

## Sabah TLAS Audit Report Principles 5 & 6

<b>Organisation</b>	Best Maxim Sdn. Bhd. (753619-D)	<b>Reference #</b>	G162-493
<b>Contact Person</b>	Chew Beng Huat (Managing Director) Chew Inn Keat (Director)	<b>Audit Date</b>	07/11/2018
<b>Office Address</b>	Lot 3, 1 <sup>st</sup> Floor, Block H, Sri Kepayan Commercial Centre, Phase 10A, Ruang Ridgeview 2, Kota Kinabalu, Sabah.	<b>Date close out</b>	-
<b>Mill Address</b>	NA	<b>Telephone</b>	+6012 810 1184
<b>Email</b>	chewbenghuat@live.com.my	<b>Fax</b>	+6088 255 906
		<b>Approved By</b>	Dr. Kevin Grace

### Statements

<b>Audit Statement #</b>	GFS 023 WTP		
<b>Issuance Date</b>	01 December 2018	<b>Expiration Date</b>	30 November 2019

### Assessment Details

<b>Company Type</b>	Trading office
<b>Scope of Assessment</b>	Exporter (FDS(KK)(E)089/2017) - Best Maxim Sdn. Bhd
<b>Product Group</b>	Kiln Dried Malaysian sawn timber
<b>Source of Material</b>	Sabah, Malaysia.
<b>Species</b>	<i>Drybalanops spp.</i> (Kapur), <i>Shorea inappendiculata</i> (Selangan batu), <i>Parashorea spp.</i> (White seraya), <i>Shorea spp.</i> (Red seraya, Yellow seraya), <i>Neolarmakia cadamba</i> (Laran)
<b>Lead Assessor</b>	Michelle Boyou
<b>Assessor(s)</b>	Priera Bagang
<b>FDS Staff</b>	RH Muznah Sabardin (EIS PPD Kota Kinabalu)

### Terms of Assessment

The scope of the evaluation is to verify compliance of the Best Maxim 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:**

Best Maxim Sdn. Bhd. (Best Maxim) is registered in Kuala Lumpur, Malaysia with registration # 753619-D. The company trades sawn timber mainly for global market. Best Maxim has obtained FSC Chain of Custody certificate, certificate #: SGS-COC-009636 for their products (Purchase and sale of FSC 100% and FSC Mix sawn timber using transfer system) since October 2012, with expiry date on 14<sup>th</sup> January 2023.

Best Maxim purchases Kiln Dried sawn timber from local suppliers (Sabah) and exports to The Philippines, Japan, China and The Netherlands market. The company also trades KD sawn timber for local market.

The previous assessment was conducted in November 2017 that resulted in 1 gap and 0 observation (report #: G162-364).

**Associated Organizations & Subcontractors:**

Best Maxim does not engage other subcontractor to provide service of raw material (sawn timber).

**Description of the Supply Chain:**

From November 2017 to October 2018, Best Maxim purchased KD sawn timber from the suppliers as below:

Supplier	License	Raw Material	Location	FDS TLAS-CC (Expiry Date)	GFS Audit Statement # (Expiry Date)
Lusera Sdn. Bhd.	JP(K) KK002/09 (X22)	Sawn timber	Kota Kinabalu	FDS(SCS)078/2018 (31/07/2019)	GFS 114 WTP (31/07/2019)
Maju Mapan Trading Sdn. Bhd.	JP(T)TW 005/10 (X04)	Sawn timber	Tawau	Non Compliance	Non Compliance
Gold Rank Sdn. Bhd.	JP(T)TW001/10(X04)	Sawn timber	Tawau	FDS(SCS)005/2018 (31/01/2018)	GFS 010 WTP (31/01/2019)
Unikarya Trading Sdn. Bhd.	JP(T)TW003/15(X04)	Sawn timber	Tawau	FDS(SCS)068/2018 (30/06/2019)	GFS 190 WTP (30/06/2019)

**Summary Results:**

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

GAPs:			
GAP #	Type	Checklist	Description
004/2018	Minor	5.2.1	The removal passes for 4 out of 5 local sales documents were not available during the assessment.
005/2018	Minor	5.2.7	Inadequate implementation of the CoC system in their sawn timber trading. Batch units were not assigned between purchasing and sales in accordance to their CoC manual.

\*Major = Non-Compliance

Status of Outstanding GAPs:				
GAP #	Type	Checklist	Status	Description
003/2017	Minor	5.2.4 5.2.7	Closed	<p><b>November 2017:</b> The current COC procedures are based on market demand (buyer's request) that do not include Sabah TLAS materials, production and trading as an obligation in the Sabah TLAS standard.</p> <p><b>November 2018:</b> Best Maxim revised the COC manual, to include Sabah TLAS materials, production and trading as an obligation in the Sabah TLAS Standard.</p>

Observations:		
OBS #	Checklist #	Description
-	-	-

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

Recommendations
<p><b>Best Maxim Sdn. Bhd.</b> has demonstrated compliance with the Sabah Standard Principles 5-6 for Chain of Custody and is recommended to receive a GFS Audit Statement and Sabah Timber Legality Assurance System Compliance Certificate (TLAS-CC) by FDS.</p> <p>Gaps identified in this assessment shall be addressed before the next surveillance visit. Actions required to close the gaps include:</p> <p><b>Gap 004/2018 (Minor) – Checklist 5.2.1:</b> To maintain copy of removal passes (export and local sales).</p> <p><b>Gap 005/2018 (Minor) – Checklist s5.2.7:</b> To implement the Sabah TLAS CoC manual for their trading system.</p> <p>The next surveillance visit is scheduled in October 2018.</p>

**End of Summary Report**