

Sabah TLAS Audit Report Principles 5 & 6

Organisation	Tenant: Sukses Jadi Sdn. Bhd.(1060600-M) Mill: Bountiful Returns Sdn. Bhd.(285076-W)	Reference #	GFSSBH 004-434
Contact Person	Joseph Chan Teck Ming (MR & Shipping Officer)	Audit Date	01/12/2022
Office Address	TB16480, Taman Megah Jaya, Megah 9/1, Batu 3 ½, P.O. Box 60402, 91000 Tawau, Sabah, Malaysia.	Date close out	-
Mill Address	CL 105381833 KM 60, Sg. Sibuku, Brantian, P.O. Box 60402, 91000 Tawau, Sabah, Malaysia.	Telephone	+089 751 019 +6013 883 3668
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		Approved By	Dr. Kevin Grace

Statements

Audit Statement #	GFS 115 WTP		
Issuance Date	05 December 2022	Expiration Date	04 December 2023

Assessment Details

Company Type	Veneer/Plywood mill, Sawmill, Moulding mill, exporter
Scope of Assessment	Sabah TLAS P5-6: JP(T)KA001/14(X14)
Product Group	Veneer and Sawn timber
Source of Material	Sabah, Malaysia.
Species	<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. (Karai), <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. (Simpor), <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>Tristanopsis merguensis</i> (Pelawan-pelawan), Gluta/Semecarpus/Melanochyla & Swintonia (Rengas), Annonaceae (Pisang-pisang), <i>Azadirachta excels</i> (Bawang-bawang), <i>Endospermum diadenum</i> (Sendok-Sendok), <i>Camphosperma auriculatum</i> (Terentang), Assam, Perapat Hutan, <i>Azadirachta excelsa</i> (Sentang), Lithocarpus & Quercus (Mempening),
Lead Assessor	Glory Linggou
Assessor(s)	Ivy Justin, Brandon James
FDS Staff	Saharuddin Jumil (SFD Kalabakan), Malan Ukil (SFD Kalabakan)

Terms of Assessment

The scope of the evaluation is to verify compliance of the Bountiful Returns Sdn. Bhd. (Sukses Jadi 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:

Bountiful Returns Sdn. Bhd. (Bountiful Returns) is registered in Kuala Lumpur, Malaysia, with registration # 285076-W. Bountiful Returns has a rental agreement with Sukses Jadi Sdn. Bhd. to operate the veneer / plywood mill and sawmill from 01/12/2021 to 30/11/2023.

Sukses Jadi Sdn. Bhd. (Sukses Jadi) is registered in Tawau with registration # 1060600-M. The company currently produces veneer for the local market and export to The Philippines, Taiwan and Peninsular Malaysia. Sukses Jadi operates the sawmill for internal use only.

The previous assessment conducted in December 2021 resulted in 3 gap(s) and 2 observation(s) (Report #: GFSSBH 004-285).

Associated Organizations & Subcontractors:

Sukses Jadi does not engage other organizations or subcontractors to provide or manufacture products.

Description of the Supply Chain:

From October 2021 to October 2022, Sukses Jadi purchased raw materials from the suppliers as below:

Supplier	License	Raw Material	Location	GFS WTP # STCC #	Overall Risk *
Rakyat Berjaya Sdn. Bhd. (Terus Jadi Sdn. Bhd.)	SFMLA 09/97 (CON) SDK 24/09	Round log	Kalabakan	-	High
Rakyat Berjaya Sdn. Bhd. (Mega Wakid Sdn. Bhd.)	SFMLA 09/97(CON) TWU 17/11	Round log	Kalabakan	-	High
Top Quantum Sdn. Bhd.	SFMLA 01/2009	Round log	Serudong	GFS 071 LVS (19/06/2023)	Low
Sabah Softwood Berhad	Country Lease # 105467687	Plantation log	Kalabakan	GFS 149 LVS (07/11/2022)	Low
Rakyat Berjaya Sdn. Bhd. (Kinetic Journey Sdn. Bhd.)	SFMLA 09/97	Round log	Sandakan	GFS 130 LVS (25/09/2023)	Low
Rakyat Berjaya Sdn. Bhd. (Pelana Bumi Sdn. Bhd.)	SFMLA 09/97 TWU 01/22	Round log	Serudong	-	High
Pesona Majukaya Sdn. Bhd.	SFMLA 01/2018 TWU 01/21	Round log	Serudong	GFS 163 LVS (19/12/2022)	Low
Sapulut Forest Development Sdn. Bhd.	SFMLA 04/97	Round log	Tibow	GFS 025 LVS (10/07/2023)	Low
Rakyat Berjaya Sdn. Bhd. (Askera Sdn. Bhd.)	SFMLA 09/97 TWU 04/2021	Round log	Luasong	-	High
Benta Wawasan Sdn. Bhd. (Serijaya Industri Sdn. Bhd.)	JPHTN/FRM 700/2/1/15/94	Round log	Kalabakan	Non-Compliance	High
First Greenworld Sdn. Bhd.	SFMLA 02/2009 TWU 15/17	Round log	Serudong	GFS 074 LVS (19/06/2023)	Low

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

Summary Results:

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

GAPs: Year 2022				
GAP #	Type	Checklist	Status	Description
001/2021	Minor	5.3.2 5.3.7 5.3.8	Closed	December 2021: No evidence of safety and fire training conducted from January to November 2021. December 2022: Sukses Jadi conducted safety and fire training for workers.
002/2021	Minor	5.1.2	Closed	December 2021: The team observed lack of records on Input & output in

				Appendix 1 for wood pallets produced for internal use. Incorrect recording of carry forward stock for the month of March & April 2021, and September to November 2021. December 2022: Bountiful Returns is not required to record or submit the input & output in Appendix 1 for wood pallets produced for internal use. Carry forward stock has been recorded correctly.
003/2021	Minor	5.3.1	Closed	December 2021: The COI for 5 sampled workers expired on 06/12/2021. December 2022: Workers in the mill have a valid COI.
001/2022	Minor	5.2.3	New	December 2022: Plantation logs received from Sabah Softwood Berhad in September 2022 were not recorded in the Log Arrival Book (Removal pass #: B263057-061, 36.2617 m ³).

*Major = Non-Compliance

Observations: Year 2022		
Obs #	Checklist	Description
001-2021 Addressed	5.2.2 5.2.3	December 2021: Removal passes for logs from Serijaya Industri Sdn. Bhd. were not stamped or identified as "Sabah TLAS Compliant". December 2022: Removal Pass from Serijaya Industri Sdn. Bhd. (date of issued 1404/2022) was stamped with "Sabah TLAS CC."
002-2021 Addressed	5.2.5 5.2.7	December 2021: Incorrect identification of Serijaya Industri Sdn. Bhd. material as non-Sabah TLAS. December 2022: Sabah TLAS status on WIP and finished goods is correctly identified as required.
001-2022	6.1.2	December 2022: Identification of Sabah TLAS status was documented on the packing list but not in the invoice.

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

Recommendations
<p>Bountiful Returns Sdn. Bhd. (Sukses Jadi 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.</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>Gap 001/2022 (Minor) - Checklist 5.1.2, 5.2.3: Sukses Jadi shall record all logs received in the log arrival book.</p> <p>Observation 001-2022 - Checklist 6.1.2: Sukses Jadi should identify Sabah TLAS status in invoices as well as packing lists.</p> <p>The next surveillance visit is scheduled for November 2023.</p>

End of Summary Report