

Sabah TLAS Audit Report Principles 5 & 6

Organisation	Tenant: Lotus Region Sdn. Bhd. 200701009519 (767521-V) Landlord: Sangkil Makmur Sdn. Bhd. 199001003612 (195179-X)	Reference #	GFSSBH 004-813
Contact Person	Ms. Kartini Binti Hasani (Management Representative)	Audit Date	08/04/2025
Office Address	TB15242, Lot B4, Tingkat 1, Taman Univilla Fasa 3, Jalan Kuhara, 91000 Tawau, Sabah, Malaysia.	Date close out	-
Mill Address	Kg. Pitas, Bombalai, Tawau, Sabah, Malaysia.	Telephone	+6014 873 3983 +6010 442 7282
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		Approved By	Dr. Kevin Grace

Statements

Statement of Compliance	GFS 296 WTP		
Issuance Date	14 April 2025	Expiration Date	13 April 2026

Assessment Details

Company Type	Sawmill and Exporter
Scope of Assessment	Sabah TLAS P5-6: KON(TTW)002/2023(KK), FDS(TW)(S)008/2020(MT), FDS(TW)(E)094/2019
Product Group	Sawn timber
Source of Material	Sabah, Malaysia.
Species	Tectona grandis (Teak), Shorea spp (Selangan Batu)
Lead Assessor	Sheanna Kehong
Assessor(s)	Jick Miki
SFD Staff	-

Terms of Assessment

The scope of the evaluation is to verify compliance with Lotus Region 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:

Lotus Region Sdn. Bhd. (Lotus region) is, on and from 29/03/2007, incorporated under Companies Act 2016, and is registered in Tawau, Sabah, Malaysia, with registration #: 200701009519 (767521-V). Lotus Region currently produces and trades sawn timber for the local market and exports them to India and Peninsular Malaysia.

Associated Organizations & Subcontractors:

Lotus Region does not engage subcontractor to produce, manufacture products or provide manpower.

Description of the Supply Chain:

From October 2023 to March 2025, Lotus Region purchased raw materials from the suppliers as below:

Supplier	License	Raw Material	Location	GFS WTP # STCC #	Overall Risk *
Tagasan Sdn. Bhd.	JPHTN/KNK 700-2/4 JILID6(132)	Plantation logs	Kunak	-	High
Chong Chan Meng	JPHTN/TWU 700-2/4/35/JLD1/13	Plantation logs	Tawau	-	High
Sherwood Timber Processing Sdn. Bhd.	FDS(TW)(S)032/2019(M)	Round logs	Tawau	GFS 042 WTP (22/09/2025)	Low
Bunaia Bt. Hajad	JP(NNN)006/2023(CF1)	Round logs	Nabawan	-	High
Tawau Kilning & Moulding Sdn. Bhd.	JP(T)TW001/14(X04)	Round logs	Tawau	GFS 036 WTP (20/10/2025)	Low
Brilliant Junction Sdn. Bhd.	JP(NKG)001/2023(F1)	Round logs	Keningau	-	High
Rakyat Berjaya Sdn. Bhd. (FMU 20)	SFMLA 09/97 (SDK 02/2024)	Round logs	Kinabatangan	GFS 178 LVS (28/04/2025)	Low
Sabah Softwoods Berhad	CL #: 105467687 (Brumas)	Plantation logs	Kalabakan	GFS 149 LVS (10/11/2025)	Low
Benta Wawasan Sdn. Bhd.	JP(TKA)122/96(CO)	Round logs	Kalabakan	Non-Compliance	High
Pong Kim Wai	JPHTN/KNK 700-2/4 JILID9(30)	Round logs	Kunak	-	Low
Integrated Wood Processing Sdn. Bhd.	FDS(TW)(S)069/2019(MT)	Round logs	Tawau	GFS 238 WTP (25/06/2025)	Low

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

Summary Results:

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

GAPs: Year 2025				
GAP #	Type	Checklist	Status	Description
001/2025	minor	5.2.6, 5.2.7, 5.2.11	Closed	08 April 2025: The production batch was not according to CoC procedures. 10 April 2025: The production batch was according to the CoC procedures.
002/2025	minor	5.3.5	New	April 2025: Lotus Region did not register JKPP 8 for 2024.

*Major = Non-Compliance

Observations: Year 2025		
Obs #	Checklist	Description
001-2025 Addressed	5.1.6, 6.4.2	08 April 2025: Permits, retention records and purchasing documents were not included in the CoC procedure. 10 April 2025: Permits, retention records and purchasing documents were included in the CoC procedure.

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

Recommendations
<p>Lotus Region 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.</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>Gap 002/2025 (minor) Outstanding – Checklist 5.3.5: Lotus Region shall ensure to register JKKP 8 annually.</p> <p>The next surveillance visit is scheduled for April 2026.</p>

End of Summary Report