

Thriving Under Challenging Circumstances Through Innovation, Alignment, Execution and Renewal

Dear all,

As we enter into the last quarter of the year, without a doubt 2020 has been the most disruptive year for Sapulut, largely brought about by Covid-19. There are also changes on the geopolitical side e.g. trade war between USA and China, which affects all businesses and their supply chains.

As MDO, it is our responsibility to lead and guide the Sapulut, not just to adapt and survive, but to survive and THRIVE, under these challenging circumstances.

To survive and thrive needs more than just performance. Because performance relate to doing things, and if circumstances changed and we are still doing the same things, then we cannot expect any improvements. As Albert Einstein said, "insanity is doing the same things over and over again, and expect different results".

To survive and thrive, we need to innovate, and translate these innovations into the company's culture, execute those innovation, and be prepared to let go and start again (rapid prototyping, failed fast, fail forward and try again).

There are four types of innovation, which are commonly referred as the "innovation stack" - they build upon each other, and each contributes to the company in its unique way but they form part of an integrated whole. I refer to them as Levels 1-4 Innovation, with Level 4 adding the most value.

I elaborate these in the Sapulut's context.

Level 1	Operational Innovation	Introduction of LFIS, HRIS, PRISM applications to improve our process flow; DBR approach, and its eventual development of LFRES to forecast growing stock; Lean Six Sigma training and coaching.
Level 2	Product Innovation	To add value to our planted timber, we are facilitating the development of standards, developing prototype buildings with CLT and Glulam using our plantation timber, entering into technical agreements with collaborators for mutual benefits.
Level 3	Strategic Innovation	The pivot from BASIL to BASIL 100, our decision to invest in a downstream facility as part of our product innovation. On the plantation side, we are adding Eucalyptus as one of the planted species, and we are reviewing our options with respect to Albizia.
Level 4	Managerial Innovation	This relates to the Vision, Core Purpose and Core Values of Sapulut, which is the foundation of the Company. Our Managerial Innovation rests on this foundation. As MDO, we ALIGN the goals of the Company with the innovation stack, EXECUTE those goals well and in a timely manner, and RENEW its efforts- i.e. every time we encounter conflicts and challenges, we bring those in the open and solve them systemically. Or after achieving the goals, we set new ones.

A good example of a great company, which got the Levels 1-3 correct, but failed at Level 4 is Kodak. Kodak, at the turn of the last century, was super innovative and successful. It was the Apple, Amazon and Google of its day. They controlled more than 80% of the world's market for films.

In the 1970s, they pioneered digital photography. In 1990s, they invested billions in digital imaging technology. Yet they failed, and I would attribute this failure to the top management for their lack of managerial innovation to change the company.

To transform a company, we need a strong MDO and an equally strong team and teamwork. We need to "**ALIGN, EXECUTE and RENEW**" constantly. We must remain courageous, wise and humble at all times.

My greatest wish is for all of us to grow and prosper together, using Sapulut as a platform, to build a community of shared values and prosperity for all our members and stakeholders.

Thank you.

Norman Wong
Managing Director,
28 September 2020

A VISIT TO WAKUBA TSH BIOTECH LABORATORY, TAWAU

by Anastasha A. Junigo - Forest Resource Department

In the early hours of the 28th of July, a silver Hilux carrying our FMUEM, Joulin Taurin, G.Ary Micheal, Flerrencius Jossilin, and I was bound for Tawau. We were invited to visit the TSH Biotech Laboratory in Wakuba which is owned by a respectable public listed company TSH Resources Berhad. TSH is a company that is predominantly focused on the cultivation, processing and refining oil palm. Its Biotech laboratory, better known as the Wakuba Lab is the center of its Research and Development where it was first set up to produce superior palm oil material via tissue culture clonal propagation. During a previous visit to one of its plantations managed by its subsidiary company, Seri Jaya Industries Sdn Bhd (SJI) in Luasong, we learned that the Wakuba Lab had started a relatively new program to produce White Laran clonal material which became the subject of our interest in this visit. Upon arriving at our destination, we were welcomed at the building entrance by Mr. Joe Pang the general manager of their R&D, and Mr. Chong Pak Vun the Marketing Manager along with the lab director's son. After temperature inspections and signing in their guest book, we were then ushered to a conference room where we were introduced to Ms. Murini, one of their researchers who accompanied us throughout the visit to each facility. Ms. Murini briefed us on the overall process of their white laran tissue culture production with a slide presentation and to solidify our understanding after the briefing, we were then taken to see the media preparation room, tissue culture lab, growing chamber, and nursery. Throughout the whole tour, all of our questions were welcomed and answered kindly.



