

Sabah TLAS Audit Report Principles 5 & 6

Organisation	Kilang Kayu Lohan Sdn. Bhd. (173680-M)	Reference #	GFSSBH 004-036
Contact Person	Tang Eng Teng (Mill manager)	Assessment Date	02/05/2019
Office Address	P.O. Box 11188, 88812 Kota Kinabalu, Sabah, Malaysia.	Date close out	-
Mill Address	Kampung Bongkud, Ranau, Sabah, Malaysia.	Telephone	+6088 422 713 (KK) +6088 879 855 (Sawmill)
Email	kklohansb@yahoo.com kklohansbranau@yahoo.com	Fax	+6088 432 713 (KK) +6088 879 855 (Sawmill)
		Approved By	Dr. Kevin Grace

Statements			
Audit Statement #	NA: Non Conformance – Checklist 5.2.5 and 5.2.7		
Issuance Date	NA	Expiration Date	NA

Assessment Details	
Company Type	Sawmill
Scope of Assessment	Kilang Kayu Lohan Sdn. Bhd.
Product Group	Sawn timber
Source of Material	Sabah, Malaysia.
Species	<i>Drybalanops spp.</i> (Kapur), <i>Koompassia malaccensis</i> (Impas), <i>Parashorea spp.</i> (White seraya), <i>Shorea spp.</i> (Red seraya, Yellow seraya, Melapi, Selangan batu), <i>Scaphium spp.</i> (Kembang semangkuk), Sapotaceae (Nyatoh), <i>Neolamarckia cadamba</i> (Laran), <i>Duabanga moluccana</i> (Magas), <i>Alstonia spp.</i> (Pulai), <i>Nauclea spp.</i> / <i>Neonauclea spp.</i> (Bangkal), <i>Annonaceae spp.</i> (Karai), <i>Eugenia spp.</i> (Obah), Lauraceae (Medang), <i>Planchonia valida</i> (Putat), Lithocarpus & Quercus (Mempening), Myristicaceae (Darah-darah), <i>Dillenia spp.</i> (Simpur), <i>Pentace spp.</i> (Takalis), <i>Koordersiodendron pinnatum</i> (Ranggu), <i>Hopea sangal</i> (Gagil), <i>Calophyllum obliquinervium</i> (Bintangor), Dacryodes & other Burseraceae (Kedondong), <i>Pterocymbium javanicum</i> (Teleto), Prerospermum (Bayor), <i>Tristaniopsis merguensis</i> (Pelawan-pelawan), <i>Dyera spp.</i> (Jelutong), <i>Dialium indum</i> (KerANJI), Annonaceae (Pisang-pisang), <i>Azadirachta excels</i> (Bawang-bawang), <i>Castanopsis motleyana</i> (Berangan), <i>Camptosperma auriculatum</i> (Terentang), <i>Nothaphoebe obovata</i> (Lamau – Lamau), <i>Endospermum diadenum</i> (Senduk-senduk mata), <i>Litsea garciae</i> (Pengolaban), <i>Nephelium lappaceum</i> (Rambutan), <i>Magnolia candollii</i> (Chempaka), <i>Garcinia forbesii</i> (Kandis), <i>Ceiba Pentandra</i> (Kapok), <i>Artocarpus dadah</i> (Buruni), Petai, Assam
Lead Assessor	Lai Jia Woei
Assessor(s)	Dayang Hanisah Maidin, Walter Marcus
FDS Staff	PH Denver J. Joingin (<i>Penyelia Kilang</i>)

Terms of Assessment
The scope of the evaluation is to verify compliance of the Kilang Kayu Lohan 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:

Kilang Kayu Lohan Sdn. Bhd. (Kilang Kayu Lohan) is the sister company to Lusera Sdn. Bhd., which is located in Kota Kinabalu. Sawn timbers produced are mainly sold to Lusera Sdn. Bhd..

The company has obtained FSC COC certification in January 2016 with the certificate #: SGS-COC-008445 to sell FSC certified timbers with a validity from 27th January 2016 to 26th January 2021.

The previous assessment was conducted in April 2018 that resulted in 0 gap(s) and 2 observation(s) (report #: G162-417).

Associated Organizations & Subcontractors:

Kilang Kayu Lohan does not engage other companies as their subcontractors to provide or manufacture products.

Description of the Supply Chain:

From 2018 to March 2019, Kilang Kayu Lohan purchased / received raw materials from the suppliers as below:

