

## Sabah TLAS Audit Report Principles 5 & 6

<b>Organisation</b>	Veisheng Timber Sdn. Bhd. 198001002304 (56087-W)	<b>Reference #</b>	GFSSBH 004-748a
<b>Contact Person</b>	Mr. Lin Hsien Tsung (Director)	<b>Audit Date</b>	12/11/2024
<b>Office Address</b>	Mile 9.5, Labuk Road, Church Road, Near Sg. Seguntor, PPM 91 Elopura, 90000 Sandakan, Sabah, Malaysia.	<b>Date close out</b>	16/01/2025
<b>Mill Address</b>	Mile 9.5, Labuk Road, Church Road, Near Sg. Seguntor, PPM 91 Elopura, 90000 Sandakan, Sabah, Malaysia.	<b>Telephone</b>	+6089 667 395
<b>Email</b>	Veisheng18@gmail.com DFO SDK: Rosli.Siki@sabah.gov.my PPW SDK: Janius.Ebin@sabah.gov.my	<b>Fax</b>	-
		<b>Approved By</b>	Dr. Kevin Grace

### Statements

Statement of Compliance				GFS 105 WTP			
Issuance Date		20 January 2025		Expiration Date		16 November 2025	

### Assessment Details

Company Type	Veneer/Plywood Mill, Kiln Dry Plant, Exporter, Importer
Scope of Assessment	Sabah TLAS P5-6: JP(S)SS001/00(X08)R, JP(S)SS002/06(X22), FDS(SS)(S)076/2019(M), FDS(SS)(E)019/2019(M), FDS(SS)(I)022/2019(M), FDS(SS)(J)030/2019(M)
Product Group	Plywood
Source of Material	Sabah - Malaysia, Sarawak, Taiwan, China
Species	Malaysia: <i>Drybalanops</i> spp. (Kapur), <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>Annonaceae</i> spp. (Karai), <i>Eugenia</i> spp. (Obah), <i>Sindora beccariana</i> (Sepetir), Lauraceae (Medang), <i>Planchonia valida</i> (Putat), <i>Lithocarpus</i> & <i>Quercus</i> (Mempening), <i>Myristicaceae</i> (Darah-darah), <i>Dillenia</i> spp. (Simpur), <i>Cotylelobium</i> spp. (Resak batu), <i>Cratogeomys arborescens</i> (Serungan), <i>Pentace</i> spp. (Takalis), <i>Hopea sangal</i> (Gagil), <i>Calophyllum obliquinervium</i> (Bintangor), <i>Macaranga</i> spp. (Sedaman), <i>Canarium</i> , <i>Pterocymbium javanicum</i> (Teleto), <i>Prerosperrum</i> (Bayer), <i>Dyera</i> spp. (Jelutong), <i>Dialium indum</i> (KerANJI), <i>Annonaceae</i> (Pisang-pisang), <i>Castanopsis motleyana</i> (Berangan), <i>Mangifera</i> spp. (Assam), <i>Drybalanops</i> spp. (Kapur), <i>Koordersiodendron pinnatum</i> (Ranggu), <i>Parartocarpus</i> or <i>Artocarpus</i> (Terap), <i>Gluta</i> / <i>Semecarpus</i> / <i>Melanochyla</i> & <i>Swintonia</i> (Rengas), <i>Shorea inappendiculata</i> (Selangan batu), <i>Azadirachta excels</i> (Bawang - bawang), <i>Magnolia candollii</i> (Chempaka), <i>Camponosperma auriculatum</i> (Terentang), <i>Tristanopsis merguensis</i> (Pelawan pelawan), <i>Intsia</i> spp. (Merbau). China: <i>Eucalyptus</i> spp. Taiwan: Not stated Sarawak: Not stated
Lead Assessor	Brandon James
Assessor(s)	Anis Andrew, Sheanna Kehong, Evelyn Chong
SFD Staff	Ruslan Hj. Ismail (ADFO Sandakan)

### Terms of Assessment

The scope of the evaluation is to verify compliance with Veisheng Timber 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 is 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 knowledge of GFS.

