

## Sabah TLAS Audit Report Principles 5 & 6

<b>Organisation</b>	Fu Yee Corporation Sdn. Bhd. (158135-K)	<b>Reference #</b>	GFSSBH 004-029
<b>Contact Person</b>	Lee Boon Chee (Asst. General Manager)	<b>Assessment Date</b>	11/04/2019
<b>Office Address</b>	TB 270, 2 <sup>nd</sup> Floor, Block 28, Fajar Complex, 91000 Tawau, Sabah, Malaysia. P.O.Box 1260, 91008 Tawau, Sabah, Malaysia.	<b>Date close out</b>	-
<b>Mill Address</b>	Mile 42, Jalan Brantian, 91000 Tawau, Sabah, Malaysia.	<b>Telephone</b>	+6089 777 408 (Office) +6089 777 410 (Office) +6089 925 095 (Mill office) +6089 925 096 (Mill office) +6089 925 240 (Mill office)
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		<b>Approved By</b>	Dr. Kevin T. Grace

### Statements

<b>Audit Statement #</b>	GFS 079 WTP		
<b>Issuance Date</b>	01 May 2019	<b>Expiration Date</b>	30 April 2020

### Assessment Details

<b>Company Type</b>	Sawmill, Veneer, Plywood, Moulding, Blockboard, Finger joint, Laminated board, Fancy Plywood and Kiln Dry Plant
<b>Scope of Assessment</b>	Fu Yee Corporation Sdn. Bhd.
<b>Product Group</b>	Veneer and Plywood
<b>Source of Material</b>	Sabah, Malaysia.
<b>Species</b>	<i>Drybalanops spp.</i> (Kapur), <i>Dipterocarp spp.</i> (Keruing), <i>Koompassia malaccensis</i> (Impas), <i>Parashorea spp.</i> (White seraya), <i>Shorea spp.</i> (Red seraya, Yellow seraya, Melapi), <i>Heritiera simplicifolia</i> (Kembang), <i>Sapotaceae spp.</i> (Nyatoh), <i>Neolamarckia cadamba</i> (Laran), <i>Duabanga moluccana</i> (Magas), <i>Octomeles sumatrana</i> (Binuang), <i>Alstonia spp.</i> (Pulai), <i>Annonaceae spp.</i> (Karai), <i>Eugenia spp.</i> (Obah), <i>Sindora beccariana</i> (Sepetir), Lauraceae (Medang), <i>Planchonia valida</i> (Putat), <i>Terminalia subspathulata</i> (Talisai), Lithocarpus & Quercus (Mempening), Myristicaceae (Darah-darah), <i>Dillenia spp.</i> (Simpur), <i>Cotylelobium spp.</i> (Resak batu), <i>Cratoxylum arborescens</i> (Serungan), <i>Pentace spp.</i> (Takalis), <i>Hopea sangal</i> (Gagil), <i>Calophyllum obliquinervium</i> (Bintangor), <i>Macaranga spp.</i> (Sedaman), Prerosperrum (Bayor), <i>Dyera spp.</i> (Jelutong), <i>Dialium indum</i> (KerANJI), <i>Paraserianthes falcataria</i> (Batai), Gluta/Semecarpus/Melanochyla & Swintonia (Rengas), Annonaceae (Pisang-pisang), <i>Azadirachta excels</i> (Bawang-bawang), <i>Castanopsis motleyana</i> (Berangan), <i>Camposperma auriculatum</i> (Terentang), <i>Anisoptera spp.</i> (Pengiran)
<b>Lead Assessor</b>	Lai Jia Woei
<b>Assessor(s)</b>	Mohd. Akram Mansur, Siti Radiah Mohamad
<b>FDS Staff</b>	Suriansa Abd. Kadir (ADFO Kalabakan), PH Malan Ukil (EIS unit PPD Kalabakan)

### Terms of Assessment

The scope of the evaluation is to verify compliance of the Fu Yee Corporation 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:

Fu Yee Corporation Sdn. Bhd. (Fu Yee) is registered in Kuala Lumpur, Malaysia with registration # 158135-K. The company produces and trades veneer and plywood and exports to South Korea, Thailand, Peninsular Malaysia, Egypt and Taiwan.

The previous assessment was conducted in March 2018 that resulted in 0 gap(s) and 3 observation(s) (Report #: G162-402).

### Associated Organizations & Subcontractors:

Fu Yee is associated with Veracity Corporation Sdn. Bhd., which is located in Keningau. The company does not engage other companies as their subcontractors to provide or manufacture products.

