

## Sabah TLAS Audit Report Principles 5 & 6

<b>Organisation</b>	The Tenant: Integrated Wood Processing Sdn. Bhd. 201801028098 (1290124-T) The Landlord: Kalabakan Plywood Sdn. Bhd. 198601005290 (154450-P)	<b>Reference #</b>	GFSSBH 004-710
<b>Contact Person</b>	Renee Ong (Head of Trade) Anisa Shuhaila (Certification Officer)	<b>Audit Date</b>	12/06/2024
<b>Office Address</b>	Building No. 6600, Sg. Imam, KM 11, Jalan Pasir Putih, 91000 Tawau, Sabah, Malaysia.	<b>Date close out</b>	-
<b>Mill Address</b>	Building No. 6600, Sg. Imam, KM 11, Jalan Pasir Putih, 91000 Tawau, Sabah, Malaysia.	<b>Telephone</b>	+6010 973 4133 +6018 205 3806
<b>Email</b>	marketing1@iwpsb.com.my DFO Tawau:Nooridayu.MohdAyub@sabah.gov.my PPW Tawau: MohdArapa.Lamuda@sabah.gov.my	<b>Fax</b>	-
		<b>Approved By</b>	Dr. Kevin Grace

### Statements

Statement of Compliance	GFS 238 WTP		
Issuance Date	26 June 2024	Expiration Date	25 June 2025

### Assessment Details

Company Type	Sawmill, Veneer, Plywood, Blockboard, Moulding, Kiln Dry Plant, Exporter
Scope of Assessment	Sabah TLAS P5-6: JP(T)TW003/00(X13)R, JP(T)TW011/01(X22), KON(TTW)007/18(KK), FDS(TW)(S)069/2019(MT), DS(TW)(E)107/2019(MT)
Product Group	Sawn timber, Plywood
Source of Material	Sabah, Malaysia.
Species	<i>Dryobalanops spp.</i> (Kapur), <i>Dipterocarpus spp.</i> (Keruing), <i>Parashorea spp.</i> (White seraya), <i>Shorea spp.</i> (Oba suluk, Red seraya, Yellow seraya, Melapi), <i>Sapotaceae</i> (Nyatoh), <i>Neolamarckia cadamba</i> (Laran), <i>Duabanga moluccana</i> (Magas), <i>Alstonia spp.</i> (Pulai), <i>Annonaceae spp.</i> (Kurai), <i>Eugenia spp.</i> (Obah), <i>Lauraceae</i> (Medang), <i>Planchonia valida</i> (Putat), <i>Lithocarpus &amp; Quercus</i> (Mempening), <i>Dillenia spp.</i> (Simpoh), <i>Cotylelobium spp.</i> (Resak batu), <i>Hopea sangal</i> (Gagil), <i>Macaranga spp.</i> (Sedaman), <i>Paraserianthes falcataria</i> (Batai), <i>Gluta/Semecarpus/Melanochyla &amp; Swintonia</i> (Rengas), <i>Annonaceae</i> (Pisang-pisang), <i>Anisoptera spp.</i> (Pengiran), <i>Eucalyptus pellita</i> , <i>Magnolia candolii</i> (Chempaka), <i>Acacia spp.</i> (Acacia), Other timber (OT).
Lead Assessor	Vanessa Abin
Assessor(s)	Glory Linggou, Anis Andrew
SFD Staff	Mohd Azhar Ismail (PPD Tawau)

### Terms of Assessment

The scope of the evaluation is to verify compliance of Integrated Wood Processing 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:**

Kalabakan Plywood Sdn. Bhd. (Kalabakan Plywood) is, on from 10/07/1986, incorporated under Companies Act 2016 in registered in Sandakan, Malaysia, with registration 198601005290 (154450-P).

Kalabakan Plywood has no operation since 2017. Integrated Wood Processing Sdn. Bhd. (Integrated Wood Processing) is on from 06/08/2018, incorporated under Companies Act 2016 in Kuala Lumpur with registration # 201801028098 (1290124-T).

A Tenancy Agreement effective of 01/01/2024 and ending on 31/12/2028, by and between Kalabakan Plywood (The Landlord) and Integrated Wood Processing (The Tenant) include the rental of the land together with the buildings and machineries equipment plants.

Integrated Wood Processing produces sawn timber for the local market and exports plywood to Hong Kong, Japan, United States of America, Poland and Latvia. Integrated Wood Processing is an FSC-certified, FSC #: FSC-C183704 (CU-COC-890215), with an expiry date of 02/11/2027 and a PEFC-certified, PEFC #: CU-PEFC-887532 (BMT-PEFC-1682), with an expiry date of 25/05/2027.

**Associated Organizations & Subcontractors:**

Integrated Wood Processing does not engage other companies as their subcontractors to provide or manufacture products.

