



GLOBAL FORESTRY SERVICES

Registered Office: 2446 N. San Gabriel Blvd., Suite #C, Rosemead, CA 91770, USA.
 Contact Address: C/O Whitespace Bangsar, No.3.02D (East Wing), Level 3, Menara BRDB,
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Sarawak Audit Checklist / Report STLVS Principles 5 & 6

Company	Mega Scope Berhad (184651-T)	Reference #	GFSS 072-002
Contact Person	Ercules Wong Chung Sin (Assistant Manager)	Audit Date	March 2021
Office Address	Lot 713, Block 7, Muara Tebas Land District, Demak Laut Industrial Park, P.O Box 810, 93716 Kuching, Sarawak.	Report Date	20/03/2021
Mill Address	Same as office address	Telephone	+6082 439 033
Email	MegaScopeBerhad@gmail.com	Fax	+6082 439 051
		Telephone	+6019 856 0033
		Fax	+6082 439 051
		Approved By	Dr. Kevin Grace

Statements

GFS Statement of Compliance #	NA: Non-Compliance - Criteria 5.1, 5.2 & 5.3		
Issuance Date	NA	Expiration Date	NA

Assessment Details

Company Type	Sawmill & Woodchips and Trading
Scope of Assessment	STLVS P5&6 – Desk Assessment
Product Group	Sawn timber and woodchips
Source of Material	Sarawak, Malaysia.
Species	<i>Shorea spp.</i> (Meranti), <i>Dryobalanops spp.</i> (Kapur), <i>Agathis borneensis</i> (Bindang), <i>Shorea inappendiculate</i> (Selangan batu), <i>Dyera spp.</i> (Jelutong), <i>Dipterocarp spp.</i> (Keruing), <i>Sindora spp.</i> (Tampar hantu), <i>Durio spp.</i> (Durian), <i>Sapotaceae spp.</i> (Nyatoh), <i>Mezzettia spp.</i> (Kapayang babi), <i>Caratoxylum spp.</i> (Geronggang), <i>Phyllocladus spp.</i> <i>Daracydium spp.</i> (Sempilor), <i>Castanopsis spp.</i> (Berangan), <i>Diospyros spp.</i> (Kayumalam), <i>Heriteria spp.</i> (Mengkulang), <i>Gluta spp.</i> (Rengas hutan), <i>Cotylelobium spp.</i> (Resak), <i>Eugenia spp.</i> (Ubah), <i>Koordersiodendron pinnatum</i> (Ranggu), <i>Hopea spp.</i> (Merawan), Pelai, Selunsor, Arau, and Asam
Close Out Date	To be Arranged (May 2021)
GFS Lead Assessor	Franklin Emang
GFS Assessor(s)	-
Others	Ercules Wong Chung Sin

Terms of Assessment

The scope of the evaluation is to verify compliance of the Company and subcontractors to the criteria within the **Sarawak Timber Legality Verification System (STLVS) (v02 dated 29 Jan 2019)** Principle 5 - Mill Operations and Principle 6 - Trade and Customs. Compliance is defined when the organization demonstrates that there is no non-compliance to any applicable criteria. Any non-compliance must be formally addressed in accordance to the STLVS auditing manual and prior to issuance of a GFS Audit Statement.

Document Control

GFS-FORM-006-STLVS-3.2	Title: STLVS P5-6 Checklist / Report	Issue: v04	Date: 01 Jan 2021
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Limitations of Desk Assessment

The information presented in this report is based on documentation and other information presented by the client against the Criteria & Indicators in response to current travel restrictions by government directive under the Movement Control Order (MCO) to mitigate the spread of the COVID-19 virus. GFS 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. The company will be liable for any false or misleading information submitted in this report

Background Information:

Mega Scope Berhad is registered with Company Commission of Malaysia in Kuching, Sarawak on 27 June 1996 with a registration number 184651-T. In 2020, Mega Scope Bhd. obtains their raw material locally and produces sawn timber and woodchips for local market and export to the Philippines, Maldives, Saudi Arabia, Thailand, Taiwan and Peninsular Malaysia.

The previous assessment was conducted in January 2020 with 3 Gap(s) and 3 Observation(s) (Report #: GFSS 072-001).

Associated Organizations & Subcontractors:

Mega Scope Berhad does not engage any other subcontractor to provide or manufacture products.

Description of the Supply Chain:

In 2020, Mega Scope Berhad obtains material from suppliers as below.

