

Sabah TLAS Audit Report Principles 5 & 6

Organisation	Tenant: Ameron Wood Sdn. Bhd. (1210968-W) Mill: Hap Seng Property Investment Sdn. Bhd. (183641-A)	Reference #	GFSSBH 004-395a
Contact Person	Mr. Chong Chee Sin (Admin Manager)	Assessment Date	02/09/2022
Office Address	Sawmill A, Shed 27, Hap Seng Timber Complex, Mile 3 ½ Jalan Tanjung Batu Laut 91037 Tawau, Sabah, Malaysia.	Date close out	31/10/2022
Mill Address	Same as Office Address	Telephone	+6016 919 1306
Email	ameronwood@yahoo.com	Fax	-
		Approved By	Dr. Kevin Grace

Statements

Audit Statement #	GFS 246 WTP		
Issuance Date	07 November 2022	Expiration Date	04 September 2023

Assessment Details

Company Type	Sawmill and exporter
Scope of Assessment	TLAS P5-6: JP(T)TW003/15(X04)
Product Group	Sawn Timber
Source of Material	Sabah, Malaysia.
Species	<i>Eusideroxylon zwageri</i> (Belian)
Lead Assessor	Sandra George
Assessor(s)	Glory Linggou
SFD Staff	Mangumba Patiroi (PPD Tawau)

Terms of Assessment

The scope of the evaluation is to verify compliance of the Ameron Wood 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:

Ameron Wood Sdn. Bhd. (Ameron Wood) is registered in Kuala Lumpur, Malaysia, on 01/12/2016 with registration # 1210968-W. The company produces and trades sawn timber for the local market and exports to China.

Hap Seng Property Investment rents Sawmill A to Ameron Wood Sdn. Bhd. from 01/11/2020 to 31/10/2023 for sawn timber production.

The previous assessment was conducted in September 2021 that resulted in 3 gap(s) and 2 observation(s) (Report #: GFSSBH 004-239).

Associated Organizations & Subcontractors:

Ameron Wood does not engage other organizations or subcontractors to provide or manufacture products. The company engaged Arus Borneo Sdn. Bhd. to handle exports documentation.

Description of the Supply Chain:

From July 2021 to August 2022, Ameron Wood purchased raw materials from the suppliers below:

Supplier	License	Raw Material	Location	GFS WTP # STCC #	Overall Risk*
Bornion Timber Sdn. Bhd.	SFMLA 03/97 (CON) KGU 08/18. KGU 09/18	Round logs	Sook	Non-Compliance	High
Jabatan Pertanian Sabah	2B970242	Round logs	Tawau	GFS 170 LVS (17/02/2023)	Low
Sapulut Forest Development Sdn. Bhd.	SFMLA-04/97	Round logs	Tibow	GFS 025 LVS (10/07/2023)	Low
Rakyat Berjaya Sdn. Bhd. (Kinsafajar Sdn. Bhd.)	SFMLA-09/97(SDK 16/18)	Round logs	Sandakan	-	High
Kinabutan Estate Sdn. Bhd.	2B970199	Round logs	Kunak	-	High
Green World	2B970247	Round logs	Tawau	-	High
Rimbunan Gagah Sdn. Bhd. (Dyna Wawasan Sdn. Bhd.)	JP(S)TD004/19(B01)	Sawn timber	Tongod	GFS 254 LVS (17/10/2022)	Low
Maju Mapan Trading Sdn. Bhd.	JP(T)TW005/10(X04)	Round logs	Tawau	GFS 130 WTP (28/08/2023)	Low

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

Summary Results:

(Major gap = 1, Minor gap = 3, Observation = 0)

October 2022: (Major gap = 0, Minor gap = 3, Observation = 0)

GAPs: 2022				
GAP #	Type	Checklist	Status	Description
001/2021	Minor	5.2.3	Closed	September 2021: TDP and the Sabah TLAS status were not adequately recorded in the arrival book. September 2022: The company recorded TDP and Sabah TLAS status in the arrival book.
002/2021	Minor	5.2.5 5.2.7	Outstanding	September 2021: The company has not identified the WIP and finished goods with batch numbers in accordance with their COC procedures. September 2022: The company is inconsistent in identifying batch numbers & Sabah TLAS status for WIP and finished goods.
003/2021	Minor	5.3.2 5.3.7	Outstanding	September 2021: Workers were observed wearing slippers at the breakdown section. No evidence of safety training was conducted since the start of operations in November 2020. September 2022: The company has yet to conduct safety training.
001/2022	Major	5.3.1	Closed	September 2022: Workers were not covered under SOCSO and foreign workers do not have a work permit. October 2022: Workers are registered under SOCSO as applicable and foreign workers have a valid work permit.
002/2022	Minor	5.3.4	New	September 2022: No evidence that the JKKP 8 for 2021 was submitted by the company.

*Major = Non-Compliance

Observations: 2022		
Obs #	Checklist	Description
001-2021 Addressed	5.1.2	September 2021: Miscalculation of C/F stock for 08/2021. September 2022: The company accurately calculated carry forward stock in Appendix 1.
002-2021 Addressed	5.2.4	September 2021: The COC manual does not define the identification of Sabah TLAS status for sales of wood products. September 2022: The company revised the COC procedure to include the identification of Sabah TLAS status for sales of wood products.

Highlights of Close-Out Visit (if applicable)	Date: 31 October 2022
The Major Gap 001/2022 is now closed. The company registered workers under SOCSO and foreign workers have a valid work permit.	

Recommendations
<p>Ameron Wood Sdn. Bhd. / Hap Seng Property Investment Sdn. Bhd. has now demonstrated compliance with the Sabah Standard Principles 5-6 for Chain of Custody as non-compliance was addressed in criterion 5.3 and is recommended to receive a GFS Statement of Compliance or 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 002/2021 (Minor) Outstanding – Checklist 5.2.5, 5.2.7: The company shall consistently identify batch numbers & Sabah TLAS Status on WIP materials and inished goods as per the COC manual.</p> <p>Gap 003/2021 (Minor) Outstanding – Checklist 5.3.2, 5.3.7: Conduct and record safety training annually and ensure all workers are wearing appropriate PPE in the mill.</p> <p>Gap 002/2022 (Minor) – Checklist 5.3.4: Submit the JKPP 8 to DOSH annually as required.</p> <p>The next surveillance visit is scheduled for September 2023.</p>

End of Summary Report