Supplier	License	Raw Material	Location	FDS TLAS-CC (Expiry Date)	GFS Audit Statement # (Expiry Date)
Appolonia Malujau & 7 Peserta	JP(KRN)011/2016(F1)	Round logs	Ranau	FDS(SLS)023/2018 (31/05/2019)	GFS 099 LVS (31/05/2019)
Deramakot Forest Reserve	Batch 2/2017, 1/2018, 2/2018	Round logs	Deramakot	FSC certified	FSC certified
Jinawati Raymond Aling & 2 Peserta	FIIB: JPHTN/FRM 700-2/4/1/477/6	Round logs	Tambunan	-	-
Asian Forestry Company (Sabah) Sdn. Bhd.	JP(DKM)008/2016(F1)	Round logs	Kota Marudu	FDS(SLS)004/2018 (31/01/2019)*	GFS 015 LVS (31/04/2020)
Hyginus Raymond	FIIB: JPHTN/FRM 700-2/4/1/517/4	Round logs	Tambunan	-	-
Juliana Jimmy & 1 Peserta	FIIB: JPHTN/FRM 700-2/4/1/509/4	Round logs	Tambunan	-	-
Kasin Podasian & Peserta	FIIB: JPHTN/FRM 700-1/4/161/(a)JLD-2/10	Round logs	Ranau	-	-
Lassim Abd. Rahman (Thava Metal Sdn. Bhd.)	JP(KRN)001/2017 (F1)	Round logs	Ranau	-*	GFS 128 LVS (31/12/2019)
Joseph Paulus Lantip (Ranau Timber Sdn. Bhd.)	FIIB: JPHTN/FRM 700-2/4/1/497/4.JLD/2/17	Round logs	Ranau	-	-
Joseph Paulus Lantip (Vun Kong Sdn. Bhd.)	FIIB: JPHTN/FRM 700-2/4/1/434	Round logs	Ranau	Non Compliance	Non Compliance

Note: *FDS to update their website.

Summary Results:

(Major gap = 2, Minor gap = 3, Observation = 1)

GAPs:				
GAP #	Type	Checklist	Status	Description
005/2019	Minor	5.1.2	New	Recovery reported in Appendix 1 from January 2018 to March 2019 for sawn timber was constant 50%. Therefore, the data on log input and output for sawn timber does not appear to be according to the actual volumes. Cross cut logs observed at the log pond and breakdown areas were inconsistently marked with sequential alphabet i.e. A, B, C, as required by FDS.
006/2019	Minor	5.2.2	New	No "Sabah TLAS Compliant" stamp on the Removal Pass for Lassim Abdul Rahman JP(KRN)001/2017(F1) from January – March 2019 which has been TLAS P1-4 verified in December 2018.
007/2019	Obs 001- 2018	5.2.3	Raised to minor	April 2018: <ul style="list-style-type: none"> Sabah TLAS status was not identified in the log arrival book for Sabah TLAS verified material received by Kilang Kayu Lohan. Removal Pass for incoming logs sourced from Deramakot Forest Reserve in January 2017 was not made available during the assessment. May 2019: Sabah TLAS status was not identified in the log arrival book for Sabah TLAS verified material received by Kilang Kayu Lohan.
008/2019	Major	5.2.5	New	WIP materials (sawn timber) sampled at sorting, seasoning and bundling sections were observed without any production batch unit # or reference to Sabah TLAS status. The company is not operating in accordance with the COC procedures – Production section, which details batch number and Sabah TLAS shall be marked on the WIP materials in order to trace it back to the raw material.
009/2019	Major	5.2.7	New	Finished products (bundled sawn timber) were observed without marking of production batch and Sabah TLAS status. Sawn timber was recorded based only on daily production records but not batch number based on receiving as detailed in the COC procedures.

*Major = Non-Compliance

Obs #	Checklist	Description
002-2018 Addressed	5.3.8	April 2018: First Aid Kit contents are expired. May 2019: First Aid kit is available with adequate content at the mill office.
001-2019	5.3.1	1 out of 11 workers (Mr. Yoseph Kopong) does not possess COI nor covered under insurance.

Highlights of Close-Out Visit (if applicable)	Date
The Major gaps shall be addressed within 2 months by July 2019.	

Recommendations
<p>Kilang Kayu Lohan Sdn. Bhd. has not demonstrated compliance with the Sabah Standard Principles 5-6 for Chain of Custody as non-compliance was identified in Checklist 5.2.5 and 5.2.7 and is NOT eligible to receive a GFS Audit Statement and STCC from FDS.</p> <p>Major gaps shall be addressed within 2 months by July 2019.</p> <p>Gap 008/2019 (Major) – Checklist 5.2.5: Production batch unit and Sabah TLAS status shall be identified on the Sabah TLAS WIP materials.</p> <p>Gap 009/2019 (Major) – Checklist 5.2.7: Production batch unit and Sabah TLAS status shall be identified on the Sabah TLAS finished goods.</p> <p>Gaps and observation identified in this assessment should be addressed before the next surveillance visit. Actions required to close the gaps and observation include:</p> <p>Gap 005/2019 (minor) – Checklist 5.1.2: The mill shall record the actual monthly input and output of the raw material. Crossed cut logs for breakdown processing shall be appropriately marked with sequential alphabet i.e. A, B, C, in line with the FDS requirements.</p> <p>Gap 006/2019 (minor) – Checklist 5.2.2: The stamping of “Sabah TLAS Compliant” on the Removal Passes for logs sourcing from Sabah TLAS verified forest areas should be consistently implemented.</p> <p>Gap 007/2019 (Raised to minor) – Checklist 5.2.3: Sabah TLAS status shall be identified in the log arrival book for Sabah TLAS verified material received by Kilang Kayu Lohan.</p> <p>Observation 001-2019 – Checklist 5.3.1: Kilang Kayu Lohan shall register all workers with COI and insurance as required by the government.</p> <p>The next surveillance visit is scheduled in March 2020.</p>

End of Summary Report