

Sabah TLAS Audit Report Principles 5 & 6

Organisation	Innovatory Furniture Sdn. Bhd. (674600-D)	Reference #	GFSSBH 004-033
Contact Person	Justin Yap (General Manager)	Assessment Date	24/04/2019
Office Address	No.8 (Lot 15), Jalan 3 KKIP Timur, Industrial Zone 13 (IZ13), Kota Kinabalu Industrial Park, Telipok, 88460 Kota Kinabalu, Sabah, Malaysia.	Date close out	-
Mill Address	No.8 (Lot 15), Jalan 3 KKIP Timur, Industrial Zone 13 (IZ13), Kota Kinabalu Industrial Park, Telipok, 88460 Kota Kinabalu, Sabah, Malaysia.	Telephone	+6088 491 885 +6088 492 885
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		Approved By	Dr. Kevin T. Grace

Statements

Audit Statement #	GFS 084 WTP		
Issuance Date	01 May 2019	Expiration Date	30 April 2020

Assessment Details

Company Type	Moulding & furniture mills, kiln dry plant and exporter
Scope of Assessment	Sabah TLAS P5-6: JP(K) KK 001/08 (X26), JP(K)KK 005/17(X22), FDS(KK)(S)072/2017(M), FDS(KK)(E)039/2019(M)
Product Group	Moulding, wooden furniture, sawn timber
Source of Material	Sabah, Malaysia.
Species	<i>Acacia</i> spp. (Acacia)
Lead Assessor	Priera Bagang
Assessor(s)	Franklin Emang, Walter Marcus, Cynthia D. John
FDS Staff	RH Muznah Sabardin (EIS Kota Kinabalu), RH Jamain Othman (KPPM Kota Kinabalu)

Terms of Assessment

The scope of the evaluation is to verify compliance of the Innovatory Furniture 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.

Background Information:

Innovatory Furniture Sdn. Bhd. (Innovatory Furniture) is registered in Kota Kinabalu, Malaysia with registration # 674600-D. Innovatory has obtained the FSC Chain of Custody certificate #: BV-COC-116680 for their products (Manufacturing and Selling of FSC 100% Moulding Products, Indoor & Outdoor Furniture FSC certified) since 2013, however it was expired on 15th June 2018. The company has discontinued their contract with IKEA. Currently, Innovatory only trades finished products locally and exports mainly to Japan market.

The previous assessment was conducted in April 2018 that resulted in 3 gap(s) and 1 observation(s) (report #: G162-410a)

Associated Organizations & Subcontractors:

Innovatory Furniture does not engage other companies as their subcontractors to provide or manufacture products.

Description of the Supply Chain:

In 2018, Innovatory Furniture only received raw materials from the supplier as below:

Supplier	License	Raw Material	Location	FDS TLAS-CC (Validity)	GFS Audit Statement # (Validity)
Tropical Wood Plantation Sdn. Bhd.	JP(D)PS002/12(B04)	Sawn timber	Pitas	FDS(SCS)098/2018 (30/09/2019)	GFS 135 WTP (30/09/2019)

Summary Results:

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

GAPs:				
GAP #	Type	Checklist	Status	Description
001/2018	Minor	5.1.2	Closed	<p>April 2018: Innovatory Furniture did not complete the column for monthly sawn timber supply in Appendix 7.</p> <p>April 2019: Innovatory has completed the column for monthly supply of sawn timber for Appendix 7 from January to December 2018.</p>
002/2018	Minor	5.2.5	Closed	<p>April 2018: WIP materials were not identified with batch number and Sabah TLAS status. WIP materials were not traceable to its supplier.</p> <p>April 2019: WIP was observed identified to the batch unit and traceable to the input material.</p>
003/2018	Minor	5.2.7	Closed	<p>April 2018: Finished products were not identified with batch number and Sabah TLAS status. WIP materials and finished products were not traceable to raw material input. Thus, the product output could not be quantified against input of raw material.</p> <p>April 2019: Finished Goods were observed identified to the batch unit and traceable to the quantity of input material allocated to the batch unit.</p>
004/2019	Minor	5.1.2	New	<p>April 2019:</p>

				In 2018, the volumes of sawn timber supply for January, February, March, April, May and October tally with the volumes of sawn timber arrival book and removal passes. However, it was observed that the volume of sawn timber supply filled in the Appendix 7 are inconsistent against the volumes of sawn timber arrival book and removal passes for June, July, August, September, November and December.
005/2019	Minor	5.2.4	New	April 2019: The Chain of Custody procedure does not reflect the actual implementation in the production floor in respect to identification of Sabah TLAS status.

*Major = Non-Compliance

Obs #	Checklist	Description
001-2018 Addressed	5.3.1	<p>April 2018: COI renewal application is still in progress. (Refer to Innovatory Furniture COI renewal application letter dated 3rd April 2018 and receipt payment AM548014, AM548015 dated 4th April 2018).</p> <p>April 2019: The company had renewed the Col with a payment receipts AM552102 – 103 dated 21/11/2018 and expiry date on 30/06/2019.</p>

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

Recommendations
<p>Innovatory Furniture Sdn. Bhd. has demonstrated compliance with the Sabah Standard Principles 5-6 for Chain of Custody and is recommended to receive a GFS Audit Statement and STCC from FDS.</p> <p>Gaps identified in this assessment should be addressed before the next surveillance visit. Actions required to close the gaps include:</p> <p>Gap 004/2019 (Minor) – Checklist 5.1.2: To ensure the volume supply of sawn timber in Appendix 7 is consistent with the volumes recorded in the sawn timber arrival book and removal passes.</p> <p>Gap 005/2019 (Minor) – Checklist 5.2.4: The Chain of Custody procedure needs to be revised according to the actual implementation of wood product traceability in the mill.</p> <p>The next surveillance visit is scheduled in February 2020.</p>

End of Summary Report