

## Sabah TLAS Audit Report Principles 5 & 6

<b>Organisation</b>	Licensee: NWP Industries Sdn. Bhd. (141753-X) Tenant: Tiong & Chun Enterprise (Sole proprietor)	<b>Reference #</b>	GFSSBH 004-508
<b>Contact Person</b>	Wong See Ming (Director - NWP Industries) Tiong Chee Khong (Manager - Tiong & Chun Enterprise)	<b>Audit Date</b> <b>Date close out</b>	25/05/2023 -
<b>Office Address</b>	P.O. Box 362, 89608 Papar, Kota Kinabalu, Sabah, Malaysia.	<b>Telephone</b>	+6088 911 288 +6013 836 7782
<b>Mill Address</b>	56 KM, Jalan Kimanis-Beaufort Highway, Kimanis, Sabah, Malaysia.	<b>Fax</b>	+6088 913 910
<b>Email</b>	smwong@nwp.com.my tiongchun7782@gmail.com	<b>Approved By</b>	Dr. Kevin Grace

### Statements

<b>Audit Statement #</b>	GFS 092 WTP		
<b>Issuance Date</b>	29 May 2023	<b>Expiration Date</b>	28 May 2024

### Assessment Details

<b>Company Type</b>	Sawmill, Moulding, KD Plant, Wood Preservation, Exporter
<b>Scope of Assessment</b>	Sabah TLAS P5-6: JP(K)KK006/00(M01)R, JP(K)KK024/00(X22)R, JP(K)KK002/01(X07), JP(K)KK001/07(B01)
<b>Product Group</b>	Sawn timber, Finger joint, Moulded timber
<b>Source of Material</b>	Sabah, Malaysia.
<b>Species</b>	<i>Hevea brasiliensis</i> (Rubberwood), <i>Tectona grandis</i> (Teak), <i>Drybalanops spp.</i> (Kapur), <i>Dipterocarpus spp.</i> (Keruing), <i>Shorea inappendiculata</i> (Selangan batu), <i>Parashorea spp.</i> (White seraya), <i>Shorea spp.</i> (Red seraya, Yellow seraya) <i>Heritiera simplicifolia</i> (Kembang), <i>Sapotaceae spp.</i> (Nyatoh), <i>Shorea pauciflora</i> (Oba suluk), OT (Other timber)
<b>Lead Assessor</b>	Brandon James
<b>Assessor(s)</b>	Glory Linggou
<b>FDS Staff</b>	PH Mohd. Sharulnizam Md. Sen (PPM Papar)

### Terms of Assessment

The scope of the evaluation is to verify compliance of NWP Industries Sdn. Bhd. (Tiong & Chun Enterprise) 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:**

NWP Industries Sdn. Bhd. (NWP Industries) is registered in Kuala Lumpur, Malaysia, with registration number 141753-X. NWP Industries exports products to Singapore.

NWP Industries has a two-year tenancy agreement with Tiong & Chun Enterprise dated 18/10/2022, allowing Tiong & Chun Enterprise to rent NWP Industries' sawmill for the specified period.

The previous assessment was conducted in June 2022 that resulted in 2 gap(s) and 1 observation(s) (Report #: GFSSBH 004-357).

**Associated Organizations & Subcontractors:**

NWP Industries engages RM Services as its agent to handle documentation for export activities.

