

Sabah TLAS Audit Report Principles 5 & 6

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| Organisation | Licensee: Win Kee Timber Enterprise (Sole proprietorship) Tenant: Pembrong KF Maju (Sole proprietorship) | Reference # | GFSSBH 004-521a |
| Contact Person | Fong Kin Shak (Director) | Audit Date | 05/07/2023 |
| Office Address | Batu 14, Jalan Tenom, Peti Surat 157, 89007 Keningau, Sabah, Malaysia. | Date close out | 15/09/2023 |
| Mill Address | Kg. Kikiran, Pekan Baru Apin-Apin, Peti Surat 94, 89007 Keningau, Sabah, Malaysia. | Telephone | +6014 280 6668 |
| Email | - | Fax | - |
| | | Approved By | Dr. Kevin Grace |

Statements

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|--------------------------|-------------------|------------------------|--------------|
| Audit Statement # | GFS 229 WTP | | |
| Issuance Date | 18 September 2023 | Expiration Date | 09 July 2024 |

Assessment Details

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|----------------------------|--|
| Company Type | Sawmill |
| Scope of Assessment | Sabah TLAS P5-6: JP (N) KG 001/18 (X04) |
| Product Group | Sawn timber & wood pellet |
| Source of Material | Sabah, Malaysia. |
| Species | Rejected materials: Hevea brasiliensis (Rubber wood), Shorea spp. (Red seraya, Yellow seraya), Parashorea spp. (White seraya), Eugenia spp. (Obah), Lauraceae (Medang) |
| Lead Assessor | Glory Linggou |
| Assessor(s) | Asraf Mahmud |
| FDS Staff | Clarice V. Alliu (ADFO Keningau), Mohd Faizal Basirin (KPPM Senagang), David Tolimang (PPM Senagang) |

Terms of Assessment

The scope of the evaluation is to verify compliance of Win Kee Timber Enterprise (Pembrong KF Maju) 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:

Win Kee Timber Enterprise is a sole proprietor. Hence, does not require registration with Companies Commission Malaysia. The mill was leased to Pemborong KF Maju (wholly owned by Mr. Fong Kin Shak) for sawn timber/wood waste production and sold locally.

Win Kee Timber Enterprise leases its premises and mill facilities to Pemborong KF Maju (wholly owned by Mr. Fong Kin Shak) for sawn timber/wood waste production, which is sold locally. The tenancy agreement is not available during the July 2023 assessment.

The previous assessment was conducted in July 2022, which resulted in 3 gap(s) and 1 observation(s) (Report #: GFSSBH 004-375).

Associated Organizations & Subcontractors:

Pemborong KF Maju does not engage any other subcontractors to provide or manufacture products.

Description of the Supply Chain:

From June 2022 to June 2023, Pemborong KF Maju purchased raw materials from the suppliers as below:

| Supplier | License | Raw Material | Location | GFS WTP # STCC # | Overall Risk* |
|--------------------------------------|---------------------------------|--------------|----------|-----------------------------|---------------|
| Veracity Corporation Sdn. Bhd. | JP(N)KG001/00(X02)R | Wood core | Keningau | GFS 053 WTP (18/09/2023) | Low |
| Sapulut Forest Development Sdn. Bhd. | SFMLA 04/97 | Round log | Tibow | GFS 025 LVS (10/07/2023) | Low |
| Minah Binti Mataji | JPHTN/KGU 700-2/5/2/JLD.36/34 | Rubber wood | Keningau | - | Low |
| SIndiri Bin Jalamin | JPHTN/KGU700-2/5/2/JLD.36/54 | Rubber wood | Keningau | - | Low |
| Yamun Dunggu | JPHTN/KGU 700-2/5/2/JLD.36/8 | Rubber wood | Keningau | - | Low |
| Ejis Bin Gijan | JPHTN/KGU-700/2/5/2.JLD.36/58 | Rubber wood | Keningau | - | Low |
| Lourine Bin Robin | JPHTN/KG700-2/5/2.Jilid.37/14 | Rubber wood | Keningau | - | Low |
| Jerita Binti Nuing | JPHTN/KGU700-2/5/2/JLD.37/36 | Rubber wood | Keningau | - | Low |
| Dainis Bin Otung | JPHTN/KGU700-2/5/2/JLD.37/52 | Rubber wood | Keningau | - | Low |
| George Bin Abun | JPHTN/KGU700-2/5/2/JLD.37/62 | Rubber wood | Keningau | - | Low |
| Fung Fu Tzn | JPHTN/KGU700-2/5/2/JLD.37/40 | Rubber wood | Keningau | - | Low |
| Voo Teck Shing | Not stated | Round log | Keningau | - | Low |
| Gasinau Bin Gansakal | JPHTN/KGU700-2/5/2/JLD.37/72 | Rubber wood | Keningau | - | Low |
| Jimmy Daukit Yangus | JPHTN/KGU700-2/5/2/JLD.37/76 | Rubber wood | Keningau | - | Low |
| Saibin Mokono | Not stated | Rubber wood | Sook | - | Low |
| Batalis Bin Bolong | JPHTN/KGU700-2/5/2/JLD.38/6 | Rubber wood | Keningau | - | Low |
| Voo Fui Nam | JPHTN/KGU700-2/5/2/JLD.38/12 | Rubber wood | Keningau | - | Low |
| Azmi Rayner Bin Balok | JPHTN/TNM700-2/5/1/Jilid-20(49) | Rubber wood | Tenom | - | Low |
| Savinah Kompurut | JPHTN/KGU700-2/5/2/JLD.38/42 | Rubber wood | Keningau | - | Low |
| Suimindal Rundagong | JPHTN/TNM700-2/5/1/JLD.19(91) | Rubber wood | Tenom | - | Low |
| Juslye Justin | JPHTN/KGU700-2/5/2/JLD.38/26 | Rubber wood | Keningau | - | Low |
| Janin upon | Not stated | Rubber wood | Sook | - | Low |
| Matus Bin Apong | JPHTN/TNM700-2/5/1/JILID.20(61) | Rubber wood | Tenom | - | Low |