**Description of the Supply Chain:**

From May 2023 to May 2024, Integrated Wood Processing purchased raw materials from the suppliers as below:

Supplier	License	Raw Material	Location	GFS WTP # STCC #	Overall Risk *
JD Salarong Sdn. Bhd. (SC Capital Management Sdn. Bhd.)	JP(NNN)005/2020(F1)	Round logs	Nabawan	Non-Compliance	High
Pesona Majukaya Sdn. Bhd.	SFMLA 01/2018	Round logs	Serudong	GFS 163 LVS (02/07/2024)	Low
Top Quantum Sdn. Bhd.	SFMLA 01/2009	Round logs	Serudong	GFS 071 LVS (18/06/2024)	Low
Tropical Origin Sdn. Bhd. (Sapulut Forest Development Sdn. Bhd.)	200501001748 (678794-P)	Round logs	Tawau	SIRIM-PEFC-COC-00243 (12/02/2028)	Low
Jawala Plantation Industries Sdn. Bhd.	SFMLA 02/2015	Round logs	Tibow	GFS 100 LVS (07/01/2025)	Low
Sabah Softwoods Berhad	JP(T)TW002/11(B01)	Plantation logs	Tawau	GFS 160 WTP (29/10/2024)	Low
Rakyat Berjaya Sdn. Bhd. (Kebamega Sdn. Bhd.)	JP(T)KA001/18(X21)	Sawn timber	Kalabakan	GFS 242 WTP (08/10/2024)	Low
Gold Rank Sdn. Bhd.	JP(T)TW001/10(X04)	Round logs	Tawau	GFS 010 WTP (25/06/2024)	Low
Benta Wawasan Sdn. Bhd. (Serijaya Industri Sdn. Bhd.)	JP(TKA)122/96(CO)	Round logs	Kalabakan	Non-Compliance	High
Bornion Timber Sdn. Bhd.	SFMLA 03/1997	Round logs	Sook	GFS 054 LVS (06/08/2024)	Low
Rajang Plywood (Sabah) Sdn. Bhd.	JP(T)TW001/02(X08)	Veneer Plywood	Tawau	GFS 057 WTP (17/03/2025)	Low
Tawau Kilning & Moulding Sdn. Bhd. (From JD Salarong [SC Capital Management])	JP(T)TW001/14(X04)	Round logs	Tawau	-	High
Majestic Goldtree Sdn. Bhd.	JP(T)SR004/18(B01)	Sawn timber	Serudong	GFS 245 WTP (20/08/2024)	Low
Rakyat Berjaya Sdn. Bhd. (Wincojaya Sdn. Bhd.)	JP(T)KA002/17(X21)	Sawn timber	Kalabakan	GFS 043 WTP (08/10/2024)	Low
Bountiful Returns Sdn. Bhd. (Sukses Jadi Sdn. Bhd.)	JP(T)KA001/14(X14)	Veneer	Kalabakan	GFS 115 WTP (26/11/2024)	Low
Billion Solaris Sdn. Bhd.	JP(T)TW001/2022(X59)	Veneer	Tawau	GFS 268 WTP (14/01/2025)	Low

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

**Summary Results:**

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

<b>GAPs: Year 2024</b>				
<b>GAP #</b>	<b>Type</b>	<b>Checklist</b>	<b>Status</b>	<b>Description</b>
001/2024	minor	5.2.1, 6.1.1, 6.1.2, 6.1.3, 6.1.4	New	<b>June 2024:</b> The current system for purchasing from Sabah TLAS suppliers is not according to the COC procedure.
002/2024	minor	5.3.2	New	<b>June 2024:</b> One worker was not registered under COI. The total foreign workers employed exceeded the JTK license quota.

\*Major = Non-Compliance

<b>Observations: Year 2024</b>		
<b>Obs #</b>	<b>Checklist</b>	<b>Description</b>
001-2024	6.3.5, 6.3.6	<b>June 2024:</b> SFD and Integrated Wood Processing have yet to implement the Sabah TLAS EUDR and geo-location.

<b>Highlights of Close-Out Visit (if applicable)</b>	<b>Date: -</b>
Not applicable	

<b>Recommendations</b>
<p><b>Integrated Wood Processing 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 001/2024 (minor) – Checklist 5.2.1, 6.1.1, 6.1.2, 6.1.3, 6.1.4:</b> Integrated Wood Processing shall ensure the current purchasing system is according to the COC procedure.</p> <p><b>Gap 002/2024 (minor) – Checklist 5.3.2:</b> Integrated Wood Processing shall ensure all workers are registered under COI and the total foreign workers employed are within the quota.</p> <p><b>Observation 001-2024 – Checklist 6.3.5, 6.3.6:</b> SFD and Integrated Wood Processing shall implement the geo-location on the Removal Pass and Sabah TLAS EUDR products.</p> <p>The next surveillance visit is scheduled for June 2025.</p>

**End of Summary Report**