### Description of the Supply Chain:

From January 2018 to March 2019, Fu Yee purchased raw materials from the suppliers as below:

Supplier	License	Raw Material	Location	FDS TLAS-CC (Expiry Date)	GFS Audit Statement # (Expiry Date)
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)
Amirudin Bin Mohd Damit & 23 Peserta	JP(NSO)003/2016(F1)	Round logs	Sook	FDS (SLS) 057/2017 (30/11/2018)***	GFS 124 LVS (30/11/2018)***
Sapulut Forest Development Sdn. Bhd.	SFMLA 04/97: KGU 18/16, KGU 25/15, KGU 02/16, TWU 48/07	Round logs	Tibow	FDS (SLS) 045/2018 (31/08/2019)	GFS 025 LVS (31/08/2019)
Collector as Trustee (Kawayoi Plantation Sdn. Bhd.)	JP(NSO)003/2013(F1)	Round logs	Sook	FDS(SLS)007/2018 (28/02/2019)***	GFS 075 LVS (28/02/2019)***
Rakyat Berjaya Sdn. Bhd. (Hasil Bagus Sdn. Bhd.)	SFMLA 09/97: SDK 08/14	Round logs	Kinabatangan	FDS(SLS)049/2017 (31/10/2018)**	GFS 091 LVS (31/10/2018)**
Maju Setapak Enterprise	JP(NN)004/2018(F1)	Round logs	Nabawan	FDS(SLS)037/2018 (01/07/2019)	GFS 141 LVS (01/07/2019)
Collector As Trustee (Mount Pock / Budi Kemuja Sdn. Bhd.)	FIIB: JPHTN/ FRM 700-2/4/1/331/Jld.4/32	Round logs	Semporna	FDS(SLS)049/2018 (31/08/2019)	GFS 106 LVS (31/08/2019)
Timberwell Berhad	SFMLA 06/97: KDT 05/18, KDT 06/18	Round logs	Kota Marudu	FDS(SLS)019/2018 (30/04/2019)	GFS 002 LVS (30/04/2019)

Note: \*FDS to update their website.

\*\*FDS to schedule for Sabah TLAS.

\*\*\*Timber harvesting completed

**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>
003/2019	Minor	5.2.4	New	The current CoC manual does not reflect the system used in the production for traceability.

\*Major = Non-Compliance

<b>Obs #</b>	<b>Checklist</b>	<b>Description</b>
001-2017 Addressed	5.2.2	<p><b>March 2018:</b> Inconsistency on stamping of removal passes "Sabah TLAS Compliant" for receiving Sabah TLAS material in 2017. According to FD 36/2016, the stamping of "Sabah TLAS Compliant" on the TLAS-CC verified forest products removal pass started on 1<sup>st</sup> January 2017. The identification of "Sabah TLAS Compliant" on the receiving documents from the supplier has not been consistently implemented in 2017.</p> <p><b>April 2019:</b> Sabah TLAS verified logs received from Zillion Fortune Sdn. Bhd. in 2018 has been stamped with "Sabah TLAS Compliant". Removal pass was also stamped with "Sabah TLAS Complaint" for other Sabah TLAS verified suppliers such as Amiruddin Mohd Damit &amp; 23 Peserta, Timberwell Berhad, Collector as Trustee (Mont Pock / Budi Kemuja Sdn. Bhd.), Rakyat Berjaya Sdn. Bhd. (Hasil Bagus Sdn. Bhd.), Maju Setapak Enterprise and Sapulut Forest Development Sdn. Bhd..</p>
001-2018 Addressed	5.2.3	<p><b>March 2018:</b> Sabah TLAS status was not identified in the log arrival book for Sabah TLAS verified material received by Fu Yee.</p> <p><b>April 2019:</b> Sabah TLAS status was identified in the log arrival book for Sabah TLAS verified material received from 2018 to March 2019.</p>
002-2018 Addressed	5.2.5	<p><b>March 2018:</b> No identification of Sabah TLAS status on WIP materials sampled.</p> <p><b>April 2019:</b> WIP core and veneer stock observed in the mill are consistently labelled using monthly batch number (i.e. 02/2019 : 02 – February; 2019 – Year) and Sabah TLAS status that indicated raw materials were from February suppliers.</p>

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

<b>Recommendations</b>
<p><b>Fu Yee Corporation 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:  <b>Gap 003/2019 (minor) – Checklist 5.2.4:</b> Fu Yee shall update their CoC manual in accordance with the current system used in the production for traceability.</p> <p>The next surveillance visit is scheduled in February 2020.</p>

**End of Summary Report**