### Background Information:

Veisheng Timber Sdn. Bhd. (Veisheng Timber) is, on and from 12/03/1980, incorporated under Companies Act 2016, and is registered in Kota Kinabalu, Malaysia, with registration #: 198001002304 (56807-W). Veisheng Timber produces plywood for local sales and exports them to the Peninsular Malaysia, USA, and South Korea.

### Associated Organizations & Subcontractors:

Veisheng Timber does not engage other companies as their subcontractors to provide or manufacture products.

### Description of the Supply Chain:

From June 2023 to October 2024, Veisheng Timber purchased raw materials from the suppliers as below:

Supplier	License	Raw Material	Location	GFS WTP # STCC #	Overall Risk *
Pemegang Amanah Tanah Rezab Tapak Kediaman Anak Negeri Kampung Puda Penulangun (Paramount Lumber Sdn. Bhd.)	JPHTN/FRM 700-2/4/1/161/JILID.2/59	Round logs	Ranau	Non-Compliance	High
KTS Plantation Sdn. Bhd.	JP(SLK)125/93(CO)	Round logs	Sandakan	Non-Compliance	High
Rakyat Berjaya Sdn. Bhd. (Waygood Enterprise Sdn. Bhd.)	JP(DPS)007/2021(F1)	Round logs	Pitas	GFS 198 LVS (07/04/2025)	Low
Koperasi Polis Sabah (KOPOSA)	2B308355	Round logs	Telupid	-	High
Top Quantum Sdn. Bhd.	SFMLA 01/2009	Round logs	Serudong	GFS 071 LVS (18/06/2025)	Low
Pesona Majukaya Sdn. Bhd.	SFMLA 01/2018	Round logs	Serudong	GFS 163 LVS (18/06/2025)	Low
Joaz Enterprise Sdn. Bhd.	JP(STG)003/2022(F1)	Round logs	Tongod	GFS 200 LVS (15/10/2024)	Low
Timberwell Berhad	SFMLA 06/97	Round logs	Kota Marudu	GFS 002 LVS (25/12/2024)	Low
Rakyat Berjaya Sdn. Bhd. (Usahawan Borneo Greenwood) *	SFMLA 09/97 (TWU 01/15)	Round logs	Kalabakan	GFS 096 LVS (23/07/2024)	High
Benta Wawasan Sdn. Bhd. (Golden Borneo Palm)	JP(TKA)122/96(CO)	Round logs	Kalabakan	GFS 055 LVS (21/01/2025)	Low
Asian Forestry Company (Sabah) Sdn. Bhd. – FMU 2	SFMLA 01/2021	Round logs	Pitas	GFS 162 LVS (13/10/2025)	Low
Sunggang Binti Apong & 50 Peserta (Privilege Capital Sdn. Bhd.)	JPHTN/FRM 700-2/4/1/840/16	Round logs	Kudat	Non-Compliance	High
Sabah Land Development Board (Teraju Hijau Plantation Sdn. Bhd.)	JP(NKG)004/2022(F1)	Round logs	Keningau	Non-Compliance	High
Brilliant Junction Sdn. Bhd.	JP(NKG)001/2023	Round logs	Keningau	Non-Compliance	High
Sri Bumi Plantation Sdn. Bhd.	JP(SBN)001/2022(F1)	Round logs	Beluran	-	High
Mustapa Tambuyong & 5 Peserta	Not stated	Round logs	Kinabatangan	-	High
Kalabakan Borneo Resources	SFMLA 04/2018	Round	Serudong	Non-Compliance	High

