

Sabah TLAS Audit Report Principles 5 & 6

Organisation	SG Trading Sdn. Bhd. (851596-D)	Reference #	GFSSBH 004-494
Contact Person	Tey Kian Soon (Manager)	Audit Date	02/05/2023
Office Address	Locked Bag 13 – SM 208, 89009 Keningau, Sabah, Malaysia.	Date close out	-
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		Approved By	Dr. Kevin Grace

Statements			
Audit Statement #	GFS 086 WTP		
Issuance Date	08 May 2023	Expiration Date	07 May 2024

Assessment Details	
Company Type	Moulding mill / Kiln Dry Plant / Exporter / Importer
Scope of Assessment	Sabah TLAS P5-6: JP(S)KG003/11(M01) & JP(N)KG003/11(X22)
Product Group	Moulded timber / Wooden Door
Source of Material	Sabah, Malaysia.
Species	<i>Drybalanops</i> spp. (Kapur), <i>Dipterocarpus</i> spp. (Keruing), <i>Shorea</i> spp. (Red seraya, Yellow seraya), <i>Acacia</i> spp. (Acacia), <i>Pinus radiata</i> (Pine), Other timber (OT)
Lead Assessor	(Acting) Varenus Untomon
Assessor(s)	Sandra George, Brandon James
FDS Staff	Donny Jailis (PPM Ansip/Dalit)

Terms of Assessment
The scope of the evaluation is to verify compliance of SG Trading 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:

SG Trading Sdn. Bhd. (SG Trading) is registered in Sabah, Malaysia, with registration # 851596-D. SG Trading produces and trades finished products for local markets and exports to West Malaysia.

The previous assessment was conducted in May 2022 that resulted in 1 gap(s) and 0 observation(s) (Report #: GFSSBH 004-437).

Associated Organizations & Subcontractors:

SG Trading engaged R.M Services in Kota Kinabalu to handle export consignment and documentation. SG Trading is also associated with *Pusat Pintu Putatan*, which sells various types of doors.

Description of the Supply Chain:

From April 2022 to April 2023, SG Trading purchased raw materials from the suppliers as below:

Supplier	License	Raw Material	Location	GFS WTP # STCC #	Overall Risk *
DM Cergas Sdn Bhd (Bumi Timber Sdn. Bhd.)	JP(N)SO001/16(X17)	Sawn timber	Sook	GFS 244 WTP (16/04/2024)	Low
Waygood Enterprise Sdn. Bhd. (Taman Sawmill Enterprise)	JP(N)NN002/19(B01)	Sawn timber	Nabawan	Non-Compliance	High
Winpine Timber Sdn. Bhd.	FDS(KG)(I)023/2019	Sawn timber	Keningau	GFS 220 WTP (07/08/2023)	Low
Hoong Yap Manufacturer Sdn. Bhd.	JP(N)KG001/11(X23)	Sawn timber	Keningau	GFS 111 WTP (24/07/2023)	Low
Innovatory Furniture Sdn. Bhd.	JP(K)KK001/08(X26)	Sawn timber	Kota Kinabalu	Non-Compliance	High
Kilang Timbers Chapter Sdn. Bhd.	JP(N)S001/11(X42)	Sawn timber	Sook	-	High
Seguntor Sdn. Bhd.	JP(S)SS018/00(B01)R	Sawn timber	Sandakan	GFS 138 WTP (26/06/2023)	Low
Tropical Timber & Trading (Sabah) Sdn. Bhd.	FDS(KK)(E)053/2019	Sawn timber	Kota Kinabalu	GFS 274 WTP (02/04/2024)	Low
Unikarya Trading Sdn. Bhd.	JP(T)TW003/15(X04)	Sawn timber	Tawau	GFS 190 WTP (12/02/2024)	Low
Biomass Majujaya Sdn. Bhd.	JP(N)KG003/18(X62)	Sawn timber	Keningau	GFS 241 WTP (07/08/2023)	Low
Woodlands Timber Sdn. Bhd.	JP(N)KG001/18(X49)	Sawn timber	Nabawan	GFS 109 WTP (16/10/2023)	Low

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

Summary Results:

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

GAPs: Year 2023				
GAP #	Type	Checklist	Status	Description
002/2021	Minor	5.2.4	Closed	<p>May 2021: The CoC procedure does not clearly define the identification of Sabah TLAS status within the batch number coding system for receiving, production, finished products and sales.</p> <p>May 2022: The revised COC manual has not adequately addressed identification of Sabah TLAS status within the batch number for receiving and production.</p> <p>May 2023: The revised COC manual documents the system for identification of Sabah TLAS status within the batch number for receiving and production.</p>

*Major = Non-Compliance

Observations: Year 2023		
Obs #	Checklist	Description
001-2023	5.2.7	<p>May 2023: The recovery was reported as 70% monthly over the entire year, which does not reflect the variability of actual input / output data.</p>

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

Recommendations

SG Trading 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:

Observation 001-2023 – 5.2.7: The recovery shall be calculated on the actual input / output data.

The next surveillance visit is scheduled for May 2024.

End of Summary Report