

Sabah TLAS Audit Report Principles 5 & 6

Organisation	Arus Borneo Sdn. Bhd. (631181-D)
Contact Person	Alexander Estos (Director)
Office Address	Unit B3, Tingkat 1, Wisma Bumi, Jalan Dunlop, 91000 Tawau, Sabah, Malaysia.
Mill Address	-
Email	onyx_roque@yahoo.com

Reference #	GFSSBH 004-325
Assessment Date	22/03/2022
Date close out	-
Telephone	+6016 826 3821 +6089 758 821
Fax	+6089 770 821
Approved By	Dr. Kevin Grace

Statements			
Audit Statement #	GFS 269 WTP		
Issuance Date	28 March 2022	Expiration Date	27 March 2023

Assessment Details	
Company Type	Exporter
Scope of Assessment	Sabah TLAS P5-6: FDS(TW)(E)081/2019
Product Group	Sawn timber, Finger Joint & Veneer
Source of Material	Sabah, Malaysia.
Species	<i>Drybalanops spp.</i> (Kapur), <i>Dipterocarpus spp.</i> (Keruing), <i>spp.</i> (White seraya), <i>Shorea spp.</i> (Red seraya, Yellow seraya, Melapi, Selangan batu), OT (Other Timber)
Lead Assessor	Glory B.Y. Linggou
Assessor(s)	Ivy Justin
SFD Staff	-

Terms of Assessment
The scope of the evaluation is to verify compliance of the Arus Borneo 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:

Arus Borneo Sdn. Bhd. (Arus Borneo) is registered in Kota Kinabalu, Sabah, Malaysia, with registration # 631181-D. The company currently providing export services for their clients mainly to Japan, Hong Kong, China and Taiwan.

Associated Organizations & Subcontractors:

Arus Borneo does not engage with other companies as their subcontractors to provide or manufacture products.

Description of the Supply Chain:

From January 2021 to February 2022, Arus Borneo purchased raw materials from the suppliers as below:

Supplier	License	Raw Material	Location	GFS WTP # STCC #	Overall Risk *
Maju Mapan Sdn. Bhd.	JP(T)TW005/10(X04)	Sawn timber	Tawau	GFS 130 WTP (12/09/2022)	Low
Ameron Wood Sdn. Bhd. (Hap Seng Property Investment)	JP(T)TW003/15(X04)	Sawn timber	Tawau	GFS 246 WTP (19/09/2022)	Low
SJ Borneo Sdn. Bhd.	JP(T)TW001/15(X26)	Sawn timber Finger joint	Tawau	GFS 158 WTP (12/09/2022)	Low
Billion Solaris Sdn. Bhd.	FDS(TW)(E)054/2019	Veneer	Tawau	Non- Compliance	High
Hap Seng Property Investment Sdn. Bhd. (Chuan Huan Trading Sdn. Bhd.)	JP(T)TW002/05(B01)	Sawn timber	Tawau	GFS 216 WTP (19/09/2022)	Low
Fook Ngiap Sawmill Sdn. Bhd.	JP(T)TW002/02(X17)	Sawn timber	Tawau	-	High

Note: *GFS risk evaluation is based on the risk matrix.

Summary Results:

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

GAPs: 2022				
GAP #	Type	Checklist	Status	Description
001/2022	Minor	5.2.4	New	March 2022: No evidence of a documented Chain of Custody (COC) system for compliance with Sabah TLAS requirements and trading of timber products.

*Major = Non-Compliance

Observations: 2022		
Obs #	Checklist	Description
-	-	-

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

Recommendations
<p>Arus Borneo 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.</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 001/2022 (Minor) – Checklist 5.2.4: The company shall develop a formal COC system for compliance with Sabah TLAS requirements and trading of timber products.</p> <p>The next surveillance visit is scheduled for March 2023.</p>

End of Summary Report