

FROM THE MANAGING DIRECTOR

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Dear All,

The Government has decided that all businesses and activities are allowed to open, but with good practices. It is good to be cautious and in Sapulut, we have to continue with the practices and the standards we have adopted during the Movement Control Order (MCO). In countries which have reopened, those that did not adopt the precautionary approach, continue to experience new cases. Covid-19 will be with us for a while, so please be careful.

I wish to thank those who helped us:-

Teddy and Peter - for manning the FMU 14 during the MCO/CMCO period

Jeffrey and Johnson - for developing an SOP of the prevention of COVID-19 at camp and continuously ensuring the safety and health of our staff in camp.

Jeffica, Aprilecent and Lyevivialyne - security and manning the access to Sapulut area Mary and Logiman - Health screening.

Eve, Albert and Joeyce - responsible for the transportation and logistic in Sapulut area.

Michelle and FAD Camp - food supplies and preparation of food for those in quarantine.

Stephen G, Safinah, Stephine and Roney—ensuring the supplies of PPE (face mask, sanitizer, etc.) reached camp

Matthew, Bryant and Julie—planning and ensuring the financial of the company are able to meet the company's expenses

Some has just completed their mid-year assessment. Generally I find that we are a spirited lot, keen to improve ourselves and recognise the importance of teamwork. Some of you have used this opportunity to give feedback to your seniors and MDO. This is very good, but don't wait for your midyear assessment to do so. Do it whenever this is needed, so that we too can constantly improve ourselves.

One feedback MDO received is that we do not visit the camp enough and not seeing the actual happenings on the ground. To this, I plead guilty and will improve.

In our Masterplan (under progress), there is a recognition that forest plantation timber (FPT) is the future. Timber Association Sabah (TAS) is pushing our changes in regulatory framework, which affects policies, which in turn affects procedures, throughput and operating expenses. It is hard work, and we are glad the Sabah Forestry Department is open and willing to listen. However, it may take them sometime to accept those changes and implement them.

But at Sapulut, we are optimistic and hence we are investing in the future. The visible things are the greenhouse (which will increase our seedlings availability and planting), and our push to fabricate and test the CLT panels for bending, compression, shear, bonding, density and bulking. This is needed so that we can provide input into development of a Malaysia Standard for CLT, and also input to our civil and structural engineer to design the structure for our CLT prototype house.

The source of material for CLT is Albizia and Laran, which are the two plantation species we are planting. We see good potential for sustainable buildings for a sustainable future. And we want you to be a part of this journey.

Thank you.

Norman Wong,
Managing Director
June 30, 2020

VISION SUMMARY OF SAPULUT

CORE VALUES

- Do the right thing, even though no one is watching;
- Love and respect for self, fellow man and nature;
- Recognise and promote teamwork, and never let your team members down;
- Continuous improvement of self and Sapulut through training and learning and practice "I see, I think and I do";
- Discipline- discipline of self, disciplined thoughts and disciplined action;
- Do ordinary things extraordinarily well;
- Know the rules, and know how to break them properly.
- Ideas are easy. Execution is everything. It takes a team to win.

PURPOSE

- Bringing back the natural forest and managing it sustainably.
- Sustainability of the natural forests depend on availability of alternate supply from forest plantation timber.
- Availability of supply from forest plantation timber depends on the development of forest plantation timber.

BRAND PROMISE

Consistent, Predictable and Sustainable Supply of Natural Forest and Forest Plantation Timbers.

NEWSLETTER TEAM

KK Office: Deckna Mosinoh,
Adrianna C. Jaudi

Base Camp: Teddy Sius, Johnson Joseph
Eve Asjera Janim

As we build this newsletter, we're always looking to improve and feature content that you find interesting and helpful. The best way for us to make this newsletter better is to hear from you.

We'd love to get any feedback or post suggestions you think should be included.

You can simply email to us at
newsletter@sapulut.com

GREENHOUSE PROJECT: Challenges and Issues

As we are aware, we are in the midst of upgrading our nursery with the Greenhouse Project. The construction of this greenhouse is to address the challenges and issues we faced with our nursery.

The main challenges of the nursery in the past is the pest and disease issue that interrupted the production especially fungus attack (damping off). The humid condition of the nursery caused more than 10,000 mortality case in the month of raining season. To ensure the continues production of healthy seedling under control environment, the nursery upgrade project was initiated in July 2019. The greenhouse project is to accommodate for the higher seedling amount needed by the BASIL 100 system. Furthermore, the greenhouse can accommodate the change in our nursery system from polybags to trays. After finalizing the average production needed for the greenhouse to accommodate, the contract was signed in February 2020.



Site preparation for greenhouse construction.

