

Sabah TLAS Audit Report Principles 5 & 6

Organisation	Tawau Kilning & Moulding Sdn. Bhd. (495761-K)	Reference #	GFSSBH 004-504
Contact Person	Lee Tze Chan (Manager) Boo Vooi Keong (COC MR)	Audit Date	17/05/2023
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		Approved By	Dr. Kevin Grace

Statements

Audit Statement #	GFS 036 WTP		
Issuance Date	22 May 2023	Expiration Date	21 May 2024

Assessment Details

Company Type	Sawmill, Moulding, Kiln Dry Plant, Wood Preservation, Exporter
Scope of Assessment	Sabah TLAS P5-6: JP(T) TW 001/14 (X04)
Product Group	Sawn timber, Moulding, Finger Joint, Laminated Board
Source of Material	Sabah, Malaysia.
Species	<i>Drybalanops</i> spp. (Kapur), <i>Dipterocarp</i> spp. (Keruing), <i>Shorea inappendiculata</i> (Selangan batu), <i>Koompassia malaccensis</i> (Impas), <i>Parashorea</i> spp. (White seraya), <i>Shorea</i> spp. (Red seraya, Yellow seraya, Melapi), <i>Heritiera simplicifolia</i> (Kembang), <i>Sapotaceae</i> spp. (Nyatoh), <i>Shorea pauciflora</i> (Oba Suluk), <i>Annonaceae</i> spp. (Karai), <i>Eugenia</i> spp. (Obah), Lauraceae (Medang), <i>Planchonia valida</i> (Putat), <i>Cotylelobium</i> spp. (Resak batu), <i>Cratoxylum arborescens</i> (Serungan), <i>Pentace</i> spp. (Takalis), <i>Hopea sangal</i> (Gagil), <i>Eusideroxylon zwageri</i> (Belian), <i>Tristaniopsis merguensis</i> (Pelawan-pelawan), <i>Dyera</i> spp. (Jelutong), Gluta/Semecarpus/Melanochyla & Swintonia (Rengas), <i>Annonaceae</i> (Pisang-pisang), <i>Camposperma auriculatum</i> (Terentang), <i>Anisoptera</i> spp. (Pengiran), <i>Agathis borneensis</i> (Mengilan), <i>Dysoxylum parasiticum</i> (Jarum-Jarum), <i>Acacia mangium</i> (Acacia) OT (Other timber)
Lead Assessor	Brandon James
Assessor(s)	Glory Linggou, Sandra George
FDS Staff	Ahmad Sappan (PPD Tawau)

Terms of Assessment

The scope of the evaluation is to verify compliance Tawau Kilning & Moulding 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:

Tawau Kilning & Moulding Sdn. Bhd. (Tawau Kilning & Moulding) is registered in Sabah, Malaysia, with registration # 495761-K. Tawau Kilning & Moulding produces sawn timber and moulded timber for the local market and exports to Taiwan, Japan, South Korea, Canada and The United States of America. The company also provides kiln-dry services to their clients.

The previous assessment was conducted in June 2022 that resulted in 2 gap(s) and 2 observation(s) (Report #: GFSSBH 004-355).

Associated Organizations & Subcontractors:

Tawau Kilning & Moulding engages Arus Borneo Sdn. Bhd. as its agent to handle documentation for export activities.

Description of the Supply Chain:

From April 2022 to April 2023, Tawau Kilning & Moulding purchased raw materials from the suppliers as below:

