



GLOBAL FORESTRY SERVICES

Registered Office: Palm Grove House, PO Box 438 Road Town, Tortola, British Virgin Islands.
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WOOD TRACKING PROGRAM

Chain of Custody Checklist & Assessment Report

Organization	Shin Yang Plywood (Bintulu) Sdn. Bhd. (257938-X)	Reference #	GFSS 021-018a
Contact Person	Alvin Yii / Yiun Chung Huat (MR)	Proposal # Assessment #	GFSS P17-083 04
Office Address	Lot 515, Piasau Industrial Estate, Jalan Datuk Edward Jeli, P.O.Box 1599, 98008 Miri, Sarawak, Malaysia.	Assessment Date	02 Nov 2016
Mill Address	Lot 813, Block 38, Kemena Industrial Estate, 97000 Bintulu, Sarawak.	Date of Report Date of close out	02 Nov 2016 NA
Telephone	+6085 604 599 Chyiun HP: +6012 878 1366	Lead Assessor	Lai Jia Woei
Fax	+6085 605 339	Assessor	NA
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Statement of Participation

GFS WTP #	GFS 078 WTP
Issuance Date	18 May 2015
Expiration Date	17 May 2020

Scope of Assessment

Company Type	Manufacturing
Scope of Assessment	Shin Yang Plywood (Bintulu) Sdn. Bhd. (257938-X)
Product Group	Plywood & Veneer
Source of Material	Verified Legal: Sarawak, Risk Assessment: LPF 0018 and LPF 0019 (Coupe 1 - 5) PEFC / MTCS certified planted <i>Albizia falcataria</i> , KTS Lumber Sdn. Bhd. FSC Certified planted <i>Acacia mangium</i> ; Shin Yang Trading Sdn. Bhd. (Anap Muput) License T/4317 PEFC certified mixed tropical hardwood species; Imported pine from New Zealand.
Species	Planted species: <i>Acacia mangium</i> ; <i>falcataria</i> : <i>Molucca albizia</i> (<i>Adenanthera falcataria</i> , <i>Albizia falcataria</i> , <i>Paraserianthes falcataria</i> , <i>Falcataria moluccana</i>); <i>Pinus</i> spp. Natural Forest Species: Mixed tropical hardwoods (<i>Shorea</i> spp & <i>Dipterocarpus</i> spp.)

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. GFS 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.

Document Control

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	<h2 style="color: green;">GLOBAL FORESTRY SERVICES</h2>
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Background Information:

Shin Yang Group is registered in Sarawak, Malaysia with both forestry concessions (timber licenses and Licensed to Plant Forests / LPF) and several associated production mills in Miri and Bintulu, Sarawak.

This exercise involves office and mill of Shin Yang Plywood (Bintulu) Sdn. Bhd. (257938-X) based in Bintulu, Sarawak. The mill produces plywood that mainly sold to Japan buyers. Shin Yang Plywood (Bintulu) has obtained PEFC Chain of Custody certificate, certificate #: SIRIM-COC-0029 for their products (veneer, plywood and Urethane Coated Plywood) with expiry on 28th August 2019.

Associated Organizations & Subcontractors:

Shin Yang Group is associated to Shin Yang Plywood (Bintulu) Sdn. Bhd., which are involved processing plywood and veneer products in Bintulu. The Shin Yang group also has 2 plywood mills in Bintulu and 2 mills in Miri, Sarawak:

- Shin Yang Plywood Sdn. Bhd. – Mill in Miri, Sarawak.
- Shin Yang Laminated Board Sdn. Bhd. - Mill in Miri, Sarawak.
- Zedtee Plywood Sdn. Bhd. – Mill in Bintulu, Sarawak.
- Forescom Plywood Sdn. Bhd. – Mill in Bintulu, Sarawak.

