

Sabah TLAS Audit Report Principles 5 & 6

Organisation	Apeca Sdn. Bhd. (142086-P)	Reference #	G162-452
Contact Person	Lee Siew Yin (Document Controller)	Audit Date	26/07/2018
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		Approved By	Dr. Kevin Grace

Statements

Audit Statement #	GFS 118 WTP		
Issuance Date	01 August 2018	Expiration Date	31 July 2019

Assessment Details

Company Type	Sawmill
Scope of Assessment	Apeca Sdn. Bhd.
Product Group	Sawn timber
Source of Material	Sabah, Malaysia.
Species	Rubberwood (<i>Hevea brasiliensis</i>)
Lead Assessor	Cynthia D. John
Assessor(s)	Franklin Emang
FDS Staff	Roslan Junaidi (KU FLEGT unit), Muhd. Razali bin Mohammad (SFM Officer Keningau), PH Georgey Marcus (PPM Ansip), PH Paul Ambaul (RO Ansip)

Terms of Assessment

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

Apeca Sdn. Bhd. (Apeca) is registered in Kota Kinabalu, Malaysia with registration # 142086-P. The company produces sawn timber to be exported to China.

The mill license and mill contractor license were previously leased to Produksi Gemilang Sdn. Bhd. (**Produksi Gemilang**) to produce and trade sawn timber for local market only.

Apeca is now owned by R & N Timber Industries Sdn. Bhd. as of 19 October 2017 and has started their operations on 2nd May 2018. FDS has advised R & N Timber Industries to apply for Mill Contractor License but maintain Apeca SB until the license is issued.

Associated Organizations & Subcontractors:

Apeca Sdn. Bhd. (R&N Timber Industries) does not engage other companies as their subcontractors to provide or manufacture products.

Description of the Supply Chain:

From May 2018 to July 2018, Apeca purchased raw materials from the suppliers as below:

Supplier	License*	Raw Material	Location	FDS TLAS-CC (Expiry Date)	GFS Audit Statement # (Expiry Date)
Sababrilliant S/B	JPHTN/KKH 700-3/3/3 JLD 14 (27); JPHTN/KKH 700-3/3/3 JLD 17 (15)	Rubberwood	Tenom	-	-
Mohd Affendi	-	Rubberwood	Sook	-	-
Laspol B. Jinguli	-	Rubberwood	Sook	-	-
Elip b. Sibiu	JPHTN/KKH 700-3/3/3 JLD 19 (10); JPHTN/KKH 700-3/3/3 JLD 21 (4)	Rubberwood	Sook	-	-
Blasius Tikuk Tubai	JPHTN/KKH 700-3/3/3 JLD 21 (27)	Rubberwood	Sook	-	-
Nazri B. Wasimin	JPHTN/KKH 700-2/5/21 JLD 22 (28)	Rubberwood	Sook	-	-
Agang B. Sagintir	JPHTN/KKH 700-3/3/3 JLD 19 (16)	Rubberwood	Sook	-	-
Nichlas B. Ranggam	JPHTN/KKH 700-3/3/3 JLD 21 (2)	Rubberwood	Sook	-	-
Regina Binti Akim	JPHTN/KKH 700-2/5/2 JLD 22/37	Rubberwood	Sook	-	-
Saihi B. Galihang	JPHTN/KKH 700-2/5/2 JLD 21 (47)	Rubberwood	Sook	-	-
Lee Yun B. Penggoh	JPHTN/KKH 700-3/3/3 JLD 21 (4)	Rubberwood	Sook	-	-
Maidis B. Lodumin	JPHTN/KKH 700-2/5/21 JLD 22 (32)	Rubberwood	Sook	-	-

*Note: No audit conducted for TLAS P1-4 in Form IIA area

Summary Results:

(Major gap = 0, Minor gap = 2, Observation = 1)

GAPs:			
GAP #	Type	Checklist	Description
006/2018	Minor	5.3.2	Inconsistency use of PPE by workers; no evidence of training conducted on the use of PPE.
007/2018	Minor	5.3.4	JKPP 8 Form was not submitted for 2017 as required.

*Major = Non-Compliance

Status of Outstanding GAPS:				
GAP #	Type	Checklist	Status	Description
005/2017	Minor	5.2.4 5.2.5 5.2.7	Closed	<p>19th July 2017: Apeca does not have a formal procedure for product traceability to origin of raw material that is required by Sabah TLAS standard. This is new requirement officially began in September 2016. All materials were locally sourced from Sabah.</p> <p>24th July 2018: Apeca has established a documented procedure for Chain of Custody to trace Sabah TLAS raw material through production of finished goods as required. Apeca demonstrated implementation of the system with WIP and Finished Products identified with batch # and traceable to suppliers.</p>

Observations:		
OBS #	Checklist #	Description
001-2018	5.2.3	Apeca has not conducted a Risk Assessment for rubber-wood using the Risk Matrix to evaluate eligibility of material for Sabah TLAS.

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

Recommendations
<p>Apeca 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>Gaps/Observations identified in this assessment should be addressed before the next surveillance visit. Action required to close the gaps/observation include:</p> <p>Gap 006/2018 (Minor) – Checklist 5.3.2: Apeca shall conduct training and enforce the use of PPE to all workers. The training shall be documented and recorded.</p> <p>Gap 007/2018 (Minor) – Checklist 5.3.3: JKKP 8 should be submitted for 2017.</p> <p>Observation 001-2018 – Checklist 5.2.3: Apeca should conduct a Risk Assessment rubber wood for low risk within the Sabah TLAS system.</p> <p>The next surveillance visit is scheduled in June 2019.</p>

End of Summary Report