

Sabah TLAS Audit Report Principles 5 & 6

Organisation	Landlord: Megabig Enterprise Sdn. Bhd. (725920-D) Tenant: Megamas Plywood Sdn. Bhd. (1071464-A)	Reference #	GFSSBH 004-545
Contact Person	Tang Jung Hing (Manager)	Audit Date	05/09/2023
Office Address	P.O. Box No. 1887, 90715 Sandakan, Sabah, Malaysia.	Date close out	-
Mill Address	CL.075367403 Seguntor, Off Mile 11, Jalan Labuk, Sandakan, Sabah, Malaysia.	Telephone	+6089 236 080
Email	megamasplywood2014@gmail.com	Fax	+6089 236 087
		Approved By	Dr. Kevin Grace

Statements

Audit Statement #	GFS 106 WTP		
Issuance Date	11 September 2023	Expiration Date	10 September 2024

Assessment Details

Company Type	Sawmill, Veneer, Plywood, Kiln Dry Plant, Exporter
Scope of Assessment	Sabah TLAS P5-6: JP(S)SS001/07(X06), FDS(SS)(J)008/2019(M), FDS(SS)(E)066/2019(M), FDS(SS)(S)048,2019(M), JP(S)SS001/15(X22), KON(SSS)004/14(KK), FDS(SS)(E)023/2019(M), FDS(SS)(S)024/2019(M)
Product Group	Sawn timber, Veneer, 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> (Oba suluk, Red seraya, Yellow seraya, Melapi, Selangan batu), <i>Neolamarckia cadamba</i> (Laran), <i>Duabanga moluccana</i> (Magas), <i>Octomeles sumatrana</i> (Binuang), <i>Alstonia spp.</i> (Pulai), <i>Annonaceae spp.</i> (Karai), <i>Sindora beccariana</i> (Sepetir), Lauraceace (Medang), Myristicaceae (Darah-darah), <i>Cotylelobium spp.</i> (Resak batu), <i>Pentace spp.</i> (Takalis), OT (Other Timber)
Lead Assessor	Sandra George
Assessor(s)	Tommy Olui
FDS Staff	Ruslan Hj. Ismail (ADFO Sandakan), Hassin Bin Pupong (PPD Sandakan)

Terms of Assessment

The scope of the evaluation is to verify compliance of Megamas Plywood 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:

Megabig Enterprise Sdn. Bhd. (Megabig Enterprise) is registered in Kuching, Malaysia, with registration # 725920-D. Megamas Plywood Sdn. Bhd. (Megamas Plywood) is registered in Kuching, Malaysia, with registration # 1071464-A.

Megabig Enterprise is a beneficial landowner at CL.075367403, Sungai Seguntor, Jalan Labuk, Sandakan, Sabah. Megabig Enterprise (landlord) has a tenancy agreement with Megamas Plywood (tenant) and is valid from 01/12/2013 to 30/11/2023. The landlord is responsible for paying licensing regarding the sawmill. The tenant produces sawn timber, veneer, and plywood for the local market.

The previous assessment was conducted in September 2022 that resulted in 3 gap(s) and 1 observation(s) (Report #: GFSSBH 004-403).

Associated Organizations & Subcontractors:

Megamas Plywood does not engage other company as their subcontractors to provide sawmilling services, manufacturing products or manpower.

Description of the Supply Chain:

From September 2022 to August 2023, Megamas Plywood purchased raw materials from the suppliers as below:

Supplier	License	Raw Material	Location	GFS WTP # STCC #	Overall Risk *
Timberwell Berhad	SFMLA 06/97	Round log	Kota Marudu	Non-Compliance	High
Farah Bt Jenting	JPHTN/FRM700-2/4/1/754/22	Round log	Kota Marudu	-	High
Chong Nyet Thiam	2B308351	Round log	Kinabatangan	-	High

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

Summary Results:

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

GAPs: Year 2023					
GAP #	Type	Checklist	Status	Description	
001/2021	minor	5.1.2	Closed	<p>September 2021: The volume of log supply was incorrectly recorded in Appendix 3 due to combining Removal Pass volume with carrying forward volume. Incorrect calculation of carry forward log volumes in Appendix 3 related to Removal Pass log volume received, volume transferred to the sawmill and log input volume.</p> <p>September 2022: The company has yet to rectify the volume records for log supply in Appendix 3.</p> <p>September 2023: Megamas Plywood has correctly recorded the log supply volume in Appendix 3.</p>	
002/2022	minor	5.2.2	Closed	<p>September 2022: The SFD did not stamp Removal Passes as "Sabah TLAS CC" for logs sourced from Timberwell Berhad and Dusi Bin Ginso & 10 Peserta.</p> <p>September 2023: Removal Passes from Sabah TLAS compliant suppliers were stamped as "Sabah TLAS Compliant."</p>	
003/2022	minor	5.2.3	Closed	<p>September 2022: The company did not correctly identify logs sourced from Timberwell Berhad and Dusi Bin Ginso & 10</p>	

				Peserta as Sabah TLAS. September 2023: Megamas Plywood has correctly identified the Sabah TLAS status for log received in the arrival book.
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*Major = Non-Compliance

Observations: Year 2023		
Obs #	Checklist	Description
001-2022 Addressed	5.3.8	September 2022: Sampled fire extinguishers at the sawmill were expired and observed without pressure. September 2023: All fire extinguishers were valid and observed with pressure.
001-2023	5.1.1	September 2023: Kiln dry plant license renewal was submitted to SFD and is pending approval.

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

Recommendations
<p>Megamas Plywood 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: Observation 001-2023 – Checklist 5.1.1: SFD shall expedite the license approval for the kiln dry plant to proceed with payment.</p> <p>The next surveillance visit is scheduled for September 2024.</p>

End of Summary Report