

Sabah TLAS Audit Report Principles 5 & 6

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| Organisation | Caslink Sdn. Bhd. (261807-M) | Reference # | GFSSBH 004-064 |
| Contact Person | Chak Nget Moi (Account) | Assessment Date | 27/06/2019 |
| Office Address | P.O. Box 62423, 91034 Tawau, Sabah, Malaysia. | Date close out | - |
| Mill Address | Shed No. 52 and 53 Ladalam Timber Complex, Jalan Tanjung Batu Laut, Tawau, Sabah, Malaysia. | Telephone | +6089 918 725 +6089 927 088 |
| Email | caslink.chan@gmail.com | Fax | +6089 918 723 |
| | | Approved By | Dr. Kevin Grace |

Statements

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|--------------------------|-----------------------------------------------------|------------------------|----|
| Audit Statement # | NA: Non Conformance – Checklist 5.1.2, 5.2.5, 5.2.7 | | |
| Issuance Date | NA | Expiration Date | NA |

Assessment Details

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| Company Type | Sawmill, Moulding, Furniture and Wood Preservation Plant |
| Scope of Assessment | Caslink Sdn. Bhd. |
| Product Group | Sawn timber, finger joint and doors |
| Source of Material | Sabah, Malaysia. |
| Species | <i>Drybalanops spp.</i> (Kapur), <i>Dipterocarpus spp.</i> (Keruing), <i>Koompassia malaccensis</i> (Impas), <i>Parashorea spp.</i> (White seraya), <i>Shorea spp.</i> (Red seraya, Yellow seraya, Melapi, Selangan batu), Sapotaceae (Nyatoh), <i>Eugenia spp.</i> (Obah), Lauraceae (Medang), Lithocarpus & Quercus (Mempening), <i>Planchonia valida</i> (Putat), <i>Hopea sangal</i> (Gagil), <i>Koompassia excelsa</i> (Mengaris), <i>Tristaniopsis merguensis</i> (Pelawan-pelawan), <i>Cotylelobium spp.</i> (Resak batu), <i>Dialium indum</i> (KerANJI), <i>Castanopsis motleyana</i> (Berangan), <i>Magnolia candollii</i> (Chempaka), <i>Tectona grandis</i> (Jati) |
| Lead Assessor | Lai Jia Woei |
| Assessor(s) | Siti Radiah Mohamad |
| FDS Staff | PH Ahamd Sappan (PPM Tg. Batu Apas Balung), PH Ambrose James Gipilon (PPM Tg. Batu Apas Balung), PH Abd. Suhaimi Abd. Manap (PPM Tg. Batu Apas Balung) |

Terms of Assessment

The scope of the evaluation is to verify compliance of the Caslink 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:

Caslink Sdn. Bhd. (Caslink) is registered in Kuala Lumpur, Malaysia with registration # 261807-M. The company produces and trades sawn timber for export to South Korea, Japan and Taiwan. Doors are sold to local market.

The previous assessment was conducted in July 2018 that resulted in 1 gap(s) and 2 observation(s) (report #: G162-440a).

Associated Organizations & Subcontractors:

Caslink engages Borneo Moulding Sdn. Bhd. As their subcontractor to provide kiln dry service.

Description of the Supply Chain:

From June 2018 to May 2019, Caslink purchased raw materials from the suppliers as below:

| Supplier | License | Raw Material | Location | FDS TLAS-CC (Expiry Date) | GFS Audit Statement # (Expiry Date) |
|---------------------------------------|------------------------------------------------------------------------------------------|--------------|------------|-----------------------------------|-------------------------------------|
| FELDA (Golden Million Land Sdn. Bhd.) | C230472015 JPHTN/KKH 900- 2/2/1/JILID.19(24) JPHTN/KKH 700- 3/7/JILID.16(33) | Teak | Lahad Datu | - | - |
| Liew Pak Thiam (Oneday Enterprise) | JPHTN/KKH 900- 2/2/1/JILID.5(5) | Teak | Tawau | - | - |
| Mohd. Salleh bin Hakim | JPHTN/KKH 700- 3/3/3/JILID.19(31) | Teak | Semporna | - | - |
| Nursidah bte Gulam @ Jiwa | JPHTN/KKH 700- 2/5/JILID3(54) | Teak | Semporna | - | - |
| FELDA | JPHTN/FRM 700- 3/3/5/JILID3(63) | Teak | Kalabakan | - | - |
| Unikarya Trading Sdn. Bhd. | JP(T)TW003/15(X04) | Round logs | Tawau | FDS(SCS)068/2018 (30/06/2019) | GFS 190 WTP (30/06/2019) |
| Bersatu Andal Sdn. Bhd. | JP(T)TW004/06(X04) | Round logs | Tawau | FDS(SCS)021/2018 (30/09/2018)* | GFS 129 WTP (31/08/2019) |
| Borneo Moulding Sdn. Bhd. | JP(T)TW011/00(X22)R | Sawn timber | Tawau | FDS(SCS)110/2018 (31/10/2019) | GFS 159 WTP (31/10/2019) |

Note: *FDS to update their website.

