

Risk analysis against 12 indicators for KTS TIMBER as follows:

No	Indicator	Verifier	Information	Risk	Remark
1	Country	Country, <i>Corruption Perception Index</i> (CPI)	<ul style="list-style-type: none"> Malaysia CPI = 47 (2017, www.transparency.org) 	Low	Risk category of country with CPI Index < 50 is "High", but that risk was mitigated with the certification, both of mandatory (TLAS, other) and voluntary (FSC/PEFC).
2	Tree Species	Harvested and planted Tree Species	<i>Acacia mangium</i>	Low	
3	Third Party Certificate	<ul style="list-style-type: none"> Mandatory (National Scheme) Voluntary: FSC, PEFC, others. 	<p><u>KTS Timbers Sdn. Bhd.</u></p> <ul style="list-style-type: none"> FSC Certificate: SGS-COC/CW-009529 	Low	<p><u>Bright Wood Sdn Bhd.</u></p> <p>FSC Certificate: SGS-COC/CW-009532</p>
4	CoC System	Policies, procedures, person in charge, Training CoC, traceability.	<ul style="list-style-type: none"> Company Policy: The management of KTS Timbers Sdn Bhd shall ensure: <ul style="list-style-type: none"> ✓ Compliance with the requirement as stipulated under FSC Standard, FSC-STD-40-004 for purchase and sales related to the FSC CW. ✓ Meets or exceed all applicable laws and regulations covering safety and health of employees. ✓ To purchase FSC Standard Controlled Wood for Woodchips and Sawm Timber. ✓ Implement quality management System. ✓ To Exceed customer satisfaction through continual improvement. SOP No. KTS-COC-SOP 001 Rev: A05 Issued 24 Aug 2017 cover purchasing and selling of product. In that SOP, KTS Timber purchases the FSC controlled wood material only. 	Low	Supply Chain: Log Supplier (Pusaka KTS Plantation Sdn Bhd. and Sarawak Planted Forest Sdn Bhd) --> Bright Wood (via KTS Logs Marketing as trader) --> Buyer (via KTS Timbers as trader).
5	Legality compliance on forest management and forest product harvesting.	Environment Impact Analysis, License, Management Plan, Annual plan.	<p>KTS Timbers Sdn Bhd:</p> <p>BORANG I: License of Export Import No. 848740. Valid from 07 August 2017 - 14 Sept 2018.</p> <p>Certificate of Registration (Export, Import, and Local Sales/Storage of Timber) The Sarawak Timber Industry (Registration) Regulation, 2008 Regulation 7(2). Registration No. 0004076 expiry date 30/09/2018.</p>	Low	

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6	HCV/HCS Protection	Forest Function, land cover, soil type, peat appearance, hidrology, HCV/HCS identification, HCV/HCS socialization.	Based on KTS Timbers procedure, they will purchase FSC controlled material only.	Low	Pulpwood supplier: (1) Pusaka KTS Plantation Sdn. Bhd. (2) Sarawak Planted Forest. Covered in the FSC DDS report of KTS Log Marketing.
7	Protected specieses	Protected specieses based on CITES/IUCN, govt. regulation, and local communal.	The log supplier of the chip that sold by KTS Timber Sdn Bhd are: <u>Pusaka KTS Plantation Sdn Bhd :</u> <ul style="list-style-type: none"> • All buffer zones, riparian zones, HCVF and wild life corridors are protected and not cencroached or damaged by harvesting proceses. • Covered in document of "The Proposed Kakus Tree Plantation Project in Bintulu Division, Sarawak. Environmental Impact Assessment Report – Final Report September 1999 Submitted by EPR (Kuching) Sdn Bhd. <u>Sarawak Planted Forest Sdn Bhd :</u> <ul style="list-style-type: none"> • Covered in document EIA for Planted Forest (Pulp & Paper) Project in Bintulu, Sarawak – Final Report, Approved 13 July 2006. 	Low	Covered in the FSC DDS report of KTS Log Marketing.
8	Traditional and Civil Rights.	Adjacent villages, livelihood, land ownership and using, tenurial conflict, community forest, community leader, FPIC socialization.	The log supplier of the chip that sold by KTS Timber Sdn Bhd are: <u>Pusaka KTS Plantation Sdn Bhd :</u> <ul style="list-style-type: none"> • State land owned by FDS, planted from 1997 to present. NoNative Customary Rights (NCR) land was encroached, planted, or harvested. • Community Development Program Department has develop ed to resolve anny issues related to local, indigeneous and tribal people's traditional rights and cultural interests. <u>Sarawak Planted Forest Sdn Bhd :</u> <ul style="list-style-type: none"> • The communities in Sarawak Project (EIA) is Iban, Tatau – Batang Tatau, Punan – Sungai Kakus, Beketan – Upper Sungai Anap and Sungai Kakus, and Lugat – Upper Sungai Anap. • The plantation zone covers two main land classification: State land (own by govt) and NCR land (all user rights belong to trbal communities). Sarawak Planted Forest Sdn Bhd use contractor to manage the managed area, if there is 	Low	Covered in the FSC DDS report of KTS Log Marketing.

