

Sabah TLAS Audit Report Principles 5 & 6

Organisation	Sinora Sdn. Bhd. (Stumping A) [Sub-mill of Sinora Sdn. Bhd.(019049-H)]	Reference #	GFSSBH 004-564a
Contact Person	Liew Tzun Tzet (Manager)	Audit Date	17/10/2023
Office Address	KM 11, Jalan Sinora, Batu Sapi, W.D.T 79, 90009 Sandakan, Sabah, Malaysia.	Date close out	05/12/2023
Mill Address	Sinora Sdn. Bhd. (Stumping A), Sungai Malung, Tongod, Sabah, Malaysia.	Telephone	+6089 290 611
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		Approved By	Dr. Kevin Grace

Statements

Audit Statement #	GFS 252 WTP		
Issuance Date	11 December 2023	Expiration Date	22 October 2024

Assessment Details

Company Type	Sawmill & Veneer
Scope of Assessment	Sabah TLAS P5-6: JP(S)TG 002/06 (X21), KON(STG)030/07(KK)
Product Group	Veneer and Plywood
Source of Material	Sabah, Malaysia.
Species	<i>Drybalanops spp.</i> (Kapur), <i>Dipterocarpus spp.</i> (Keruing), <i>Parashorea spp.</i> (White seraya), <i>Shorea spp.</i> (Red seraya, Yellow seraya, Melapi), <i>Sapotaceae spp.</i> (Nyatoh), <i>Nauclea spp.</i> / <i>Neonauclea spp.</i> (Bangkal), <i>Duabanga moluccana</i> (Magas), <i>Hopea sangal</i> (Gagil), <i>Dyera spp.</i> (Jelutong), <i>Paraserianthes falcataria</i> (Batai), Other Timber (OT)
Lead Assessor	Sandra George
Assessor(s)	Aleeza Ho
FDS Staff	James Torimo (ADFO Tongod), Afif Affandy (ADFO Tongod), Richard Ansis (PPD Tongod)

Terms of Assessment

The scope of the evaluation is to verify compliance of Sinora Sdn. Bhd. (Stumping A) 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:

Priceworth International Berhad [199601026940 (399292-V)] transformed its operation to meet the Sabah Sustainable Forest Management (SFM) requirements and managed 27,900 ha of the forest land for replanting and harvesting. Priceworth International Berhad integrated modernized plywood and sawn timber complexes in Seguntor and Batu Sapi, Sandakan, Sabah, Malaysia.

Sinora Sdn. Bhd. is registered in Kuala Lumpur, Malaysia, with registration # 019049-H. Sinora (Stumping A) is a sub-mill for Sinora Sdn. Bhd., which located in Batu Sapi, Sandakan. Sinora (Stumping A) applied the sawmill and veneer licenses through Sinora Sdn. Bhd. to produce veneer and plywood for the local market.

The previous assessment was conducted in November 2022 that resulted in 3 gap(s) and 0 observation(s) (Report #: GFSSBH 004-409a).

Associated Organizations & Subcontractors:

Priceworth International Berhad Sinora has a group corporate structure that includes:

- Sinora Sdn. Bhd.
- Innora Sdn. Bhd.
- Priceworth Industries Sdn. Bhd.
- Cergas Kenari Sdn. Bhd.
- Beta Bumi Sdn. Bhd.
- Maxland Marine Sdn. Bhd.
- Maju Sinar Network Sdn. Bhd.
- Harvest Element Sdn. Bhd.
- GSR Pte. Ltd.
- Maxland Energy Sdn. Bhd.
- Maxland Bina Sdn. Bhd.

Description of the Supply Chain:

From October 2022 to September 2023, Sinora (Stumping A) purchased raw materials from the suppliers as below:

Supplier	License	Raw Material	Location	GFS WTP # STCC #	Overall Risk *
Maxland Sdn. Bhd. (Area A, B, C)	SFMLA 01/2007	Round log	Deramakot	Non-Compliance	High
Rakyat Berjaya Sdn. Bhd. (Beta Bumi Sdn. Bhd.)	SFMLA 09/97	Round log	Tongod	GFS 038 LVS (17/09/2024)	Low

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

Summary Results:

(Major gap = 3, Minor gap = 1, Observation = 0)

December 2023: (Major gap = 0, Minor gap = 1, Observation = 0)

GAPs: Year 2023					
GAP #	Type	Checklist	Status	Description	
002/2021	Major	5.2.3	Closed	<p>October 2021: The company does not indicate Sabah TLAS status in the log arrival book.</p> <p>October 2022: Incorrect identification of Sabah TLAS status for Lim Fit Fung.</p> <p>October 2023: Incorrect identification of Sabah TLAS status in the log arrival book.</p> <p>December 2023: Sinora (Stumping A) has correctly recorded the Sabah TLAS status for all suppliers in the log arrival book.</p>	
003/2021	Major	5.2.5 5.2.7	Closed	<p>October 2021: The company did not allocate batch number and Sabah TLAS status on WIP and Finished Goods as</p>	

				per COC manual. October 2022: Identification of the batch numbers on WIP and Finished Goods differed from the CoC manual. October 2023: Sinora (Stumping A) incorrectly identified WIP and finished goods as Sabah TLAS materials. December 2023: Sinora (Stumping A) has correctly identified the Sabah TLAS status for WIP and finished goods.
001/2022	minor	5.3.3	Outstanding	October 2021: Sinora (Stumping A) is in the process of registering with DOSH and has submitted for registration on 12/09/2021 that has not yet been approved by DOSH. October 2022: The company has yet to follow up on the registration to DOSH. No evidence that the company has registered the Air Compressor to DOSH. October 2023: No evidence that Sinora and Sinora (Stumping A) registered the Air Compressor with DOSH.
001/2023	Major	5.2.2	Closed	October 2023: Incorrect stamping of "Sabah TLAS Compliant" for Sabah TLAS and non-Sabah TLAS supplier by the SFD. December 2023: Sabah TLAS P1-4, and removal passes that are compliant have been stamped with the "Sabah TLAS CC" stamp.

*Major = Non-Compliance

Observations: Year 2023

Obs #	Checklist	Description
-	-	-

Highlights of Close-Out Visit (if applicable)

Date: 05 December 2023

Major Gaps **002/2021, 003/2021 & 001/2023** are now closed based on the physical close-out visit to Sinora (Stumping A). Sinora (Stumping A) has accurately recorded the Sabah TLAS status for all suppliers in the log arrival book, correctly identified the Sabah TLAS status for WIP and finished goods, and SFD has cancelled the "Sabah TLAS CC" stamp on removal passes for suppliers not compliant under Sabah TLAS P1-4. Removal passes from Sabah TLAS compliant suppliers are now stamped with the "Sabah TLAS CC" stamp.

Recommendations

Sinora Sdn. Bhd. (Stumping A) has demonstrated compliance with the Sabah Principles 5-6 for Chain of Custody as non-compliance was addressed under Criterion 5.2 and is recommended to receive a GFS Statement of Compliance or 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 001/2022 (minor) Outstanding – Checklist 5.3.3: the company shall follow up with DOSH on the air compressor registration.

The next surveillance visit is scheduled for October 2024.

End of Summary Report