Sdn. Bhd.		logs			
Jawala Plantation Industries Sdn. Bhd.	SFMLA 02/2015	Round logs	Tibow	GFS 100 LVS (07/01/2025)	Low
Lebihasil Sdn. Bhd. – A, B & C *	SFMLA 01/2005	Round logs	Deramakot	GFS 007 LVS (22/10/2024)	High
Andohi Binti Pangajum & 5 Peserta	Not stated	Round logs	Kota Marudu	-	High
Benta Wawasan Sdn. Bhd. A & B	JP (TKA)122/96(CO)	Round logs	Kalabakan	GFS 057 LVS (10/03/2025)	Low
First Greenworld Sdn. Bhd.	SFMLA 02/2009	Round logs	Serudong	GFS 074 LVS (18/06/2025)	Low
Sapulut Forest Development Sdn. Bhd.	SFMLA 04/97	Round logs	Tibow	GFS 025 LVS (09/07/2025)	Low
Shang Du Co. Ltd.	Not stated	Veneer	Taiwan	-	High
Guangzhou Shen Yi Trade Co. Ltd.	Not stated	Veneer	China	-	High
Sigmazd Sdn. Bhd.	Not stated	Veneer	Sarawak	-	High

\*GFS risk evaluation is based on the risk matrix for Sabah TLAS (VL) materials & products. Materials received before the expiry date are low risk.

### Summary Results:

(Major gap = 1, Minor gap = 5, Observation = 0)

January 2025: (Major gap = 0, Minor gap = 5, Observation = 0)

GAPs: Year 2024				
GAP #	Type	Checklist	Status	Description
001/2024	Major	5.1.3, 5.2.8	Closed	<b>November 2024:</b> Incorrect recording of data in Appendix 3 & 11 manual and online submissions in relation to log supply records that included incorrect Carry Forward stock data based on removal pass records. <b>January 2025:</b> Veisheng Timber corrected Appendix 3 & 11 data, submissions have been made to the SFD.
002/2024	minor	5.2.1, 6.1.1, 6.1.2, 6.1.3, 6.1.4	New	<b>November 2024:</b> The current system for purchasing is not according to the CoC procedure.
003/2024	minor	5.2.4	New	<b>November 2024:</b> Removal Passes were not consistently stamped as "Used" by the SFD.
004/2024	minor	5.3.2	New	<b>November 2024:</b> JTK exceeded the quota to hire foreign workers.
005/2024	minor	5.3.6	New	<b>November 2024:</b> No evidence of safety and fire training conducted for workers.
006/2024	minor	5.3.7	New	<b>November 2024:</b> No record of PPE distribution for workers.

\*Major = Non-Compliance

Observations: Year 2024		
Obs #	Checklist	Description
-	-	-

Highlights of Close-Out Visit (if applicable)	Date: 16 January 2025
Gap 001/2024 (Major) shall be addressed in two months by January 2025. The GFS team visited the premise; however, could not enter the mill due to flood. The close-out visit was based on document review and What's App communications. Veisheng Timber corrected Appendix 3 & 11 data, and amendments have been made to SFD.	
Recommendations	
<p><b>Veisheng Timber Sdn. Bhd.</b> has demonstrated compliance with the Sabah Standard Principles 5-6 for Chain of Custody as non-compliance was addressed under criterion 5.1 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><b>Gap 002/2024 (minor) – Checklist 5.2.1, 6.1.1, 6.1.2, 6.1.3, 6.1.4:</b> Veisheng Timber shall ensure the current purchasing system is according to the COC procedure.</p> <p><b>Gap 003/2024 (minor) – Checklist 5.2.4:</b> SFD shall consistently stamped all removal pass as “Used.”</p> <p><b>Gap 004/2024 (minor) – Checklist 5.3.2:</b> Veisheng Timber shall ensure the quota to hire foreign workers is not exceeded based on the JTK license.</p> <p><b>Gap 005/2024 (minor) – Checklist 5.3.6:</b> Veisheng Timber shall conduct safety and fire training annually for workers.</p> <p><b>Gap 006/2024 (minor) – Checklist 5.3.7:</b> Veisheng Timber shall record PPE distribution for mill workers.</p> <p>The next surveillance visit is scheduled for November 2025.</p>	

## End of Summary Report