

Sabah TLAS Audit Report Principles 5 & 6

Organisation	Tenant: Chuan Huan Trading Sdn. Bhd. (1141359-K) Mill: Hap Seng Property Investment Sdn. Bhd. (183641-A)	Reference #	GFSSBH 004-541
Contact Person	Ting Sii Chuan (Manager)	Audit Date Date close out	24/08/2023 -
Office Address	Shed No. 37 & 62, 63, Sawmill B, Ladalam Timber Complex, Jalan Tanjung Batu Laut, 91000 Tawau, Sabah, Malaysia.	Telephone	+6014 699 2949 +6010 982 9608
Mill Address	Shed No. 37 & 62, 63, Sawmill B, Ladalam Timber Complex, Jalan Tanjung Batu Laut, 91000 Tawau, Sabah, Malaysia.	Fax	-
Email	chuanhuansb@gmail.com	Approved By	Dr. Kevin Grace

Statements

Audit Statement #	GFS 216 WTP		
Issuance Date	28 August 2023	Expiration Date	27 August 2024

Assessment Details

Company Type	Sawmill, Exporter
Scope of Assessment	Sabah TLAS P5-6: JP(T)TW002/05(B01), FDS(TW)(E)031/2019(MT)
Product Group	Sawn timber
Source of Material	Sabah, Malaysia.
Species	<i>Drybalanops</i> spp. (Kapur), <i>Dipterocarp</i> spp. (Keruing), <i>Koompassia malaccensis</i> (Impas), <i>Parashorea</i> spp. (White seraya), <i>Shorea</i> spp. (Red seraya, Yellow seraya, Selangan batu), <i>Annonaceae</i> spp. (Karai), <i>Eugenia</i> spp. (Obah), <i>Terminalia subspathulata</i> (Talisai), <i>Myristicaceae</i> (Darah-darah), <i>Cotylelobium</i> spp. (Resak batu), <i>Diospyros</i> spp. (Kayu malam), <i>Koompassia excelsa</i> (Mengaris), <i>Prerospermum</i> (Bayor), <i>Tristaniopsis merguensis</i> (Pelawan-pelawan), <i>Dialium indum</i> (KerANJI), <i>Castanopsis motleyana</i> (Berangan), Other Timber (OT)
Lead Assessor	Sandra George
Assessor(s)	Glory Linggou, Aleeza Ho
FDS Staff	Mangumba Patiroi (PPD Tawau)

Terms of Assessment

The scope of the evaluation is to verify compliance of Chuan Huan Trading 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. Hap Seng Property Investment leased Sawmill B (Shed 37) Shed 62 and Shed 63, from 01/09/2020 to 31/08/2023 to Chuan Huan Trading Sdn. Bhd. (Chuan Huan Trading) for processing and storing of sawn timber.

Chuan Huan Trading is registered in Kuala Lumpur, Malaysia, with registration # 1141359-K. Chuan Huan Trading produces sawn timber for the local market and exports to South Korea, Japan and Taiwan.

The previous assessment was conducted in September 2022 that resulted in 0 gap(s) and 3 observation(s) (Report #: GFSSBH 004-394).

Associated Organizations & Subcontractors:

Chuan Huan Trading engages Arus Borneo Sdn. Bhd. as its agent to handle export documentation.

Description of the Supply Chain:

From August 2022 to July 2023, Chuan Huan Trading purchased raw materials from the suppliers as below:

Supplier	License	Raw Material	Location	GFS WTP # STCC #	Overall Risk *
Jawala Plantation Industries Sdn. Bhd.	SFMLA 02/15	Round logs	Tibow	GFS 100 LVS (15/01/2024)	Low
Benta Wawasan (Serijaya Industri Sdn. Bhd.)	Form 2B: JPHTN/FRM700-2/1/15JILID2-65 JPHTN/FRM700-2/1/15JILID2-61 JPHTN/FRM700-2/1/15JILID2-59	Round logs	Kalabakan	-	High
Rakyat Berjaya Sdn. Bhd. (Kinsasynergy Sdn. Bhd. & Terus Jadi Sdn. Bhd.)	SFMLA 09/97	Round logs	Kinabatangan	GFS 178 LVS (23/04/2024)	Low
Gold Rank Sdn. Bhd.	JP(T)TW001/10(X04)	Round logs	Tawau	GFS 010 WTP (25/06/2024)	Low

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

Summary Results:

(Major gap = 0, Minor gap = 1, Observation = 2)

GAPs: Year 2023				
GAP #	Type	Checklist	Status	Description
001/2023	Obs 001-2022	5.2.2	Raised to minor	<p>September 2022: Removal pass for logs received from Jawala Plantation Industries Sdn. Bhd. was not consistently stamped as "Sabah TLAS Compliant" by SFD.</p> <p>August 2023: SFD has not stamped the removal passes as "Sabah TLAS" for suppliers assessed compliant under the Sabah TLAS assessment.</p>

*Major = Non-Compliance

Observations: Year 2023		
Obs #	Checklist	Description
002-2022 Addressed	5.2.7	<p>September 2022: The identification of batch numbers on finished products was not complete as defined in the COC procedure.</p> <p>August 2023: The identification of batch numbers on finished products is in accordance with the COC procedure.</p>
003-2022	6.1.2	September 2022:

Observations: Year 2023		
Obs #	Checklist	Description
Addressed		The company did not retain a copy of the Removal Pass for the export sale to Taiwan. August 2023: Removal Passes for all export consignments are maintained within the mill.
001-2023	5.1.2	August 2023: The sawn timber carry-forward stock was not recorded in the Appendix 1 manual by Chuan Huan Trading.
002-2023	5.3.8	August 2023: One (1) fire extinguisher has expired since 2018.

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

Recommendations
<p>Chuan Huan Trading 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>Gap 001/2023 (Raised to minor) – Checklist 5.2.2: SFD shall stamp “Sabah TLAS Compliant” on removal passes from verified licensees.</p> <p>Observation 001-2023 – Checklist 5.1.2: Chuan Huan Trading shall record the sawn timber carry forward stock in Appendix 1 for manual version.</p> <p>Observation 002-2023 – Checklist 5.3.8: Chuan Huan Trading shall ensure that all fire extinguishers are valid.</p> <p>The next surveillance visit is scheduled for August 2024.</p>

End of Summary Report