

## Sabah TLAS Audit Report Principles 5 & 6

<b>Organisation</b>	Samawang Sawmill Sdn. Bhd. (81340-P)	<b>Reference #</b>	GFSSBH 004-0041
<b>Contact Person</b>	Jenny Leung (Secretary)	<b>Assessment Date</b>	08/05/2019
<b>Office Address</b>	PPM 367, Elopura, 90000 Sandakan, Sabah, Malaysia.	<b>Date close out</b>	-
<b>Mill Address</b>	Batu 10.5, Jalan Labuk, Seguntor, Sandakan, Sabah, Malaysia.	<b>Telephone</b>	+6089 531 787 +6089 531 788
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		<b>Approved By</b>	Dr. Kevin Grace

Statements			
Audit Statement #	GFS 060 WTP		
Issuance Date	01 June 2019	Expiration Date	31 May 2020

Assessment Details	
Company Type	Sawmill / Plywood / Veneer / Blockboard / Moulding / Furniture / Kiln Dry Plant
Scope of Assessment	Samawang Sawmill Sdn. Bhd.
Product Group	Veneer and Plywood
Source of Material	Sabah, Malaysia.
Species	<i>Drybalanops</i> spp. (Kapur), <i>Dipterocarpus</i> spp. (Keruing), <i>Parashorea</i> spp. (White seraya), <i>Shorea</i> spp. (Red seraya, Yellow seraya, Melapi), <i>Heritiera simplicifolia</i> (Kembang), Sapotaceae (Nyatoh), <i>Neolamarckia cadamba</i> (Laran), <i>Duabanga moluccana</i> (Magas), <i>Octomeles sumatrana</i> (Binuang), <i>Alstonia</i> spp. (Pulai), <i>Eugenia</i> spp. (Obah), <i>Sindora beccariana</i> (Sepetir), Lauraceae (Medang), <i>Planchonia valida</i> (Putat), <i>Lithocarpus</i> & <i>Quercus</i> (Mempening), Myristicaceae (Darah-darah), <i>Cratoxylum arborescens</i> (Serungan), <i>Pentace</i> spp. (Takalis), <i>Koordersiodendron pinnatum</i> (Ranggu), <i>Hopea sangal</i> (Gagil), <i>Pterocymbium javanicum</i> (Telete), <i>Parartocarpus</i> or <i>Artocarpus</i> (Terap), Prerospermum (Bayor), <i>Dyera</i> spp. (Jelutong), Annonaceae (Pisang-pisang), <i>Castanopsis motleyana</i> (Berangan), <i>Durio</i> spp. (Durian), <i>Scaphium</i> spp. (Kembang semangkuk), <i>Calophyllum obliquinervium</i> (Bintangor), <i>Nauclea</i> spp. / <i>Neonauclea</i> spp. (Bangkal), <i>Dillenia</i> spp. (Simpor), <i>Meliosma sumatrana</i> (Gapas-gapas), <i>Tamarindus</i> spp. (Assam), <i>Camptosperma auriculatum</i> (Terentang), <i>Combretocarpus</i> spp. (Perapat hutan), <i>Macaranga</i> spp. (Sedaman), <i>Endospermum diadenum</i> (Sendok – Sendok), <i>Gluta</i> <i>Semecarpus</i> / <i>Melanochyla</i> & <i>Swintonia</i> (Rengas), <i>Annonaceae</i> spp. (Karai), <i>Anisoptera</i> spp. (Pengiran)
Lead Assessor	Lai Jia Woei
Assessor(s)	Cynthia D. John
FDS Staff	Rosli bin Siki (DFO Sandakan), Hj. Asran Asa (ADFO Sandakan), Ruslan Hj. Ismail (ADFO Sandakan), PH Zulkefly Matusin (PPM Sandakan Utara), PH Ramlan bin Atak (PPM Sandakan Utara)

Terms of Assessment
The scope of the evaluation is to verify compliance of the Samawang Sawmill 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.

### Background Information:

Samawang Sawmill Sdn. Bhd. (Samawang Sawmill) is registered in Kuala Lumpur, Malaysia with registration # 81340-P. The company produces and trades plywood mainly to the local market and minimum volume exported to West Malaysia and Taiwan.

The previous assessment was conducted in January 2018 that resulted in 2 gap(s) and 0 observation(s) (report #: G162-378).

### Associated Organizations & Subcontractors:

Samawang Sawmill does not engage other companies as their subcontractors to provide or manufacture products.

