sabah TLAS requirements for import/trading activities.</p> <p><b>Gap 002/2022 (Minor) Outstanding – Checklist 6.2.4:</b> Es Eng Soon Trading shall conduct the risk assessment for their suppliers.</p> <p>The next surveillance visit is scheduled for March 2024.</p>

**End of Summary Report**