

Sabah TLAS Audit Report Principles 5 & 6

Organisation	EME Timber Sdn. Bhd. (1216865-X)	Reference #	GFSSBH 004-096
Contact Person	Lo Jinq Tyng (Manager) Moh Ai Ken (Senior Executive)	Assessment Date	11/09/2019
Office Address	Taman Kota, Lorong E, Lot 89, 89008 Keningau, Sabah.	Date close out	-
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		Approved By	Dr. Kevin Grace

Statements			
Audit Statement #	GFS 221 WTP		
Issuance Date	01 October 2019	Expiration Date	30 September 2020

Assessment Details	
Company Type	Sawmill and export
Scope of Assessment	Sabah TLAS P5-6: JP (N) KG002/ 17 (B01), FDS(KG)(E)103/2019(M)
Product Group	KD Sawn timber
Source of Material	Sabah, Malaysia.
Species	<i>Shorea spp.</i> (Red and Yellow seraya), <i>Parashorea spp.</i> (White seraya), <i>Neolarmakia cadamba</i> (Laran), Rubber wood (<i>Hevea brasiliensis</i>)
Lead Assessor	Priera Bagang
Assessor(s)	Cynthia D. John
FDS Staff	Clarice V. Allium (ADFO Keningau), RH Moses Stephen (KPPM Ansip)

Terms of Assessment
The scope of the evaluation is to verify compliance of the EME 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. 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:

EME Timber Sdn. Bhd. (EME Timber) is registered in Kuala Lumpur, Malaysia with registration number 1216865-X. EME Timber purchases logs locally and finished products are for local and exports to Japan, Taiwan and China.

The previous assessment was conducted in September 2018 that resulted in 0 gap(s) and 2 observation(s) (report #: G162-470).

Associated Organizations & Subcontractors:

EME Timber's management was previously managed under Goldhill Regal Sdn. Bhd. (Goldhill Regal) from September 2018 to March 2019. In April 2019, Salam Sekutu Sdn. Bhd has taken over the management and staff of EME Timber.

Description of the Supply Chain:

From September 2018 to August 2019, EME Timber purchased raw materials from suppliers as below:

Supplier	License	Raw Material	Location	FDS TLAS-CC (Validity)	GFS Audit Statement # (Validity)
Sapulut Forest Development Sdn. Bhd.	SFMLA:04/97(CON): KGU.01/12, KGU.21.12, KGU.03/12, TWU:20/11, TWU.11/11	Round logs	Tibow	FDS(SLS)045/2018 (31/08/2019) *	GFS 025 LVS (31/08/2020)
Mainie Legihad	FIIA: JPHTN/KGU 700- 2/5/2 JLD. 28/4	Rubber wood	Keningau	-	-
Martin bin Buntol	FIIA: JPHTN/FRM 700- 3/3/3 JLD. 3/45	Rubber wood	Keningau	-	-
Prinie Primus	FIIA: JPHTN/KGU 700- 2/5/3 JLD. 26/37	Rubber wood	Keningau	-	-
Harisin bin Subarik	FIIA: JPHTN/KGU 700- 2/5/2 JLD. 25/51	Rubber wood	Keningau	-	-
Azali bin Aziz	FIIA: JPHTN/KGU 700- 2/5/2 JLD. 24/40	Rubber wood	Keningau	-	-
Laibon bin Lakusing	FIIA: JPHTN/KGU 700- 2/5/2 JLD. 24/36	Rubber wood	Keningau	-	-
Jaudis bin Juarid	FIIA: JPHTN/KGU 700- 2/5/2 JLD. 24/6	Rubber wood	Keningau	-	-
Vinus bin Kadir	FIIA: JPHTN/KGU 700- 2/5/2 JLD. 24/34	Rubber wood	Keningau	-	-
Tuatul bin Vangka	<i>Not available</i>	Rubber wood	Sook	-	-
Modius bin Gonuk	FIIA: JPHTN/KGU 700- 2/5/2 JLD. 24/26	Rubber wood	Keningau	-	-
Elip bin Suabiu	<i>Not available</i>	Rubber wood	Keningau	-	-
Vinus bin Kasim	FIIA: JPHTN/KGU 700- 2/5/2 JLD. 2/38	Rubber wood	Keningau	-	-
Gausi Martin bin Suan	FIIA: JPHTN/KGU 700- 2/5/2 JLD. 23/50	Rubber wood	Keningau	-	-
Martin @ Kati bin Padat	FIIA: JPHTN/KGU 700- 2/5/2 JLD. 23/56	Rubber wood	Keningau	-	-
Awchuan bin Marujik	<i>Not available</i>	Rubber wood	Sook	-	-
Blasius Tikuk Tubai	<i>Not available</i>	Rubber wood	Sook	-	-
Nichlas bin Ranggalam	<i>Not available</i>	Rubber wood	Sook	-	-
Ambuh @ Mohd. Tahir bin Insu & 1 Peserta	FIIA: JPHTN/KKH 700- 3/3/3 JLD. 18(15)	Rubber wood	Tenom	-	-
Johnny bin Malapoi	FIIA: JPHTN/KGU 700- 2/5/2 JLD. 22/14	Rubber wood	Keningau	-	-

*Note: FDS to update their website.

Summary Results:

(Major gap = 0, Minor gap = 3, Observation = 0)

GAPs:				
GAP #	Type	Checklist	Status	Description
001/2019	Minor	5.1.1	New	September 2019: EME Timber tests run a moulding machine without approval based on a moulding license.
002/2019	Minor	5.1.2	New	September 2019: The carry forward stock for August 2018 to March 2019 was recorded incorrectly in the Appendix 1.
003/2019	Minor	5.2.4	New	September 2019: The batch number used in the production differed in format from the description in the Chain of Custody manual.

*Major = Non-Compliance

Obs #	Checklist	Description
001-2018 Addressed	5.2.4 5.2.5 5.2.7	September 2018: EME Timber has yet to draft a CoC procedure and demonstrate implementation since the mill started their operations. September 2019: The company had generated a formal procedure for Sabah TLAS CoC. The WIP and Finished goods were observed with Batch production unit that enables traceability of production.
002-2018 Addressed	5.3.8	September 2018: 2 fire extinguishers expired since 21 st December 2016. September 2019: All fire extinguishers were sent for service and temporary replacement fire extinguishers were observed placed in the mill.

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

Recommendations
<p>EME Timber 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>Gap(s)/Observation(s) identified in this assessment should be addressed before the next surveillance visit. Actions required to close the gap(s)/observation(s) include:</p> <p>Gap 001/2019 (Minor) – Checklist 5.1.1: Ensure the company registration for moulding license is approved by FDS.</p> <p>Gap 002/2019 (Minor) – Checklist 5.1.2: Maintain records of the actual volume of carry forward stock in Appendix 1.</p> <p>Gap 003/2019 (Minor) – Checklist 5.2.4: Ensure the CoC procedure and implementation of the production system are the same.</p> <p>The next surveillance visit is scheduled in July 2020.</p>

End of Summary Report