**Description of the Supply Chain:**

From April 2022 to April 2023, NWP Industries (Tiong & Chun Enterprise) purchased raw materials from the suppliers as below:

Supplier	License	Raw Material	Location	GFS WTP # STCC #	Overall Risk *
Sharikat Sri-Arjuna Sdn. Bhd.	JP(K)SG021/01(B01)	Sawn timber	Sipitang	GFS 267 WTP (08/01/2024)	Low
Lembaga Kemajuan Tanah Negeri Sabah (Iburu Timber Enterprise)	JPHTN/FRM700-2/4/1/299(c)/37	Round logs	Sipitang	Non-Compliance	High
Sapulut Forest Development Sdn. Bhd.	SFMLA 04/97	Round logs	Tibow	GFS 025 LVS (10/07/2023)	Low
Eppie Bin Agal	JPHTN/KGU700-2/5/2JILID.30/43	Rubberwood	Keningau	-	Low
Andiawang Buntor	JPHTN/TNM700-2/5/1JILID.19(87)	Rubberwood	Tenom	-	Low
Sylvester Bin Saisil	JPHTN/KGU700-2/5/2JLD.36/38	Rubberwood	Keningau	-	Low
Sinairi Bin Jalumin @ Sainan	JPHTN/KGU700-2/5/2JLD.36/26	Rubberwood	Keningau	-	Low
Bindik Bin Burud	JPHTN/TB/700-2/5/JILID.5/79	Rubberwood	Tambunan	-	Low
Owe Guat Nui	JPHTN/SPG700-2/0/3/JILID.4/48	Rubberwood	Sipitang	-	Low

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

**Summary Results:**

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

GAPs: Year 2023				
GAP #	Type	Checklist	Status	Description
001/2021	Minor	5.1.2	Outstanding	<p><b>June 2021:</b> Several issues raised against Appendix 1 and 11 are as follows:</p> <ul style="list-style-type: none"> <li>- The company provided Kiln dry services from Feb to Dec 2020 that was not recorded in Appendix 11.</li> <li>- Carry forward stock for Appendix 1 from December 2020 to May 2021 was recorded incorrectly.</li> </ul> <p><b>June 2022:</b> The company has not correctly recorded the monthly carry forward stock in Appendix 1.</p> <p><b>May 2023:</b> The calculation of the monthly carry forward stock in Appendix 1 is incorrect from November 2021 to April 2023.</p>
003/2021	Minor	5.2.4	Closed	<p><b>June 2021:</b> The current procedure lacks system for identification of</p>

				<p>TLAS / non-TLAS material from receiving through processing, packing and marketing.</p> <p><b>June 2022:</b> The company has yet to revise the COC procedure to identify Sabah TLAS status in the marketing section.</p> <p><b>May 2023:</b> NWP Industries has revised the current COC procedure to include the identification of Sabah TLAS status of material in the marketing section.</p>
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\*Major = Non-Compliance

Observations: Year 2023		
Obs #	Checklist	Description
001-2022 Addressed	5.2.2	<p><b>June 2022:</b> Two (2) sampled removal passes were not stamped as "Used Removal Pass" by the SFD.</p> <p><b>May 2023:</b> SFD has stamped all removal passes as "Used."</p>
001-2023	5.3.2, 5.3.7 5.3.8	<p><b>May 2023:</b> Tiong &amp; Chun Enterprise has yet to conduct fire and safety training.</p>
002-2023	6.1.1	<p><b>May 2023:</b> The trading license for Tiong &amp; Chun Enterprise is pending approval from Majlis Daerah Papar.</p>

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

Recommendations
<p><b>NWP Industries Sdn. Bhd. (Tiong &amp; Chun Enterprise)</b> has demonstrated compliance with the Sabah Principles 5-6 for Chain of Custody as non-compliance was identified and is recommended to receive a GFS Statement of Compliance or 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 001/2021 (Minor) Outstanding – Checklist 5.1.2:</b> NWP Industries shall correctly calculate the monthly carry forward stock in Appendix 1.</p> <p><b>Observation 001-2023 – Checklist 5.3.2, 5.3.7, 5.3.8:</b> Tiong &amp; Chun Enterprise shall conduct safety and fire training annually.</p> <p><b>Observation 002-2023 – Checklist 6.1.1:</b> Tiong &amp; Chun Enterprise shall follow up with Majlis Daerah Papar on the trading license application status.</p> <p>The next surveillance visit is scheduled for May 2024.</p>

## End of Summary Report