

## Sabah TLAS Audit Report Principles 5 & 6

|                       |   |                       |                                   |
|-----------------------|---|-----------------------|-----------------------------------|
| <b>Organisation</b>   | Pemborong PKS (Sole Proprietorship)                                     | <b>Reference #</b>    | GFSSBH 004-553                    |
| <b>Contact Person</b> | Risal Bin Drugi (Manager)   | <b>Audit Date</b>     | 20/09/2023                        |
| <b>Office Address</b> | Kg. Merabung, Jalan Tungku, 91100 Lahad Datu, Sabah, Malaysia.          | <b>Date close out</b> | -                                 |
| <b>Mill Address</b>   | Kg. Merabung, Jalan Tungku, 91100 Lahad Datu, Sabah, Malaysia.          | <b>Telephone</b>      | +6013 887 3223<br>+6011 3168 5046 |
| <b>Email</b>          | pemborongpkrsrisal@yahoo.com.my<br>DFO L.D: Osman.Bangkong@sabah.gov.my | <b>Fax</b>            | -                                 |
|                       |   | <b>Approved By</b>    | Dr. Kevin Grace                   |

### Statements

|                   |                   |                 |                   |
|-------------------|-------------------|-----------------|-------------------|
| Audit Statement # | GFS 156 WTP       |                 |                   |
| Issuance Date     | 25 September 2023 | Expiration Date | 24 September 2024 |

### Assessment Details

|                     |   |
|---------------------|---|
| Company Type        | Sawmill, Moulding, Furniture  |
| Scope of Assessment | Sabah TLAS P5-6: JP(T)LD001/2023(X04)   |
| Product Group       | Sawn timber   |
| Source of Material  | Sabah, Malaysia.  |
| Species             | <i>Azadirachta excelsa</i> (Sentang), <i>Eusideroxylon zwageri</i> (Belian), <i>Tectona grandis</i> (Teak), <i>Swietenia macrophylla</i> (Mahogany) |
| Lead Assessor       | Brandon James   |
| Assessor(s)         | Sandra George, Tommy Olui   |
| FDS Staff           | Mazrie Mokim (PPD Lahad Datu)   |

### Terms of Assessment

The scope of the evaluation is to verify compliance of Pemborong PKS 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:**

Pemborong PKS is a sole proprietor; thus, does not require to register under the Companies Commission of Malaysia (SSM). Pemborong PKS produces and trades sawn timber for the local hardware store only.

The previous assessment was conducted in September 2022 that resulted in 3 gap(s) and 2 observation(s) (Report #: GFSSBH 004-407).

**Associated Organizations & Subcontractors:**

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

**Description of the Supply Chain:**

From August 2022 to August 2023, Pemborong PKS purchased raw materials from the suppliers as below:

| Supplier           | License                   | Raw Material    | Location   | GFS WTP # STCC # | Overall Risk * |
|--------------------|---------------------------|-----------------|------------|------------------|----------------|
| Masnur Enterprise  | JPHTN/LD700-2/4/JLD.33/11 | Plantation logs | Lahad Datu | -                | Low            |
| Kingwood Timber    | JPHTN/LD700-2/4/JLD.34/11 | Plantation logs | Lahad Datu | -                | Low            |
| Hung Yik Sdn. Bhd. | JPHTN/LD700-2/4/JLD.35/1  | Plantation logs | Lahad Datu | -                | Low            |
| Liew Kee Lip       | 2B308354                  | Plantation logs | Sandakan   | -                | Low            |

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

**Summary Results:**

(Major gap = 0, Minor gap = 3, Observation = 2)

| GAPs: Year 2023 |       |                |             |   |
|-----------------|-------|----------------|-------------|---|
| GAP #           | Type  | Checklist      | Status      | Description   |
| 001/2022        | minor | 5.1.1          | Outstanding | <b>September 2022:</b><br>SFD has yet to update the expiry date of the contractor license.<br><b>September 2023:</b><br>SFD has yet to provide the current license renewal.   |
| 002/2022        | minor | 5.1.2<br>5.2.6 | Outstanding | <b>September 2022:</b><br>Calculation of carried forward incorrect with respect to material received, allocated to production and sale of sawn Belian timber in Nov 2021.<br><b>September 2023:</b><br>No evidence that Appendix 7 manual submitted to the SFD.                                       |
| 003/2022        | minor | 5.2.5<br>5.2.7 | Outstanding | <b>September 2022:</b><br>Inadequate identification of the batch # on logs, WIP & FG in relation to log arrival date as per the CoC procedure.<br><b>September 2023:</b><br>Pemborong PKS has yet to adequately identify the batch # on logs, WIP and finished goods in relation to log arrival date. |

\*Major = Non-Compliance

| Observations: Year 2023 |                |  |
|-------------------------|----------------|--|
| Obs #                   | Checklist      | Description  |
| 001-2022<br>Addressed   | 5.2.2          | <b>September 2022:</b><br>SFD did not stamp the removal pass as "used."<br><b>September 2023:</b><br>All removal passes for logs arrival were stamped "used" by the SFD. |
| 002-2022<br>Outstanding | 5.3.2<br>5.3.7 | <b>September 2022:</b><br>The company did not conduct training on fire, safety & health for 2022.  |

| Observations: Year 2023 |           |   |
|-------------------------|-----------|---|
| Obs #                   | Checklist | Description   |
|                         | 5.3.8     | <b>September 2023:</b><br>No evidence that the safety training was conducted and fire training record was incomplete. |
| 001-2023                | 5.2.4     | <b>September 2023:</b><br>Pemborong PKS did not maintain the copy of the COC manual.                                  |

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

| Recommendations   |
|---|
| <p><b>Pemborong PKS</b> 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><b>Gap 001/2022 (minor) Outstanding – Checklist 5.1.1:</b> SFD shall provide the current mill contractor license.</p> <p><b>Gap 002/2022 (minor) Outstanding – Checklist 5.1.2, 5.2.6:</b> Pemborong PKS shall record the carry forward in Appendix 7 manual and submit to the SFD.</p> <p><b>Gap 003/2022 (minor) Outstanding – Checklist 5.2.5, 5.2.7:</b> Pemborong PKS shall identify batch # on logs, WIP and FG in relation to log arrival date as per the CoC procedure.</p> <p><b>Observation 002-2022 (Outstanding) – Checklist 5.3.2, 5.3.7, 5.3.8:</b> Pemborong PKS shall conduct safety &amp; health training annually complete with agenda and attendance sheet.</p> <p><b>Observation 001-2023 – Checklist 5.2.4:</b> Pemborong PKS shall maintain the copy of COC manual.</p> <p>The next surveillance visit is scheduled for September 2024.</p> |

## End of Summary Report