

## Sabah TLAS Audit Report Principles 5 & 6

<b>Organisation</b>	Tenant: Sukses Jadi Sdn. Bhd. 201301030771 (1060600-M) Landlord: Bountiful Returns Sdn. Bhd. 199301030337 (285076-W)	<b>Reference #</b>	GFSSBH 004-772
<b>Contact Person</b>	Joseph Chan Teck Ming (Management Representative)	<b>Audit Date</b>	14/01/2025
<b>Office Address</b>	TB16480, Taman Megah Jaya, Megah 9/1, Batu 3 ½, P.O. Box 60402, 91000 Tawau, Sabah, Malaysia.	<b>Date close out</b>	-
<b>Mill Address</b>	CL 105381833, KM 60, Sg. Sibuku, Brantian, P.O. Box 60402, 91000 Tawau, Sabah, Malaysia.	<b>Telephone</b>	+6013 883 3668 +6089 751 019
<b>Email</b>	wind_ming83@yahoo.com DFO Kalabakan: MohdAzmi.Yazid@sabah.gov.my PPW Tawau: MohdArapa.lamuda@sabah.gov.my	<b>Fax</b>	-
		<b>Approved By</b>	Dr. Kevin Grace

### Statements

Statement of Compliance	NC: Non-Compliance – Criterion 5.3		
Issuance Date	Not applicable	Expiration Date	No applicable

### Assessment Details

Company Type	Sawmill, Veneer, Plywood, Moulding, Exporter
Scope of Assessment	Sabah TLAS P5-6: JP(T)KA001/2024(X17), FDS(KA)(S)022/2024(M), FDS(KA)(E)012/2020(MT), FDS(KA)(S)006/2020(MT), KON(TKA)002/2020(KK)
Product Group	Veneer and Saw 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. (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), Annonaceae (Pisang-pisang), <i>Azadirachta excelsa</i> (Bawang-bawang), <i>Endospermum diadenum</i> (Sendok-Sendok), <i>Camposperma auriculatum</i> (Terentang), Assam, Perapat Hutan, <i>Azadirachta excelsa</i> (Sentang), Lithocarpus & Quercus (Mempening), OT (Other timber)
Lead Assessor	Glory Linggou
Assessor(s)	Sheanna Kehong, Merlyne Gerard
SFD Staff	Saharuddin Jumil (PPD Kalabakan), Robin Charles (PPD Kalabakan), A. Hassan (PPD Kalabakan)

### Terms of Assessment

The scope of the evaluation is to verify compliance with 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 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:

Bountiful Returns Sdn. Bhd. (Bountiful Returns) is, on and from 24/12/1993, incorporated under Companies Act 2016, and is registered in Tawau, Sabah, Malaysia, with registration #: 199301030337 (285076-W). Bountiful Returns has no operation and only leased the premise to the Tenant.

Sukses Jadi Sdn. Bhd. (Sukses Jadi) is, on and from 03/09/2013, incorporated under Companies Act 2016, and is registered in Tawau, Sabah, Malaysia, with registration #: 201301030771 (1060600-M). Sukses Jadi produces veneer and sawn timber for the local market and exports them to India, Taiwan, The Philippines, South Korea, Peninsular Malaysia.

A Tenancy Agreement was made between Bountiful Returns (the Landlord) and Sukses Jadi (the Tenant) that the Landlord has leased the said premises to the Tenant for a period of 2 years.

### Associated Organizations & Subcontractors:

Sukses Jadi does not engage subcontractor to produce, manufacture products or provide manpower. Agensi Pekerjaan Arenamas Sdn. Bhd. is handling JTK license renewal and work permit for foreign workers.

