

Sabah TLAS Audit Report Principles 5 & 6

Organisation	Tenant: Fais Trading (Sole proprietorship) Licensee: Syarikat A. Wood (Sole proprietorship)	Reference #	GFSSBH 004-587a
Contact Person	Lim Kui Hing	Audit Date	06/12/2023
Office Address	Peti Surat 789, 89308, Kampung Lohan, Ranau, Sabah, Malaysia.	Date close out	06/02/2024
Mill Address	Peti Surat 789, 89308, Kampung Lohan, Ranau, Sabah, Malaysia.	Telephone	+6017 870 3266
Email	kuihinglim@gmail.com DFO Ranau: Suib.Basri@sabah.gov.my	Fax	-
		Approved By	Dr. Kevin Grace

Statements

Audit Statement #	NC: Non-Compliance – Criterion 5.3 (Outstanding)		
Issuance Date	Not applicable	Expiration Date	Not applicable

Assessment Details

Company Type	Sawmill
Scope of Assessment	Sabah TLAS P5-6: JP(K)RN001/2020(X49), KON(KRN)006/2020(KK)
Product Group	Sawn timber
Source of Material	Sabah, Malaysia.
Species	<i>Parashorea spp.</i> (White seraya), <i>Shorea spp.</i> (Red seraya, Yellow seraya, Melapi, Selangan batu), <i>Neolamarckia cadamba</i> (Laran), <i>Pentace spp.</i> (Takalis), Other timber (OT)
Lead Assessor	Sandra George
Assessor(s)	Glory Linggou, Tommy Olui
FDS Staff	Suib Basri (DFO Ranau), Denver J. Joingin (PPD Ranau), Ainna Paulus (PPD Ranau)

Terms of Assessment

The scope of the evaluation is to verify compliance of Syarikat A. Wood (Fais Trading) 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:

Syarikat A. Wood and Fais Trading are sole proprietorships; thus, they are not required to register under the Companies Commission of Malaysia (SSM).

Fais Trading has a tenancy agreement with Syarikat A. Wood to operate the sawmill to produce sawn timber from 01/11/2021 to 01/08/2030. Fais Trading produces sawn timber for the local market.

The previous assessment was conducted in December 2022 that resulted in 2 gap(s) and 1 observation(s) (Report #: GFSSBH 004-442a).

Associated Organizations & Subcontractors:

Fais Trading does not engage any other contractor to produce or manufacture products.

Description of the Supply Chain:

From November 2022 to November 2023, Fais Trading purchased raw materials from the suppliers as below:

Supplier	License	Raw Material	Location	GFS WTP # STCC #	Overall Risk *
Kombirid Bte Dentingi & 7 Peserta	JPTHN/FRM 700-2/4/831/24	Round log	Ranau	-	High
Chong Nyet Thiam @ John Chong (Win Win Contractor)	JPHTN/FRM 700-2/4/1/845/9	Round log	Kinabatangan	Non-Compliance	High
Pemegang Amanah Tanah Rizab Tapak Kediaman Anak Negeri Kampung Puda Penulangun	JPHTN/FRM 700-2/4/1/161/JILID.3/20	Round log	Ranau	-	High
Abih Bin Laipan & 27 Peserta	JPHTN/FRM 700-2/4/1/830/12	Round log	Ranau	-	High
Topsure Development Sdn. Bhd. (Mark AK Construction Sdn. Bhd.)	JPHTN(FIIB)DKM-2023/01	Round log	Kota Marudu	Non-Compliance	High

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

Summary Results:

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

February 2024: (Major gap = 1, minor gap = 1, Observation = 2)

GAPs: Year 2023					
GAP #	Type	Checklist	Status	Description	
001/2022	Major	5.3.1	Closed	<p>December 2022: No evidence that workers were registered under COI & SOCSO as required.</p> <p>March 2023: Syarikat A. Wood has yet to register workers for SOCSO contributions.</p> <p>December 2023: Syarikat A. Wood has registered all workers under SOCSO as required.</p>	
002/2022	minor	5.3.4	Closed	<p>December 2022: No evidence of JKPP 8 submission for 2021.</p> <p>December 2023: Syarikat A. Wood has submitted JKPP 8 to DOSH.</p>	
003/2022	Major	5.3.5	Outstanding	<p>December 2022: Records of monthly contributions to SOCSO that cover all workers were not available.</p> <p>March 2023: No evidence of SOCSO monthly contributions for workers as required.</p>	

				<p>December 2023: No evidence of SOCSO monthly contributions for workers as required.</p> <p>February 2024: No evidence of SOCSO monthly contributions for workers as required.</p>
001/2023	minor	5.2.1 5.2.2	New	<p>December 2023: The removal pass and TDP for logs received from Chong Nyet Thiam @ John Chong (Win Win Contractor) were not consistently maintained.</p>

*Major = Non-Compliance

Observations: Year 2023		
Obs #	Checklist	Description
001-2023	5.1.1	<p>December 2023: There is no evidence that Fais Trading registered as a Mill Contractor.</p>
002-2023	5.2.4	<p>December 2023: The COC manual lacks reference key documents used in receiving and production control.</p>

Highlights of Close-Out Visit (if applicable)	Date: 09 February 2024
<p>Major Gap 003/2022 shall be addressed within two months by February 2024. Based communications, Fais Trading is no longer operating the mill. Syarikat A. Wood could not provide the SOCSO monthly contribution since the company is in the process to hire a new company to take over the operations. Therefore, the Major gap remains outstanding.</p>	

Recommendations
<p>Syarikat A. Wood (Fais Trading) has not demonstrated compliance with the Sabah Principles 5-6 for Chain of Custody as non-compliance was identified under Criterion 5.3 and is NOT eligible to receive a GFS Statement of Compliance or Sabah Timber Legality Assurance System Compliance Certificate (TLAS-CC) from SFD.</p> <p>The Major Gap shall be addressed within two months by February 2024.</p> <p>Gap 003/2022 (Major) Outstanding – Checklist 5.3.5: Syarikat A. Wood shall contribute the SOCSO monthly contributions for workers as required and maintain the payment receipt.</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 001/2023 (minor) – Checklist 5.2.1, 5.2.2: SFD and Fais Trading shall ensure all removal pass and TDP for logs received are maintained.</p> <p>Observation 001-2023 – Checklist 5.1.1: Fais Trading shall register as a Mill Contractor to operate a sawmill and produce sawn timber.</p> <p>Observation 002-2023 – Checklist 5.2.4: Syarikat A. Wood shall indicate the key documents used in receiving and production control of the COC manual.</p> <p>The next surveillance visit is scheduled for December 2024.</p>

End of Summary Report