

## Sabah TLAS Audit Report Principles 5 & 6

<b>Organisation</b>	Service Provider: Apeca Sdn. Bhd. 198501009635 (142086-P) The company: R & N Timber Industries Sdn. Bhd. 201401044942 (1121125-X)	<b>Reference #</b>	GFSSBH 004-707
<b>Contact Person</b>	Lee Siew Yin (Document Controller)	<b>Audit Date</b> <b>Date close out</b>	14/05/2024
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### Statements

Statement of Compliance	GFS 118 WTP		
Issuance Date	20 May 2024	Expiration Date	19 May 2025

### Assessment Details

Company Type	Sawmill, Kiln Dry Plant, Wood Preservation, Exporter
Scope of Assessment	Sabah TLAS P5-6: JP(N)KG019/00(X04)R, JP(N)KG001/18(X22), JP(N)KG001/18(X07), FDS(KK)(E)084/2019, FDS(KG)(S)067/2019(M)
Product Group	Sawn timber
Source of Material	Sabah, Malaysia
Species	Natural Logs: <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), <i>Sapotaceae</i> spp. (Nyatoh), <i>Alstonia</i> spp. (Pulai), <i>Myristicaceae</i> (Darah-darah), <i>Dillenia</i> spp. (Simpur), <i>Hopea sangal</i> (Gagil), <i>Dialium indum</i> (KerANJI), <i>Annonaceae</i> spp. (Karai, Pisang-pisang), <i>Calophyllum obliquinervium</i> (Bintangor), <i>Eugenia</i> spp. (Obah), <i>Lauraceae</i> (Medang), <i>Cotylelobium</i> spp. (Resak batu), <i>Shorea pauciflora</i> (Oba suluk), <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</i> spp. (Takalis), <i>Koompassia excelsa</i> (Mengaris), Other timber (OT) Plantation Logs: <i>Hevea brasiliensis</i> (Rubberwood)
Lead Assessor	Vanessa Abin
Assessor(s)	Glory Linggou
SFD Staff	Clarice Alun (Adfo Keningau), Peter Abdullah (PPD Keningau), Andrew John (PPD Keningau).

### Terms of Assessment

The scope of the evaluation is to verify compliance with 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 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:**

Apeca Sdn. Bhd. (Apeca) is, on from 12/07/1985, incorporated under Companies Act 2016 in Kota Kinabalu, Sabah, Malaysia, with registration #: 198501009635 (142086-P). R & N Timber Industries Sdn. Bhd. (R & N Timber Industries) is on from 03/12/2016, incorporated under Companies Act 2016 in Kota Kinabalu, Sabah, Malaysia, with registration #: 201401044942 (1121125-X).

The Rental Agreement effective of 01/05/2023 and ending on 30/04/2026, by and between R & N Timber Industries (The Company) and Apeca (Service Provider) include the rental of the factory, machineries, equipment and all license from the Forestry. R & N Timber Industries produces sawn timber for the local market and exports them to China.

**Associated Organizations & Subcontractors:**

R & N Timber Industries does not engage subcontractor to produce, manufacture products or provide manpower.

**Description of the Supply Chain:**

From March 2023 to March 2024, 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 KGU 06/21	Natural logs	Sook	GFS 054 LVS (06/08/2024)	Low
Kulinah Binti Tuong	Not stated	Rubberwood	Keningau	-	Low
Noiin@Christina Binti Gitom & 1 Peserta	JPHTN/KK 700- 3/3/2/JILID-13/25	Rubberwood	Papar	-	Low
Tony Ambikin	Not stated	Rubberwood	Keningau	-	Low
Jubi Bin Satin	JPHTN/KGU 700/2/5/2/JLD.38/32	Rubberwood	Sook	-	Low
Anam Bin Itei	JPHTN/TNM 700- 2/5/1/JLD.19/115	Rubberwood	Tenom	-	Low

\*GFS risk evaluation is based on the risk matrix for Sabah TLAS (VL) materials & products. Rubberwood is a plantation logs from owned land based on the Removal Pass.

**Summary Results:**

(Major gap = 0, Minor gap = 2, Observation = 1)

GAPs: Year 2024				
GAP #	Type	Checklist	Status	Description
001/2024	minor	5.1.2, 5.2.9, 6.3.1	New	<b>May 2024:</b> R & N Timber Industries is not registered as a mill contractor and timber supplier with SFD.
002/2024	minor	5.2.1, 6.1.1, 6.1.2, 6.1.3, 6.1.4	New	<b>May 2024:</b> The current system for purchasing from Sabah TLAS suppliers is not according to the COC procedure.

\*Major = Non-Compliance

Observations: Year 2024		
Obs #	Checklist	Description
001-2024	5.1.3	<b>May 2024:</b> Incorrect recording of log carry-forward stock in several months for Appendix 1.

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

**Recommendations**

**Apeca Sdn. Bhd. (R & N Timber Industries 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.

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:

**Gap 001/2024 (minor) – Checklist 5.1.2, 5.2.9, 6.3.1:** R & N Timber Industries shall register as mill contractor and timber supplier with SFD.

**Gap 002/2024 (minor) – Checklist 5.2.1, 6.1.1, 6.1.2, 6.1.3, 6.1.4:** Purchasing from Sabah TLAS suppliers shall be based on a Purchase Order and reference to Sabah TLAS status according to the COC procedure.

**Observation 001-2024 – Checklist 5.1.3:** R & N Timber Industries shall record the log carry forward stock in Appendix 1 manual correctly.

The next surveillance visit is scheduled for May 2025.

**End of Summary Report**