

Sabah TLAS Audit Report Principles 5 & 6

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|-----------------------|---|------------------------|--------------------------------|
| Organisation | Tenant: Borneo Benar Sdn. Bhd.(488524-D) Licensee: Makeson Sdn. Bhd. (99395-V) | Reference # | GFSSBH 004-352 |
| Contact Person | Lau Swee Cheong (Manager) | Assessment Date | 27/05/2022 |
| Office Address | KM 25, Off Jalan Tuaran, Makeson Timber Complex, 88452 Telipok, Kota Kinabalu, Sabah, Malaysia. | Date close out | - |
| Mill Address | Same as Office Address | Telephone | +6088 492 822 +6088 492 811 |
| Email | bbenar.irwan@gmail.com | Fax | +6088 498 841 |
| | | Approved By | Dr. Kevin Grace |

Statements

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|--------------------------|-------------|------------------------|-------------|
| Audit Statement # | GFS 197 WTP | | |
| Issuance Date | 30 May 2022 | Expiration Date | 29 May 2023 |

Assessment Details

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|----------------------------|--|
| Company Type | Moulding mill and Exporter |
| Scope of Assessment | TLAS P5-6: JP(K)KK 001/14 (B05) & FDS(KK)(E)040/2019 |
| Product Group | Moulding (S4S, E4E, decking, tongue & groove, panelling) |
| Source of Material | Sabah, Malaysia. |
| Species | Mixed species |
| Lead Assessor | Priera Bagang |
| Assessor(s) | Glory B. Y. Linggou |
| SFD Staff | Abu Bakar (PPM Kota Kinabalu) |

Terms of Assessment

The scope of the evaluation is to verify compliance of the Borneo Benar 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 Benar Sdn. Bhd. (Borneo Benar) was registered with Companies Commission of Malaysia on 24/06/2000 in Kota Kinabalu, Sabah, with a registration number 488524-D.

Makeson's mill license is leased to Borneo Build & Supply Sdn. Bhd. (715981-W) (Borneo Build & Supply), Borneo Benar Sdn. Bhd. (488524-D) (Borneo Benar) to produce mouldings and WVT Timber Industries Sdn. Bhd. (1225533-T) (WVT Timber Industries) to produce sawn timber.

The previous assessment was conducted in May 2021 that resulted in 2 gap(s) and 0 observation(s) (Report #: GFSSBH 004-186).

Associated Organizations & Subcontractors:

Borneo Benar is associated with Borneo Build & Supply (sister company), which supports the company's management.

Description of the Supply Chain:

From May 2021 until April 2022, Borneo Benar purchased raw materials from the suppliers as below:

| Supplier | License | Raw Material | Location | GFS WTP # STCC # | Overall Risk * |
|------------------------------------|-----------------------|--------------|---------------|-----------------------------|----------------|
| Kilang Papan Hiong Tiong Sdn. Bhd. | JP(K) KK 003/00(X04)R | Sawn timber | Kota Kinabalu | GFS 071 WTP (10/10/2022) | Low |
| Lusera Sdn. Bhd. | JP(K) KK001/09 (X39) | Sawn timber | Kota Kinabalu | GFS 114 WTP (09/01/2023) | Low |

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

Summary Results:

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

| GAPs: 2022 | | | | |
|------------|-------|----------------|--------|--|
| GAP # | Type | Checklist | Status | Description |
| 001/2021 | Minor | 5.2.4 | Closed | <p>May 2021: The current COC manual does not clearly define the use of a production batch unit & identification of Sabah TLAS versus other material through production process to finished products. The CoC manual does not reference identification of Sabah TLAS status on the final product and in the sales invoice. Definition of non-conforming product should reflect incorrect identification and labeling of Sabah TLAS material or products and actions to correct the issue.</p> <p>May 2022: The company has revised the COC manual to include the allocation of a batch production unit and the identification of Sabah TLAS through the production and trading system. The company also revised the definition of a non-conforming product.</p> |
| 002/2021 | Minor | 5.3.2 5.3.7 | Closed | <p>May 2021: No safety and fire prevention training were conducted in 2020 until April 2021. Further, workers were observed not wearing ear protection during work (moulding machine).</p> <p>May 2022: The company conducted safety training in 2021 and 2022. However, no workers are working since there is no operation.</p> |

*Major = Non-Compliance

| Observations: 2022 | | |
|--------------------|-----------|-------------|
| Obs # | Checklist | Description |
| - | - | - |

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

Recommendations

Borneo Benar 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 May 2023.

End of Summary Report