

## Sabah TLAS Audit Report Principles 5 & 6

<b>Organisation</b>	Tropical Wood Trading Sdn. Bhd. 201501001811 (1127143-D)	<b>Reference #</b>	GFSSBH 004-596
<b>Contact Person</b>	Kieu Jeon Thiang (Manager)	<b>Audit Date</b>	02/01/2024
<b>Office Address</b>	No. 3-5, 1 <sup>st</sup> Floor, Lorong 4, Jalan Tuanku Osman, 96000, Sibul, Sarawak, Malaysia.	<b>Date close out</b>	-
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		<b>Approved By</b>	Dr. Kevin Grace

### Statements

<b>Audit Statement #</b>	GFS 295 WTP		
<b>Issuance Date</b>	08 January 2024	<b>Expiration Date</b>	07 January 2025

### Assessment Details

<b>Company Type</b>	Sawmill, Chip Mill
<b>Scope of Assessment</b>	Sabah TLAS P5-6: JP(K)KK001/2020(X18), KON(KKK)005/2021(KK)
<b>Product Group</b>	Wood Chips
<b>Source of Material</b>	Sabah, Malaysia.
<b>Species</b>	Acacia ( <i>Acacia spp.</i> ) and mixed tropical wood species
<b>Lead Assessor</b>	Brandon James
<b>Assessor(s)</b>	Sandra George, Aleeza Ho
<b>FDS Staff</b>	Abd. Rahman Mohd. Jari (PPD Kota Kinabalu)

### Terms of Assessment

The scope of the evaluation is to verify compliance of Tropical Wood Trading 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:**

Tropical Wood Trading Sdn. Bhd. (Tropical Wood Trading) is registered in Kuching, Malaysia, with registration #: 201501001811 1127143-D. Tropical Wood Trading purchases waste wood from local suppliers and produces wood chips for sale to Sarawak.

The previous assessment was conducted in January 2023 that resulted in 2 gap(s) and 0 observation(s) (Report #: GFSSBH 004-454).

**Associated Organizations & Subcontractors:**

Tropical Wood Trading does not engage any subcontractor to manufacture products. Tropical Timber Marketing Sdn. Bhd. handles and declares export consignments for wood chips. Gerak Mahir Enterprise provided staffing without a sub-contractor agreement from Tropical Wood Trading.

**Description of the Supply Chain:**

From December 2022 to December 2023, Tropical Wood Trading purchased raw materials from the suppliers as below:

Supplier	License	Raw Material	Location	GFS WTP # STCC #	Overall Risk*
Hoong Yap Manufacturer Sdn. Bhd.	JP(N)KG001/11(X23)	Waste wood	Keningau	GFS 111 WTP (09/07/2024)	Low
Irama Ramai Sdn. Bhd.	JP(N)KG001/12(X04)	Waste wood	Keningau	GFS 110 WTP (17/09/2024)	Low
Bumi Timber Sdn. Bhd. (DM Cergas Sdn. Bhd.)	JP(N)SO001/16 (X17)	Waste wood	Keningau	GFS 244 WTP (16/04/2024)	Low
Cargo Timber Sdn. Bhd.	JP(N)KG031/00(X04)R	Waste wood	Keningau	GFS 090 WTP (01/10/2024)	Low
Syarikat Jayaramai Sdn. Bhd. (ML Sabah Trading)	JP(N)SO055/00(B01)R	Waste wood	Nabawan	GFS 056 WTP (17/12/2024)	Low
Lamitech International Sdn. Bhd.	JP(K)KK001/19(X68)	Waste wood	Kota Kinabalu	GFS 236 WTP (18/06/2024)	Low
Mau Seng Timber Sdn. Bhd.	JP(K)KK 004/04(X22)	Waste wood	Kota Kinabalu	GFS 028 WTP (28/05/2024)	Low
Sharikat Sri-Arjuna Sdn. Bhd.	JP(K)SG021/01(B01)	Waste wood	Sipitang	GFS 267 WTP (17/12/2024)	Low
Majestic Goldtree Sdn. Bhd.	JP(T)SR004/18/(B01)	Waste wood	Serudong	GFS 245 WTP (20/08/2024)	Low
Apeca Sdn. Bhd. (R & N Timber Industries Sdn. Bhd.)	JP(N)KG019/00(X04)R	Waste wood	Keningau	GFS 118 WTP (07/05/2024)	Low
NWP Industries Sdn. Bhd. (Tiong & Chun Enterprise)	JP(K)KK006/00(M01)R	Waste wood	Kota Kinabalu	GFS 092 WTP (28/05/2024)	Low
Sapulut Forest Development Sdn. Bhd.**	JP(T)TI00/11(B01)	Waste wood	Tibow	-	High
Waygood Enterprise Sdn. Bhd. (Taman Sawmill Enterprise)	JP(N)NN002/19(B01)	Waste wood	Nabawan	Non-Compliance	High
Wanli Premier Sdn. Bhd.**	Not stated	Waste wood	Keningau	-	High

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

\*\*No Sabah TLAS assessment conducted for manufacturing operations to document legal origin of timber. SFD to schedule a Sabah TLAS P5-6 assessment.

**Summary Results:**

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

GAPs: Year 2024					
GAP #	Type	Checklist	Status	Description	
001/2023	minor	5.2.5 5.2.7	Closed	<b>January 2023:</b> Batch # was not physically identified on the waste wood and wood chips as per the COC procedure. <b>January 2024:</b> Tropical Wood Trading has identified the batch # on the waste wood and chips as per the COC procedure.	
002/2023	minor	5.3.2 5.3.7	Closed	<b>January 2023:</b> Tropical Wood Trading did not conduct training on safety	

				for workers based on job function. <b>January 2024:</b> Tropical Wood Trading has conducted annual training for work safety based on job function.
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\*Major = Non-Compliance

Observations: Year 2024		
Obs #	Checklist	Description
001-2024	5.2.3 5.2.5 5.2.7	<b>January 2024:</b> Incorrect identification of Sabah TLAS status for manufacturing operations that were not assessed under Sabah TLAS P5-6.

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

Recommendations
<p><b>Tropical Wood Trading Sdn. Bhd.</b> has demonstrated compliance with the Sabah 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:  <b>Observation 001-2024 – Checklist 5.2.3, 5.2.5, 5.2.7:</b> Tropical Wood Trading shall identify Sabah TLAS status correctly for their suppliers.</p> <p>The next surveillance visit is scheduled for January 2025.</p>

**End of Summary Report**