### Description of the Supply Chain:

From December 2017 to March 2019, Samawang Sawmill purchased raw materials from the suppliers as below:

Supplier	License	Raw Material	Location	FDS TLAS-CC (Expiry Date)	GFS Audit Statement # (Expiry Date)
Collector As Trustee (Khidmat Maju Kaya Sdn. Bhd.)	FIIB: JPHTN/FRM 700-2/4/1/321/JLD.5/53	Round logs	Kota Marudu	FDS(SLS)020/2018 (30/04/2019)*	GFS 133 LVS (30/04/2019)*
Timberwell Berhad	SFMLA 06/97: KDT 05/18, KDT 06/18, KDT 04/18, KDT 07/17	Round logs	Kota Marudu	FDS(SLS)014/2017 (30/04/2019)**	GFS 002 LVS (30/04/2019)**
Asainar bin MP Ebrahim @ Hassnar & 3 Peserta	FIIB: JPHTN/FRM 700-2/4/1/563/Jld 2/14	Round logs	Tongod	-	-
Lassim Abdul Rahman (Thava Metal Sdn. Bhd.)	JP(KRN)001/2017(F1)	Round logs	Ranau	FDS(SLS)059/2018 (31/12/2019)	GFS 128 LVS (31/12/2019)
Farmingco Sdn. Bhd. (Usaha Sri Teguh Sdn. Bhd.)	FIIB: JPHTN/FRM 700-2/4/1/117/Jld 3/31	Round logs	Pitas	Non-Compliance	Non-Compliance
KTS Plantation Sdn. Bhd.	JP (SLK) 125/93 (CO): SDK 02/18	Round logs	Segaliud	FDS(SLS)001/2018 (31/01/2019)***	GFS 012 LVS (31/03/2020)
Appolonia Malujau & 7 Peserta (Syarikat Maksigaya)	JP(KRN)011/2016(F1)	Round logs	Ranau	FDS(SLS)023/2018 (31/05/2019)	GFS 099 LVS (31/05/2019)
Joseph Paulus Lantip (Vun Kong Sdn. Bhd.)	FIIB: JPHTN/FRM 700-2/4/1/434(a)10	Round logs	Ranau	Non-Compliance	Non-Compliance
Miskinan bin Bunga & 11 Peserta (Kontraktor Hiew)	FIIB: JPHTN/FRM 702/4/1/483	Round logs	Beluran	FDS(SLS)028/2018 (31/05/2019)	GFS 138 LVS (31/05/2019)
Alius bin Hussain & 15 Peserta (Kontraktor Hiew)	FIIB: JPHTN/FRM 702/4/1/384/Jld.2/51	Round logs	Beluran	FDS(SLS)027/2018 (31/05/2019)	GFS 137 LVS (31/05/2019)
Lebihasil Sdn. Bhd. (Syarikat Lee Yun Sdn. Bhd.)	SFMLA 01/05: SDK 04/07	Round logs	Telupid	FDS(SLS)040/2018 (05/08/2019)	GFS 007 LVS (05/08/2019)
Seguntor Sdn. Bhd.	JP(S)SS018/00(B01)R	Round logs	Seguntor	FDS(SCS)076/2018 (31/07/2019)	GFS 138 WTP (31/07/2019)
Pemegang Tanah Rizab Padang Ragut	FIIB: JPHTN/FRM 700/2/3/134/16	Round logs	Ranau	-	-
Zillion Fortune Sdn. Bhd.	SFMLA 04/2014: TWU 02/15	Round logs	Serudong	FDS(SLS)011/2018 (31/03/2019)***	GFS 095 LVS (31/03/2020)

Note: \*Operation completed.

\*\*Surveillance visit conducted in April 2019.

\*\*\*FDS to update their website

**Summary Results:**

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

<b>GAPs:</b>				
<b>GAP #</b>	<b>Type</b>	<b>Checklist</b>	<b>Status</b>	<b>Description</b>
002/2018	Minor	5.2.2 5.2.3	Closed	<p><b>January 2018:</b> Inconsistency on stamping "Sabah TLAS Compliant" on Removal Passes and TDP's for logs from verified FMU and Form 1 license area by FDS staff.</p> <p><b>May 2019:</b> The Removal Passes for Sabah TLAS P1-4 licensees; Zillion Fortune Sdn. Bhd., Timberwell Berhad, KTS Plantation Sdn. Bhd., Appolonia Malujau &amp; 7 Peserta, Lebihasil Sdn. Bhd., Lassim Abdul Rahman from January 2018 to March 2019 were observed to be stamped with "Sabah TLAS Compliant."</p>
003/2018	Minor	5.2.4	Closed	<p><b>January 2018:</b> The COC manual does not adequately reflect current operations nor reference the production batch (Lot #) based on sequential receipt of Sabah TLAS logs that enables traceability between raw material and finished goods.</p> <p><b>May 2019:</b> Samawang Sawmill produced a new COC manual that reflects the current mill operation. Batch number is based on arrival sequence of the month.</p>
004/2019	Minor	5.2.1	New	Inconsistency of Sabah TLAS & non-Sabah TLAS log segregation at the log pond.

\*Major = Non-Compliance

<b>Obs #</b>	<b>Checklist</b>	<b>Description</b>
-	-	-

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

<b>Recommendations</b>
<p><b>Samawang Sawmill 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 STCC from FDS.</p> <p>Gap identified in this assessment should be addressed before the next surveillance visit. Action required to close the gap includes:</p> <p><b>Gap 004/2019 (minor) – Checklist 5.2.1:</b> Samawang Sawmill shall ensure Sabah TLAS and non-Sabah TLAS logs are physically segregated. An internal training for workers at the log pond needs to be conducted to increase awareness on the implementation of segregation of Sabah TLAS material.</p> <p>The next surveillance visit will be scheduled in March 2020.</p>

**End of Summary Report**