

## Sabah TLAS Audit Report Principles 5 & 6

<b>Organisation</b>	MTIBTECH Global
<b>Contact Person</b>	Zakaria Bin Amdan
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<b>Mill Address</b>	MTIBTECH Global Kg. Indrasabah, 91008 Tawau, Sabah, Malaysia.
<b>Email</b>	GAHARUDIN@gmail.com

<b>Reference #</b>	GFSSBH 004-313a
<b>Assessment Date</b>	24/02/2022
<b>Date close out</b>	19/04/2022
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<b>Approved By</b>	Dr. Kevin Grace

### Statements

<b>Audit Statement #</b>	NC: Non-Compliance – Criteria 5.1 & 6.1 (Outstanding)		
<b>Issuance Date</b>	Not applicable	<b>Expiration Date</b>	Not applicable

### Assessment Details

<b>Company Type</b>	Gaharu Distillation Plant
<b>Scope of Assessment</b>	Sabah TLAS P5-6: JP(T)TW001/198(G)
<b>Product Group</b>	Oil and handicraft
<b>Source of Material</b>	Sabah, Malaysia.
<b>Species</b>	<i>Aquilaria malaccensis</i> (Gaharu)
<b>Lead Assessor</b>	Glory B. Y. Linggou
<b>Assessor(s)</b>	Ivy Justin
<b>SFD Staff</b>	Faizan Mohamad (PPM Apas/Balung), Abd Suhaimi Abd Manap (SFD Tawau), Mazlan B Embun (SFD Tawau)

### Terms of Assessment

The scope of the evaluation is to verify compliance of the MTIBTECH Global 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:

MTIBTECH Global is a sole proprietorship with a valid trading license from the city council. Currently, the company is focusing on producing oil and handicraft from Gaharu for the local market.

### Associated Organizations & Subcontractors:

MTIBTECH Global does not engage other companies as their subcontractors to provide or manufacture products.

## Description of the Supply Chain:

From January 2021 to January 2022, MTIBTECH Global purchased raw materials from the suppliers as below:

Supplier	License	Raw Material	Location	GFS WTP # STCC #	Overall Risk*
-	-	-	-	-	-

Note: \*GFS risk evaluation is based on the risk matrix for Sabah TLAS (VL) materials and products.

## Summary Results:

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

April 2022: (Major gap = 1, Minor gap = 3, Observation = 2)

GAPs: 2022				
GAP #	Type	Checklist	Status	Description
001/2022	Major	5.1.1 6.1.1	Outstanding	<b>February 2022:</b> The company has not renewed the permits for Gaharu Distillation Plant (expired on 09/06/2021) and Mill Contractor (expired on 09/06/2020). <b>April 2022:</b> The company has yet to apply for Mill Contractor from SFD.
002/2022	Minor	5.2.4	New	<b>February 2022:</b> The company has yet to establish a documented Chain of Custody system for its current activities to comply with Sabah TLAS requirements.
003/2022	Minor	5.3.1	New	<b>February 2022:</b> The COI of workers have expired.
004/2022	Minor	5.3.4	New	<b>February 2022:</b> No evidence that the JKPP 8 for 2021 was submitted by the company.

\*Major = Non-Compliance

Observations: 2022		
Obs #	Checklist	Description
001-2022	5.2.3	<b>February 2022:</b> The company has not received any logs in 2021. However, no evidence of a log arrival book prepared by the company.
002-2022	5.3.8	<b>February 2022:</b> No fire extinguisher was available at the plant area.

Highlights of Close-Out Visit (if applicable)	Date: 19 April 2022
The Major Gap 001/2022 is still outstanding as the company only submitted the application of permit renewal for Gaharu Distillation Plant and has yet to apply for Mill Contractor.	

Recommendations
<p><b>MTIBTECH Global</b> has not demonstrated compliance with the Sabah Principles 5-6 as non-compliance was identified in Criteria 5.1, 6.1 and is NOT eligible to receive a GFS Audit Statement or Sabah Timber Legality Assurance System Compliance Certificate (TLAS-CC) from SFD.</p> <p>The Major Gap shall be addressed within two months by <b>April 2022</b>.</p> <p><b>Gap 001/2022 (Major) – Checklist 5.1.1, 6.1.1:</b> The company shall renew the Mill Contractor license.</p> <p>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:</p> <p><b>Gap 002/2022 (Minor) – Checklist 5.2.4:</b> The company shall establish a documented Chain of Custody for its activities to comply with SFD requirements.</p> <p><b>Gap 003/2022 (Minor) – Checklist 5.3.1:</b> The company shall renew COI of workers.</p> <p><b>Gap 004/2022 (Minor) – Checklist 5.3.4:</b> The company shall submit JKPP8 annually.</p>

**Observation 001-2022 – Checklist 5.2.3:** The company shall prepare log arrival book.  
**Observation 002-2022 – Checklist 5.3.8:** Fire extinguishers shall be available in the mill.

The next surveillance visit is scheduled for February 2023.

**End of Summary Report**