

## Sabah TLAS Audit Report Principles 5 & 6

<b>Organisation</b>	MCBIO Sabah Sdn. Bhd. 201901029099 (1338428H)	<b>Reference #</b>	GFSSBH 004-770
<b>Contact Person</b>	Ms. Malissa Chong	<b>Audit Date</b>	08/01/2025
<b>Office Address</b>	Block G, 35-7, 5 <sup>th</sup> Floor, KK Times Square, 88100 Kota Kinabalu, Sabah, Malaysia.	<b>Date close out</b>	-
<b>Mill Address</b>	Batu 2 ½, Jalan Ulu Patikang, 89000 Keningau, Sabah, Malaysia.	<b>Telephone</b>	+60111 951 9911
<b>Email</b>	mcbiosabah22@gmail.com DFO KGU: Narbert.Nasly@sabah.gov.my PPW KGU: Jaime.Gampawi@sabah.gov.my	<b>Fax</b>	-
		<b>Approved By</b>	Dr. Kevin Grace

### Statements

Statement of Compliance	GFS 310 WTP		
Issuance Date	13 January 2025	Expiration Date	12 January 2026

### Assessment Details

Company Type	Wood Pellet Mill, Exporter
Scope of Assessment	Sabah TLAS P5-6: JP(N)KG001/2023(E02), FDS(KG)(S)014/2023(M), FDS(KG)(E)014/2023(M)
Product Group	Wood Pellets
Source of Material	Sabah, Malaysia.
Species	Not applicable (Waste wood/sawdust)
Lead Assessor	Glory Linggou
Assessor(s)	Sheanna Kehong, Keith Sintar
SFD Staff	Jaime Gampawi (PPW Keningau), Mazlan Azman (PPW Keningau), Clarice V. Allion (ADFO Keningau), Christer Edward (PPD Keningau), Panandis Bilog (PPD Keningau)

### Terms of Assessment

The scope of the evaluation is to verify compliance with MCBIO Sabah 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 is 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 knowledge of GFS.

**Background Information:**

MCBIO Sabah Sdn. Bhd. (MCBIO Sabah) is, on and from 15/08/2019, incorporated under Companies Act 2016, and is registered in Kota Kinabalu, Sabah, Malaysia, with registration # 201901029099 (1338428-H). MCBIO Sabah began receiving raw materials in May 2024 and initiated a trial production from October 2024 onwards by producing wood pellets and intends to export them to Japan.

**Associated Organizations & Subcontractors:**

MCBIO Sabah does not engage subcontractor to produce, manufacture products or provide manpower.

**Description of the Supply Chain:**

From May to December 2024, MCBIO Sabah purchased raw materials from the supplier (through the transporter) as below:

Transporter	License	Raw Material	Location	GFS WTP # STCC #	Overall Risk *
Jawala Plantation Industries Sdn. Bhd.	SFMLA 02/2015	Log (Mixed species)	Tibow	GFS 100 LVS (07/01/2025)	High
Veracity Corporation Sdn. Bhd.	JP(N)KG.001/00(X02)R	Sawdust, veneer offcut, log end, heartwood	Keningau	GFS 053 WTP (13/10/2025)	Low
Cargo Timber Sdn. Bhd.	JP(N)KG031/00(X04)R	Waste wood	Keningau	GFS 090 WTP (01/10/2024)	High
Majestic Goldtree Sdn. Bhd.	JP(T)SR004/18/(B01)	Firewood	Serudong	GFS 245 WTP (20/08/2025)	Low
Rakyat Berjaya Sdn. Bhd. (Kebamega Sdn. Bhd.)	JP(T)KA001/18(X21)	Firewood	Kalabakan	GFS 242 WTP (08/10/2024)	High
Hoong Yap Manufacturer Sdn. Bhd. (Wawasan Jayajuta Sdn. Bhd.)	JP(N)KG001/11(X23)	Firewood	Keningau	GFS 111 WTP (16/09/2025)	Low
Sri Jomatsu Sdn. Bhd.	-	Waste wood	Nabawan	-	High
Sapulut Forest Development Sdn. Bhd.	SFMLA 04/97	Edging waste	Tibow	GFS 025 LVS (09/07/2025)	Low
Waygood Enterprise Sdn. Bhd. (Taman Timber Enterprise)	JP(N)NN002/19(B01)	Waste wood	Nabawan	GFS 304 WTP (21/04/2025)	Low
DM Cergas Sdn. Bhd. (Bumi Timber Sdn. Bhd.)	JP(N)SO001/16(X17)	Waste wood	Sook	GFS 244 WTP (21/04/2025)	Low
Irama Ramai Sdn. Bhd.	JP(N)KG.001/12(X04)	Timber waste	Keningau	GFS 110 WTP (13/10/2025)	Low
Usaha Sensasi Sdn. Bhd. (Piramid Bumimas Sdn. Bhd.)	JP(K)RN002/12(B01)	Firewood	Ranau	GFS 068 WTP (10/12/2024)	High
Rimbunan Gagah Sdn. Bhd. (Dyna Wawasan Sdn. Bhd.)	JP(S)TD004/19(B01)	Waste wood	Tongod	Non-Compliance	High
K.M. Hybrid Plantation Sdn. Bhd.	SFMLA 01/04	Waste wood	Sook	Non-Compliance	High
Kimis Bin Lhok	-	Plantation log Acacia	Keningau	-	Low
Ameron Wood Sdn. Bhd.	JP(T)TW002/05(B01)	Waste wood, firewood	Tawau	GFS 246 WTP (08/12/2025)	Low
Tropical Wood Plantation Sdn. Bhd.	JP(D)PS001/19(B01)	Timber waste	Kota Marudu	GFS 135 WTP (15/12/2025)	Low
Alfred Bin Tingor	-	Plantation log Acacia	Sook	-	Low
Cyril B. Ferdinand @ Edward Migiu	-	Plantation log Acacia	Sook	-	Low
Ho Lian Sawmill Sdn. Bhd. (Sen Rong Wood Sdn. Bhd.)	J(N)KG001/18(X66)	Waste wood	Keningau	GFS 089 WTP (16/09/2025)	Low

