

Sabah TLAS Audit Report Principles 5 & 6

Organisation	Tenant: Fung Guan Enterprise Sdn. Bhd. (749708-X) Licensee: Mastergroup Enterprise Sdn. Bhd. (169022-W)	Reference #	GFSSBH 004-581
Contact Person	Siew Chiau Hui (Fung Guan Enterprise Account)	Audit Date	28/11/2023
Office Address	A16, TB 12189, Lorong Megah, Taman Megah Jaya, Batu 3.5, Jalan Apas, 91000 Tawau, Sabah, Malaysia.	Date close out	-
Mill Address	Mile 22, Sg. Hj. Matahir, Bombalai, Tawau, Sabah, Malaysia.	Telephone	+6012 833 0092
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		Approved By	Dr. Kevin Grace

Statements

Audit Statement #	GFS 153 WTP		
Issuance Date	04 December 2023	Expiration Date	03 December 2024

Assessment Details

Company Type	Sawmill, Moulding mill, Exporter and Importer
Scope of Assessment	Sabah TLAS P5-6: JP(T)TW001/00(X37)R, JP(T)TW002/03(X07), JP(T)TW001/03(X22), FDS(TW)(E)086/2019(MT), FDS(TW)(S)057/2019(MT), FDS(TW)(I)047/2019(MT), KON(TTW)007/16(KK)
Product Group	Sawn timber
Source of Material	Sabah, Malaysia.
Species	<i>Parashorea spp.</i> (White seraya), <i>Shorea spp.</i> (Red seraya, Yellow seraya), <i>Shorea pauciflora</i> (Oba suluk), <i>Castanopsis motleyana</i> (Berangan), <i>Dipterocarpus spp.</i> (Keruing), Other timber (OT)
Lead Assessor	Sandra George
Assessor(s)	Glory Linggou, Aleeza Ho
FDS Staff	-

Terms of Assessment

The scope of the evaluation is to verify compliance of Mastergroup Enterprise Sdn. Bhd. (Fung Guan Enterprise 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:

Mastergroup Enterprise Sdn. Bhd. (Mastergroup Enterprise) is registered in Kuala Lumpur, Malaysia, with registration # 169022-W. Mastergroup Enterprise leased part of the premises to Fung Guan Enterprise Sdn. Bhd. (Fung Guan Enterprise) to operate the moulding mill from 01/09/2021 to 31/08/2025. In August 2023, Fung Guan Enterprise took over the Mastergroup Enterprise sawmill for sawn timber production through a verbal agreement following the termination of the lease previously held by Lotus Region Sdn. Bhd. in July 2023.

Fung Guan Enterprise is registered in Tawau, with registration # 749708-X. Fung Guan Enterprise produces sawn timber and moulding for the local market and exports them to Japan.

The previous assessment was conducted in December 2022 that resulted in 1 gap(s) and 0 observation(s) (Report #: GFSSBH 004-437).

Associated Organizations & Subcontractors:

Fung Guan Enterprise does not engage other companies as their subcontractor to provide or manufacture products.

Description of the Supply Chain:

From October 2022 to October 2023, Fung Guan Enterprise purchased raw materials from the suppliers as below:

Supplier	License	Raw Material	Location	GFS WTP # STCC #	Overall Risk *
Rakyat Berjaya Sdn. Bhd. (Wincojaya Sdn. Bhd.)	JP(T)KA002/17(X21)	Sawn Timber	Kalabakan	GFS 043 WTP (08/10/2024)	Low
Rakyat Berjaya Sdn. Bhd. (Kebamega Sdn. Bhd.)	JP(T)KA001/18(X21)	Sawn Timber	Kalabakan	GFS 242 WTP (08/10/2024)	Low
Rakyat Berjaya Sdn. Bhd. (Kinsasynergy Sdn. Bhd./Terus Jadi Sdn. Bhd.)	SFMLA 09/97	Round logs	Kinabatangan	GFS 178 LVS (23/04/2024)	Low
Mastergroup Enterprise Sdn. Bhd. (Lotus Region Sdn. Bhd.)	JP(T)TW001/00(X37) R	Sawn Timber	Tawau	GFS 296 WTP (18/12/2023)	Low
Rakyat Berjaya Sdn. Bhd. (Usahawan Borneo Greenwood Sdn. Bhd.)	SFMLA 09/97	Round logs	Kalabakan	GFS 096 LVS (23/07/2024)	Low

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

Summary Results:

(Major gap = 0, minor gap = 0, Observation = 2)

GAPs: Year 2023				
GAP #	Type	Checklist	Status	Description
001/2022	minor	5.2.5 5.2.7	Closed	December 2022: No identification of Sabah TLAS status on WIP and finished products as per COC procedures. November 2023: Identification of Sabah TLAS status on WIP and finished goods was in accordance with the COC procedures.

*Major = Non-Compliance

Observations: Year 2023		
Obs #	Checklist	Description
001-2023	5.1.2	November 2023: Mastergroup Enterprise did not record the sawn timber carry forward stock for Appendix 1 online submission.
002-2023	5.2.2	November 2023: Removal passes issued under Rakyat Berjaya (Kinsasynergy/Terus Jadi) were not stamped with "Sabah TLAS CC" stamp.

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

Recommendations
<p>Mastergroup Enterprise Sdn. Bhd. (Fung Guan Enterprise 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>Observation 001-2023 – Checklist 5.1.2: Mastergroup Enterprise shall record the carry forward for sawn timber on the online submission of Appendix 1.</p> <p>Observation 002-2023 – Checklist 5.2.2: SFD shall stamp “Sabah TLAS CC” on the removal pass for all log sources from Sabah TLAS compliant as required.</p> <p>The next surveillance visit is scheduled for November 2024.</p>

End of Summary Report