

STATEMENT OF COMPLIANCE

for

Asian Forestry Company (Sabah) Sdn. Bhd. (371259-W)

F-55-2A, 1 Avenue Commercial Centre, Jalan WK, 89108 Kota Marudu, Sabah, Malaysia.

Tel: +6088 663 494 Fax: +6088 662 494 Email: t.venantius@forestsolutions.asia

Asian Forestry Company (Sabah) has demonstrated compliance with the Sabah Timber Legality Standard (Sabah TLAS P1-4 Nov 2013) for the forest area based on the assessment conducted by Global Forestry Services (GFS) in **October 2023** reported in document # GFSSBH 003-221. This statement defines compliance with the due diligence requirements for legal compliance to the local Sabah Standard established as part of the current FLEGT VPA negotiations. The material harvested from this FMU is classified as Verified Legal (VL).

Product Schedule: Form 1 – State land – planted species

Legal Status: Verified Legal

Origin of Material: Sabah, Malaysia.

The validity of this Statement will be dependent upon the ability of **Asian Forestry Company (Sabah)** to demonstrate continual compliance with the Sabah Timber Legality Standard as monitored by GFS. GFS shall post a summary legal verification report and compliance statement on the GFS client database (www.gfsinc.biz).

GLOBAL FORESTRY SERVICES LEGAL VERIFICATION SERVICES

Audit Statement # : GFS 015 LVS
Issuance Date : 09 October 2023
Expiration Date : 08 October 2024

Global Forestry Services



Kevin T. Grace PhD
Director

The assessment, on which this statement is based, was made in good faith by evaluating representative samples of the organization's operations and activities in relation to the standards for Legality as defined by the Sabah TLAS Standard P1-4. This document does not constitute any representation to the quality of any products sold by the named organisations and Global Forestry Services accepts no liability in respect thereof. This statement remains the property of Global Forestry Services and must be returned upon request.

Document Control

GFS-FORM-006-SABAH TLAS-2.3	Title: Audit Statement Sabah TLAS P1-4	Issue: 04	Date: 18 Jul 2022
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LICENSED AREAS

for

Asian Forestry Company (Sabah) Sdn. Bhd. (371259-W)

Signed License Agreement / Form IIB: Land Title (Title Registration # and Date):

A Tree Plantation and Forest Management Agreement was signed on 6th February 1997 with the state government of Sabah for approximately 60,000 ha of Industrial Tree Planting (ITP) for a 60-year period, expiring in 2057.

Coupe Permit # & Expiry date

Renewed coupe: Pending approval from the CCF.

License Number	Area (ha)	Issue Date	Expire Date	Coupe
JP(DKM)008/2010(F1)	1,028.40	13/03/2018	21/09/2022*	4
JP(DKM)004/2014(F1)	6,527.00	18/08/2014	17/08/2021*	10

*Coupe 4 license was submitted to the SFD (Ref. #: AFCS/KM/TP/2206/034 dated 16/06/2022) and Coupe 10 license was submitted to the SFD (Ref. #: AFCS/KM/TP/2111/096 dated 02/11/2021).

Closed coupe: Pending feedback and approval from the SFD.

License #	Area (ha)	Issue Date	Expire Date	Coupe
JP(DKM)008/2010(F1)	5,261.00	14/03/2016	21/09/2022	1, 2, 3
JP(DKM)004/2014(F1)	6,527.00	18/08/2014	17/08/2024	5, 7, 8
JP(DKM)008/2016(F1)	15,237.00	10/10/2016	09/10/2021	6, 9
				11, 14, 15
JP(DKM)008/2016(F1)	563.80	10/10/2021	09/10/2022	12, 13

Cancellation letter from Asian Forestry Company (Sabah) - Ref. #: AFCS/KM/18/04/067 dated 17/04/2018 for the following licenses:

JP(DKM)008/2010(F1) – Coupe 1,2,3
JP(DKM)004/2014(F1) – Coupe 5,7,8

Cancellation letter from Asian Forestry Company (Sabah) – Ref. #: AFCS/KM/TP/2201/007 dated 19/01/2022 for the following license:

JP(DKM)008/2016(F1) - Coupe 6,9

Cancellation letter from Asian Forestry Company (Sabah) - Ref. #: AFCS/KM/2102/005 dated 18/01/2022 for the following license:

JP(DKM)008/2016(F1) – Coupe 11,14,15

Asian Forestry Company (Sabah) has yet to apply cancellation license for JP(DKM)008/2016 (F1) – Coupe 12, 13. According to the Management Representative, they can only apply for cancellation once the issue with Land and Survey Department is solved.

Forest Solution Malaysia conducted a quarterly meeting (Q2) with the SFD personnel from Pitas on 11/07/2023 regarding the Nibang ITP, land issue, outstanding matters related to the Form 1 (State land) and FMU 2 (Gerak Saga & Paitan). However, the SFD has yet to provide feedback.

The 2nd FMP has been approved with 38,758.50 ha has been excised from the licensed area, which the total licensed area was reduced to 14,940.30 ha.

Asian Forestry Company (Sabah) has recently applied for a new Form 1 license that will cover the entire 14,940.30 ha licensed area (Ref. #: AFCS/KM/SF/2305/084 dated 04/05/2023). A field verification and inspection were carried out by SFD Pitas and the DFO has submitted the Form 1 application to the Chief Conservator of Forests for approval (Ref. #: JPHTN/PTS 700-2/3/5/27 dated 24/07/2023).

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On 05/10/2023, the DFO submitted the notification letter to Asian Forestry Company (Sabah) stated that a portion of the licensed area is overlapping with Kanibongan FR Class I (6.42ha), and Lingkabau FR Class II (4.22ha) respectively.

A field verification needs to be conducted between SFD staff, Asian Forestry Company (Sabah)'s staff, the registered surveyor and re-submission of an endorsed survey plan by the Director of Land & Survey Department (Ref.#: JPHTN/PTS 700-2/3/5/77 dated 05/10/2023).

October 2023: Observation 001-2023

The new Form 1 license has been submitted; however, it is pending for approval from the Chief Conservator of Forests.

**Form IIB Permit
Not applicable**



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