Summary Results:

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

| GAPs: | | | | | |
|----------|-------|-----------|------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| GAP # | Type | Checklist | Status | Description | |
| 006/2018 | Minor | 5.1.2 | Raised to Major | <p>July 2018: Recovery data reported in Appendix 1 for sawn timber was a constant 60% (Aug 2017– April 2018) and Appendix 7 for mouldings was a constant 80% (July 2017- May 2018) that is not credible as recovery varies based on raw material conditions. Thus, the data on input and output does not appear to be according to actual daily log input.</p> <p>June 2019:</p> | |

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|----------|---------------------|----------------|----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | | A total of 46.46 m ³ Teak production in April 2019 was not recorded in Appendix 1 for April 2019. |
| 007/2019 | Obs 001- 2018 | 5.2.4 | Raised to Minor | <p>July 2018: The CoC procedure does not clearly reference the identification of Sabah TLAS status and batch number on WIP and finished products.</p> <p>June 2019: The COC procedure has not been revised to ensure identification of finished goods by Batch number and Sabah TLAS status as identification is limited to processing records.</p> |
| 008/2019 | Obs 002- 2018 | 5.2.5 5.2.7 | Raised to Major | <p>July 2018: No identification of non-Sabah TLAS on WIP material and Finished Products sampled.</p> <p>June 2019:</p> <ul style="list-style-type: none"> • Only sporadic stacks of Non-Sabah TLAS materials status were identified using paper. • Batch number and status were not identified on the majority of the non-Sabah TLAS / Sabah TLAS WIP materials in the moulding mill. The material sampled during the mill visit was not adequately traceable from production to raw material input |
| 009/2019 | Minor | 5.3.3 5.3.6 | New | Caslink has yet to rectify 9 out of 18 findings raised by DOSH from their inspection. |
| 010/2019 | Minor | 5.3.8 | New | Inadequate number of fire extinguishers equipped at the mill. Only 3 units (Expiry: 26/08/2019) of fire extinguishers were sighted and none was observed at the warehouse area. |

*Major = Non-Compliance

| Obs # | Checklist | Description |
|-------|-----------|-------------|
| - | - | - |

| Highlights of Close-Out Visit (if applicable) | Date |
|----------------------------------------------------------------------------|------|
| The Major Gap shall be addressed within two months by August 2019 . | |

| Recommendations |
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| <p>Caslink Sdn. Bhd. has not demonstrated compliance with the Sabah Standard Principles 5-6 for Chain of Custody as non-compliance was identified in Checklist 5.1.2, 5.2.5, 5.2.7 and is NOT eligible to receive a GFS Audit Statement and STCC from FDS.</p> <p>The Major Gap shall be addressed within two months by August 2019.</p> <p>Gap 006/2018 (Raised to Major) – Checklist 5.1.2: Caslink shall record the volume of monthly sawn timber production instead of slicing planks. All productions shall be accurately reported in Appendix.</p> <p>Gap 008/2019 (Raised to Major) – Checklist 5.2.5, 5.2.7: Caslink shall consistently identify production of wood products by batch number and its legal status for traceability to raw material allocated to production.</p> <p>Minor 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>Gap 007/2019 (Raised to Minor) – Checklist 5.2.4: The licensee needs to revise the COC procedure to ensure identification of finished goods by Batch number and Sabah TLAS status as identification is limited to processing records.</p> <p>Gap 009/2019 (Minor) – Checklist 5.3.3, 5.3.6: All issues raised by DOSH shall be rectified as soon as possible.</p> |

Gap 010/2019 (Minor) – Checklist 5.3.8: The mill compound shall be equipped with adequate numbers of fire prevention equipment. Caslink shall refer to relevant government department such as the nearest Fire & Rescue Department for reference.

The next surveillance visit is scheduled in April 2020.

End of Summary Report