

Sabah TLAS Audit Report Principles 5 & 6

Organisation	T.K.L. Timber Sdn. Bhd. (746599-U)	Reference #	GFSSBH 004-068
Contact Person	Chong Mei Lan (Secretary)	Assessment Date	04/07/2019
Office Address	TB 3640, 1 st Floor Centenary 11 Lights Industrial Estate, Mile 3 ½, Apas Road, Tawau, Sabah, Malaysia.	Date close out	-
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		Approved By	Dr. Kevin Grace

Statements

Audit Statement #	NA: Non Compliance – Checklist 5.2.5 & 5.2.7		
Issuance Date	NA	Expiration Date	NA

Assessment Details

Company Type	Trading company
Scope of Assessment	T.K.L. Timber Sdn. Bhd.
Product Group	Sawn timber
Source of Material	Sabah, Malaysia.
Species	<i>Drybalanops spp.</i> (Kapur), <i>Dipterocarpus spp.</i> (Keruing), <i>Koompassia malaccensis</i> (Impas), <i>Parashorea spp.</i> (White seraya), <i>Shorea spp.</i> (Oba suluk, Red seraya, Yellow seraya, Melapi, Selagan batu), <i>Annonaceae spp.</i> (Karai), <i>Lithocarpus & Quercus</i> (Mempening), <i>Tristaniopsis merguensis</i> (Pelawan-pelawan), <i>Eugenia spp.</i> (Obah), Lauraceae (Medang), <i>Dialium indum</i> (Keranji), <i>Cotylelobium spp.</i> (Resak batu)
Lead Assessor	Lai Jia Woei
Assessor(s)	-
FDS Staff	-

Terms of Assessment

The scope of the evaluation is to verify compliance of the **T.K.L Timber 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. Reporting of information presented by the client is 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:

T.K.L. Timber Sdn. Bhd. (TKL Timber) registered with Companies Commission of Malaysia (SSM) in Tawau with registration number 746599-U. Round logs purchased by TKL Timber were sent to subcontractor's mill for processing. Export of sawn timber in 2018 / 2019 includes to China and Japan.

T.K.L Timber previously rented Siang Kuan Enterprise (M) Sdn. Bhd.'s mill for sawn timber production until September 2018. Currently, the company did not continue the tenancy.

Associated Organizations & Subcontractors:

Starting in July 2018, T.K.L. Timber engaged Tawau Kilning and Moulding Sdn. Bhd. as a subcontractor to provide sawmilling and moulding services for logs purchased by TKL Timber.

Description of the Supply Chain:

From May 2018 to June 2019, T.K.L. Timber purchased raw materials from the suppliers as below:

Supplier	License	Raw Material	Location	FDS TLAS-CC (Expiry Date)	GFS Audit Statement # (Expiry Date)
Ralyat Berjaya SB (Priseland Sdn. Bhd.)	SFMLA 09/97: SDK 03/08	Round logs	Kalabakan	-	-
Ralyat Berjaya SB (Asiatic Organic Farm Sdn. Bhd.)	SFMLA 09/97: TWU 02/17	Round logs	Kalabakan	Non Compliance	Non Compliance

Summary Results:

(Major gap = 1, Minor gap = 0, Observation = 0)

GAPs:				
GAP #	Type	Checklist	Status	Description
001/2019	Major	5.2.5, 5.2.7	New	No evidence that raw material and Work In Progress (WIP) material were identified with a TKL Timber batch number as per CoC procedures as well as to quantify production based on batch unit.

*Major = Non-Compliance

Obs #	Checklist	Description
-	-	-

Highlights of Close-Out Visit (if applicable)	Date -
Gap 001/2019 (Major) shall be addressed within two months by September 2019 .	

Recommendations
<p>T.K.L Timber Sdn. Bhd. has not demonstrated compliance with the Sabah Standard Principles 5-6 for Chain of Custody as non-compliance was identified in Checklist 5.2.7 and is NOT eligible to receive a GFS Audit Statement and STCC from FDS.</p> <p>The Major Gap shall be addressed within two months by September 2019.</p> <p>Gap 001/2019 (Major) – Checklist 5.2.5, 5.2.7: T.K.L Timber shall implement the CoC procedure in their system.</p> <p>The next surveillance visit is scheduled in May 2020.</p>

End of Summary Report