From Left: Mr.Chong, Mr.Teddy, Flerrencius, G.Ary, Mr.Joe, Joulin, Anastasha, and Ms.Murini (Group photo at the lobby)



Briefing in the conference room

Before entering the tissue culture lab, all staff and visitors had to go through a sterilization chamber which is an enclosed room where gentle sprays will fog individuals inside the chamber with safe disinfectant. Inside the lab, our sights were immediately captured by the two rows of multiple laminar flow cabinets. These special cabinets are vital during the tissue transferring process as they prevent contamination coming from the atmosphere. Workers clad in lab coats, masks and gloves were glued to their tasks at their respective cabinets. They used surgical instruments to cut and handle the plant material. Here, we got to observe the Laran in multiple stages.

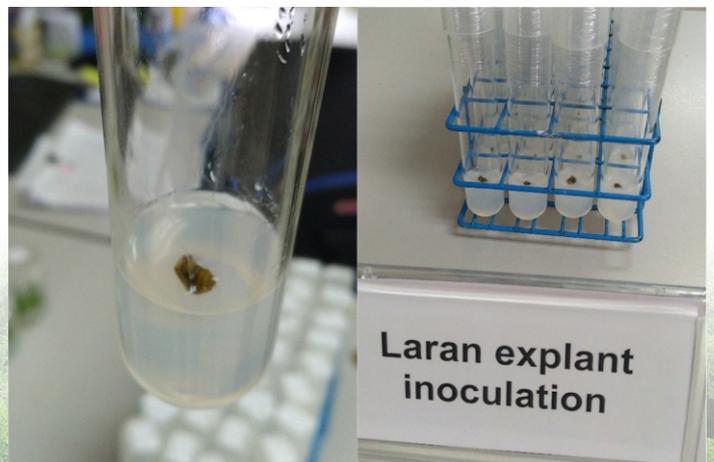
Their production begins with obtaining plant sources from branches of plus trees (trees that are selected for superior traits). The branches will be grafted on stock trees to generate young tree shoots. From these young tree shoots, a small nodal section referred as "explants" are excised and then sterilized with sodium hypochlorite or better known as bleach. After sterilization, the explants are then inoculated or transferred onto a growth medium inside glass tubes where they are left to develop in a highly controlled environment known as the growth chamber.



Staff carefully excising explants with surgical knives and tweezers



Tissue Culture Lab Laminar Flow Cabinet



The nodal section is the part of the plant shoot where the leaves from

Explants from plus trees inoculated in test tubes

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Albizia explants in the growth chamber



Acclimatized laran plantlets ready for delivery



Multiplication (Right) and Elongation rooting (Left) Phases

Roots growing inside the media



The mist chambers



Nursery



Plants prepared for smallholder

Aside from white laran, they were also working on explants of oil palm, and bananas. We also noticed albizia explants in the growing chamber which Ms. Murini and Mr. Joe explained that the albizia are still under tests and are yet ready for mass production.

In the growth chamber, the white laran explants develop into a phase called "shoot induction" where shoots will grow out from the initial explant. To multiply these shoots, they are excised and inoculated into plastic sealed jars where they will vigorously produce more shoots in a phase called "shoot multiplication".

After these shoots reach a certain standard size, only the topmost ends of the shoots are taken and inoculated again to new jars.

At this stage called the "elongation and rooting phase", the explants are properly spaced inside the jar where each jar shall contain about 6 explants that will grow longer stems and produce roots. It takes 13 weeks to reach this phase and the resulting plants with complete stems, roots and leaves are then ready for the nursery.

The Wakuba lab nursery is wide compound consisting of concrete benches and semi transparent roofing. Here, the tissue culture plants are first transplanted in peat moss media on trays and then placed inside a mist chamber to acclimatize to the outside environment. Inside the mist chamber, moisture and temperature are maintained constantly using an automated system which also controls the watering in the whole nursery. After acclimatization, the plants are taken out, sorted, spaced and nurtured further until they are ready to be delivered to SJI. Another section of the nursery held the maturing white laran planted in 7"x12" polybags with soil and compost media. These plants were watered using a fertigation system where water is directly injected into the individual polybags through a series of tubes and injector heads.