Supplier	License	Raw Material	Location	GFS WTP # STCC #	Overall Risk *
Rakyat Berjaya Sdn. Bhd. (Terus Jadi Sdn. Bhd.)	SFMLA 09/97 SDK 24/09 YLH 2/06	Round logs	Kinabatangan	GFS 178 LVS (23/04/2024)	Low
Rakyat Berjaya Sdn. Bhd. (FMU 24)	SFMLA 09/97 TWU 04/21 YT1/2021	Round logs	Kalabakan	Non-Compliance	High
**Antir Binti Ansangor & 239 Peserta (Borneo Green Agriculture Sdn. Bhd.)	JP(NNN)004/2021(F1)	Round logs	Kalabakan	GFS 167 LVS (26/12/2022)	Low
Timberwell Berhad	SFMLA 06/97	Round logs	Kota Marudu	Non-Compliance	High
**JD Salarong Sdn. Bhd. (SC Capital Management Sdn. Bhd.)	JP(NNN)005/2020(F1)	Round logs	Nabawan	Non-Compliance	High
Sapulut Forest Development Sdn. Bhd.	SFMLA 04/97	Round logs	Tibow	GFS 025 LVS (10/07/2023)	Low
EME Timber Sdn. Bhd.	JP (N) KG002/19 (X04)	Sawn timber	Keningau	Stopped operation	High
DM Cergas Sdn. Bhd. (Bumi Timber Sdn. Bhd.)	JP(N)SO001/16(X17)	Sawn timber	Keningau	GFS 244 WTP (16/04/2024)	Low
Fu Yee Corporation Sdn. Bhd.	JP(T) KA 001/00 (X52) R	Lumber core	Tawau	GFS 079 WTP (06/11/2023)	Low
Gold Rank Sdn. Bhd.	JP(T)TW001/10(X04)	Sawn timber	Tawau	GFS 010 WTP (03/07/2023)	Low
Majestic Goldtree Sdn. Bhd.	JP(T)SR 004/18/(B01)	Sawn timber	Serudong	GFS 245 WTP (28/08/2023)	Low
Hevajaya Sdn. Bhd.	JP(T)TW004/08(X04)	Sawn timber	Tawau	GFS 131 WTP (18/12/2023)	Low
Irama Ramai Sdn. Bhd.	JP(N)KG001/12(X04)	Sawn timber	Keningau	GFS 110 WTP (18/09/2023)	Low
Usaha Sensasi Sdn. Bhd. (Piramid Bumimas Sdn. Bhd.)	JP(K)RN002/12(B01)	Sawn timber	Kota Kinabalu	GFS 068 WTP (25/12/2023)	Low

Note: *GFS risk evaluation is based on the risk matrix for Sabah TLAS (VL) material & products.

*Raw materials received before the expiry date are low risk.

**SFD to schedule the Sabah TLAS P1-6 assessment.

Summary Results:

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

GAPs: Year 2023				
GAP #	Type	Checklist	Status	Description
002/2021	Minor	5.2.5 5.2.7	Closed	<p>June 2021: The company has not identified production with batch numbers in accordance with their COC procedures.</p> <p>June 2022: The company has identified WIP with batch # but not according to their COC procedure. Finished goods were only identified with a bundle #, without the batch #.</p> <p>May 2023: Tawau Kilning & Moulding identified batch numbers and Sabah TLAS status on WIP and Finished Goods as per the CoC procedures.</p>
001/2022	Minor	5.1.2 5.2.3	Closed	<p>June 2022: The company did not record sawn timber received from clients for kiln dry services in Appendix 11 and sawn timber arrival book.</p> <p>May 2023: Tawau Kilning & Moulding has recorded the sawn timber received from clients for kiln dry services in Appendix 11 and sawn timber arrival book.</p>
001/2023	Obs 002-2022	5.3.1	Raised to Minor	<p>June 2022: There is no evidence that (3) three mill workers sampled were registered with COI.</p> <p>May 2023: Tawau Kilning & Moulding has yet to register mill workers under COI.</p>

*Major = Non-Compliance

Observations: Year 2023		
Obs #	Checklist	Description
001-2022 Addressed	5.1.1	<p>June 2022: The company submitted the license renewal to SFD for the Sawmill & Moulding (expired on 27/04/2022) and Wood Preservation Plant (expired on 11/03/2022) and is pending approval.</p> <p>May 2023: SFD approved the license renewal. Tawau Kilning & Moulding has a valid license from the SFD.</p>
001-2023	5.2.2	<p>May 2023: The removal pass from the assessed compliant supplier under Sabah TLAS P1-4 was not stamped as "Sabah TLAS CC" by SFD.</p>

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

Recommendations

Tawau Kilning & Moulding Sdn. Bhd. has demonstrated compliance with the Sabah Standard Principles 5-6 for Chain of Custody and is recommended to receive a GFS Statement of Compliance and Sabah Timber Legality Assurance System Compliance Certificate (TLAS-CC) from SFD.

Gap(s)/Observation(s) identified in this assessment should be addressed before the next surveillance visit. Action required to close the gap(s)/observation(s) include:

Gap 001/2023 (Raised to Minor) – Checklist 5.3.1: Tawau Kilning & Moulding shall register mill workers under COI.

Observation 001-2023 – Checklist 5.2.2: SFD shall stamp removal passes from the licensees compliant under Sabah TLAS P1-4 with the “Sabah TLAS CC” stamp.

The next surveillance visit is scheduled for May 2024.

End of Summary Report