

## Sabah TLAS Audit Report Principles 5 & 6

<b>Organisation</b>	Perusahaan Kosinar Sdn. Bhd.(171010-M)	<b>Reference #</b>	GFSSBH 004-550
<b>Contact Person</b>	Benadict Michael	<b>Audit Date</b>	13/09/2023
<b>Office Address</b>	Suite No. 8, 9 <sup>th</sup> Floor, Wisma Perindustrian, Jalan Istiadat, Likas Bay, 88400 Kota Kinabalu, Sabah, Malaysia.	<b>Date close out</b>	-
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		<b>Approved By</b>	Dr. Kevin Grace

### Statements

<b>Audit Statement #</b>	GFS 070 WTP		
<b>Issuance Date</b>	18 September 2023	<b>Expiration Date</b>	17 September 2024

### Assessment Details

<b>Company Type</b>	Plywood mill, Wood Preservation Plant and exporter
<b>Scope of Assessment</b>	Sabah TLAS P5-6: JP(N)SO008/00(X08)R, JNP(N)SO002/08(X07), FDS(SO)(E)002/2019(M), FDS(SO)(S)002/2019(M)
<b>Product Group</b>	Veneer and Plywood
<b>Source of Material</b>	Sabah, Malaysia.
<b>Species</b>	<i>Drybalanops spp.</i> (Kapur), <i>Dipterocarp spp.</i> (Keruing), <i>Koompassia malaccensis</i> (Impas), <i>Parashorea spp.</i> (White seraya), <i>Shorea spp.</i> (Red seraya, Yellow seraya, Melapi), <i>Heritiera simplicifolia</i> (Kembang), <i>Scaphium spp.</i> (Kembang semangkuk), <i>Sapotaceae spp.</i> (Nyatoh), <i>Shorea pauciflora</i> (Oba suluk), <i>Neolamarckia cadamba</i> (Laran), <i>Duabanga moluccana</i> (Magas), <i>Octomeles sumatrana</i> (Binuang), <i>Alstonia spp.</i> (Pulai), <i>Nauclea spp./ Annonaceae spp.</i> (Karai), <i>Sindora beccariana</i> (Sepetir), Lauraceae (Medang), <i>Planchonia valida</i> (Putat), Lithocarpus & Quercus (Mempening), Myristicaceae (Darah-darah), <i>Dillenia spp.</i> (Simpor), <i>Cotylelobium spp.</i> (Resak batu), <i>Pentace spp.</i> (Takalis), <i>Hopea sangal</i> (Gagil), <i>Calophyllum obliquinervium</i> (Bintangor), <i>Dialium indum</i> (KerANJI), Annonaceae (Pisang-pisang), <i>Macaranga spp.</i> (Sedaman), <i>Anisoptera spp.</i> (Mersawa) and <i>Tamarindus spp.</i> (Assam)
<b>Lead Assessor</b>	Brandon James
<b>Assessor(s)</b>	Anne Gimbir, Aleeza Ho
<b>FDS Staff</b>	Erati I (PPD Sook)

### Terms of Assessment

The scope of the evaluation is to verify compliance of Perusahaan Kosinar 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:**

Perusahaan Kosinar Sdn. Bhd. (Perusahaan Kosinar) is registered in Kuala Lumpur, Malaysia, with registration # 171010-M. Perusahaan Kosinar produces veneer & plywood and exports them to Japan, South Korea, and The Philippines.

The previous assessment was conducted in September 2022 that resulted in 1 gap(s) and 0 observation(s) (Report #: GFSSBH 004-401).

**Associated Organizations & Subcontractors:**

Perusahaan Kosinar does not engage other companies as their subcontractors to provide or manufacture products.

