

Sabah TLAS Audit Report Principles 5 & 6

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| Organisation | Seratim Sdn. Bhd. 198701002683 (0161355-X) | Reference # | GFSSBH 004-871 |
| Contact Person | Mr. Canon Ling (Management Representative) Ms. Ng Tze Mee (Sales Executive) | Audit Date | 10/09/2025 |
| Office Address | B1015, 10th Floor, Wisma Merdeka Phase II, Jalan Tun Razak, 88000 Kota Kinabalu, Sabah, Malaysia. | Date close out | - |
| Mill Address | Warehouse: Kampung Minintod, Jalan Kasigui, Inanam Bypass, Kota Kinabalu, Sabah, Malaysia. | Telephone | +6013 851 1849 |
| Email | canonnie@hotmail.com tm.ng@seratim.com DFO KK: ZuridahNorfarizan.Jeragan@sabah.gov.my PPW KK: MohdNasir.AgSuman@sabah.gov.my | Fax | +6088 243 952 |
| | | Approved By | Dr. Kevin Grace |

Statements

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|--------------------------------|-------------------|------------------------|-------------------|
| Statement of Compliance | GFS 022 WTP | | |
| Issuance Date | 15 September 2025 | Expiration Date | 14 September 2026 |

Assessment Details

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|----------------------------|--|
| Company Type | Exporter |
| Scope of Assessment | Sabah TLAS P5-6: FDS(KK)(E)064/2019 |
| Product Group | Sawn timber |
| Source of Material | Sabah, Malaysia |
| Species | <i>Drybalanops spp.</i> (Kapur), <i>Shorea pauciflora</i> (Oba suluk), <i>Shorea johoreensis</i> (Seraya Majau), <i>Shorea spp.</i> (Red seraya), <i>Dipterocarpus spp.</i> (Keruing), <i>Shorea inappendiculata</i> (Selangan Batu), <i>Parashorea spp.</i> (White Seraya). |
| Lead Assessor | Sheanna Kehong |
| Assessor(s) | Ennald Chin (Acting Lead Auditor) |
| SFD Staff | De-Almeida G. Yukong (ADFO KK), Abu Bakar (PPD KK) |

Terms of Assessment

The scope of the evaluation is to verify compliance with Seratim 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 is 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 knowledge of GFS.

Background Information:

Seratim Sdn. Bhd. (Seratim) is, on and from 08/05/1987, incorporated under Companies Act 2016, and is registered in Kota Kinabalu, Malaysia, with registration #: 198701002683 (0161355-X). Seratim purchases sawn timber locally and exports them to Mauritius, Belgium and United Kingdom. Seratim sends sawn timber for KD services to Tawau Kilning & Moulding as needed.

Seratim is also FSC-certified, FSC #: FSC-C124437 (SGSHK-COC-450014), with an expiry date of 16/02/2030 & has a valid PEFC-certified PEFC #: PSV-PEFC-COC-101098, with an expiry date of 14/11/2027.

Seratim has a service agreement dated 16/06/2021 with Prosper Timber & Hardware to receive, handle and store sawn timber at the Prosper Timber & Hardware's warehouse (Glory Yard). Prosper Timber & Hardware provides facilities at the warehouse to provide the services.

Seratim outsources KD and moulding processes including the receipt and storage of timbers to Tawau Kilning & Moulding.

The previous assessment was conducted in October 2024 that resulted in 0 gap(s) and 0 observation(s) (Report #: GFSSBH 004-740a).

Associated Organizations & Subcontractors:

Seratim does not engage subcontractor to produce, manufacture products or provide manpower.

