

## Sabah TLAS Audit Report Principles 5 & 6

<b>Organisation</b>	Kinabalu Supreme Sdn. Bhd. 199501028503 (357709-P)	<b>Reference #</b>	GFSSBH 004-615
<b>Contact Person</b>	David Ling Nai Chuang (Director)	<b>Audit Date</b>	07/02/2024
<b>Office Address</b>	Mile 6, Jalan Apas, Tawau, Sabah, Malaysia.	<b>Date close out</b>	-
<b>Mill Address</b>	Mile 6, Jalan Apas, Tawau, Sabah, Malaysia.	<b>Telephone</b>	+6010 982 7275
<b>Email</b>	Info.kinabalusupreme@gmail.com DFO Tawau:Nooridayu.MohdAyub@sabah.gov.my	<b>Fax</b>	-
		<b>Approved By</b>	Dr. Kevin Grace

### Statements

<b>Audit Statement #</b>	GFS 174 WTP		
<b>Issuance Date</b>	12 February 2024	<b>Expiration Date</b>	11 February 2025

### Assessment Details

<b>Company Type</b>	Sawmill & Moulding
<b>Scope of Assessment</b>	Sabah TLAS P5-6: JP(T)TW001/2020(X04)
<b>Product Group</b>	Sawn timber, wood pellets
<b>Source of Material</b>	Sabah, Malaysia.
<b>Species</b>	<i>Eusideroxylon zwageri</i> (Belian), Selangan Batu, Sungkai
<b>Lead Assessor</b>	Glory Linggou
<b>Assessor(s)</b>	Tommy Olui, Anne Gimbir
<b>FDS Staff</b>	RH Mazlan Embun

### Terms of Assessment

The scope of the evaluation is to verify compliance of Kinabalu Supreme 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:**

Kinabalu Supreme Sdn. Bhd. (Kinabalu Supreme) is registered in Kota Kinabalu, Malaysia, with registration #: 199501028503 (357709-P). Kinabalu Supreme produces sawn timber and wood pellet and sells them to the surrounding residents.

The previous assessment was conducted in February 2023 that resulted in 5 gap(s) and 1 observation(s) (Report #: GFSSBH 004-463a).

**Associated Organizations & Subcontractors:**

Kinabalu Supreme does not engage any subcontractor to produce or manufacture products.

**Description of the Supply Chain:**

From January 2023 to January 2024, Kinabalu Supreme purchased raw materials from the suppliers as below:

Supplier	License	Raw Material	Location	GFS WTP # STCC #	Overall Risk *
Havisual Sawmill Sdn.Bhd. (Goodvision Trading Sdn.Bhd.)	JP(S)SS 001/09(X04)	Round logs	Sandakan	GFS 085 WTP (11/06/2024)	Low
Sangkil Makmur Sdn.Bhd.	JP(T) TW 001/14(X20)	Round Logs & Sawn timber	Tawau	GFS 152 WTP (26/11/2024)	Low
Tsen Piang Kong	CL.15061	Mahogany Round Logs	Tawau	-	High

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

**Summary Results:**

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

GAPs: Year 2024					
GAP #	Type	Checklist	Status	Description	
003/2022	Raised to Major	5.2.4	Closed	<p><b>February 2022:</b> The current COC manual does not adequately identify Sabah TLAS status from purchasing raw material through local sales &amp; export.</p> <p><b>February 2023:</b> Kinabalu Supreme did not maintain the CoC manual for use in the production system, thus, the revision of COC could not be verified.</p> <p><b>April 2023:</b> There is no evidence that the COC procedure has been revised to identify Sabah TLAS status from purchasing raw materials through sales.</p> <p><b>February 2024:</b> The CoC procedure was revised to include the Sabah TLAS status from purchasing to the sales.</p>	
004/2022	Raised to Major	5.2.5 5.2.7	Closed	<p><b>February 2022:</b> No identification of COC code on WIP and finished product as per COC procedures.</p> <p><b>February 2023:</b> Kinabalu Supreme has yet to identify batch number and Sabah TLAS status on WIP and finished goods.</p> <p><b>April 2023:</b> Kinabalu Supreme did not take action to implement the COC procedure.</p> <p><b>February 2024:</b> Kinabalu Supreme has identified batch number and Sabah TLAS status on WIP and finished goods.</p>	
001/2023	Major	5.1.2	Closed	<p><b>February 2023:</b></p>	

		5.2.6		<p>Kinabalu Supreme did not submit Appendix 1, or maintain log and sawn timber arrival books which documents the logs and sawn timber received in the mill with respect to the removal passes.</p> <p><b>April 2023:</b> No action taken by Kinabalu Supreme to submit Appendix 1 or maintain the log and sawn timber arrival record in the mill.</p> <p><b>February 2024:</b> Kinabalu Supreme has submitted the Appendix 1 to SFD and maintained log and sawn timber arrival books.</p>
002/2023	minor	5.3.2 5.3.7 5.3.8	Closed	<p><b>February 2023:</b> No training on safety and fire was conducted for workers in 2022.</p> <p><b>February 2024:</b> Kinabalu Supreme conducted fire and safety training for workers.</p>
001/2024	minor	5.1.2	New	<p><b>February 2024:</b> Incorrect recording of log supply volume and carry-forward stock in Appendix 1 (manual). The sawn timber carry-forward stock was not recorded in Appendix 1 online submission.</p>

\*Major = Non-Compliance

**Observations: Year 2024**

Obs #	Checklist	Description
001-2022 Addressed	5.3.1	<p><b>February 2022:</b> The COI for Mr. David has expired.</p> <p><b>February 2023:</b> Kinabalu Supreme could not provide the COI for Mr. David.</p> <p><b>February 2024:</b> Kinabalu Supreme registered workers under COI.</p>
001-2024	5.1.1	<p><b>February 2024:</b> The mill contractor was expired.</p>

**Highlights of Close-Out Visit (if applicable)**

Date: -

Not applicable

**Recommendations**

**Kinabalu Supreme Sdn. Bhd.** has compliance with the Sabah Principles 5-6 for Chain of Custody and is eligible to receive a GFS Statement of Compliance or 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 001-2024 – Checklist 5.1.1:** Supreme Kinabalu should submit the license renewal 3 months before the expiry date and the SFD should expedite the approval.

**Gap 001/2024 (minor) – Checklist 5.1.2:** Kinabalu Supreme shall correctly record log supply volume and carry forward stock in Appendix 1 and sawn timber carry forward stock.

The next annual surveillance visit is scheduled for February 2025.

**End of Summary Report**