Mr. Chong explained that some of their smallholder clients preferred the plants to be delivered in polybags as ready to plant saplings. Mr. Joe added that these plants were more expensive compared to the tissue culture being delivered as small plantlets in trays to SJI or clients like SSB to be further conditioned for field planting. The plantlets also have higher drought tolerance for initial survival in the field.

The Wakuba lab tour concluded at this nursery and Mr. Joe generously gave us 30 plant samples to be brought back to Sapulut. According to Mr. Joe, the Wakuba lab is one of the very few establishments in Malaysia that is actively trying to produce superior planting material through tissue culture clonal propagation. He believes that this field is severely untapped in the region and potential in tissue culture planting material is yet to be fully recognised. This visit has opened a window of opportunity for Sapulut and TSH to establish a network and we thank Mr. Joe, Mr. Chong, Ms. Murini along with their staff for openly sharing their information with us. It was an enriching and a highly intriguing visit.



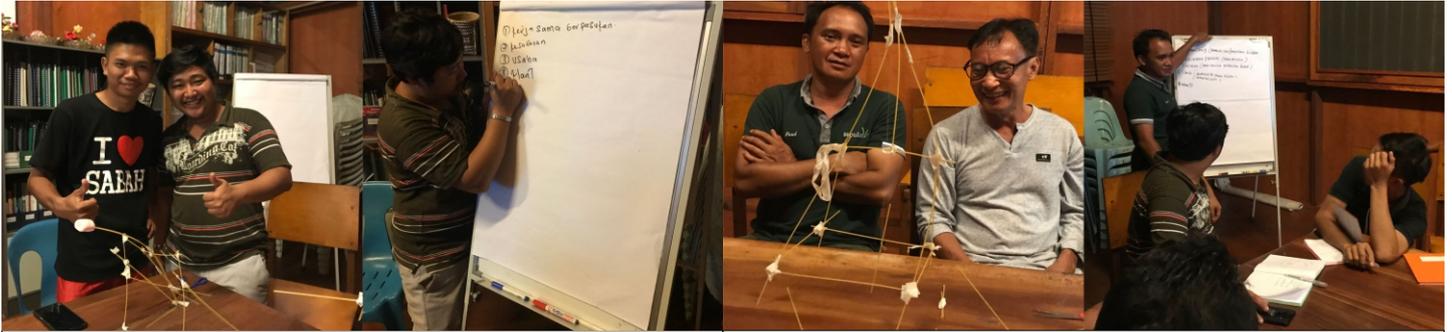
Fertigation system used to water plants in polybags

9th PHASE LEAN SIX SIGMA TRAINING AND COACHING

by Edward Lee

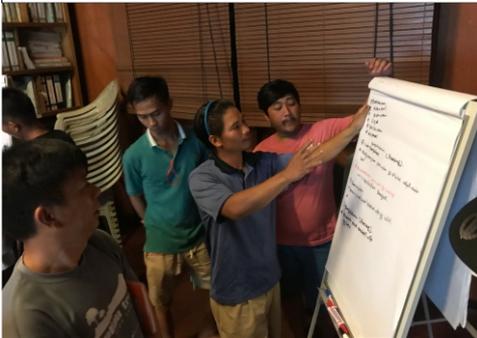
The Lean Six Sigma Training and Coaching has been resumed on March 09, 2020 until March 17, 2020 at the Forestry Complex Meeting Room. The participants of the 9th phase derived from a few departments which is the Machinery, Equipment and Vehicle Department, Purchasing (Camp) Department, Road Building and Road Maintenance Department and Timber Harvesting Support Services Department. The participants are Effendy Andy, Loreto Ramirez, Hardy Quinquero, Jamal Hamid, Atay Ahmad, Jesmand Mahmud, Apol Angkasang, Lilan Aladin and Cteofilus Sikta, Felix Tou, Jackery Sampulu, Udin Suah, Jeffery Yusuf, Zaini Andua, Nesentrus Bronio and Ridwan Tibe.

In this coaching session, the participants were focusing on the process of responding for the repair request on site and the process of overhaul engine. The participants were trained using the same syllabus as the previous group. The closing of the session was completed by Effendy Andy with a speech to the team emphasizing that the participants must apply what they had learned in this training in their daily work. He then presented the certification of participation and the session ended with a group photo.



