

## Sabah TLAS Audit Report Principles 5 & 6

<b>Organisation</b>	Apeca Sdn. Bhd. (142086-P) R & N Timber Industries Sdn. Bhd. (1121125-X)	<b>Reference #</b>	GFSSBH 004-346
<b>Contact Person</b>	Lee Siew Yin (Document Controller)	<b>Assessment Date</b>	18/05/2022
<b>Office Address</b>	P.O. Box 2199, 89008 Keningau, Sabah, Malaysia.	<b>Date close out</b>	-
<b>Mill Address</b>	Kg. Suan, Mile 5, Nabawan Road, Locked Bag 13, SM-163, Keningau, Sabah, Malaysia.	<b>Telephone</b>	+6019 8020 199 +6087 332 773
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		<b>Approved By</b>	Dr. Kevin Grace

### Statements

Audit Statement #	GFS 118 WTP		
Issuance Date	23 May 2022	Expiration Date	22 May 2023

### Assessment Details

Company Type	Sawmill, KD, wood preservation, export, and trading
Scope of Assessment	TLAS P5-6: JP(N)KG019/00 (X04) R, JP(N)KG001/18(X22) & JP(N)KG001/18(X07)
Product Group	Sawn timber
Source of Material	Sabah, Malaysia.
Species	<p><b>Natural Logs:</b> <i>Parashorea spp.</i> (White seraya), <i>Shorea spp.</i> (Red seraya, Yellow seraya, Melapi), <i>Heritiera simplicifolia</i> (Kembang), <i>Scaphium spp.</i> (Kembang semangkuk), <i>Sapotaceae spp.</i> (Nyatoh), <i>Alstonia spp.</i> (Pulai), <i>Lithocarpus &amp; Quercus</i> (Mempening), <i>Myristicaceae</i> (Darah-darah), <i>Dillenia spp.</i> (Simpur), <i>Hopea sangal</i> (Gagil), <i>Dyera spp.</i> (Jelutong), <i>Dialium indum</i> (KerANJI), <i>Annonaceae</i> (Pisang-pisang), <i>Mangifera spp.</i> (Assam), <i>Annonaceae spp.</i> (Karai), <i>Calophyllum obliquinervium</i> (Bintangor), <i>Eugenia spp.</i> (Obah), <i>Lauraceae</i> (Medang), <i>Cotylelobium spp.</i> (Resak batu), <i>Shorea pauciflora</i> (Oba suluk), <i>Dacryodes spp.</i> &amp; other <i>Burseraceae spp.</i> (Kedondong), <i>Pterospermum spp.</i> (Bayor), <i>Cratoxylum arborescens</i> (Serungan), <i>Castanopsis motleyana</i> (Berangan), <i>Sindora beccariana</i> (Sepetir), <i>Terminalia subspathulata</i> (Talisai), <i>Planchonia valida</i> (Putat), <i>Pentace spp.</i> (Takalis), <i>Koompassia excelsa</i> (Mengaris), <i>Magnolia candollii</i> (Chempaka)</p> <p><b>Plantation Logs:</b> Rubberwood (<i>Hevea brasiliensis</i>) and mixed plantation logs: (Durian (<i>Durion spp.</i>), Petai (<i>Parkia spp.</i>), Akasia (<i>Acacia sp.</i>), Terap (Parartocarpus or Artocarpus))</p>
Lead Assessor	Glory B. Y. Linggou
Assessor(s)	Priera Bagang
SFD Staff	Jaimi Anggilas (PPW Keningau), Mazlan Azman (PPW Keningau), Peter Abdullah (PPM Ansip/Dalit), Wihimos B. Muis (KPPM Ansip/Dalit)

### Terms of Assessment

The scope of the evaluation is to verify compliance of the **Apeca Sdn. Bhd. (R & N Timber Industries 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:

Apeca Sdn. Bhd. (Apeca) is registered in Kota Kinabalu, Malaysia, with registration # 142086-P.

R & N Timber Industries Sdn. Bhd. (R & N Timber Industries) is registered in Kota Kinabalu, Sabah, with registration # 1121125-X.

R & N Timber Industries bought Apeca on 19/10/2017 and started operations on 02/05/2018 by operating the mill under Apeca with respect to the mill licenses. The company produces sawn timber for the local market and exports it mainly to China.

The previous assessment was conducted in May 2021 that resulted in 0 gap(s) and 1 observation(s) (Report #: GFSSBH 004-192).