**Description of the Supply Chain:**

From August 2022 to August 2023, Perusahaan Kosinar purchased raw materials from the suppliers as below:

Supplier	License	Raw Material	Location	GFS WTP # STCC #	Overall Risk*
Bornion Timber Sdn. Bhd.	SFMLA 03/97	Round logs	Sook	GFS 054 LVS (06/08/2024)	Low
Collector As Trustee	JP(NNN)002/2021(F1)	Round logs	Nabawan	-	High
Sapulut Forest Development Sdn. Bhd.	SFMLA 04/97 (CON)	Round logs	Tibow	GFS 100 LVS (09/07/2024)	Low
Top Quantum Sdn. Bhd.	SFMLA 01/2019	Round logs	Serudong	GFS 071 LVS (18/06/2024)	Low
JD Salarong Sdn. Bhd.	JP(NNN)005/2020(F1)	Round logs	Nabawan	Non-Compliance	High
Antir Binti Ansangor & 239 Peserta	JP(NNN)004/2021(F1)	Round logs	Nabawan	GFS 167 LVS (26/12/2022)	Low
Azam Surianiaga Sdn. Bhd.	SFMLA 02/2018	Round logs	Kota Marudu	GFS 171 LVS (12/03/2024)	Low
Nereus Bin Linus & 30 Peserta	JPHTN/FRM 700-2/4/1/826/3	Round logs	Tambunan	-	High
Paul Bin Yambak & 1 Peserta	JPHTN/FRM 700-2/4/1/832/7 BTK 12/7/22	Round logs	Keningau	-	High
Dymnah Jubile & 18 Peserta	JPHTN/FRM 700-2/4/1/826/JILID.2/9	Round logs	Tambunan	GFS 168 LVS (04/09/2023)	Low
Pesona Majukaya S/B	SFMLA 01/2009	Round logs	Serudong	GFS 163 LVS (02/07/2024)	Low
Ansuku Bin Gimbaan & 1 Peserta	2B703769	Round logs	Sook	-	High
Epin Bin Gapai & 37 Peserta	F2B	Round logs	Tambunan	-	High
KM Hybrid Plantation	SFMLA 02/04	Round logs	Sook	Non-Compliance	High

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

**Summary Results:**

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

GAPs: Year 2023				
GAP #	Type	Checklist	Status	Description
001/2022	minor	5.2.2 5.2.3	Closed	<p><b>September 2022:</b> Removal Passes from several suppliers were not correctly stamped as Sabah TLAS compliant by SFD or recorded as Sabah TLAS by Perusahaan Kosinar in the Log Arrival Book.</p> <p><b>September 2023:</b> The removal passes from the supplier were stamped consistently as Sabah TLAS CC by the SFD and</p>

				Perusahaan Kosinar recorded the Sabah TLAS status in the log arrival book.
001/2023	minor	5.2.4	New	<b>September 2023:</b> Sabah TLAS identification, segregation and batch # at log arrival are not clearly defined with respect to production batch #.
002/2023	minor	5.2.5 5.2.7	New	<b>September 2023:</b> Inconsistent identification of Sabah TLAS raw materials input into Sabah TLAS production batch unit Sabah TLAS COC: 2023/08.

\*Major = Non-Compliance

Observations: Year 2023		
Obs #	Checklist	Description
001-2023	5.1.2	<b>September 2023:</b> Inconsistent in recording Appendix C online version.

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

Recommendations
<p><b>Perusahaan Kosinar 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 5.2.4:</b> Perusahaan Kosinar shall revise the COC manual to define the batch number and segregation of Sabah TLAS and Non-TLAS materials from log receiving to the finished goods.</p> <p><b>Gap 003/2023 (minor) – Checklist 5.2.5 &amp; 5.2.7:</b> Perusahaan Kosinar shall implement the identification of batch number and segregation of Sabah TLAS and non-Sabah TLAS materials from logs received to finished goods.</p> <p><b>Observation 001-2023 – Checklist 5.1.2:</b> Perusahaan Kosinar shall be consistent in recording Appendix C.</p> <p>The next surveillance visit is scheduled for September 2024.</p>

**End of Summary Report**