

## Sabah TLAS Audit Report Principles 5 & 6

<b>Organisation</b>	Borneo Wood Marketing Sdn. Bhd. (72546-X)	<b>Reference #</b>	GFSSBH 004-396a
<b>Contact Person</b>	David Tan Chuan Cheng (Director) Robert Wong (R.M. Services)	<b>Assessment Date</b>	05/09/2022
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		<b>Approved By</b>	Dr. Kevin Grace

### Statements

Audit Statement #	NC: Non-Compliance – Criterion 5.2 (Outstanding)		
Issuance Date	Not applicable	Expiration Date	Not applicable

### Assessment Details

Company Type	Trading and Exporter
Scope of Assessment	TLAS P5-6: FDS(KK)(E)003/2019
Product Group	Sawn Timber
Source of Material	Sabah, Malaysia
Species	Mixed species.
Lead Assessor	Glory Linggou
Assessor(s)	Varenius V Untomon
SFD Staff	-

### Terms of Assessment

The scope of the evaluation is to verify compliance of the Borneo Wood Marketing 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:

Borneo Wood Marketing Sdn. Bhd. (Borneo Wood Marketing) is registered with the Companies Commission of Malaysia (SSM) on 07/04/1984 in Kuala Lumpur, with registration # 72546-X. The company currently trades and exports sawn timber to China.

The previous assessment was conducted in September 2021 that resulted in 1 gap(s) and 0 observation(s) (Report #: GFSSBH 004-224a).

### Associated Organizations & Subcontractors:

Borneo Wood Marketing is associated with Jesselton Richwell Sdn. Bhd. supporting the company's management. The company engages R.M. Services Sdn. Bhd. to handle export documentation.

**Note:** The assessment was conducted based on documentation at R.M. Services office. The representative from the Borneo Wood Marketing is not available during the assessment.

**Description of the Supply Chain:**

From August 2021 to August 2022, Borneo Wood Marketing purchased raw materials from the suppliers as below:

Supplier	License	Raw Material	Location	GFS WTP # STCC #	Overall Risk*
Serba Potensi Sdn. Bhd.	JP(K)(KK)001/17(X04)	Sawn timber	Kota Kinabalu	GFS 232 WTP (10/07/2023)	Low

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

**Summary Results:**

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

November 2022: (Major gap = 1, Minor gap = 1, Observation = 0)

GAPs: Year 2022				
GAP #	Type	Checklist	Status	Description
002/2021	Raised to Major	5.2.4	Outstanding	<p><b>September 2022:</b> The company did not take action to revise the CoC procedure to identify sales of Sabah TLAS products.</p> <p><b>November 2022:</b> No evidence of revision of the COC procedure to identify sales of Sabah TLAS products.</p>
001/2022	Minor	6.1.2	New	<p><b>September 2022:</b> Copies of removal passes for export consignments were unavailable during the assessment.</p>

\*Major = Non-Compliance

Observations: 2022		
Obs #	Checklist	Description
-	-	-

Highlights of Close-Out Visit (if applicable)	Date: 04 November 2022
The Major Gap 002/2021 shall be addressed within two months by November 2022. The Major gap is still outstanding as the company could not provide a revised CoC procedure.	

Recommendations
<p><b>Borneo Wood Marketing Sdn. Bhd.</b> has not demonstrated compliance with the Sabah Principles 5-6 for Chain of Custody as non-compliance was identified in Criterion 5.2 and is NOT eligible to receive a GFS Statement of Compliance or Sabah Timber Legality Assurance System Compliance Certificate (TLAS-CC) from SFD.</p> <p>The Major Gap shall be addressed within two months by <b>November 2022</b>.</p> <p><b>Gap 002/2021 (Raised to Major) Outstanding – Checklist 5.2.4:</b> Revise the CoC procedure to include a description for sales of Sabah TLAS products.</p> <p>Gap(s)/Observation(s) identified in this assessment should be addressed before the next surveillance visit. Actions required to close the gap(s)/observation(s) include:</p> <p><b>Gap 001/2022 (Minor) – Checklist 6.1.2:</b> The company shall maintain copies of removal passes for export consignment.</p> <p>The next surveillance visit is scheduled for September 2023.</p>

**End of Summary Report**