

## Sabah TLAS Audit Report Principles 5 & 6

<b>Organisation</b>	Tenant: Eastern Tropical Sdn. Bhd. 202201047821 (1493518-K) Landlord: Sangkil Makmur Sdn. Bhd. 199001003612 (195179-X)	<b>Reference #</b>	GFSSBH 004-812
<b>Contact Person</b>	Ms. Jumiah Yusup (Clerk)	<b>Audit Date</b>	08/04/2025
<b>Office Address</b>	Kg. Pitas, Bombalai, Tawau, Sabah, Malaysia.	<b>Date close out</b>	-
<b>Mill Address</b>	Kg. Pitas, Bombalai, Tawau, Sabah, Malaysia.	<b>Telephone</b>	+6017 829 3135 +6016 881 7307
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		<b>Approved By</b>	Dr. Kevin Grace

Statements			
Statement of Compliance	GFS 300 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)006/2023(KK), FDS(TW)(E)009/2023, FDS(TW)(S)009/2023(MT)
Product Group	Sawn timber, Sawdust
Source of Material	Sabah, Malaysia.
Species	Drybalanops spp. (Kapur), Dipterocarp spp. (Keruing), Parashorea spp. (White seraya), Shorea inappendiculate (Selangan batu), Shorea spp. (Red seraya, Yellow seraya, (Melapi), Shorea pauciflora (Oba suluk), Lauraceae (Medang), Cotylelobium spp. (Resak), and Other timber (OT)
Lead Assessor	Anne G. Grace
Assessor(s)	Auther Itin
SFD Staff	-

Terms of Assessment
The scope of the evaluation is to verify compliance with Eastern Tropical 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:**

Eastern Tropical Sdn. Bhd. (Eastern Tropical) is, on and from 29/12/2022, incorporated under Companies Act 2016, and is registered in Sibul, Sarawak, Malaysia, with registration #: 202201047821 (1493518-K). Eastern Tropical purchased round logs and produced sawn timber for the local market and exports them to Japan and Taiwan.

A tenancy agreement dated 01/09/2023 between Sangkil Makmur (The Landlord) and Eastern Tropical (The Tenant), which the Landlord agrees to let warehouse for a fixed term of 3 years commencing 01/09/2023 and ending on 31/08/2026.

**Associated Organizations & Subcontractors:**

Eastern Tropical does not engage subcontractor to produce, manufacture products or provide manpower.

**Description of the Supply Chain:**

From October 2023 to April 2025, Eastern Tropical purchased raw materials from the suppliers as below:

Supplier	License	Raw Material	Location	GFS WTP # STCC #	Overall Risk *
Rakyat Berjaya Sdn. Bhd. (Terus Jadi Sdn. Bhd.)	SFMLA 09/97 (FMU 20)	Round logs	Kinabatangan	GFS 178 LVS	Low
Sabah Softwood Berhad	JP(T)TW002/11(B01)	Round logs	Tawau	GFS 149 LVS (10/11/2025)	Low
KTS Plantation Sdn. Bhd.	JP(SLK)125/93CO	Round logs	Sandakan	Non-Compliance	High
Integrated Wood Processing Sdn. Bhd.	FDS(TW)(S)069/2019(MI)	Round logs	Tawau	GFS 238 WTP (25/06/2025)	Low
Sabah Energy Corporation Sdn. Bhd.	SP(KSG)013/2023(F1)	Round logs	Sipitang	-	High
First Greenworld Sdn. Bhd.	SFMLA02/2009	Round logs	Serudong	GFS 074 WTP (18/06/2025)	Low
Benta Wawasan Sdn. Bhd.	JP(TKA)122/96(CO)	Round logs	Serudong	-	High

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

**Summary Results:**

(Major gap = 0, Minor gap = 3, Observation = 2)

GAPs: Year 2025				
GAP #	Type	Checklist	Status	Description
001/2025	minor	5.2.1, 6.1.1, 6.1.2, 6.1.3	New	<b>April 2025:</b> The current system for purchasing is not according to the CoC procedure.
002/2025	minor	5.2.3, 5.2.4, 5.2.5	New	<b>April 2025:</b> Incorrect stamping of TLAS status in the Removal Pass by the SFD.
003/2025	minor	5.3.5	New	<b>April 2025:</b> 4 workers were not registered and contributed SOCSO.

\*Major = Non-Compliance

Observations: Year 2025		
Obs #	Checklist	Description
001-2025	5.1.3	<b>April 2025:</b> Volume in Removal pass was inconsistent with the TDP volume.
002-2025	5.3.2	<b>April 2025:</b> Workers were not registered under COI.
003-2025 Addressed	5.3.6	<b>08 April 2025:</b> Incomplete agenda, attendance sheet for work training records. <b>10 April 2025:</b> Agenda, attendance sheet for work training records was provided.

Observations: Year 2025		
Obs #	Checklist	Description
004-2025 Addressed	6.4.1	<b>08 April 2025:</b> Summary for material purchased, Finished Goods and Sales records were not available. <b>10 April 2025:</b> Summary for material purchased, Finished Goods and Sales records were maintained.

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

Recommendations
<p>Eastern Tropical 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><b>Gap 001/2025 (minor) – Checklist 5.2.1, 6.1.1, 6.1.2, 6.1.3:</b> Eastern Tropical shall ensure the current purchasing system is according to the CoC procedure.</p> <p><b>Gap 002/2025 (minor) – Checklist 5.2.3, 5.2.4, 5.2.5:</b> SFD must not stamp “Sabah TLAS” on the Removal pass for the supplier that Non-Compliance under Sabah TLAS. Eastern Tropical should conduct Risk Assessment through the GFS website and not depending on the stamping of the Sabah TLAS stamp on the Removal Pass by the SFD.</p> <p><b>Gap 003/2025 (minor) – Checklist 5.3.5:</b> Eastern Tropical should ensure all workers are registered and contributed SOCSO as required.</p> <p><b>Observation 001-2025 – Checklist 5.1.3:</b> Removal Pass volumes should be recorded consistently with the TDP by the SFD.</p> <p><b>Observation 002-2025 – Checklist 5.3.5:</b> Eastern Tropical should ensure workers are registered under COI as stipulated in the SFD license.</p> <p>The next surveillance visit is scheduled for April 2026.</p>

## End of Summary Report