Description of the Supply Chain:

Shin Yang Plywood (Bintulu) Sdn. Bhd. purchases raw material (logs) from Shin Yang Timber License and LPF areas within Sarawak; about 60% comes from Shin Yang concession areas while other logs are purchased from local suppliers. Approved VL suppliers list last updated in November 2016 as follows:

Shin Yang Forest Area	License #	Total Area (ha)	Expiry	Risk Assessment
Shin Yang Trading Sdn. Bhd. (Anap Muput) Logging contractor: Zedtee Plywood Sdn. Bhd.	T/4317	83,535	18 Feb 2068	PEFC/MTCS Certified FMC 0006 Expiry: 24 July 2019
Shin Yang Forestry Sdn. Bhd.	LPF 0018	Total: 195,126 Planted: NA	18 Nov 2059	Low Risk planted species: <i>Albizia falcataria</i> & <i>Acacia mangium</i>
	LPF 0019	Total: 36,840 Planted: NA	18 Nov 2059	PEFC/MTCS Certified Masama Forest Plantation Management Unit (Coupe 1 to 5) 11,946 ha - Acacia & Albizia FPMC 0003 Expiry 11 August 2019
Shin Yang Wood System Sdn. Bhd.				GFS 163 WTP (Product: Mixed Tropical Hardwood veneer) with expiry 31 January 2021
KTS Lumber Sdn. Bhd.				FSC Certified: SGS-COC-010145, SGS-CW-010145 with expiry 09 March 2019 Low Risk: <i>Acacia mangium</i>

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Sojitz New Zealand Ltd.				FSC Certified. Low Risk: Radiata Pine Dried Veneer
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Shin Yang Plywood (Bintulu) also obtains Verified Legal material based on the results of the Risk Assessment and GFS 3rd party assessment:

- Sojitz New Zealand Ltd - SGS COC 006192 expiry 17 May 2019 (FSC)
- KTS Group (KTS Lumber Sdn. Bhd.) – SGS-COC-010145, SGS-CW-010145 with expiry 09th March 2019; & Risk assessment: Medium risk Country & Low Risk Species (planted *Acacia mangium*)
- Forescom Plywood Sdn. Bhd. (GFS 077 WTP with expiry 17th May 2020)
- Zedtee Plywood Sdn. Bhd. (GFS 076 WTP with expiry 17th May 2020)
- Shin Yang Plywood and Laminated Board Sdn. Bhd. (GFS 075 WTP with expiry 17th May 2020)

Sales market mainly includes Japan (90%), Australia, South Korea, Taiwan and India.

Highlights of Assessment:

1.0 Legal Requirements

Shin Yang Plywood (Bintulu) maintains permits for all their wood processing and export activities. There was no evidence of non-compliance to legal requirements. All permits and required fees were paid.

2.0 Documented Policy & Procedures

Shin Yang Plywood (Bintulu) has a policy statement for PEFC that avoids using controversial wood materials and implementation of a COC system. The company has a System Manual and procedures for COC: PEFC & VL. The System Manual (SYPB/COC/SM.01) dated 1 May 2015 to include Procedures for GFS WTP (latest updated on 1 September 2016 revision. 18):

Section 1 Scope

Section 2 References

Section 3 Terms & Definitions

Section 4 Identification of material category of material / products

Section 5 Due Diligence (PEFC & WTP 015)

Section 6 Chain of Custody methods

Section 7 Sales & Communication on Certified products

Section 8 Organization chart & responsibilities

Section 9 Health & Safety

3.0 Organisation & Training

Shin Yang Plywood (Bintulu) Sdn Bhd has a System Manual that includes an organizational structure that named Mr. Yiun Chung Huat as COC Management Representative. Key staffs and mill workers were interviewed randomly and had adequate knowledge on the COC procedures and safety awareness during work. Records on training conducted were documented and maintained.