Numerous challenges were presented to our team on the way, most notably the lack of communication between departments with respect to the work order to the contractors. The other challenges are the continues production with limited space available. The land was clear and prepared for earth work in end of 2019 because the nursery facing difficulty in producing seedling. The third challenges are lack of viable white laran seeds. White laran fruits were collected form total 5 mothers trees at the end of 2019 during fruiting season. However, only 3 mother trees were high in germination rate. After discussing with the person-in-charge of the nursery, Flerrencius Jossilin and the R&D team, we decided to focus for the production for seeds for the mother tree with high germination rate. We also decided to clear the overgrown seedling to spare the space for newly germinated seedling.

Hue Su Wah

Forest Resource Manager,

30 June 2020



Layout for greenhouse on the site



Concreting the floor of the greenhouse

Our sincere thanks to Mr Thadeus Kinsail @ Lee Hon Fah or better known as Mr. Jason among the staff for his commitment, effort and guidance throughout his service of more than 16 years with Sapulut. All the best, Mr Jason!



8th Phase Lean Six Sigma Training & Coaching by Edward Lee

The 8th Phase of Lean Six Sigma Training and Coaching have been expanded to the Road Building and Road Maintenance (RBRM) Department from February 11, 2020 until February 14, 2020 and continued from February 24, 2020 until February 28, 2020 at Forestry Complex Conference Room. The participants were Effendy @ Andy, Joeyce Walter, Primus Dian, Jubili Launsing, Baritoh Angalum, Daivon Indok, Juman Edward and Flerrencius Jossilin. The participants were focusing on the process of opening new road in NFM and process of maintaining road in ITP. The participants were trained using the same syllabus as the previous group. Closing speech of the session was done by Joeyce Walter as Acting Head of Department for MEVD and RBRM. In his speech, he also emphasized that all participants must apply the knowledge that they have gained in the training to the best of their ability in their work. He then presented the certificate of participation and the session ended with a group photo.



THE GREAT TEAMWORK OF OUR SECOND LINER

Hi everyone, as what I have promised to you all, this article is about the story of how the Manchester United (MU) won the Champion League in 1999 despite Bayern Munich (BM) were leading the game.

During the first half of the game, BM took the lead by 1—0 to MU. The first players to play is the first 11 players. The game was left for 8 minutes to end before Sir Alex Ferguson decided to substitute two players to let Teddy S... (oppsss! of course not me) (Teddy Sheringham) and Ole Gunner to play and both of them scored 1—2 that made MU won the Champion League. I watched this game on television and never realized that I would talk about it one day.

In Sapulut, we have a great team including the second liners and the staff under our care. I would like to take an example when we conducted the second surveillance audit for the Malaysian Criteria & Indicator (MC&I) for Natural Forest, the auditors recognized that our second liners are able to explain the inquiries made by the auditors. However, our team need to be continuously build to make it more stronger.

There are times when in such situation, we overlook to recognize their efforts and contributions for the Company. Some people tend to take credit from others' ideas and claim that they come from themselves.

Some tend to show off or ignore their other team members or not involving them when doing something.

As a Sapulut's team, there are many ways we can recognize these contributions and commitments. One of these is to provide simple recognition such as making their name known when meeting with top managers when an idea, or effort, comes from them to make them feel valued.

Another way we can do is when we send an email to the HODs, we can also send to their second liners so that they are too aware of it and feel important and are part of the team, unless it is a private and confidential issues.

The above is synonym with our Core Values i.e respect your fellow member and don't let your team member down.

I believe all of us have our own way to show our appreciation towards our team members. So, go and do it in the best way for you. Thanks!

#staysafestayhealthy

Teddy Sius
FMU Executive Manager
@ Baufort Hospital
09 June 2020

COVID-19 PANDEMIC: The Path from Surviving to Thriving

We are now living in unprecedented times. The Covid-19 Pandemic is not only a health crisis of immense proportions, it has also resulted in an imminent restructuring of the global economic and social order. We now wonder when will the crisis pass (or will it pass) and will our lives ever return to normal. Questions remain 'What is the new normal?' and 'How are we to navigate to a new normal way of life and thrive?'

We are all attempting to adjust to a new normal and thrive for the long term. The Malaysian Government have proactively steer the country through this challenging time of the crisis and to adapt to a new normal by adopting an approach focused on the following six (6) key steps.



For Sapulut we have also embarked on similar steps to ensure we can win the 'war'. We will continue to find economically and socially viable paths from now until the new normal is established i.e. from surviving to a thriving entity in the near future. We have taken early steps to resolve the threat of the Covid-19 virus by addressing and containing the spread of the virus in our midst by adhering to the MCO and shutting down our entire operations. All staff have shown immense commitment, sacrifice and cooperation to protect our livelihood and ensure the financial resilience and survival of the company. The various austerity drives are necessary to manage our cash liquidity in order to ensure the solvency of the company.