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

Summary Results:

(Major gap = 3, Minor gap = 1, Observation = 2)

September 2023 (Major gap = 0, Minor gap = 0, Observation = 2)

| GAPs: Year 2023 | | | | |
|-----------------|-----------------|-------------------------|--------|---|
| GAP # | Type | Checklist | Status | Description |
| 005/2021 | Raised to Major | 5.3.2 5.3.7 5.3.8 | Closed | <p>July 2021: No evidence of training on safety and fire prevention by Pemborong KF Maju.</p> <p>July 2022: The company has yet to conduct safety training while fire training records are incomplete.</p> <p>July 2023: No action was taken by Pemborong KF Maju to conduct safety and fire training for workers.</p> <p>September 2023: Pemborong KF Maju has conducted safety and fire training for workers.</p> |
| 006/2021 | Raised to Major | 5.3.4 | Closed | <p>July 2021: No evidence that JKPP 8 was submitted to DOSH for 2020.</p> <p>July 2022: The company has yet to submit JKPP8 to DOSH for 2021.</p> <p>July 2023: No action was taken by Pemborong KF Maju to submit the JKPP8 to DOSH for 2020, 2021 & 2022.</p> <p>September 2023: Win Kee Timber Enterprise has submitted JKPP 8 to DOSH for 2022 & 2023.</p> |
| 001/2022 | Raised to Major | 5.2.5 5.2.7 | Closed | <p>July 2022: Lack of implementation of the recently developed CoC system.</p> <p>July 2023: Lack of implementation of the CoC system.</p> <p>September 2023: Pemborong KF Maju implemented its CoC system by identifying the batch # and Sabah TLAS status on the logs that will follow through work in progress and finished goods.</p> |
| 001/2023 | Raised to minor | 5.2.4 | Closed | <p>July 2022: The procedure does not define the Management Representative for the COC system, staff training, record keeping, or the legal compliance of mill operations.</p> <p>July 2023: No action was taken by Pemborong KF Maju to revise the COC procedure.</p> <p>September 2023: Pemborong KF Maju has revised the COC manual and includes the responsibilities of management, staff training, record keeping, legal compliance, the production of batch number and Sabah TLAS status from material arrival to finished goods.</p> |

*Major = Non-Compliance

| Observations: Year 2023 | | |
|-------------------------|----------------|--|
| Obs # | Checklist | Description |
| 001-2023 | 5.1.2 5.2.6 | July 2023: Appendix 1 & 7 manual was not submitted to SFD. |
| 002-2023 | 5.2.3 | July 2023: Incorrect identification of Sabah TLAS status for Sapulut Forest Development Sdn. Bhd. in the log arrival book. |

| Highlights of Close-Out Visit (if applicable) | Date: 15 September 2023 |
|---|-------------------------|
| The Major Gaps 005/2021 , 006/2021 and 001/2022 are now closed following the close-out visit and submission of documents by Pemborong KF Maju. | |

| Recommendations |
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| <p>Win Kee Timber Enterprise (Pemborong KF Maju) has demonstrated compliance with the Sabah Principles 5-6 for Chain of Custody as all non-compliance was addressed under Criteria 5.2 & 5.3 and is now recommended to receive a GFS Statement of Compliance or 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>Observation 001-2023 – Checklist 5.1.2, 5.2.6: Pemborong KF Maju shall submit Appendix 1 & 7 manual to SFD.</p> <p>Observation 002-2023 – Checklist 5.2.3: Pemborong KF should correctly identify the Sabah TLAS status in the log arrival book for all suppliers.</p> <p>The next surveillance visit is scheduled for July 2024.</p> |

End of Summary Report