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			<p>a conflict with the local people, they will leave this to the courts and the police. The company has in some cases been required by the courts to pay compensation for land clearing in areas the company should have cleared using contractors.</p> <ul style="list-style-type: none"> The conflict resolution will be done in smooth way (persuasive), force will be requested if company properly when the member of company threatened or if the company activities are interrupted. 		
9	ILO Convention	Company regulation, contract/agreement with worker, free to associated, free from child labor, labor exploitation, and discrimination.	<p>KTS Timbers Sdn Bhd:</p> <ul style="list-style-type: none"> Workers at KTS Timber are 3 Person. And there is no child labour (Covered by FSC Certificate: SGS-COC/CW-009529) <p>Brightwood Sdn Bhd:</p> <ul style="list-style-type: none"> Covered by FSC Certificate (SGS-COC/CW-009532). <p>KTS Log Marketing Sdn Bhd :</p> <ul style="list-style-type: none"> Workers at KTS LM are 11 persons. And there is no child labour. <p>Pusaka KTS Plantation Sdn Bhd :</p> <ul style="list-style-type: none"> There is no child labour. All labourers are registered with Government Department and employed under the laws, regulation of Malaysia. <p>Sarawak Planted Forest Sdn Bhd :</p> <p>There is no child labour. All labourers are registered with Government Department and employed under the laws, regulation of Malaysia.</p>	Low	
10	Work Health and Safety (OHS)	OHS policies, worker number, PPE	<p>KTS Timbers Sdn Bhd:</p> <ul style="list-style-type: none"> KTS Timbers is trading company without physical activities/separation (Covered by FSC Certificate: SGS-COC/CW-009529) <p>KTS Log Marketing Sdn Bhd :</p> <ul style="list-style-type: none"> All field personnel including supervision must wear PPE at all the time (at minimum: safety shoes, reflector vest, and safety helmet) (SGS-COC/CW-009532). <p>Pusaka KTS Plantation Sdn Bhd :</p> <ul style="list-style-type: none"> Covered by The Proposed Kakus Tree Plantation Project in Bintulu Division, Sarawak EIA-Final Report September 1999. <p>Sarawak Planted Forest Sdn Bhd :</p> <p>In the document of EIA there are rules of PPE usage.</p>	Low	
11	GMO	Policy not to use GMO, seed origin, seed certificate.	<p>The log supplier of the chip that sold by KTS Timber Sdn Bhd are:</p> <p>Pusaka KTS Plantation Sdn Bhd and</p>	Low	

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			<p><u>Sarawak Planted Forest Sdn Bhd :</u> None of the trees being harvested are Genetically Modified Trees, the seed is from standard breeding programmes (CSIRO – Australia and Grand Prefect – Sarawak). All seed must be approved by the forest Department, Sarawak and Malaysia doesn't permit the use of Genetically Modified Plant material.</p>		
12	Natural forest conversion into other use since February 1, 2013.	Policies, land preparation, transportation document.	<p>The log supplier of the chip that sold by KTS Timber Sdn Bhd are: <u>Pusaka KTS Plantation Sdn Bhd :</u></p> <ul style="list-style-type: none"> Planted from 2003 to 2013. No Native Customary Rights (NCR) land was encroached, planted or harvested. <p><u>Sarawak Planted Forest Sdn Bhd :</u></p> <ul style="list-style-type: none"> Developed since November 1997 as Industrial Tree Plantation, <i>Acacia mangium</i> (no more conversion from forest to ITP). The area is being harvested is ITP and not indigenous forest. 	Low	