

Sabah TLAS Audit Report Principles 5 & 6

Organisation	Rajang Plywood (Sabah) Sdn. Bhd. (487766-H)	Reference #	GFSSBH 004-425
Contact Person	Alison Yee (Executive)	Audit Date	09/11/2022
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		Approved By	Dr. Kevin Grace

Statements

Audit Statement #	GFS 057 WTP		
Issuance Date	14 November 2022	Expiration Date	13 November 2023

Assessment Details

Company Type	Plywood, veneer mill, kiln dry plant, exporter, importer
Scope of Assessment	Sabah TLAS P5-6: JP(T)TW 001/02(X08)
Product Group	Plywood and Veneer
Source of Material	Sabah, Malaysia
Species	<i>Drybalanops</i> spp. (Kapur), <i>Dipterocarp</i> spp. (Keruing), <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>Neolamarckia cadamba</i> (Laran), <i>Duabanga moluccana</i> (Magas), <i>Octomeles sumatrana</i> (Binuang), <i>Alstonia</i> spp. (Pulai), <i>Annonaceae</i> spp. (Karai), <i>Eugenia</i> spp. (Obah), <i>Sindora beccariana</i> (Sepetir), Lauraceae (Medang), <i>Planchonia valida</i> (Putat), <i>Terminalia subspathulata</i> (Talisai), Lithocarpus & Quercus (Mempening), Myristicaceae (Darah-darah), <i>Dillenia</i> spp. (Simpor), <i>Cotylelobium</i> spp. (Resak batu), <i>Cratoxylum arborescens</i> (Serungan), <i>Pentace</i> spp. (Takalis), <i>Hopea sangal</i> (Gagil), <i>Calophyllum obliquinervium</i> (Bintangor), <i>Macaranga</i> spp. (Sedaman), <i>Prerospermum</i> (Bayor), <i>Dyera</i> spp. (Jelutong), <i>Dialium indum</i> (KerANJI), <i>Paraserianthes falcataria</i> (Batai), Gluta/Semecarpus/Melanochyla & Swintonia (Rengas), Annonaceae (Pisang-pisang), <i>Azadirachta excels</i> (Bawang-bawang), <i>Castanopsis motleyana</i> (Berangan), <i>Camposperma auriculatum</i> (Terentang), <i>Anisoptera</i> spp. (Pengiran), <i>Magnolia candollii</i> (Chempaka), Assam, <i>Albizia falcataria</i> (Batai)
Lead Assessor	Glory Linggou
Assessor(s)	Brandon James
FDS Staff	Ahmad Sappan (PPD Tawau)

Terms of Assessment

The scope of the evaluation is to verify compliance of the Rajang Plywood (Sabah) 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:

Rajang Plywood (Sabah) Sdn. Bhd. [Rajang Plywood (Sabah)] is registered in Kuching, Malaysia, with registration # 487766-H. Rajang Plywood (Sabah) is a wholly owned subsidiary of Eksons Corporation Berhad. Rajang Plywood Sawmill Sdn. Bhd. Is a related company in Sibu, Sarawak, established in 1992 to manufacture plywood.

Rajang Plywood (Sabah) produces plywood for the local market and export to Mexico, Thailand and Peninsular Malaysia. Rajang Plywood (Sabah) is associated with a biomass power plant, Ekson Biomas Sdn. Bhd., which located alongside the mill. Waste wood from the plywood mill is utilized as firewood to generate electricity supply within the mill.

The previous assessment was conducted in November 2021 that resulted in 1 gap(s) and 3 observation(s) (Report #: GFSSBH 004-271).

Associated Organizations & Subcontractors:

Rajang Plywood (Sabah) does not engage other companies as their subcontractors to provide or manufacture products.

Description of the Supply Chain:

From October 2021 to October 2022, Rajang Plywood (Sabah) purchased raw materials from the suppliers as below:

Supplier	License	Raw Material	Location	GFS WTP # STCC #	Overall Risk *
Sapulut Forest Development Sdn. Bhd.	SFMLA 04/97	Round log	Tibow	GFS 025 LVS (10/07/2023)	Low
Top Quantum Sdn. Bhd.	SFMLA 01/2009	Round log	Serudong	GFS 071 LVS (19/06/2023)	Low
Benta Wawasan Sdn. Bhd. (Serijaya Industri Sdn. Bhd.)	JPHTN/FRM 700-2/1/15/96	Round log	Kalabakan	Non-Compliance	High
First Greenworld Sdn. Bhd.	SFMLA 02/2009	Round log	Serudong	GFS 074 LVS (19/06/2023)	Low
Pesona Majukaya Sdn. Bhd.	SFMLA 01/2018	Round log	Serudong	GFS 163 LVS (09/12/2022)	Low
YSG Timber Processing Sdn. Bhd.	JP(T)TW001/2022(X59)	Veneer	Tawau	-	High
Billion Solaris Sdn. Bhd.	FDS(TW)(E)054/2019	Veneer	Tawau	GFS 268 WTP (30/01/2023)	Low
Rakyat Berjaya Sdn. Bhd. (Askera Sdn. Bhd.)	SFMLA 09/97 TWU 04/2021 YT1/2021 (ITP)	Round log	Kalabakan	-	High

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

Summary Results:

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

GAPs: Year 2022

GAP #	Type	Checklist	Status	Description
001/2021	Minor	5.1.2	Closed	<p>November 2021: The total volume logs received based on Removal Passes (23,136.08 m3) differed from Appendix 3 Monthly Log Supply (22,596.70 m3) and incorrect calculation of carry forward stock.</p> <p>November 2022: The total volume supply reported in Appendix 3 against the removal pass is now correctly recorded. The</p>

				company correctly calculated the monthly carry forward stock.
001/2022	Minor	5.2.4	New	November 2022: The current COC manual inadequately defines the identification of Sabah TLAS status and batch number for local veneer received that is not stamped by SFD. The COC does not reference a Purchase Order to define Sabah TLAS for raw materials (or products) purchased from Sabah TLAS suppliers.
002/2022	Minor	6.1.2	New	November 2022: The company did not indicate the TLAS status in the sales invoice for TLAS products as per the CoC procedure.

*Major = Non-Compliance

Observations: Year 2022		
Obs #	Checklist	Description
001-2021 Addressed	5.2.2	November 2021: Removal passes from Serijaya Industri Sdn. Bhd. in October 2021 were not stamped as "Sabah TLAS Compliant". November 2022: Incoming removal passes from Serijaya Industri Sdn. Bhd. were stamped with "Sabah TLAS Compliant" as required.
002-2021 Addressed	5.2.3	November 2021: Incorrect identification of Sabah TLAS status for Serijaya Industri Sdn. Bhd for October 2021. November 2022: The company correctly identified Sabah TLAS status for Serijaya Industri Sdn. Bhd.
003-2021 Addressed	5.2.5	November 2021: Incorrect identification of Sabah TLAS status for batch # 1001. November 2022: Sabah TLAS status is correctly identified as required.

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

Recommendations
<p>Rajang Plywood (Sabah) 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.</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>Gap 001/2022 (Minor) – Checklist 5.2.4: The company shall revise the current COC to define the identification of batch number and Sabah TLAS status for veneer arrival and to include reference of Purchase Order to define Sabah TLAS for raw material (or products) purchased from Sabah TLAS suppliers.</p> <p>Gap 002/2022 (Minor) – Checklist 6.1.2: The company shall reference the Sabah TLAS status in the invoice as per the CoC procedure.</p> <p>The next surveillance visit is scheduled for November 2023.</p>

End of Summary Report