

## Sabah TLAS Audit Report Principles 5 & 6

<b>Organisation</b>	Mill: Hap Seng Property Investment Sdn. Bhd. (183641-A) Tenant: CBS Products Sdn. Bhd. (798928-U)	<b>Reference #</b>	GFSSBH 004-574
<b>Contact Person</b>	Salma Mohd Omar (Administrative)	<b>Audit Date</b>	08/11/2023
<b>Office Address</b>	Timber Shed No. 91/92, MMB Timber Complex, Mile 3 ½, Jalan Tg. Batu Laut, 91000 Tawau, Sabah, Malaysia.	<b>Date close out</b>	-
<b>Mill Address</b>	Timber Shed No. 91/92, MMB Timber Complex, Mile 3 ½, Jalan Tg. Batu Laut, 91000 Tawau, Sabah, Malaysia.	<b>Telephone</b>	+6011 2765 4159
<b>Email</b>	cbstawau@gmail.com DFO Tawau: Nooridayu.MohdAyub@sabah.gov.my	<b>Fax</b>	-
		<b>Approved By</b>	Dr. Kevin Grace

### Statements

<b>Audit Statement #</b>	NC: Non-Compliance – Criteria 5.2 & 5.3		
<b>Issuance Date</b>	Not applicable	<b>Expiration Date</b>	Not applicable

### Assessment Details

<b>Company Type</b>	Briquette Mill, Exporter
<b>Scope of Assessment</b>	Sabah TLAS P5-6: JP(T)TW 001/15(X41), FDS(TW)(E)071/2019(M), FDS(TW)(S)061/2019(M)
<b>Product Group</b>	Briquette charcoal
<b>Source of Material</b>	Sabah, Malaysia.
<b>Species</b>	Not applicable (waste wood/sawdust)
<b>Lead Assessor</b>	Glory Linggou
<b>Assessor(s)</b>	Aleeza Ho, Sandra George, Vanessa Abin
<b>FDS Staff</b>	Zulhazrey Rasli (PPD Tawau)

### Terms of Assessment

The scope of the evaluation is to verify compliance of CBS Products 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:**

Hap Seng Property Investment Sdn. Bhd. (Hap Seng Property Investment) is registered in Kuala Lumpur, Malaysia, with registration # 183641-A. CBS Products is registered in Miri, Malaysia, with registration # 798928-U. CBS Products produces briquette charcoal to the local market and exports them to Japan.

CBS Products rents premises from Hap Seng Property Investment (Shed 91/92) from 01/11/2021 to 31/10/2024.

The previous assessment was conducted in November 2022 that resulted in 0 gap(s) and 1 observation(s) (Report #: GFSSBH 004-423).

**Associated Organizations & Subcontractors:**

CBS Products does not engage other companies as their subcontractors to provide or manufacture products.

**Description of the Supply Chain:**

From September 2022 to October 2023, CBS Products purchased raw materials from the suppliers as below:

Supplier	License	Raw Material	Location	GFS WTP # STCC #	Overall Risk *
Hap Seng Property Investment Sdn. Bhd. (Chuan Huan Trading Sdn. Bhd.)	JP(T)TW002/05(B01)	Waste wood	Tawau	GFS 216 WTP (27/08/2024)	Low
Unikarya Trading Sdn. Bhd.	JP(T)TW003/15(X04)	Waste wood	Tawau	GFS 190 WTP (12/02/2024)	Low
Hevajaya Sdn. Bhd.	JP(T)TW004/08(X04)	Waste wood	Tawau	GFS 131 WTP (18/12/2023)	Low
Mastergroup Enterprise Sdn. Bhd. (Fung Guan Enterprise Sdn. Bhd.)	JP(T)TW001/00(X37)R	Waste wood	Tawau	GFS 153 WTP (18/12/2023)	Low
Hap Seng Property Investment Sdn. Bhd. (Ameron Wood Sdn. Bhd.)	JP(T)TW002/05(B01)	Waste wood	Tawau	GFS 246 WTP (27/08/2024)	Low
Caslink Sdn. Bhd.	JP(T)TW001/17(X49)	Waste wood	Tawau	GFS 117 WTP (23/10/2023)	Low**

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

\*\*Raw materials received before the expiry date are low risk.

