

## Sabah TLAS Audit Report Principles 5 & 6

<b>Organisation</b>	Seguntor Sdn. Bhd. (11848-V)	<b>Reference #</b>	GFSSBH 004-510
<b>Contact Person</b>	Tommy Low (Mill Manager)	<b>Audit Date</b>	08/06/2023
<b>Office Address</b>	P.O. Box 1689, 90718 Sandakan, Sabah, Malaysia.	<b>Date close out</b>	-
<b>Mill Address</b>	CL075379832, Jalan Seguntor, Mile 10.5, Off Jalan Labuk, Sandakan, Sabah, Malaysia.	<b>Telephone</b>	+6089 531 488 +6089 531 670
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		<b>Approved By</b>	Dr. Kevin Grace

Statements			
Audit Statement #	GFS 138 WTP		
Issuance Date	12 June 2023	Expiration Date	11 June 2024

Assessment Details	
Company Type	Sawmill, Exporter
Scope of Assessment	Sabah TLAS P5-6: JP(S)SS018/00(B01)R
Product Group	Sawn timber
Source of Material	Sabah, Malaysia.
Species	<i>Dryobalanops</i> spp. (Kapur), <i>Dipterocarpus</i> spp. (Keruing), <i>Shorea inappendiculata</i> (Selangan batu), <i>Koompassia malaccensis</i> (Impas), <i>Parashorea</i> spp. (White seraya), <i>Shorea</i> spp. (Red seraya, Yellow seraya, Melapi), <i>Heritiera simplicifolia</i> (Kembang), <i>Scaphium</i> spp. (Kembang semangkuk), <i>Sapotaceae</i> spp. (Nyatoh), <i>Duabanga moluccana</i> (Magas), ), <i>Octomeles sumatrana</i> (Binuang), <i>Alstonia</i> spp. (Pulai), <i>Lophopetalum</i> spp. (Perupok), <i>Lithocarpus</i> & <i>Quercus</i> (Mempening), <i>Myristicaceae</i> (Darah-darah), <i>Dillenia</i> spp. (Simpur), <i>Hopea sangal</i> (Gagil), <i>Pterocymbium javanicum</i> (Teletto), <i>Tristanopsis merguensis</i> (Pelawan-pelawan), <i>Dyera</i> spp. (Jelutong), <i>Dialium indum</i> (KerANJI), <i>Gluta/Semecarpus/Melanochyla</i> & <i>Swintonia</i> (Rengas), <i>Annonaceae</i> (Pisang-pisang), <i>Azadirachta excels</i> (Bawang-bawang), <i>Mangifera</i> spp. (Assam), <i>Dacryodes</i> & other <i>Burseraceae</i> (Kedondong), <i>Neolamarckia cadamba</i> (Laran), <i>Annonaceae</i> spp. (Karai), <i>Intsia</i> spp. (Merbau), <i>Calophyllum obliquinervium</i> (Bintangor), <i>Eugenia</i> spp. (Obah), <i>Lauraceae</i> (Medang)
Lead Assessor	Sandra George
Assessor(s)	Asraf Mahmud
FDS Staff	Ruslan Ismail (ADFO Sandakan), Hassin Bin Pupong (PPD Sandakan)

Terms of Assessment
The scope of the evaluation is to verify compliance of Seguntor 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:**

Seguntor Sdn. Bhd. (Seguntor) is registered in Kuala Lumpur, Malaysia, with registration # 11848-V. Seguntor produces sawn timber and exports to South Korea and Taiwan. Seguntor also provides sawmilling services to the client.

The previous assessment was conducted in June 2022 that resulted in 1 gap(s) and 2 observation(s) (Report #: GFSSBH 004-363).

**Associated Organizations & Subcontractors:**

Seguntor does not engage other companies as subcontractors to provide sawmilling services or manpower and manufacturing products.

