

Sabah TLAS Audit Report Principles 5 & 6

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| Organisation | Khaspermata Sdn. Bhd. (77167-U) | Reference # | GFSSBH 004-516 |
| Contact Person | Kim Tae Hyoung (Manager) | Audit Date | 21/06/2023 |
| Office Address | P.O. Box No. 61050, 91020 Tawau, Sabah, Malaysia. | Date close out | - |
| Mill Address | Mile 3, Tanjung Batu Laut, 91000 Tawau, Sabah, Malaysia. | Telephone | +6089 779 590 +6089 771 044 |
| Email | khaspermata@hotmail.com | Fax | +6089 763 001 |
| | | Approved By | Dr. Kevin Grace |

Statements

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|--------------------------|--------------|------------------------|--------------|
| Audit Statement # | GFS 063 WTP | | |
| Issuance Date | 26 June 2023 | Expiration Date | 25 June 2024 |

Assessment Details

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|----------------------------|--|
| Company Type | Sawmill, Veneer, Plywood, Moulding, Kiln Dry Plant, Blockboard, Chipmill & Wood Pellet Mill, exporter |
| Scope of Assessment | Sabah TLAS P5-6: JP(T) TW 001/18 (X65) |
| Product Group | Veneer, Plywood, Laminated Veneer Lumber, Musical Components (wooden piano parts), Sawn Timber (lumber core), and Wood Pellet. |
| Source of Material | Sabah, Malaysia. |
| Species | <i>Drybalanops</i> spp. (Kapur), <i>Dipterocarp</i> spp. (Keruing), <i>Shorea sloateni</i> (Seraya kepong kasar), <i>Parashorea</i> spp. (White seraya), <i>Shorea</i> spp. (Red seraya, Yellow seraya, Melapi), <i>Heritiera simplicifolia</i> (Kembang), <i>Scaphium</i> spp. (Kembang semangkuk), <i>Shorea sloateni</i> (Seraya kepong kasar), <i>Sapotaceae</i> spp. (Nyatoh), <i>Shorea pauciflora</i> (Oba suluk), <i>Neolamarckia cadamba</i> (Laran), <i>Duabanga moluccana</i> (Magas), <i>Octomeles sumatrana</i> (Binuang), <i>Alstonia</i> spp. (Pulai), <i>Annonaceae</i> spp. (Kurai), <i>Eugenia</i> spp. (Obah), <i>Sindora beccariana</i> (Sepetir), <i>Lauraceae</i> (Medang), <i>Planchonia valida</i> (Putat), <i>Lithocarpus</i> & <i>Quercus</i> (Mempening), <i>Myristicaceae</i> (Darah-darah), <i>Dillenia</i> spp. (Simpur), <i>Cotylelobium</i> spp. (Resak batu), <i>Cratoxylum arborescens</i> (Serungan), <i>Pentace</i> spp. (Takalis), <i>Hopea sangal</i> (Gagil), <i>Macaranga</i> spp. (Sedaman), <i>Prerospermum</i> (Bayor), <i>Dialium indum</i> (KerANJI), <i>Annonaceae</i> (Pisang-pisang), <i>Castanopsis motleyana</i> (Berangan), <i>Anisoptera</i> spp. (Pengiran), <i>Albizia</i> spp. (Perapat Hutan). |
| Lead Assessor | Sandra George |
| Assessor(s) | Asraf Mahmud |
| FDS Staff | Mangumba Patiroi (PPD Tawau) |

Terms of Assessment

The scope of the evaluation is to verify compliance of Khaspermata 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 are 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 of knowledge of GFS.

Background Information:

Khaspermata Sdn. Bhd. (Khaspermata) is registered in Kuala Lumpur, Malaysia, with registration # 77167-U. Khaspermata is certified under FSC with FSC #: FSC A000521, with an expiry date of 20/06/2026 and under MTCC, #: PEFC ST 2022: 2013/ SIRIM – COC 00236, expiry date of 02/09/2025.

Khaspermata produces plywood and wood pellets for exports to South Korea and Japan. Sawn timber produced is for their own use.

The previous assessment was conducted in June 2022 that resulted in 0 gap(s) and 1 observation(s) (Report #: GFSSBH 004-366).

Associated Organizations & Subcontractors:

Khaspermata does not engage other companies as their subcontractors to provide or manufacture products.

Description of the Supply Chain:

From June 2022 to May 2023, Khaspermata purchased raw materials from the suppliers as below:

| Supplier | License | Raw Material | Location | GFS WTP # STCC # | Overall Risk * |
|--|--|--------------|-----------|----------------------------|----------------|
| Benta Wawasan Sdn. Bhd. (Golden Borneo Palm Sdn. Bhd.) | JP(TKA)122/96(CON) TWU 06/2020 BW 9/03 TWU 10/17 BW 9/99 | Round logs | Kalabakan | Non-Compliance | High |
| Rakyat Berjaya Sdn. Bhd. (Usahawan Borneo Greenwood Sdn. Bhd.) | SFMLA 09/97 TWU 01/15-YT 1/13 | Round logs | Kalabakan | Non-Compliance | High |
| Sapulut Forest Development Sdn. Bhd. | SFMLA 04/97 | Round logs | Tibow | GFS 025 LVS (10/07/2023) | Low |
| Top Quantum Sdn. Bhd. | SFMLA 01/2009 TWU 14/17 | Round logs | Serudong | GFS 071 LVS (19/06/2023)** | Low |
| First Greenworld Sdn. Bhd. | SFMLA 02/2009 TWU 15/17 | Round logs | Serudong | GFS 074 LVS (19/06/2023)** | Low |
| Pesona Majukaya Sdn. Bhd. | SFMLA 01/2018 TWU 01/21 | Round logs | Serudong | GFS 163 LVS (25/12/2023) | Low |

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

**Raw materials received before the expiry date are low risk.

Summary Result:

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

| GAPs: Year 2023 | | | | |
|-----------------|------|-----------|--------|-------------|
| GAP # | Type | Checklist | Status | Description |
| - | - | - | - | - |

*Major = Non-Compliance

| Observations: Year 2023 | | |
|-------------------------|-----------|--|
| Obs # | Checklist | Description |
| 001-2022 Addressed | 5.2.2 | <p>June 2022: Removal pass for logs received from Golden Borneo Palm Sdn. Bhd. in December 2021 was not stamped as "Sabah TLAS Compliant" by SFD.</p> <p>June 2023: Removal Passes from suppliers compliant under TLAS P1-4 were stamped with "Sabah TLAS Compliant" by the SFD.</p> |

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

Recommendations

Khaspermata 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.

The next surveillance visit is scheduled for June 2024.

End of Summary Report