

## Sabah TLAS Audit Report Principles 5 & 6

<b>Organisation</b>	Serba Potensi Sdn. Bhd. (1215235-U)	<b>Reference #</b>	GFSSBH 004-512a
<b>Contact Person</b>	Lum Sek Wey (Director)	<b>Audit Date</b>	13/06/2023
<b>Office Address</b>	No.13A, 13B, 12 – 13, Jalan KKIP Timur, KKIP Timur, 88450 Kota Kinabalu, Sabah, Malaysia.	<b>Date close out</b>	11/08/2023
<b>Mill Address</b>	Same as office address	<b>Telephone</b>	+6088 493 122
<b>Email</b>	serbapotensi@gmail.com	<b>Fax</b>	+6088 493 122
		<b>Approved By</b>	Dr. Kevin Grace

### Statements

<b>Audit Statement #</b>	NC: Non-Compliance – Criterion 5.3 (Outstanding)		
<b>Issuance Date</b>	Not applicable	<b>Expiration Date</b>	Not applicable

### Assessment Details

<b>Company Type</b>	Sawmill, exporter
<b>Scope of Assessment</b>	Sabah TLAS P5-6: JP(K)KK001/17 (X04)
<b>Product Group</b>	Sawn timber
<b>Source of Material</b>	Sabah, Malaysia.
<b>Species</b>	<i>Acacia spp.</i> (Acacia), <i>Albizia falcataria</i> (Albizia) and pine, teak, Other Timber (OT)
<b>Lead Assessor</b>	Glory B.Y. Linggou
<b>Assessor(s)</b>	Anne Gimbir
<b>FDS Staff</b>	Sharif Affendy Bin Sharif (PPD KK)

### Terms of Assessment

The scope of the evaluation is to verify compliance of Serba Potensi 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:

Serba Potensi Sdn. Bhd. (Serba Potensi) is registered in Kuala Lumpur, Malaysia, with registration # 1215235-U. Serba Potensi is only providing sawmilling services to clients.

The previous assessment was conducted in July 2022 that resulted in 3 gap(s) and 1 observation(s) (Report #: GFSSBH 004-370).

### Associated Organizations & Subcontractors:

Serba Potensi does not engage other contractors to manufacture products. Pacific Dutamas Sdn. Bhd. is providing manpower to Serba Potensi.

**Description of the Supply Chain:**

From June 2022 to May 2023, Serba Potensi purchased raw materials from the suppliers as below:

Supplier	License	Raw Material	Location	GFS WTP # STCC #	Overall Risk *
KM Hybrid Plantation Sdn. Bhd.	Not stated	Acacia logs	Keningau	Non-Compliance	High
Hotel Perkasa	Not stated	Pine	Ranau	-	High
Anuar Abd Ghani	JPHTN/RNU700-2/5/7/JLD.18	Acacia logs	Ranau	-	Low
Serba Potensi Sdn Bhd	JPHTN/SDK700-2/5/16(JLD.7)72	Teak Plantation	Sandakan	-	Low
SAFODA	JPHTN/KGU 700-2/0/1/JLD.1/29	Acacia logs	Keningau	-	High
KK Jinul Bin Sibul	Not stated	Mixed	Kota Belud	-	High
Boonrich	Not stated	Teak Plantation	Lahad Datu	-	Low

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

**Summary Results:**

(Major gap = 1, Minor gap = 4, Observation = 1)

August 2023: (Major gap = 1, Minor gap = 4, Observation = 1)

GAPs: Year 2023				
GAP #	Type	Checklist	Status	Description
001/2021	minor	5.1.2	Closed	<p><b>July 2021:</b> Logs Carry Forward stock was not reported in Appendix 1 from 2020 to June 2021.</p> <p><b>July 2022:</b> Incorrect calculation of carry forward stock in Appendix 1.</p> <p><b>June 2023:</b> Serba Potensi has calculated the carry forward stock in Appendix 1 correctly.</p>
003/2021	minor	5.2.4	Outstanding	<p><b>July 2021:</b> The CoC procedure inadequately describes evaluation of raw material in respect to Sabah TLAS status (General Risk Matrix), identification and allocation of Sabah TLAS raw material into the monthly production batch unit, identification and records of finished products, or sales and delivery of Sabah TLAS products.</p> <p><b>July 2022:</b> The company implemented the identification and allocation of Sabah TLAS in the mill; however, the company has yet to revise the CoC manual.</p> <p><b>June 2023:</b> Serba Potensi implemented and allocated the Sabah TLAS batch #; however, the CoC procedure was not revised appropriately.</p>
004/2021	<b>Raised to Major</b>	5.3.2 5.3.7 5.3.8	Outstanding	<p><b>July 2021:</b> No training on safety and fire was conducted by the company to mill workers.</p> <p><b>July 2022:</b> The company has yet to conduct safety training.</p> <p><b>June 2023:</b> No evidence that safety and fire training were conducted for 2022.</p> <p><b>August 2023:</b></p>

				No action was taken by Serba Potensi to conduct safety and fire training.
001/2023	minor	5.2.3	New	<b>June 2023:</b> Incorrect identifying the Sabah TLAS status for log received from the list of suppliers.
002/2023	minor	5.3.1	New	<b>June 2023:</b> No evidence that 3 workers were registered under COI.
003/2023	Obs 002- 2021	5.3.4	Raised to minor	<b>July 2021:</b> The company needs to revise the documentation of the floor plan and proceed with the registration (Ref.#: SB/105KJ/00426). <b>July 2022:</b> The company has yet to register its mill with DOSH as the floor plan revision is still in progress. <b>June 2023:</b> No evidence that DOSH has received the registration application from Serba Potensi.

\*Major = Non-Compliance

Observations: Year 2023		
Obs #	Checklist	Description
001-2023	5.1.2 5.2.6	<b>June 2023:</b> No evidence that manual submission for Appendix 1 from January 2022 to May 2023 was submitted to SFD. The heavy machineries (FD #: FD(PTS)11-321 & FD(PTS)11-322) have expired.

Highlights of Close-Out Visit (if applicable)	Date: 11 August 2023
The Major Gap <b>004/2021</b> shall be addressed within 2 months by August 2023. No action was taken by Serba Potensi to conduct safety and fire training; thus, the Major Gap 004/2021 remains outstanding.	

Recommendations
<p><b>Serba Potensi Sdn. Bhd.</b> has not demonstrated compliance with the Sabah Principles 5-6 for Chain of Custody as non-compliance was identified under Criterion 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>August 2023</b>.</p> <p><b>Gap 004/2021 (Raised to Major) Outstanding – Checklist 5.3.2, 5.3.7, 5.3.8:</b> Serba Potensi shall conduct safety and fire training annually.</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 003/2021 (minor) Outstanding – Checklist 5.2.4:</b> Serba Potensi shall revise the current COC procedure by including the Sabah TLAS status.</p> <p><b>Gap 001/2023 (minor) – Checklist 5.2.3:</b> Serba Potensi shall identify Sabah TLAS status correctly for the suppliers.</p> <p><b>Gap 002/2023 (minor) – Checklist 5.3.1:</b> Serba Potensi shall register workers under COI.</p> <p><b>Gap 003/2023 (Raised to minor) – Checklist 5.3.4:</b> Serba Potensi shall follow up with DOSH regarding the registration status with DOSH.</p> <p><b>Observation 001-2023 – Checklist 5.1.2, 5.2.6:</b> Serba Potensi shall submit Appendix 1 monthly manual submission and register heavy machinery to SFD.</p> <p>The next surveillance visit is scheduled for June 2024.</p>

## End of Summary Report