

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 004-963
Contact Person	Mr. Sim Ket Hiung (GM/Marketing Manager)	Audit Date	12/05/2026
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		Approved By	Dr. Kevin Grace

Statements			
Statement of Compliance	GFS 244 WTP		
Issuance Date	18 May 2026	Expiration Date	17 May 2027

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	<i>Shorea spp.</i> (Yellow seraya, Selangan batu, Red seraya, Melapi), <i>Parashorea spp.</i> (White Seraya), <i>Heritiera simplicifolia</i> (Kembang Semangkok), <i>Syzygium spp.</i> (Oba suluk), <i>Magnolia candollii</i> (Chempaka), <i>Lithocarpus & Quercus</i> (Mempening), <i>Dialium indum</i> (KerANJI), <i>Lauraceae</i> (Medang), <i>Koompassia malaccensis</i> (Impas/Kempas), <i>Prerospermum spp.</i> (Bayor), <i>Myristicaceae</i> (Darah-Darah), <i>Dacrydium spp.</i> (Jarum-jarum), <i>Vatica spp.</i> (Resak), <i>Heritiera spp.</i> (Kembang, Mengkulang), <i>Iringia malayana</i> (Pauh Kijang), <i>Annonaceae spp.</i> (Karai), <i>Barringtonia racemosa</i> (Putat Paya), <i>Hopea sangal</i> (Gagil), <i>Drybalanops spp.</i> (Kapur), <i>Tristaniopsis merguensis</i> (Pelawan-Pelawan), <i>Sapotaceae spp.</i> (Nyatoh), <i>Annonaceae</i> (Pisang-pisang), <i>Diospyros spp.</i> (Kayu Malam, Kayu Arang), <i>Castanopsis spp.</i> (Berangan), <i>Calophyllum spp.</i> (Bintangor), <i>Mangifera spp.</i> (Assam), <i>Koompassia excelsa</i> (Mengaris), <i>Fagraea fragrans</i> (Tembusu), <i>Dillenia spp.</i> (Simpoh), <i>Camptosperma coriaceum</i> (Terantang), Medang, <i>Agathis spp.</i> (Agathis), <i>Parastemon urophyllus</i> (Mandailas), Mengaris, <i>Alstonia spp.</i> (Pulai), Obah, <i>Neolamarckia cadamba</i> (Laran), Pisang-pisang, <i>Santiria spp.</i> (Serundan), <i>Dyera costulata</i> (Jelutong), <i>Dipterocarpus spp.</i> (Keruing), <i>Anisoptera spp.</i> (Pengiran), <i>Cratoxylum spp.</i> (Serugan), <i>Pentace triptera</i> (Takalis), <i>Intsia spp.</i> (Merbau)
Lead Assessor	Ng Cai Ling, (Acting Lead Auditor) Ennald Chin
Assessor(s)	(UMS Internship) Rachal Jim
SFD Staff	Victor Gadius (PPD Sook), Spencer Augustine (PPD Sook), Fipyelin Samuil (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.

The previous assessment was conducted in May 2025 that resulted in 0 gap(s) and 3 observation(s) (Report #: GFSSBH 004-828).

Associated Organizations & Subcontractors:

Bumi Timber engages Labora Bin Nasa & Nordin Enterprise as their sub-contractor to prepare and provide temporary workers, which include work permit, insurance, health, etc.

Description of the Supply Chain:

From April 2025 to April 2026, Bumi Timber purchased raw materials from the suppliers as below:

Supplier	License	Raw Material	Location	GFS WTP # STCC #	Overall Risk *
Bornion Timber Sdn. Bhd. (CH Mars Solution Sdn. Bhd.)	SFMLA 03/1997	Round Logs	Keningau	GFS 054 LVS (19/10/2026) FDS(SLS)027/2025 (19/10/2026)	Low
Sapulut Forest Development Sdn. Bhd.	SFMLA 04/97	Round Logs	Tibow	GFS 025 LVS (13/07/2026) FDS(SLS)018/2025 (13/07/2026)	Low
M & M Plantation Sdn. Bhd.	JP(NNN)004/2023 (F1)	Round Logs	Nabawan	GFS 202 LVS (03/05/2027) FDS(SLS)012/2026 (03/05/2027)	Low
Barahim Bin Andipoh & 204 Peserta (CH Mars Solution Sdn. Bhd.)	JP(NNN)011/2023 (F1)	Round Logs	Nabawan	-	High
Benta Wawasan Sdn. Bhd./Hidup Maju Kaya Sdn. Bhd. (Tropical Origin Sdn. Bhd.)	JP(TKA)122/96(C O)TWU01/2024	Round Logs	Kalabakan	GFS 055 LVS (26/04/2027) FDS(SLS)002/2026 (26/04/2027)	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) FDS(SLS)049/2025 (30/03/2026)	High
Rakyat Berjaya Sdn. Bhd. (Hormat Jadi Sdn. Bhd.)	SFMLA 09/97	Round Logs	Tawau	GFS 209 LVS (24/08/2026) FDS(SLS)056/2025 (24/08/2026)	Low
Keunggulan Balak Sdn. Bhd.	JP(NNN)005/2024 (F1)	Round Logs	Nabawan	-	High

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

Summary Results:

(Major gap = 0, Minor gap = 1, Observation = 3)

GAPs: Year 2026				
GAP #	Type	Checklist	Status	Description
001/2026	minor	5.3.5	New	May 2026: Inconsistent in EPF monthly contributions for workers under the sub-contractor agreement.

*Major = Non-Compliance

Observations: Year 2026		
Obs #	Checklist	Description
001-2025 Addressed	5.1.6	May 2025: The current CoC has no reference to Purchase Order / Agreement for purchasing materials including reference to Sabah TLAS status. May 2026: The current CoC included the Purchase Order and Sabah TLAS status for purchasing materials.
002-2025 Outstanding	5.2.1, 5.2.3, 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. May 2026: Purchase Order did not reference the Sabah TLAS status for materials being purchased as per the CoC procedure.
003-2025 Addressed	5.3.1, 5.3.2	May 2025: Employment agreement for one worker was not provided. May 2026: Employment agreement for workers was provided.
001-2026	5.1.6	May 2026: The CoC procedure did not define the arrival book for material received.
002-2026	5.3.2	May 2026: One worker was not registered under COI.

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>Gap 001/2026 (minor) – Checklist 5.3.5: Bumi Timber shall ensure workers under sub-contractor agreement are registered and contributed EPF based on statutory requirement.</p> <p>Observation 002-2025 Outstanding – Checklist 5.2.1, 5.2.3 6.1.1, 6.1.2, 6.1.3: Purchase Orders should reference Sabah TLAS status for materials being purchased as per the CoC procedure.</p> <p>Observation 001-2026 – Checklist 5.1.6: The CoC procedure should define Arrival Book for materials received.</p> <p>Observation 002-2026 – Checklist 5.3.2: Bumi Timber shall ensure worker has registered a COI with the SFD.</p> <p>The next surveillance visit is scheduled for May 2027.</p>

End of Summary Report