

## Sabah TLAS Audit Report Principles 5 & 6

<b>Organisation</b>	Landlord: Megabig Enterprise Sdn. Bhd. 200601006171 (725920-D) Tenant: Megamas Plywood Sdn. Bhd. 201301041640 (1071464-A)	<b>Reference #</b>	GFSSBH 004-755
<b>Contact Person</b>	Mr. Tang Jung Hing (Manager)	<b>Audit Date</b>	27/11/2024
<b>Office Address</b>	P.O. Box No. 1887, 90715 Sandakan, Sabah, Malaysia.	<b>Date close out</b>	-
<b>Mill Address</b>	CL.075367403 Seguntor, Off Mile 11, Jalan Labuk, Sandakan, Sabah, Malaysia.	<b>Telephone</b>	+6089 236 080
<b>Email</b>	megamasplywood2014@gmail.com DFO SDK: Rosli.Siki@sabah.gov.my PPW SDK: Janius.Ebin@sabah.gov.my	<b>Fax</b>	+6089 236 087
		<b>Approved By</b>	Dr. Kevin Grace

### Statements

Statement of Compliance	GFS 106 WTP		
Issuance Date	02 December 2024	Expiration Date	01 December 2025

### Assessment Details

Company Type	Sawmill, Veneer, Plywood mill, 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), 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), Lauraceae (Medang), Myristicaceae (Darah-darah), <i>Cotylelobium spp.</i> (Resak batu), <i>Pentace spp.</i> (Takalis), OT (Other Timber)
Lead Assessor	Glory Linggou
Assessor(s)	Sheanna Kehong, Awena Jaibin
SFD Staff	Ruslan Ismail (ADFO Sandakan), Hassin Pupong (PPD Sandakan)

### Terms of Assessment

The scope of the evaluation is to verify compliance with 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 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:**

Megabig Enterprise Sdn. Bhd. (Megabig Enterprise) is, on and from 07/03/2006, incorporated under Companies Act 2016, and is registered in Sibul, Malaysia, with registration #: 200601006171 (725920-D).

Megamas Plywood Sdn. Bhd. (Megamas Plywood) is, on and from 25/11/2013, incorporated under Companies Act 2016, and is registered in Sandakan, Malaysia, with registration #: 201301041640 (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 01/12/2023 to 30/11/2028. Megamas Plywood produces veneer and plywood for the local market.

Megabig Enterprise has a tenancy agreement with CHK Enterprise Sdn. Bhd. (CHK Enterprise), dated 02/11/2015, for renting out the sawmill, which remains valid without a specified end date.

**Associated Organizations & Subcontractors:**

Megamas Plywood does not engage subcontractor to produce, manufacture products or provide manpower.

**Description of the Supply Chain:**

From August 2023 to November 2024, 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	GFS 002 LVS (25/12/2024)	Low
Lai Ngai Ming (Megaccess Sdn. Bhd.)	JPHTN(FIIB)STL- 2024/01	Round log	Telupid	GFS 204 WTP (27/10/2025)	Low

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

**Summary Results:**

(Major gap = 0, Minor gap = 2, Observation = 1)

GAPs: Year 2024				
GAP #	Type	Checklist	Status	Description
001/2024	minor	5.1.3	New	<b>November 2024:</b> Incorrect recording of volume for transit and log transfer to sawmill in Appendix 3 manual submission and Veneer carry forward for March 2024 was not recorded in Appendix 3 online submission.
002/2024	minor	5.3.6	New	<b>November 2024:</b> No work safety training for workers.

\*Major = Non-Compliance

Observations: Year 2024		
Obs #	Checklist	Description
001-2024	6.1.5	<b>November 2024:</b> Sabah TLAS Compliance Certificate number was not identified on Sales invoice and Delivery Notes for sales of Sabah TLAS materials.

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

**Recommendations**

**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.

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 001/2024 (minor) – Checklist 5.1.3:** Megamas Plywood shall accurately record volume for transit and log transfer to sawmill in Appendix 3 manual submission and veneer carry forward in Appendix 3 online submission.

**Gap 002/2024 (minor) – Checklist 5.3.6:** Megamas Plywood shall conduct work safety for workers annually.

**Observation 001-2024 – Checklist 6.1.5:** Megamas Plywood shall identify Sabah TLAS Compliance Certificate number on Sales invoice and Delivery Notes for sales of Sabah TLAS materials.

The next surveillance visit is scheduled for November 2025.

**End of Summary Report**