

Sabah TLAS Audit Report Principles 5 & 6

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|-----------------------|---|-----------------------|-----------------|
| Organisation | Tiong & Chun Enterprise (Sole proprietor) | Reference # | GFSSBH 004-872 |
| Contact Person | Mr. Tiong Chee Khong (Manager - Tiong & Chun Enterprise) | Audit Date | 11/09/2025 |
| Office Address | P.O. Box 362, 89608 Papar, Kota Kinabalu, Sabah, Malaysia. | Date close out | - |
| Mill Address | 56 KM, Jalan Kimanis-Beaufort Highway, Kimanis, Sabah, Malaysia. | Telephone | +6013 836 7782 |
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| | | Approved By | Dr. Kevin Grace |

Statements

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|-------------------------|-------------------|-----------------|-------------------|
| Statement of Compliance | GFS 308 WTP | | |
| Issuance Date | 15 September 2025 | Expiration Date | 14 September 2026 |

Assessment Details

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|---------------------|---|
| Company Type | Sawmill |
| Scope of Assessment | Sabah TLAS P5-6: KON(KKK)003/2023(KK) |
| Product Group | Sawn timber |
| Source of Material | Sabah, Malaysia. |
| Species | <i>Anacardiaceae</i> (Asam-asam), <i>Dyobanalops sp.</i> (Kapur), <i>Dialium indum</i> (KerANJI), <i>Dipterocarpus</i> (Keruing), <i>Lauracea</i> (Medang), <i>Lithocarpus</i> (Mempening), <i>Palaquium sp.</i> (Nyatoh), <i>Shorea sp.</i> (Red, White, Yellow Seraya), <i>Shorea inappendiculata</i> (Selangan Batu), <i>Pentaceae</i> (Takalis), <i>Koompasia malaccensis</i> (Impas), <i>Shorea Pauciflora King</i> (Oba Suluk), <i>Anisoptera sp.</i> (Pengiran), <i>Neolamarckia cadamba</i> (Laran), <i>Other timber</i> (OT) |
| Lead Assessor | Sheanna Kehong |
| Assessor(s) | Ennald Chin (Acting Lead Auditor), Auther Itin |
| SFD Staff | Robert M. Mijol (SFD HQ), De-Almeida Galima Yukong (ADFO Kota Kinabalu), Abd. Rahman Mohd. Jari (Mukim Papar), Suhaimi Mohid (Mukim Papar) |

Terms of Assessment

The scope of the evaluation is to verify compliance with Tiong & Chun Enterprise 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:

Tiong & Chun Enterprise is a sole proprietorship; thus, did not require to register with the SSM. The company sells sawn timber locally. Tiong & Chun Enterprise will cease operation on 30/09/2025.

Auro Industries has a two-year tenancy agreement with Tiong & Chun Enterprise, commencing date on 18/10/2022 (1 year renewal term), allowing Tiong & Chun Enterprise to rent Auro Industries' sawmill for the specified period.

The previous assessment was conducted in October 2024 that resulted in 3 gap(s) and 0 observation(s) (Report #: GFSSBH 004-738).

Associated Organizations & Subcontractors:

Tiong & Chun Enterprise does not engage subcontractor to produce, manufacture products or provide manpower.

Description of the Supply Chain:

From October 2024 to September 2025, Tiong & Chun Enterprise purchased raw materials from the suppliers as below:

| Supplier | License | Raw Material | Location | GFS WTP # STCC # | Overall Risk * |
|--|---------------------------------|--------------|----------|--------------------------|----------------|
| Lembaga Kemajuan Tanah Negeri Sabah [SLDB (Iburu Timber Enterprise)] | JPHTN/FRM700-2/4/1/299(c)JLD2/3 | Round logs | Sipitang | Non-Compliance | High |
| Mau Seng Timber Sdn. Bhd. | JPHTN(PPW/KDT)700-5/3(107) | Round logs | Kimanis | GFS 028 WTP (15/06/2026) | Low |

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

Summary Results:

(Major gap = 0, Minor gap = 2, Observation = 5)

| GAPs: Year 2025 | | | | |
|-----------------|-------|-----------------------------------|--------|--|
| GAP # | Type | Checklist | Status | Description |
| 002/2024 | minor | 5.2.1, 6.1.1, 6.1.2, 6.1.3, 6.1.4 | Closed | October 2024: The current system for purchasing is not according to the COC procedure. September 2025: The current system for purchasing is according to the CoC procedure. |
| 003/2024 | minor | 5.2.6, 5.2.7, 5.2.11, 5.2.12 | Closed | October 2024: Lack of identification of batch unit & status for WIP and Finished Goods as per the CoC procedure. September 2025: WIP and Finished Goods are identified with batch # & status as per the CoC procedure. |
| 005/2024 | minor | 5.3.6, 5.3.7 | Closed | October 2024: Lack of work safety and fire training and PPE distribution record. September 2025: Tiong & Chun Enterprise has conducted the work safety and fire training and PPE distribution records were established. |
| 001/2025 | minor | 5.3.2 | New | September 2025: Several workers sampled had no COI registration or COI was expired. |
| 002/2025 | minor | 5.3.5 | New | September 2025: No submission of JKPP 8 for 2024. |

*Major = Non-Compliance

| Observations: Year 2025 | | |
|-------------------------|----------------------------|---|
| Obs # | Checklist | Description |
| 001-2025 | 5.1.3 | September 2025: Inconsistent in recording volume in Appendix 1 manual submission against Removal Pass and arrival book for 10/2024. |
| 002-2025 | 5.2.1, 6.1.1, 6.1.2, 6.1.4 | September 2025: Purchase Orders did not reference the status of timber or product being purchased. |
| 003-2025 | 5.2.3 | September 2025: Inconsistent in stamping Sabah TLAS CC on the Removal Pass by SFD for Sabah TLAS compliant material from the Sabah TLAS supplier. |
| 004-2025 | 5.2.4, 5.2.5, 6.1.3 | September 2025: Purchase Order # and Sabah TLAS status was not recorded in the arrival book. |
| 005-2025 | 5.3.8 | September 2025: Noise Risk Assessment and guards for machinery have not been rectified yet. |

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

| Recommendations |
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| <p>Tiong & Chun Enterprise has demonstrated compliance with the Sabah Principles 5-6 for Chain of Custody and is recommended to receive a GFS Statement of Compliance or 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 001/2025 (minor) – Checklist 5.3.2: Tiong & Chun Enterprise shall register COI and renew COI for workers.</p> <p>Gap 002/2025 (minor) – Checklist 5.3.5: JKPP 8 should be submitted to DOSH annually.</p> <p>Observation 001-2025 - Checklist 5.1.3: Tiong & Chun Enterprise shall ensure volume in Appendix 1 manual submission is recorded correctly against Removal Pass and Arrival Book.</p> <p>Observation 002-2025 – Checklist 5.2.1, 6.1.1, 6.1.2, 6.1.4: Purchase Order shall reference the Sabah TLAS status of material being purchased.</p> <p>Observation 003-2025 – Checklist 5.2.3: SFD should be consistent in stamping Sabah TLAS CC on the Removal Pass for Sabah TLAS supplier.</p> <p>Observation 004-2025 – Checklist 5.2.4, 5.2.5, 6.1.3: Purchase Order number and Sabah TLAS status should be recorded in the Arrival book.</p> <p>Observation 005-2025 – Checklist 5.3.8: Tiong & Chun Enterprise should address issue regarding Noise Risk Assessment and safeguard the moving machinery parts.</p> <p>The next surveillance visit is scheduled for September 2026.</p> |

End of Summary Report