

Sabah TLAS Audit Report Principles 5 & 6

Organization	Antekad Sdn. Bhd. (182462-H)	Reference #	G162-376
Contact Person	Hilda Pius (Operational Manager)	Audit Date	04/01/2018
Office Address	P.O. Box 589, 89208 Tuaran, Sabah, Malaysia.	Date close out	-
Mill Address	Mile 17.5 Off Jalan Tuaran, Kg. Bakut, 89208 Tuaran, Sabah.	Telephone	+6088 788 144
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		Approved By	Dr. Kevin Grace

Statements

Audit Statement #	GFS 034 WTP		
Issuance Date	01 February 2018	Expiration Date	31 January 2019

Assessment Details

Company Type	Moulding and kiln dry plant
Scope of Assessment	Antekad Sdn. Bhd.
Product Group	Pallet and engineered wood product (glue - laminated), moulding & decking
Source of Material	Sabah, Malaysia.
Species	<i>Shorea inappendiculata</i> (Selangan batu), <i>Parashorea spp.</i> (White seraya), <i>Shorea spp.</i> (Red seraya), Lithocarpus & Quercus (Mempening) and other species (OT)
Lead Assessor	Priera Bagang
Assessor(s)	Mohd Akram Bin Mansur, Charlene Billy and Wong Bin Heang
FDS Staff	Hj. Roslan bin Abdillah (DFO Kota Kinabalu), RHK Zaini Abd Hamid (KPPM Kota Kinabalu), RH Jamain Othman (PPM Kota Kinabalu), RH Siti Nor Azimah Mohammad (PPM Kota Kinabalu)

Terms of Assessment

The scope of the evaluation is to verify compliance of the Antekad 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:

Antekad Sdn. Bhd. (**Antekad**) is registered in Kuala Lumpur, Malaysia with registration # 182462-H. The company produces various types of moulding and engineered wood products. Finished goods are mainly exported to European market, which includes Poland, Spain, Czech Republic, Germany, Hungary, Italy, Belgium as well as other countries Bahrain, Mauritius, South Africa and Turkey. The licensee has obtained FSC Chain of Custody certificate, certificate #: BV-COC-114996 for their products (manufacturing and trading of sawn timber, glued laminated and moulded timber products certified FSC 100% or FSC Mix) since 2013, with expiry date on 19th February 2018.

Associated Organizations & Subcontractors:

Antekad does not engage other companies as subcontractors to provide or manufacture products.

Description of the Supply Chain:

In 2017, Antekad purchased raw materials from suppliers as follows:

Supplier	License	Raw Material	Location	FDS TLAS-CC (Expiry Date)	GFS Audit Statement # (Expiry Date)
Syarikat Jayaramai Sdn. Bhd. (ML Sabah Trading)	JP(N)SO055/00(B01)R	Sawn timber	Sook	FDS(SCS)014/2017 (28/02/2018)	GFS 056 WTP (28/02/2018)
*Shua Lui Timber Sdn. Bhd.	JP(N)KG001/16(X53)	Sawn timber	Sook	FDS(SCS)046/2017 (31/05/2018)	GFS 139 WTP (31/12/2017)
Kilang Papan Andus (S) Sdn. Bhd.	JP(K)KK004/14(B01)	Sawn timber	Ulu Kimanis	<i>Not available at FDS official portal</i>	Non Compliance

* Sabah TLAS audit to be scheduled.

Summary Results:

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

GAPs: Year 2018			
GAP #	Type	Checklist	Description
-	-	-	-

*Major = Non-Compliance

Status of Outstanding GAPs: 2017				
GAP #	Type	Checklist	Status	Description
009/2017	Minor	6.2.3	Closed	<p>5th January 2017: The imported hardwood timber <i>Lophira alata</i> (Azobe) from Cameroon has Corruption Perception Index (CPI) score 27 - indicates a High Risk Country. This was then exported to Spain (an EU member country) together with Sabah timber product. The Cameroon material was purchased prior to the revised Sabah TLAS P5-6 requirements. Products that do not comply with the current Sabah TLAS P5-6 requirements should not be identified as Sabah TLAS products for export to countries that have import regulations on Due Diligence.</p> <p>4th January 2018: The company does not import raw material for 2017. Raw materials were sourced locally.</p>

Observations: 2018		
OBS #	Checklist #	Description
001-2018	5.2.5	Antekad possesses a GFS WTP COC procedure however the implementation of COC for Sabah TLAS production could not be assessed as last production was in July 2017. Furthermore, there were only old

		stocks available in the mill, no current stocks/finished goods or WIP materials to prove traceability.
002-2018	5.3.3	Antekad has applied for DOSH registration on 25 th March 2015. However, Antekad mill has yet to be inspected by DOSH officer. The latest visit by DOSH officer was to sample the number of workers and basic salaries (National Employment Returns Survey Form 2016, Serial #: SAB-03483) in September 2016. Since all bandsaw machinery has been dismantled and kiln-dry machinery is in the process to be dismantled, DOSH inspection is no longer required. Antekad is in the process to submit a notification of cessation of operations to DOSH.

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

Recommendations
<p>Antekad Sdn. Bhd. has demonstrated compliance to the Sabah Standard Principles 5-6 for Chain of Custody and is recommended to receive a GFS Audit Statement and Sabah Timber Legality Assurance System Compliance Certificate (TLAS-CC) by FDS.</p> <p>Observations identified in this assessment shall be addressed before the next surveillance visit. Action required to close the observations include:</p> <p>Observation 001-2018 – Checklist 5.2.4, 5.2.5, 5.2.7: To implement the procedure into their production line and trading system, should there be any manufacturing operations.</p> <p>Observation 002-2018 – Checklist 5.3.3, 5.3.6: Submit a notification to DOSH on removal of machinery as required.</p> <p>The next surveillance visit is scheduled in January 2019.</p>

End of Summary Report