4.0 Purchasing, Importing & Receiving

Shin Yang Plywood (Bintulu) has undertaken a risk assessment of key suppliers including their own concession areas, imported material and locally purchased logs using the GFS WTP 015 risk assessment

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format. The results of the risk assessment showed 5 suppliers were documented low risk and eligible to be classified as VL:

- Shin Yang Trading Sdn. Bhd. (Anap Muput) - MTCS Certificate # FMC-0006 expiry date 24 July 2019.
- Sojitz New Zealand Ltd. – FSC Certified: SGS COC 006192 expiry date on 17 May 2019.
- Shin Yang Forestry Sdn. Bhd. - Risk assessment: Planted *Albizia falcataria* & *Acacia mangium* - Medium risk Country & Low Risk Species from LPF 0018 and LPF 0019 PEFC/MTCS Certified, FPMC 0003, Expiry 11 August 2019
- Shin Yang Wood System Sdn. Bhd. – GFS 163 WTP (Product: Mixed Tropical Hardwood veneer) with expiry 31 January 2021
- KTS Group (KTS Lumber Sdn. Bhd.) – FSC Certified: SGS-COC-010145, SGS-CW-010145 with expiry 09th March 2019. Risk assessment: Medium risk Country & Low Risk Species (planted *Acacia mangium*).

VL Acacia logs sourced from KTS Lumber are clearly identified with blue barcode tags. Transportation of plantation logs is covered by Removal Pass (Royalty & Transit) issued by Sarawak Forestry Department. Plantation log # sampled are listed in the log list and traceable through crosschecking with lorry # in Transit Removal Pass and further to Royalty Removal Pass.

The assessing team observed environmental status was not referenced in the sales Contract of KTS Lumber Sdn. Bhd. for plantation logs sampled at the log cutting section (**Observation 001**).

Shin Yang Plywood Bintulu has not yet started VL production, as such, all VL logs are identified as Non-VL material and production. VL raw material should be identified and recoded as VL stock even if the company plans to use the VL raw material in Non-VL production (**Observation 002**).

5.0 Process Controls

Shin Yang Plywood (Bintulu) has revised the Procedure for Production Process (SYPB/COC/PO.01 – Process Outline) to include identification of the MAC# / MO# and corresponding Sales Contract # as applicable. Although MAC & Sales Contract (SYPB-UCP-16-10-02) is not a VL contract, it is being used to demonstrate the COC system with VL material.

Log input is based on allocation of VL Acacia logs from a segregated section of the log yard into a COC MAC# issued by the Head Office that can be linked directly to a Sales Contract for VL or certified products.

Shin Yang Plywood (Bintulu) consistently identified work in progress with stack labels that reference the manufacturing order (MAC# / MO# SYPB-UCP-16-10-02). All machines processing the material were identified with COC signs for VL production. The Warehouse records for VL production has clear reference to MAC# / MO# as for production well as Sales Contract # for committed stock.

6.0 Sales, Exports & Customs

Shin Yang Plywood (Bintulu) System Manual references identification of the Manufacturing Order (MAC# / MO#) as well as the Sales Contract # to enable clear traceability of the products back through production and log input. Shin Yang Plywood (Bintulu) has a valid import and export license. No sales of VL products, only demonstration of the COC system.

7.0 Records & Data

COC procedures identify that CoC documents shall be maintained for a minimum of 5 years. Shin Yang Plywood (Bintulu) has records for purchasing VL material, however no records for production or sales of Verified Legal products as the company only used VL material for demonstration of the CoC system.

Summary results:

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Major Gap* = 0; Minor Gap = 0

GAPs:			
GAP #	Type	Checklist #	Description of GAP
-	-	-	-

Status of Outstanding GAPs:				
GAP #	Type	Checklist	Status	Description of close out
-	-	-	-	-

* Major Gaps are considered as non-conformance

Highlights of Close out visit (if applicable)	Date:
Not applicable.	

Recommendations
<p>Shin Yang Plywood (Bintulu) has demonstrated continual compliance to the Wood Tracking Program requirements (WTP-005 v10 March 2015) following the assessment conducted on 02 November 2016 and is recommended to maintain the Statement of Participation.</p> <p>The next surveillance visit is scheduled in April 2017.</p>

End of Summary Report

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