Cteofilus' team in Marshmallow challenge and Felix listing down the factors that enable them to succeed in the challenge

Apol's team for Marshmallow challenge and listing down their factors of success overcoming the challenge



PDCA exercise taken from waste listing



Value Stream Mapping Exercise for Overhaul Engine



SIPOC Exercise



Lego game for Standard work 5S - Loreto team



Yamazumi Chart Exercise and Kaizen Event game



Spot Dot Game to understand Kanban and Bottle Neck Concept



Group Photo

2ND CLASS BOUNDARY SURVEY BETWEEN ZILLION FORTUNE AND SAPULUT

by Peter Philip



A 2nd class surveyor of Jurukur Tempatan Sdn Bhd had been entrusted by Sapulut to conduct land survey activities to rectify our boundaries with Zillion Fortune Sdn Bhd (Zillion) from July 13, 2020 until August 17, 2020. An approximately 14km of boundary length were rectified within this 1 month period.

The boundary was not aligned with our SFMLA (Sustainable Forest Management License Agreement) map due to past surveying error or mistake. However, due to our future NFM harvesting compartment is related to affected boundary, we were advised by the Sabah Forestry Department to engage with 2nd class surveyor for rectification of the boundary. The rectification also uses boundary data which had been agreed upon previously in year 2017 by Forest Resource Management (FRM) of Sabah Forestry Department.

The surveyor uses RTK GPS to establish control point along the boundary and a total station for the linkage between the control points. Pegs and boundary stone was fix onto the ground along the boundary. This will help us to locate the boundary in future much more easier.



Picture 1: Briefing to Sapulut by the 2nd class surveyor before commencing the demarcation activity.

Picture 2: A group photo.

Picture 3 & 4: Land survey activity using total station and prism.

Picture 5 & 6: Pegs were fixed onto ground to mark point of boundary surveyed.

Presentations of CLT Samples

In September 15, 2020, our Managing Director, Mr Norman Wong have met wit the State Secretary, YB Datuk Haji Safar Bin Untong to present the Sabah Timber Industry Master Plan of Timber Association Sabah (TAS).

In his presentation, Mr Norman as the President of TAS presented the Cross-laminated Timber (CLT) samples and spoke about the timber industry in Sabah as well as the way forward for Industrial Tree Planting.



Story of King and His Three Sons

oleh Edward Lee

A king had three sons and as he was ageing he wanted to select the rightful heir for his kingdom. He tasked all his sons to fill one large room with only one substance and not even slightest gap should be remaining and this should be done in half an hour.

They were allotted three separate halls. All three sons moved in different directions to find such substance. The first one started filling the room with the help of servant with large stones. Second son thought of filling the room with hay and ordered some of his servants to carry the assignment. The third went to his dressing room and pick up small bottle filled with liquid and carried it to the large room allotted to him for task and sprinkled the liquid in all directions of the room.

After half an hour king went to examine the rooms to observe the first two rooms, filled with stones and hay had minute gaps between them and therefore they failed the task. The third room was filled with the fragrance of Jasmine, not a single corner was left without the smell and he selected his third son as his heir.

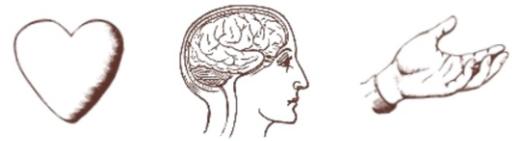
The moral of the story is if you apply intelligence while doing the day today work that becomes your prudent work and third son has exhibited example of prudent work and therefore he was declared as the king.

When you perform any work, you are likely to use our Hand, Heart and Head.

- Head + Heart:** You will have good planning and emotional attachment to the work, but no work will get done as your hands are not involved.
- Head + Hand:** The work might get done as planned, but it will lack a passion as your heart was not involved.
- Hand + Heart:** You will work with passion, but without using your head. Well, you can only imagine what the outcome will be.
- Head + Heart + Hand:** Of course, with a great plan and the right amount of passion, your actions will bring the best outcome. This is the best example of prudent work.



Heart, Head & Hand®



3 H Concept

Question for Thoughts

Do you agree the above lesson should be our work foundation in our own department? Can you elaborate more how you and your team apply prudent work in your work place?

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.

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

