

## Sabah TLAS Audit Report Principles 5 & 6

|                       |  |                       |                 |
|-----------------------|--|-----------------------|-----------------|
| <b>Organisation</b>   | Zenova (M) Sdn. Bhd. (212282-P)  | <b>Reference #</b>    | GFSSBH 004-552  |
| <b>Contact Person</b> | Abdul Fadzlin Bin Abdul Rahim<br>(Management Representative)                                     | <b>Audit Date</b>     | 19/09/2023      |
| <b>Office Address</b> | Mile 10, Jalan Tungku, Silabukan, Lahad Datu, P.O. Box 61221, 91121 Lahad Datu, Sabah, Malaysia. | <b>Date close out</b> | -               |
| <b>Mill Address</b>   | Mile 10, Jalan Tungku, Silabukan, Lahad Datu, P.O. Box 61221, 91121 Lahad Datu, Sabah, Malaysia. | <b>Telephone</b>      | +6013 993 2998  |
| <b>Email</b>          | accounts@zenova.com.my<br>DFO L/D: Osman.Bangkong@sabah.gov.my                                   | <b>Fax</b>            | -               |
|                       |  | <b>Approved By</b>    | Dr. Kevin Grace |

### Statements

|                          |                   |                        |                   |
|--------------------------|-------------------|------------------------|-------------------|
| <b>Audit Statement #</b> | GFS 095 WTP       |                        |                   |
| <b>Issuance Date</b>     | 25 September 2023 | <b>Expiration Date</b> | 24 September 2024 |

### Assessment Details

|                            |  |
|----------------------------|--|
| <b>Company Type</b>        | Sawmill, Plywood, Blockboard, Laminated Board, Moulding, Wood Preservation Plant, Kiln Dry Plant, Exporter   |
| <b>Scope of Assessment</b> | Sabah TLAS P5-6: JP(T)LD001/19(X69), JP(T)LD050/00(X22)R, JP(T)LD029/00(X07)R, FDS(LD)(E)001/2019(M)   |
| <b>Product Group</b>       | Veneer, Plywood and Laminated board  |
| <b>Source of Material</b>  | Sabah, Malaysia.   |
| <b>Species</b>             | <i>Drybalanops</i> spp. (Kapur), <i>Dipterocarp</i> spp. (Keruing), <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), (Nyatoh), <i>Shorea pauciflora</i> (Oba suluk), <i>Neolamarckia cadamba</i> (Laran), <i>Duabanga moluccana</i> (Magas), <i>Octomeles sumatrana</i> (Binuang), <i>Alstonia</i> spp. (Pulai), <i>Nauclea</i> spp. / <i>Neonauclea</i> spp. (Bangkal), <i>Annonaceae</i> spp. (Kurai), <i>Eugenia</i> spp. (Obah), <i>Sindora beccariana</i> (Sepetir), Lauraceae (Medang), <i>Planchonia valida</i> (Putat), <i>Lophopetalum</i> spp. (Perupok), <i>Terminalia subspatulata</i> (Talisai), Myristicaceae (Darah-darah), <i>Dillenia</i> spp. (Simpur), <i>Cotylelobium</i> spp. (Resak batu), <i>Cratoxylum arborescens</i> (Serungan), <i>Pentace</i> spp. (Takalis), <i>Koordersiodendron pinnatum</i> (Ranggu), <i>Hopea sangal</i> (Gagil), <i>Tristaniopsis merguensis</i> (Pelawan-pelawan), Gluta/Semecarpus/Melanochyla & Swintonia (Rengas), <i>Annonaceae</i> (Pisang-pisang), <i>Azadirachta excels</i> (Bawang-bawang), <i>Endospermum diadenum</i> (Sendok – Sendok), <i>Campnosperma auriculatum</i> (Terentang), Assam, Perapat Hutan, OT (Other timber) |
| <b>Lead Assessor</b>       | Brandon James  |
| <b>Assessor(s)</b>         | Sandra George, Tommy Olui  |
| <b>FDS Staff</b>           | Harum Bin Benahima (PPD Lahad Datu), Ibrahim B. (PPD Lahad Datu)   |

### Terms of Assessment

The scope of the evaluation is to verify compliance of Zenova (M) 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:**

Zenova (M) Sdn. Bhd. [Zenova (M)] is registered in Kuala Lumpur, Malaysia, with registration # 212282-P. Zenova (M) produces and trades veneer, plywood and laminated board and exports them to South Korea, Taiwan, India and United States.

The previous assessment was conducted in September 2022 that resulted in 0 gap(s) and 0 observation(s) (Report #: GFSSBH 004-406).

**Associated Organizations & Subcontractors:**

Zenova (M) does not engage other companies as their subcontractors to provide or manufacture products.

**Description of the Supply Chain:**

From August 2022 to August 2023, Zenova (M) purchased raw materials from the suppliers as below:

| Supplier   | License              | Raw Material | Location     | GFS WTP # STCC #         | Overall Risk * |
|--|----------------------|--------------|--------------|--------------------------|----------------|
| Top Quantum Sdn. Bhd.  | SFMLA 01/2009        | Round logs   | Serudong     | GFS 071 LVS (18/06/2024) | Low            |
| First Greenworld Sdn. Bhd.   | SFMLA 02/2009        | Round logs   | Serudong     | GFS 074 LVS (18/06/2024) | Low            |
| Pesona Majukaya Sdn. Bhd.  | SFMLA 01/2018        | Round logs   | Serudong     | GFS 163 LVS (02/07/2024) | Low            |
| Rakyat Berjaya Sdn. Bhd. (Kinetic Journey Sdn. Bhd.)                             | SFMLA 09/97          | Round logs   | Tongod       | GFS 130 LVS (03/09/2024) | Low            |
| Rakyat Berjaya Sdn. Bhd. (FMU 24)  | SFMLA 09/97          | Round logs   | Kalabakan    | Non-Compliance           | High           |
| Rakyat Berjaya Sdn. Bhd. (Kinsasynergy Sdn. Bhd. / Terus Jadi Sdn. Bhd.) (FMU20) | SFMLA 09/97          | Round logs   | Kinabatangan | GFS 178 LVS (23/04/2024) | Low            |
| Rakyat Berjaya Sdn. Bhd. (Waygood Enterprise Sdn. Bhd.)                          | JP(DPS)007/2021 (F1) | Round logs   | Pitas        | GFS 198 LVS (03/04/2024) | Low            |

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 2023 |       |           |        |   |
|-----------------|-------|-----------|--------|---|
| GAP #           | Type  | Checklist | Status | Description   |
| 001/2023        | minor | 5.2.2     | New    | <b>September 2023:</b><br>Inconsistent stamping of "Sabah TLAS CC" by SFD on Removal Passes from Sabah TLAS P1-4 compliant suppliers. |

\*Major = Non-Compliance

| Observations: Year 2023 |           |   |
|-------------------------|-----------|---|
| Obs #                   | Checklist | Description   |
| 001-2023                | 5.1.2     | <b>September 2023:</b><br>Discrepancy in recording sawn timber, plywood and veneer carry forward stock between Appendix 1 & 3 online and manual submission. |

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

**Recommendations**

**Zenova (M) 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:

**Gap 001/2023 (minor) – Checklist 5.2.2:** SFD shall stamp removal passes from licensees compliant under Sabah TLAS P1-4 with the “Sabah TLAS CC” stamp.

**Observation 001-2023 – Checklist 5.1.2:** Zenova (M) shall record the correct volume of sawn timber, plywood and veneer carry forward stock for Appendix 1 and 3 online submission.

The next surveillance visit is scheduled for September 2024.

**End of Summary Report**