**Summary Results:**

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

GAPs: Year 2023				
GAP #	Type	Checklist	Status	Description
001/2023	minor	5.1.1	New	<b>November 2023:</b> The mill license renewal was submitted to SFD and is pending approval.
002/2023	<b>Major</b>	5.2.1 5.2.2	New	<b>November 2023:</b> No evidence that the waste wood received was accompanied by a valid Removal Pass.
003/2023	minor	5.2.3	New	<b>November 2023:</b> Sabah TLAS status was not consistently recorded in the material arrival book.
004/2023	<b>Major</b>	5.2.5 5.2.7	New	<b>November 2023:</b> No evidence that CBS Products identified COC code and status on WIP and finished goods as per the COC procedure.
005/2023	<b>Major</b>	5.3.1 5.3.5	New	<b>November 2023:</b> No evidence that CBS Products registered workers and contributed monthly under SOCSO as required. The JTK license to hire foreign workers has expired.
006/2023	minor	5.3.2	New	<b>November 2023:</b>

		5.3.7 5.3.8		No evidence that CBS Products conducted safety and fire training in 2023, several fire extinguishers were expired and non-pressurized.
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\*Major = Non-Compliance

Observations: Year 2023		
Obs #	Checklist	Description
001-2022 Outstanding	5.3.3 5.3.6	<b>November 2022:</b> The company has yet to rectify all issues raised by DOSH in December 2021. <b>November 2023:</b> There is no evidence that CBS Products has rectified all the issues raised by DOSH.

Highlights of Close-Out Visit (if applicable)	Date: -
Major Gaps <b>002/2023</b> , <b>004/2023</b> and <b>005/2023</b> shall be addressed within 2 months by January 2024.	

Recommendations
<p><b>CBS Products Sdn. Bhd.</b> has not demonstrated compliance with the Sabah Principles 5-6 for Chain of Custody as non-compliance was identified under Criteria 5.2, 5.3 and is NOT recommended to receive a GFS Statement of Compliance or Sabah Timber Legality Assurance System Compliance Certificate (TLAS-CC) from SFD.</p> <p>The Major Gap shall be addressed within two months by <b>January 2024</b>.</p> <p><b>Gap 002/2023 (Major) – Checklist 5.2.1, 5.2.2:</b> SFD, suppliers and CBS Products shall ensure materials are accompanied by a valid removal pass.</p> <p><b>Gap 004/2023 (Major) – Checklist 5.2.5, 5.2.7:</b> CBS Products shall identify COC code and status on WIP and finished goods as per the COC procedure.</p> <p><b>Gap 005/2023 (Major) – Checklist 5.3.1, 5.3.5:</b> CBS Products shall register all workers and contribute under SOCSO as required and ensure the JTK license to hire foreign workers is valid.</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><b>Gap 001/2023 (minor) – Checklist 5.1.1:</b> The mill shall renew the license 3 months before the expiry date and the SFD shall expedite the license approval for the mill to proceed with payment.</p> <p><b>Gap 003/2023 (minor) – Checklist 5.2.3:</b> CBS Products shall identify Sabah TLAS status in the material arrival book.</p> <p><b>Gap 006/2023 (minor) – Checklist 5.3.2, 5.3.7, 5.3.8:</b> CBS Products shall conduct safety and fire training for workers annually. Fire extinguishers shall be valid with pressure within the mill.</p> <p><b>Observation 001-2022 (Outstanding) – Checklist 5.3.3, 5.3.6:</b> CBS Products should rectify outstanding issues raised by DOSH.</p> <p>The next surveillance visit is scheduled for November 2024.</p>

## End of Summary Report