

Sabah TLAS Audit Report Principles 5 & 6

Organisation	Sub-Lessor: DM Cergas Sdn. Bhd. 200601028381 (748137-X) Sub-Lessee: Bumi Timber Sdn. Bhd. 201901022277 (1331606-P)	Reference #	GFSSBH 004-828
Contact Person	Mr. Sim Ket Hiung (GM/Marketing Manager)	Audit Date	13/05/2025
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		Approved By	Dr. Kevin Grace

Statements

Statement of Compliance	GFS 244 WTP		
Issuance Date	19 May 2025	Expiration Date	18 May 2026

Assessment Details

Company Type	Veneer, Plywood, Sawmill and Moulding
Scope of Assessment	Sabah TLAS P5-6: JP(N)SO001/16(X17), KON(NSO)004/16(KK), KON(NSO)007/2021(KK)
Product Group	Sawn timber
Source of Material	Sabah, Malaysia.
Species	Shorea spp. (Selangan batu), Eusideroxylon zwageri (Belian), Shorea spp. Red seraya, Yellow seraya, Melapi) Parashorea spp. (White Seraya), Heritiera simplicifolia (Kembang Semangkok), Eugenia spp. Oba suluk), Magnolia candollii (Chempaka), Lithocarpus & Quercus (Mempening), Dialium indum (KerANJI), Lauraceae (Medang), (Impas/Kempas), Prerospermum (Bayor), Myristicaceae (Darah-Darah), (Jarum-jarum), Resak, (Mengkulang), (Pauh Kijang), Annonaceae spp. (Karai), (Putat Paya), Hopea sangal (Gagil), Drybalanops spp. (Kapur), Dialium indum (KerANJI), Tristaniopsis merguensis (Pelawan-Pelawan), Sapotaceae spp. (Nyatoh), Annonaceae (Pisang-pisang), (Kayu Malam), (Kayu Arang), (Berangan), Bintangor, Mangifera spp. (Assam), (Mengaris), (Tembusu), (Simpoh), (Terantang), Sindora beccariana (Sepetir)
Lead Assessor	Sheanna Kehong, Merlyne Gerard (Acting Lead Auditor)
Assessor(s)	Auther Itin
SFD Staff	Victor Gadius (PPD Sook), Hj. Norjain Hj. Matali (PPD Sook)

Terms of Assessment

The scope of the evaluation is to verify compliance with DM Cergas Sdn. Bhd. (Bumi Timber 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:

Dragon Moist Sdn. Bhd. is, on and from 21/09/2006, incorporated under Companies Act 2016, and is registered in Kota Kinabalu, Sabah, Malaysia, with registration #: 200601028381 (748137-X). The company changed its name to DM Cergas Sdn. Bhd. (DM Cergas) on 09/07/2012. The company has no operations and only leasing the premise to Bumi Timber Sdn. Bhd. (Bumi Timber).

Bumi Timber is, on and from 26/06/2019, incorporated under Companies Act 2016, and is registered in Keningau, Sabah, Malaysia, with registration #: 201901022277 (1331606-P). Bumi Timber purchased round logs and produced sawn timber for the local market.

An agreement was made on 01/05/2022 between Bumi Timber (the Sub-Lessee) and DM Timber Contractor (the Sub-Lessor), where the Sub-Lessor has taken a 30-years sub-lease for the said land with an erected sawmill and desirous of letting and the Sub-Lessee is desirous of taking part of the said land with a sawmill erected for a period of 4 years.

Associated Organizations & Subcontractors:

Bumi Timber does not engage any subcontractors to produce, manufacture products or provide manpower.

Description of the Supply Chain:

From March 2024 to April 2025, Bumi Timber purchased raw materials from the suppliers as below:

Supplier	License	Raw Material	Location	GFS WTP # STCC #	Overall Risk *
Bornion Timber Sdn. Bhd.	SFMLA 03/1997	Round Logs	Keningau	GFS 054 LVS (27/10/2025)	Low
Sapulut Forest Development Sdn. Bhd.	SFMLA 04/97	Round Logs	Tibow	GFS 025 LVS (09/07/2025)	Low
Asok Bin Sarah @ Pusarah	JP(NKG)002/2023(F1)	Round Logs	Keningau	GFS 201 LVS (10/12/2024)	Low*
M & M Plantation Sdn. Bhd.	JP(NNN)004/2023(F1)	Round Logs	Nabawan	GFS 202 LVS (04/05/2026)	Low
Pesona Majukaya Sdn. Bhd.	SFMLA 01/2018	Round Logs	Serudong	GFS 163 LVS (18/06/2025)	Low
Barahim Bin Andipoh & 204 Peserta	JP(NNN)011/2023(F1)	Round Logs	Nabawan	-	High
First Greenworld Sdn. Bhd.	SFMLA 02/2009	Round Logs	Serudong	GFS 074 LVS (18/06/2025)	Low
Top Quantum Sdn. Bhd.	SFMLA01/2009	Round Logs	Serudong	GFS 071 LVS (18/06/2025)	Low
Miata Udai & 3 Peserta	JPHTN(FIIB)NIB-2024/03	Round Logs	Tambunan	-	High
Lasah Morigo & 1 Peserta	JPHTN(FIIB)-2024/04	Round Logs	Tambunan	-	High
Benta Wawasan Sdn. Bhd. (Golden Borneo Palm Sdn. Bhd.)	JP(TKA)122/96(CO)T WU01/2024	Round Logs	Kalabakan	GFS 055 LVS (13/04/2026)	Low
Pemegang Amanah Tanah Rizab Padang Ragut Anak Negeri Kg. Toboh Tambunan (Team Best Timber Sdn. Bhd.)	JPHTN(FIIB)NIB-2025/01	Round Logs	Tambunan	GFS 206 LVS (30/03/2026)	Low

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

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	May 2025: The current CoC has no reference to Purchase Order / Agreement for purchasing materials including reference to Sabah TLAS status.
002-2025	5.2.1, 6.1.1, 6.1.2, 6.1.3	May 2025: Inconsistent in maintaining purchase records for logs that includes reference to Sabah TLAS status.
003-2025	5.3.1, 5.3.2	May 2025: Employment agreement for one worker was not provided.

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

Recommendations
<p>DM Cergas Sdn. Bhd. (Bumi Timber 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 current CoC should include the use of Purchase Order or Agreement for purchasing materials referencing the Sabah TLAS status.</p> <p>Observation 002-2025 - Checklist 5.2.1, 6.1.1, 6.1.2, 6.1.3: Bumi Timber shall maintain Sales and Purchase Agreement for purchasing materials.</p> <p>Observation 003-2025 - Checklist 5.3.1, 5.3.2: All workers should have employment agreement as stipulated in the Sabah Labor Ordinance.</p> <p>The next surveillance visit is scheduled for May 2026.</p>

End of Summary Report