### Associated Organizations & Subcontractors:

R & N Timber Industries does not engage other companies as their subcontractors to provide or manufacture products.

### Description of the Supply Chain:

From May 2021 to April 2022, R & N Timber Industries purchased raw materials from the suppliers as below:

Supplier	License	Raw Material	Location	GFS WTP # STCC #	Overall Risk *
Bornion Timber Sdn. Bhd.	SFMLA 03/97	Round Logs	Sook	GFS 054 LVS (08/08/2022)	Low
Edwin Jipanis	JPHTN/SO 700- 1/5/1/Jld.15/28	Rubberwood	Sook	-	Low
Pan Yen Ling @ Kanang	JPHTN/TNM 700- 2/5/1/Jld.17(86)	Rubberwood	Tenom	-	Low
Yai Bin Amat	JPHTN/TNM 700- 2/5/1/Jld.17(93)	Rubberwood	Tenom	-	Low
Sirin Bin Duatan	JPHTN/TNM 700- 1/5/1/Jld.18(14)	Rubberwood	Tenom	-	Low
Baurah Muleh	JPHTN/TNM 700- 2/5/1/Jld.18(36)	Rubberwood	Tenom	-	Low
Gonton Bt Lipot	JPHTN/KGU 700- 2/5/2/Jld.34/61	Rubberwood	Keningau	-	Low
Suryanteh Masaran	JPHTN/SO 700- 2/5/1/Jld.13/49	Rubberwood	Sook	-	Low
Yong Sak Chan	JPHTN/TNM 700- 2/5/1/Jld.18(44)	Rubberwood	Tenom	-	Low
Yong Khen Chan	JPHTN/KGU 700- 2/5/2/Jld.34/65	Rubberwood	Keningau	-	Low
Ammi Bungulon	JPHTN/TNM 700- 2/5/2/Jld.34/63	Rubberwood	Tenom	-	Low
Stephen John	JPHTN/TNM 700- 2/5/1/Jld.18(52)	Rubberwood	Tenom	-	Low
Kalur Kapusoh	JPHTN/TNM 700- 2/5/1/Jld.18(56)	Rubberwood	Tenom	-	Low
Andim & 1 Peserta	JPHTN/TNM 700- 2/5/1/Jld.18(73)	Rubberwood	Tenom	-	Low
Abdullah Idris	JPHTN/KGU 700- 2/5/2/Jld.35/12	Rubberwood	Keningau	-	Low
Madah Andamas	JPHTN/TNM 700- 2/5/1/Jld.19(30)	Rubberwood	Tenom	-	Low
Herbet & 3 Peserta	JPHTN/TNM 700- 2/5/1/Jld.19(34)	Rubberwood	Tenom	-	Low
Andiwang Buntor	JPHTN/TNM 700-	Rubberwood	Tenom	-	Low

	2/5/1/Jld.19(40)					
Fatimah Binti Mardam	JPHTN/KGU 700-2/5/Jld.35/50	Rubberwood	Keningau	-	Low	
Mohd Syukri Bin Abdullah	JPHTN/TNM 700-2/5/1/Jld.19(71)	Rubberwood	Tenom	-	Low	
Ginus Bin Gulada & 2 Peserta	JPHTN/FRM 700-2/4/1/796/6	Round logs	Keningau	-	High	

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

### Summary Results:

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

GAPs: 2022				
GAP #	Type	Checklist	Status	Description
-	-	-	-	-

\*Major = Non-Compliance

Observations: 2022		
Obs #	Checklist	Description
001-2021 Addressed	5.2.4	<p><b>May 2021:</b> Planning &amp; Production Control does not clearly differentiate the identification of Sabah TLAS production versus other production based on the Risk Assessment and CoC Codes.</p> <p><b>May 2022:</b> The CoC procedure defines the use of Risk Assessment and identification of the Sabah TLAS category from raw material through finished products.</p>
001-2022	5.1.2	<p><b>May 2022:</b> Incorrect calculation of C/F stock for natural logs.</p>

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

Recommendations
<p><b>Apeca Sdn. Bhd. (R &amp; N Timber Industries 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>Observation 001-2022 - Checklist 5.1.2:</b> The company shall ensure that carry forward stock of natural logs is recorded correctly.</p> <p>The next surveillance visit is scheduled for May 2023.</p>

**End of Summary Report**