**Description of the Supply Chain:**

From June 2022 to May 2023, Seguntor purchased raw materials from the suppliers as below:

Supplier	License	Raw Material	Location	GFS WTP # STCC #	Overall Risk *
Timberwell Berhad**	SFMLA 06/97	Round Logs	Kota Marudu	Non-Compliance	High
TSH Resources Berhad	SFMLA 07/97	Round Logs	Ranau	Non-Compliance	High
Lebihasil Sdn. Bhd.	SFMLA 01/2005	Round Logs	Telupid	GFS 007 LVS (27/11/2023)	Low
KTS Plantation Sdn. Bhd.	JP(SLK)125/93(CO)	Round Logs	Sandakan	GFS 012 LVS (14/05/2024)	Low
Joaz Enterprise Sdn. Bhd.	JP(STG)003/2023(F1)	Round Logs	Tongod	-	High
Rakyat Berjaya Sdn. Bhd. (Waygood Enterprise Sdn. Bhd.)	JP(DPS)007/2021(F1)	Round Logs	Pitas	GFS 198 LVS (03/04/2024)	Low
Junaidi Awang & 45 Peserta	2B308350	Round Logs	Tongod	-	High
Chong Nyet Thiam & John Chong	JPHTN/FRM700-2/4/1/845/16	Round Logs	Kinabatangan	-	High
Pemegang Amanah Tanah Rizab Kediaman Anak Negeri Kg. Ogan, Labuk Sugut, Beluran (Krismega Sdn. Bhd.)	JP(SBN)008/2021(F1)	Round Logs	Beluran	Non-Compliance	High
Paulin Bin Udin	2B308337	Round Logs	Telupid	-	High
Lingkabau Durian Eco Tourism Sdn. Bhd. (Syarikat Kontrektor Lee Yun Sdn. Bhd.)	JPHTN/FRM700-2/4/1/867/4	Round Logs	Beluran	Non-Compliance	High
Francis Bin Madangan & 40 Peserta (Sahabat Jayasama Sdn. Bhd.)	JP(STG)006/2021(F1)	Round Logs	Tongod	Non-Compliance	High
Mustapa Tambuyong & 5 Peserta	JPHTN/FRM700-2/4/2/852/13	Round Logs	Sandakan	-	High
Weljain Jaini & 6 Peserta (Kironngu Sawit Sdn. Bhd.)	JPHTN/FRM 700-2/4/1/854/4	Round Logs	Telupid	GFS 193 LVS (20/11/2023)	Low
Jawala Plantation Industries Sdn. Bhd.	SFMLA 02/15	Round Logs	Tibow	GFS 100 LVS (15/01/2024)	Low
Rakyat Berjaya Sdn. Bhd. (Kinetic Journey Sdn. Bhd.)	SFMLA 09/97	Round Logs	Tongod	GFS 130 LVS (25/09/2023)	Low

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

\*\*Raw materials received before the expiry date are low risk.

**Summary Results:**

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

<b>GAPs: Year 2023</b>				
<b>GAP #</b>	<b>Type</b>	<b>Checklist</b>	<b>Status</b>	<b>Description</b>
002/2021	minor	5.3.2 5.3.7	Closed	<b>June 2022:</b> The company has yet to conduct training on safety and health. <b>June 2023:</b> Seguntor has conducted safety and fire training for workers.
001/2023	minor	5.2.7	New	<b>June 2023:</b> No evidence that Seguntor recorded monthly production for Sabah TLAS raw materials in accordance with COC procedures.

\*Major = Non-Compliance

<b>Observations: Year 2023</b>		
<b>Obs #</b>	<b>Checklist</b>	<b>Description</b>
001-2022 Addressed	5.2.2	<b>June 2022:</b> Two Removal Passes were not stamped as "Sabah TLAS CC" by the SFD. <b>June 2023:</b> Removal Passes from suppliers compliant under Sabah TLAS P1-4 were stamped with "Sabah TLAS CC" by the SFD.
002-2022 Outstanding	5.3.8	<b>June 2022:</b> The company did not assign an assembly point area for emergencies and observed 1 expired fire extinguisher. <b>June 2023:</b> Fire extinguishers are valid; however, Seguntor has yet to assign an assembly point area for emergencies.
001-2023	5.1.2	<b>September 2023:</b> Pending manual and online submission for C/F stock in Appendix 1.

<b>Highlights of Close-Out Visit (if applicable)</b>	<b>Date: -</b>
Not applicable	

<b>Recommendations</b>
<p><b>Seguntor Sdn. Bhd.</b> 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:</p> <p><b>Gap 001/2023 (Minor) – Checklist 5.2.7:</b> Seguntor shall record monthly production for Sabah TLAS raw materials in accordance with COC procedures.</p> <p><b>Observation 002-2022 (Outstanding) – Checklist 5.3.8:</b> Seguntor shall assign an assembly point for emergencies.</p> <p><b>Observation 001-2023 – Checklist 5.1.2:</b> Seguntor should record and submit the manual &amp; online C/F stock in Appendix 1 to SFD.</p> <p>The next surveillance visit is scheduled for June 2024.</p>

**End of Summary Report**