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

**Summary Results:**

(Major gap = 0, Minor gap = 5, Observation = 1)

<b>GAPs: Year 2025</b>				
<b>GAP #</b>	<b>Type</b>	<b>Checklist</b>	<b>Status</b>	<b>Description</b>
001/2025	minor	5.1.1	New	<b>January 2025:</b> The Trading license has expired.
002/2025	minor	5.1.3, 5.2.8	New	<b>January 2025:</b> No records of trial production in the Appendix (manual / online) and submission to the SFD.
003/2025	minor	5.2.6, 5.2.7, 5.2.11, 5.2.12,	New	<b>January 2025:</b> Work in progress and finished goods were not identified with a batch number, Sabah TLAS status and were not traceable to the removal pass.
004/2025	minor	5.3.6, 5.3.7	New	<b>January 2025:</b> No work safety training has been conducted for workers and no fire extinguishers and hose reels in the mill area. There are no PPE distribution records.
05/2025	minor	6.1.2, 6.1.3, 6.1.4	New	<b>January 2025:</b> Purchase Order was not traceable to the Removal Pass.

\*Major = Non-Compliance

<b>Observations: Year 2025</b>		
<b>Obs #</b>	<b>Checklist</b>	<b>Description</b>
001-2025 Addressed	5.1.4	<b>08 January 2025:</b> MCBIO Sabah has not established a clear organization structure for its operations and an appointed Management Representative. <b>10 January 2025:</b> MCBIO Sabah established a clear organization structure for its operations and appointed a Management Representative.
002-2025	6.4.1	<b>January 2025:</b> The monthly summary of finished goods for the trial phase was not recorded.

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

<b>Recommendations</b>
<p><b>MCBIO Sabah 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 001/2025 (minor) – Checklist 5.1.1:</b> MCBIO Sabah shall renew the trading license annually before the expiry date.</p> <p><b>Gap 002/2025 (minor) – Checklist 5.1.3, 5.2.8:</b> MCBIO Sabah shall record the manual and online trial production and submit it monthly to the SFD.</p> <p><b>Gap 003/2025 (minor) – Checklist 5.2.6, 5.2.7, 5.2.11, 5.2.12, 5.2.13:</b> MCBIO Sabah shall identify the WIP and finished goods with batch number and Sabah TLAS status and ensure all materials are traceable to the supplier.</p> <p><b>Gap 004/2025 (minor) – Checklist 5.3.6, 5.3.7:</b> MCBIO Sabah shall conduct work safety training</p>

annually, establish PPE distribution records and ensure fire extinguishers & hose reel are available.  
**Gap 005/2025 (minor) – Checklist 6.1.2, 6.1.3, 6.1.4:** MCBIO Sabah shall ensure the Purchase Order is traceable to the Removal Pass and keep all records including Delivery Order.  
**Observation 002-2025 - Checklist 6.4.1:** Monthly Summary records of finished goods shall be maintained.

The next surveillance visit is scheduled for January 2026.

**End of Summary Report**