Description of the Supply Chain:

From November 2024 to September 2025, Seratim purchased raw materials from the suppliers as below:

| Supplier | License | Raw Material | Location | GFS WTP # STCC # | Overall Risk * |
|--|----------------------|--------------|---------------|-----------------------------|----------------|
| Majestic Goldtree Sdn. Bhd. [Sg. Silinponpon (Blockboard) Sdn. Bhd.] | JP(T)SR004/18(B01) | Sawn timber | Tawau | GFS 134 WTP (13/04/2026) | Low |
| Syarikat Jayaramai Sdn. Bhd. (ML Sabah Trading) | JP(N)SO005/00(B01)R | Sawn timber | Keningau | GFS 056 WTP (20/04/2026) | Low |
| Tawau Kilning & Moulding Sdn. Bhd. | JP(T)TW 001/14 (X04) | Sawn timber | Tawau | GFS 036 WTP (31/08/2026) | Low |
| Kilang Papan Hiong Tiong Sdn. Bhd. | JP(K)KK003/00(X04)R | Sawn timber | Kota Kinabalu | GFS 071 WTP (24/11/2025) | Low |
| DM Cergas Sdn. Bhd. (Bumi Timber Sdn. Bhd.) | JP(N)SO001/16(X17) | Sawn timber | Keningau | GFS 244 WTP (18/05/2026) | Low |
| SRT Timber Sdn. Bhd. | FDS(KK)(E)044/2019 | Sawn timber | Kota Kinabalu | GFS 206 WTP (27/10/2025) | Low |
| Kilang Kayu Lohan Sdn. Bhd. | JP(K)RN005/00(X04)R | Sawn timber | Ranau | GFS 032 WTP (22/12/2025) | Low |
| Tiong & Chun Enterpirse | JP(K)KK006/00(M01)R | Sawn timber | Papar | GFS 308 WTP (24/10/2025) | Low |
| Fung Guan Enterprise Sdn. Bhd. (Mastergroup Enterprise Sdn. Bhd.) | JP(T)TW001/00(X37)R | Sawn timber | Tawau | GFS 153 WTP (16/02/2026) | Low |

*GFS risk evaluation is based on the risk matrix for Sabah TLAS (VL) materials & products.

Summary Results:

(Major gap = 0, Minor gap = 0, Observation = 3)

| GAPs: Year 2025 | | | | |
|-----------------|------|-----------|--------|-------------|
| GAP # | Type | Checklist | Status | Description |
| - | - | - | - | - |

*Major = Non-Compliance

| Observations: Year 2025 | | |
|-------------------------|---|---|
| Obs # | Checklist | Description |
| 001-2025 | 5.1.6 | September 2025: The CoC procedure does not adequately define the traceability of Sabah TLAS sawn timber purchased by Seratim under a Purchase Order and sent to Tawau Kilining (for Kiln Drying and other services) or sent to Prosper Timber & Hardware for warehousing. |
| 002-2025 | 5.2.3, 5.2.4, 5.2.5, 6.1.2, 6.1.4 | September 2025: Delivery Orders from suppliers did not identify Sabah TLAS status as instructed in the Purchase Order. |
| 003-2025 | 6.3.6 | September 2025: Sabah TLAS Compliance Certificate Number not consistently identified on both the invoice and Packing list for Sabah TLAS products. |

| Highlights of Close-Out Visit (if applicable) | Date: - |
|---|---------|
| Not applicable | |

| Recommendations |
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| <p>Seratim Sdn. Bhd. has demonstrated compliance with the Sabah Standard Principles 5-6 for Chain of Custody and is recommended to receive a GFS Statement of Compliance and Sabah Timber Legality Assurance System Compliance Certificate (TLAS-CC) from SFD.</p> <p>Gap(s)/Observation(s) identified in this assessment should be addressed before the next surveillance visit. Action required to close the gap(s)/observation(s) include:</p> <p>Observation 001-2025 – Checklist 5.1.6: The CoC procedure needs to be revised to adequately define the traceability of Sabah TLAS sawn timber purchased by Seratim under a Purchase Order and sent to Tawau Kilining (for Kiln Drying and other services) or sent to Prosper Timber & Hardware for warehousing.</p> <p>Observation 002-2025 – Checklist 5.2.3, 5.2.4, 5.2.5, 6.1.2, 6.1.4: Delivery order should indicate Sabah TLAS status against the Purchase Order.</p> <p>Observation 003-2025: Checklist 6.3.6, 6.4.3: Packing list should state the Sabah TLAS CC #.</p> <p>The next surveillance visit is scheduled for September 2026.</p> |

End of Summary Report