Supplier	License #	Material	Risk level	STLVS # / GFS #
STIDC	FTL No. T/9161	Log	High	-
Limba Jaya Timber Sdn. Bhd.	LPF No. LPF/0038	Log	High	-

Itinerary of Assessment

Date	Activity	GFS Staff	Mandays
21 & 26 - 27 January 2021 Thursday -Tuesday	STLVS P5-6 Desk Assessment for Mega Scope Berhad: (a) Coordinate in obtaining information/document with the mill's representative. (b) Review the information/document given by the mill's representative	Franklin Emang	1
27 January 2021 Wednesday	Reporting: GFSS 072-002	Franklin Emang Dr. Kevin Grace	2
		Total	3

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Summary results:

(Major Gap = 3 / Minor Gap = 1 / Observations = 1)

GAPs :				
GAP #	Type	Checklist	Status	Description
001/2020	Minor	5.2.2	Closed	<p>January 2020: Mega Scope Berhad did not maintain HTSB inspection reports (IR-E2 form) for 6 out of 8 randomly sampled documents.</p> <p>March 2021: Mega Scope maintains HTSB inspection reports (IR-E2 form) for logs received in October 2020.</p>
002/2020	Minor	5.3.2	Raised to Major	<p>January 2020: The last training was conducted in 2017. Based on interviews with mill workers, they have a basic knowledge of safety training.</p> <p>March 2021: No evidence of trainings on COC system; job function and safety were conducted in 2020.</p>
003/2020	Minor	5.3.3	Raised to Major	<p>January 2020: Issues raised during the DOSH inspection have yet to be rectified.</p> <p>March 2021: No evidence that actions were taken to address issues raised by DOSH on 08/04/2019.</p>
001/2021	Major	5.1.2 5.2.9	New	<p>March 2021: Inadequate records of raw material 2019 carry forward stock balance and raw material received in 2020 in relation to input volume that exceeds volume of raw material available.</p>
002/2021	Obs 002- 2020	5.2.5	Raised to Minor	<p>January 2020: The current CoC manual lacks description of Administration and Receiving raw materials within the Chain of Custody system.</p> <p>March 2021: No evidence of revision to the COC manual that lacks description of Administration, Receiving of STLVS raw materials and allocation to a STLVS production batch unit.</p>

**Note: Major Gap = Non-Compliance / Minor Gap = Minor Gap raised can be upgraded to a Major Gap if not adequately addressed by the date of the next surveillance visit.*

Observations			
Obs #	Checklist	Description	
001-2020 Addressed	5.2.3	<p>January 2020: The company only started to run STLVS system on 17 January 2020. The only stock of timber received from STLVS verified area which was from STIDC (Song Logging Co. Sdn. Bhd.) FTL No. T/0518 area in December</p>	
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Observations

Obs #	Checklist	Description
		<p>2019. However, there is no marking of STLVS reference in the arrival book as no current order for STLVS finished product.</p> <p>March 2021: STLVS verified raw materials received in 2019 were identified in the log arrival book. No STLVS verified raw materials was received by Mega Scope in 2020.</p>
003-2020 Outstanding	6.2.2	<p>January 2020: Currently, Mega Scope conducted a trial run for STLVS production. However, the company did not identify the STLVS verified logs in the log pond.</p> <p>March 2021: No STLVS material received in 2020.</p>

**Note: Observation raised can be upgraded to a Minor Gap if not adequately addressed by the date of the next surveillance visit.*

Highlights of Close out visit (if applicable)

Dates

Major gaps shall be addressed by 31 May 2021.

Recommendations

Mega Scope Berhad has not demonstrated compliance with the Sarawak Standard Principles 5-6 for Chain of Custody as non-compliance was identified in Criteria 5.1, 5.2 & 5.3 and is NOT eligible to receive a GFS Statement of Compliance or STLVS Certificate of Compliance by STIDC.

The Major Gaps shall be addressed within two months by **31 May 2021**.

Gap 002/2020 (Raised to Major) – Checklist 5.3.2: To conduct training for workers on an annual basis.

Gap 003/2020 (Raised to Major) – Checklist 5.3.3: To rectify issues raised by DOSH officers.

Gap 001/2021 (Major) - Checklist 5.1.2 & 5.2.9: Volumes of carry forward stock and raw material received must be greater than or equal to raw material input into production.

Gap(s)/Observation(s) identified in this assessment should be addressed before the next surveillance visit. Actions to close the gap(s)/observation(s) include:

Gap 002/2021 (Raised to minor) – Checklist 5.2.5: Revise the current STLVS Chain of Custody procedures/manual to include administration; receiving and allocation of raw material to STLVS production.

Observation 003-2020 – Checklist 6.2.2: To identify an area designated for STLVS logs or Low Risk material in the log pond.

The next surveillance will be scheduled in January 2022.

End of Summary Report

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