### Description of the Supply Chain:

From October 2023 to December 2024, Sukses Jadi purchased raw materials (from the middlemen) as below:

Supplier	License	Raw Material	Location	GFS WTP # STCC #	Overall Risk *
Sapulut Forest Development (Tropical Origin Sdn. Bhd.)	SFMLA 04/97 (FMU 14)	Round logs	Tibow	GFS 025 LVS (09/07/2025)	Low
Pesona Majukaya Sdn. Bhd. (Kinsafajar Sdn. Bhd.)	SFMLA 01/2018 (FMU 25)	Round logs	Serudong	GFS 163 LVS (18/06/2025)	Low
Rakyat Berjaya Sdn. Bhd. (Terus Jadi Sdn. Bhd. / Kinsasynergy Sdn. Bhd.)	SFMLA 09/97 (FMU 20)	Round logs	Kinabatangan	GFS 178 LVS (28/04/2025)	Low
Sabah Energy Corporation Sdn. Bhd.	-	Round logs	Sipitang	-	High
Sabah Land Development Board (Teraju Hijau Plantations Sdn. Bhd.)	JP(NKG)004/2022(F1)	Round logs	Keningau	Non-compliance	High
Benta Wawasan Sdn. Bhd. (Mutiaru Bumiria Sdn. Bhd.)	-	Round logs	Kalabakan	-	High
Top Quantum Sdn. Bhd.	SFMLA 01/2009 (FMU 25)	Round logs	Serudong	GFS 071 LVS (18/06/2025)	Low
First Greenworld Sdn. Bhd. (Kinsafajar Sdn. Bhd.)	SFMLA 02/2009 (FMU 25)	Round logs	Serudong	GFS 074 LVS (18/06/2025)	Low

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

### Summary Results:

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

GAPs: Year 2025				
GAP #	Type	Checklist	Status	Description
001/2025	minor	5.2.1, 6.1.1, 6.1.3, 6.1.4	New	<b>January 2025:</b> Inconsistent in maintaining sales and purchase agreements.

002/2025	minor	5.3.1, 5.3.2	New	<b>January 2025:</b> Two workers under Bountiful Returns have expired work permits and one worker was not registered under COI as stipulated in the license conditions.
003/2025	<b>Major</b>	5.3.5	New	<b>January 2025:</b> 8 workers under Sukses Jadi refused to contribute to EPF as required under Sabah Labor Ordinance.
004/2025	minor	6.4.1	Closed	<b>14 January 2025:</b> Sukses Jadi could not provide the summary records as they have yet to calculate the monthly summaries. <b>20 January 2025:</b> Sukses Jadi has provided the monthly summary records.

\*Major = Non-Compliance

Observations: Year 2025		
Obs #	Checklist	Description
001-2025	5.1.3	<b>January 2025:</b> The sawn timber carry-forward and output volume in the online submission differs from the manual submission. Inconsistent in recording of log supply in Appendix 1 manual, bought logs in Appendix 3 and the log carry forward stock in Appendix 3 manual.

Highlights of Close-Out Visit (if applicable)	Date: -
Major gap 001/2025 shall be addressed by March 2025.	

Recommendations
<p><b>Bountiful Returns Sdn. Bhd. (Sukses Jadi Sdn. Bhd.)</b> has not demonstrated compliance with the Sabah Principles 5-6 for Chain of Custody as non-compliance was identified under Criterion 5.3 and is NOT recommended to receive a GFS Statement of Compliance or Sabah Timber Legality Assurance System Compliance Certificate (TLAS-CC) from SFD.</p> <p>The Major Gap shall be addressed within two months by <b>March 2025</b>.</p> <p><b>Gap 003/2025 (Major) – Checklist 5.3.5:</b> Sukses Jadi shall seek guidance from EPF regarding age contribution, registration for workers and monthly contributions under EPF.</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 5.2.1, 6.1.1, 6.1.3, 6.1.4:</b> Sukses Jadi shall maintain all sales and purchase agreement and delivery order.</p> <p><b>Gap 002/2025 (minor) – Checklist 5.3.1, 5.3.2:</b> Bountiful Returns shall ensure work permits are renewed and workers are registered under COI as stipulated in the license conditions.</p> <p><b>Observation 001-2025 – Checklist 5.1.3:</b> Sukses Jadi shall ensure sawn timber carry forward and log transfer volume are recorded correctly.</p> <p>The next surveillance visit is scheduled for January 2026.</p>

**End of Summary Report**