

## Sabah TLAS Audit Report Principles 5 & 6

<b>Organisation</b>	C & H Enterprise (Sole Proprietorship)	<b>Reference #</b>	GFSSBH 004-525
<b>Contact Person</b>	Chang Chui Kheng (Director) Kong Vui Kiun (PA to director) Tsao Nyam Fun (Shipping)	<b>Audit Date</b>	18/07/2023
<b>Office Address</b>	1 <sup>st</sup> Floor, Lot 6, Block A, Shop Lot Bandar Tyng, Mile 5, Jalan Utara, P.O. Box 3393, 90738 Sandakan, Sabah, Malaysia.	<b>Date close out</b>	-
<b>Mill Address</b>	<b>Warehouse:</b> Lot 3, Batu 12, Jalan Seguntor, CL. 075413204 Sandakan, Sabah, Malaysia.	<b>Telephone</b>	+6089 675 198 +6089 670 119 +6016 887 2198
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		<b>Approved By</b>	Dr. Kevin Grace

Statements			
Audit Statement #	GFS 235 WTP		
Issuance Date	24 July 2023	Expiration Date	23 July 2024

Assessment Details	
Company Type	Importer
Scope of Assessment	Sabah TLAS P5-6: FDS(SS)(I)038/2019
Product Group	Plywood
Source of Material	Sabah – Malaysia, Indonesia, Vietnam
Species	Malaysia: Other Timber (OT) Indonesia: <i>Albizia falcataria</i> (Batai) Vietnam: <i>Acacia spp.</i> (Acacia)
Lead Assessor	Sandra George
Assessor(s)	Asraf Mahmud
FDS Staff	Ruslan Ismail (ADFO Sandakan), Ramlan Atan (PPD Sandakan)

Terms of Assessment
The scope of the evaluation is to verify compliance of C & H Enterprise 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:

C & H Enterprise is a sole proprietorship company. C & H Enterprise imports plywood from Indonesia and Vietnam. C & H Enterprise also purchases plywood from local suppliers to be traded for the local market.

The previous assessment was conducted in June 2022 that resulted in 2 gap(s) and 3 observation(s) (Report #: GFSSBH 004-360).

**Associated Organizations & Subcontractors:**

C & H Enterprise is associated with CHK Enterprise Sdn. Bhd. (trading and exporter). Both companies own the same warehouse to store their products.

**Description of the Supply Chain:**

From June 2022 to June 2023, C & H Enterprise purchased raw materials from the suppliers as below:

Supplier	License	Raw Material	Location	GFS WTP # STCC #	Overall Risk *
UD Tunas Subur	Not stated	Plywood	Indonesia	LVLK-030-IDN	Low
CH Cahaya Abadi Chip	Not stated	Plywood	Indonesia	LVLK-009-IDN	Low
Thanh Hung Import Export Co. Ltd.	Not stated	Plywood	Vietnam	-	High
D&C Vietnam International Wood Company Ltd.	Not stated	Plywood	Vietnam	-	High
Megabig Enterprise Sdn. Bhd. (Megamas Plywood Sdn. Bhd.)	JP(S)SS001/07(X06)	Plywood	Sandakan	GFS 106 WTP (25/09/2023)	Low
Samawang Sawmill Sdn. Bhd.	JP(S)SS001/00(X24)R	Plywood	Sandakan	GFS 060 WTP (31/07/2023)	Low
Veisheng Timber Sdn. Bhd.	JP(S)SS001/00(X08)R	Plywood	Sandakan	GFS 105 WTP (31/07/2023)	Low
Rajang Plywood (Sabah) Sdn. Bhd.	JP(T)TW001/02(X08)	Plywood	Tawau	GFS 057 WTP (13/11/2023)	Low
Sherwood Timber Processing Sdn. Bhd.	JP(T)TW004/00(X02)R	Plywood	Tawau	GFS 042 WTP (21/05/2024)	Low
Focus Lumber Berhad	JP(N)KG002/00(X01)R	Plywood	Keningau	GFS 122 WTP (07/05/2024)	Low
Jid Fu Plywood Sdn. Bhd.,	JP(S)SS001/00(X01)R	Plywood	Sandakan	GFS 082 WTP (31/07/2023)	Low
Fu Yee Corporation Sdn. Bhd.	JP(T)KA001/00(X52)R	Plywood	Tawau	GFS 079 WTP (06/11/2023)	Low
Sabajuta Industries Sdn. Bhd.	JP(S)SS001/03(X38)	Plywood	Sandakan	GFS 049 WTP (16/07/2024)	Low
Veracity Corporation Sdn. Bhd.	JP(N)KG001/00(X02)R	Plywood	Kota Kinabalu	GFS 053 WTP (18/09/2023)	Low
HH Wood Sdn. Bhd.	1453969-W	Plywood	Kota Kinabalu	-	High

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

**Summary Results:**

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

GAPs: Year 2023				
GAP #	Type	Checklist	Status	Description
002/2021	minor	5.2.7	Closed	<p><b>June 2021:</b> C &amp; H Enterprise did not adequately identify material / products received and re-bundled with respect to Sabah TLAS status. Product sales were not traceable to purchase order to suppliers in accordance with the COC procedure.</p> <p><b>June 2022:</b> Low risk products from Indonesia are not correctly identified as VL/TLAS in accordance with the CoC procedure.</p> <p><b>July 2023:</b> Materials from the supplier compliant under Sabah TLAS were correctly identified with Sabah TLAS status.</p>
003/2021	minor	5.3.2	Closed	<p><b>June 2021:</b></p>

		5.3.7		<p>No evidence that the company has conducted safety and fire prevention training for warehouse workers.</p> <p><b>June 2022:</b> The company has yet to schedule safety and fire training for warehouse workers.</p> <p><b>July 2023:</b> C&amp;H Enterprise has conducted fire and safety training for workers.</p>
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\*Major = Non-Compliance

Observations: Year 2023		
Obs #	Checklist	Description
001-2022 Addressed	5.2.2	<p><b>June 2022:</b> Three removal passes were not stamped as "Used" by the SFD.</p> <p><b>July 2023:</b> All Removal Passes have been stamped "Used" by the SFD.</p>
002-2022 Outstanding	5.3.8	<p><b>June 2022:</b> Signage for assembly points and safety are unavailable in the warehouse.</p> <p><b>July 2023:</b> C&amp;H Enterprise has yet to display the safety signage in the warehouse.</p>
003-2022 Addressed	6.2.7	<p><b>June 2022:</b> The company did not keep the DoA permit.</p> <p><b>July 2023:</b> C&amp;H Enterprise has maintained the DoA permit for all import consignment.</p>

<b>Highlights of Close-Out Visit (if applicable)</b>	<b>Date:</b> -
Not applicable	

Recommendations
<p><b>C &amp; H Enterprise</b> 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>Observation 002-2022 – Outstanding – Checklist 5.3.8:</b> C&amp;H Enterprise shall display signs, such as "Safety First" and "assembly point."</p> <p>The next surveillance visit is scheduled for July 2024.</p>

**End of Summary Report**