We have now move on to restart our business operations which will lead up to a path of recovery, revitalization and reform. In the next few months we expect to face an extremely challenging business environment and we have to move in an orderly and controlled manner in the built up to full operational mode and back to normal. We will be paying special attention to the following areas to recover our operational and financial health after the severe shutdown in order to thrive.

1. Recovery of Revenue

We have to rethink on how to recover our revenue for the short, medium and long term perspectives in the shortest time. Speed matters and we have to respond with agility to the recovery of the supply chain from the domestic to the international market place. Marketing has already started to examine our revenue profile to seek ways to increase/recover our revenue via increasing our market share of existing customers and new customers in the shortest possible time. We will continue to seek ways to improve the delivery of our customer service to build customer loyalty. We also recognize the need to be able to respond with agility to the changes in the market forces in terms of demand and supply and to adjust our production schedules accordingly. We will continue to identify and prioritize revenue opportunities.

2. Revitalizing/Rebuilding Operations (Harvesting and Planting)

We have to revitalize and reinvent how we work to build up greater operational resilience, productivity, efficiency and urgency/speed. Management will continue to adopt a strategy of greater transparency in our spending, measurement of operational and financial performance of all departments, improve efficiency and (especially) reduction of cost wastage (e.g. missing logs in stumping, penalties imposed by Forestry, low productivity of staff, etc.) We will move forward and embrace greater digitalization of our work flow for both monitoring and planning purposes. An example is the utilization of data from our LFIS and CHP reports in decision making and monitoring of our operations. Data is available and we need to convert them to useful information to operate on a higher level of efficiency. There will be more regular measurement and assessment of performance and emphasis on accountability of overall performance.

3. Revitalizing/Rethinking the Organisation Culture

Human resource remains the core and the most important assets of our company. We need to STEP UP and work with clear goals, remain focused, show greater sense of purpose and urgency, taking ownership and leadership in our work. There must be increase boldness in taking ownership of our work and faster decision making by the staff at all levels. We need more nimble teams for better and faster decision making on the ground.

The Covid-19 crisis has shown that we are capable of building teams that exhibit all the above mentioned qualities and more. A prime example is the set up of a small team of staff under the Sapulut Covid-19 Committee (SCC). The SCC team has shown in a short time that they can handle a crisis, act with urgency and accountability, and make fast and good decisions. This is possible with a shared sense of purpose, a common work and performance culture, knowing our core values and what we stand for; and boldness in making decisions when executing and getting things done. Expect greater delegation and decentralization of decision making to a network of teams on the ground hereon.

Let us all STEP UP our daily work to foster a new organization/work culture when we return to our workplace. We need to change how we work .

4. Digital Adoption to Reform/Reimagination

The past few months we have seen a transformation in the way we interact with each other, do our work, conduct our meetings and many other routine transactions of life. These changes have accelerated migration to digital technologies and greater deployment of remote work and digital access to service many domains. Digital solutions and the use of cloud and automation technologies will play a greater defining role as we use more data and analytics to navigate our decision making process, asset management, production and inventory control, sales and demand forecasts, etc. Reimagination/Reform with the use of data, remote work and AI are needed to better manage our operation (improve productivity and efficiencies) and enable faster and better decision making.

In conclusion, we need to have new imagination, new mindsets, leadership from all levels, better execution of our business plans and operations, remain agile and quick in decision making, maintain sense of urgency, accelerate digital analytics, etc. which are all paramount if we are to navigate the post Covid-19 crisis. Business as usual (BAU) will not be enough as the business environment has changed too much and it is now a totally different ball game. We all have to change the way we work and adapt to the new normal in order to set the foundation for enduring success and thrive in our industry.

Matthew Wong

Finance & Admin Manager

02 July 2020

PREVENTION OF COVID-19:

by Johnson Joseph

The Sapulut COVID-19 Committee (SCC) and the management would like to thank all those who have involved in the prevention of COVID-19 spreading in Sapulut FMU 14 especially those who have volunteered themselves and all department who are involved in the preparation of the ITC quarantine centre.

- Purchasing Team - Mr Stephen Garces, Safinah, Stephine and Roney
- Food supplies - Michelle Lo
- Cook and food preparation - Maryline and Maria
- Disinfection/Cleaning Team - Staff from Forest Support Services Department and Forest Protection Department
- Security - Aprilecent and Team
- Water Supply - Albert and Team



Teddy, Johnson and Mary giving talk about the COVID-19



Logiman taking body temperature for RTW



Mary, Eve and Jumaini taking body temperature of the workers and contractor



Johnson giving talk about rules and SOP while in the quarantine centre



A visit from the Sabah Department of Health, Mr.Solomon at the quarantine centre



Domerlus and Jarius doing disinfection at quarantine centre



Some of the Improvements been made in Covid-19 Prevention at workplace