

Sabah TLAS Audit Report Principles 5 & 6

Organisation	Lusera Sdn. Bhd. (175745-U)	Reference #	GFSSBH 004-577
Contact Person	Emily Francis Gitom (COC Controller)	Audit Date	17/11/2023
Office Address	22KM, Jalan Tuaran, Telipok, P.O. Box 11188, 88812 Kota Kinabalu, Sabah, Malaysia.	Date close out	-
Mill Address	Lot 1, Industrial Zone 15, KKIP, Jalan Tuaran, District of Tuaran, Sabah, Malaysia.	Telephone	+6088 494 716
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		Approved By	Dr. Kevin Grace

Statements

Audit Statement #	GFS 114 WTP		
Issuance Date	20 November 2023	Expiration Date	19 November 2024

Assessment Details

Company Type	Moulding, Furniture Plant, Kiln Dry Plant, Importer
Scope of Assessment	Sabah TLAS P5-6: JP(K)KK001/09(X39), JP(K)KK002/09(X22), JP(K)KK001/02(X26), FDS(KK)(S)020/2019(M), FDS(KK)(I)034/2019(M)
Product Group	Sawn timber, Moulding (S4S, S2S, E4E), Finger joint, Laminated board
Source of Material	Sabah and Sarawak, Malaysia.
Species	Sabah: <i>Shorea inappendiculata</i> (Selangan batu), <i>Parashorea spp.</i> (White seraya), <i>Eusideroxylon zwageri</i> (Belian), <i>Intsia palembanica</i> (Merbau) <i>Shorea spp.</i> (Red and Yellow seraya), <i>Syzygium spp.</i> (Jambu-jambu) <i>Sapotaceae spp.</i> (Nyatoh), <i>Lauraceae spp.</i> (Medang), <i>Neolarmakia Cadamba</i> (Laran), <i>Tectona Grandis</i> (Teak), <i>Acacia spp.</i> (Acacia), <i>Hevea brasiliensis</i> (Rubber), <i>Drybalanops spp.</i> (Kapur), <i>Dipterocarpus spp.</i> (Keruing), Other timber (OT) Sarawak: Mixed Light Hardwood (MLH), <i>Shorea inappendiculata</i> (Selangan batu)
Lead Assessor	Sandra George
Assessor(s)	Aleeza Ho, Tommy Olui, Vanessa Abin
FDS Staff	Sharif Affendy Sharif Sahar (PPD Kota Kinabalu), Welfred Wihimos (PPD Kota Kinabalu)

Terms of Assessment

The scope of the evaluation is to verify compliance of Lusera 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:

Lusera Sdn. Bhd. (Lusera) is registered in Kuala Lumpur, Malaysia, with registration # 175745-U. Lusera produces moulding and sawn timber for the local market.

The previous assessment was conducted in December 2022 that resulted in 2 gap(s) and 3 observation(s) (Report #: GFSSBH 004-436).

Associated Organizations & Subcontractors:

Lusera is associated with Lusera Development Sdn. Bhd. (Lusera Development). Lusera does not engage other companies as their subcontractors to provide or manufacture products.

Description of the Supply Chain:

From November 2022 to October 2023, Lusera purchased raw materials from the suppliers as below:

Supplier	License	Raw Material	Location	GFS WTP # STCC #	Overall Risk *
Usaha Sensasi Sdn. Bhd. (Pyramid Bumimas Sdn. Bhd.)	JP(K)RN002/12(B01)	Sawn timber	Ranau	GFS 068 WTP (25/12/2023)	Low
Rimbunan Gagah Sdn. Bhd. (Dyna Wawasan Sdn. Bhd.)	JP(S)TD004/19(B01)	Sawn timber	Telupid	Non-Compliance	High
Havisual Sawmill Sdn. Bhd. (Goodvision Trading Sdn. Bhd.)	JP(S)SS001/09(X04)R	Sawn timber	Sandakan	GFS 085 WTP (11/06/2024)	Low
DM Cergas Sdn. Bhd. (Bumi Timber Sdn. Bhd.)	JP(N)SO001/16(X17)	Sawn timber	Sook	GFS 244 WTP (16/04/2024)	Low
Kilang Kayu Lohan Sdn. Bhd.	JP(K)RN005/00(X04) R	Sawn timber	Ranau	GFS 032 WTP (25/12/2023)	Low
JV Teguh Sdn. Bhd.	FDS(KK)(E)090/2019	Sawn timber	Kota Kinabalu	GFS 195 WTP (15/01/2024)	Low
Waygood Enterprise Sdn. Bhd. (Taman Sawmill Enterprise)	JP(N)NN002/19(B01)	Sawn timber	Nabawan	Non-Compliance	High
Lamitech International Sdn. Bhd.	JP(K)KK001/19(X68)	Sawn timber	Kota Kinabalu	GFS 236 WTP (18/06/2024)	Low
Hoong Yap Manufacturer Sdn. Bhd.	JP(N)KG001/11(X23)	Sawn timber	Keningau	GFS 111 WTP (09/07/2024)	Low
Syarikat Jayaramai Sdn. Bhd. (ML Sabah Trading)	JP(N)SO055/00(B01)R	Sawn timber	Nabawan	GFS 056 WTP (08/01/2024)	Low
Mau Seng Timber Sdn. Bhd.	JP(K)KK001/17(X42)	Sawn timber	Kota Kinabalu	GFS 028 WTP (28/05/2024)	Low
Power Timber Sdn. Bhd.	FDS(KK)(S)016/2019	Sawn timber	Kota Kinabalu	GFS 273 WTP (12/03/2024)	Low
K.D. Timber Energy Sdn. Bhd.	Not stated	Sawn timber	Sarawak	-	High
AP Rich Sdn. Bhd.	Not stated	Sawn timber	Sarawak	-	High
Rasasang Sdn. Bhd.	Not stated	Sawn timber	Sarawak	-	High

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

Summary Results:

(Major gap = 0, Minor gap = 3, Observation = 0)

GAPs: Year 2023				
GAP #	Type	Checklist	Status	Description
001/2022	minor	5.2.3	Closed	<p>January 2022: Incorrect identification of Sabah TLAS status for material received from Usaha Sensasi Sdn. Bhd. (Keen Timber Sdn. Bhd.) and Sg. Silinponpon (Blockboard) Sdn. Bhd.</p> <p>December 2022: Inconsistency in identifying the correct Sabah TLAS status.</p> <p>November 2023: Lusera has identified the Sabah TLAS status correctly in the sawn timber arrival book.</p>
002/2022	Raised to minor	5.2.4	Closed	<p>January 2021: The CoC does not reference a Purchase Order to define Sabah TLAS for Sawn timber purchased from Sabah TLAS suppliers.</p> <p>December 2022: The CoC lacks a clear description for purchasing Sabah TLAS material and evaluating supplier and material Risk.</p> <p>November 2023: Lusera has revised the COC manual to include the description for purchasing Sabah TLAS materials and evaluating supplier material risk.</p>
001/2023	Obs 001-2022	5.1.2	Raised to minor	<p>December 2022: Sawn timber volumes were not properly recorded in the arrival book for 3 delivery order.</p> <p>November 2023: Discrepancy of sawn timber supply volume in the sawn timber arrival book and Appendix 7 manual version against the removal pass.</p>
002/2023	minor	5.2.7	New	<p>November 2023: Lusera did not record monthly production for Sabah TLAS raw materials in accordance with the COC procedures.</p>
003/2023	minor	5.3.3 5.3.6	New	<p>November 2023: Lusera has yet to rectify issues raised by DOSH in September 2022.</p>

*Major = Non-Compliance

Observations: Year 2023		
Obs #	Checklist	Description
002-2022 Addressed	5.2.2	<p>December 2022: The incoming removal pass from Rimbunan Gagah Sdn. Bhd. was not stamped as "Used" by SFD.</p> <p>November 2023: All removal passes were stamped as "used" by the SFD.</p>
003-2022 Addressed	5.2.5 5.2.7	<p>December 2022: Incorrect identification of Sabah TLAS status for WIP & Finished Goods from Rimbunan Gagah Sdn. Bhd.</p> <p>November 2023: Lusera has correctly identified Sabah TLAS status on WIP and finished goods.</p>

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

Recommendations
<p>Lusera Sdn. Bhd. has demonstrated compliance with the Sabah Principles 5-6 for Chain of Custody 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>Gap 001/2023 (minor) – Checklist 5.1.2: Lusera shall record the sawn timber supply volume correctly based on the removal pass.</p> <p>Gap 002/2023 (minor) – Checklist 5.2.7: Lusera shall record monthly production for Sabah TLAS raw materials in accordance with the COC procedures.</p> <p>Gap 003/2023 (minor) – Checklist 5.3.3, 5.3.6: Lusera shall rectify the issues raised by DOSH as required.</p> <p>The next surveillance visit is scheduled for November 2024.</p>

End of Summary Report