

Sabah TLAS Audit Report

Sabah Legality Standard Principles 1 – 4

Licensee	Lebihasil Sdn. Bhd. 199601004492 (376838-D)	Reference #	GFSSBH 003-389
Contact Person	Ng Shi Teng (General Manager) Liew Hon Ming (Camp Manager)	Date of Report	13/02/2026
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		Approved By	Dr. Kevin Grace

Statements

Statements			
Statement of Compliance	GFS 007 LVS		
Issuance Date	24 February 2026	Expiration Date	23 February 2027

Assessment Details

Assessment Dates	09-13 February 2026
Scope of Assessment	Sabah TLAS P1-4: SFMLA 01/05
Species	<u>Licensed Area A planted:</u> <i>Eucalyptus</i> sp., <i>Durio</i> sp. <u>Licensed Area B planted:</u> Batai (<i>Paraserianthes falcataria</i>), Laran (<i>Anthocephalus cadamba</i>), Binuang (<i>Octomeles sumatrana</i>), and Talisai (<i>Terminalia catappa</i>), <i>Eucalyptus</i> sp. <u>Licensed Area C planted:</u> Batai (<i>Paraserianthes falcataria</i>) and Rubber (<i>Hevea brasiliensis</i>)
Lead Assessor	Teddy Quintin, (Acting Lead Auditor) Eljipy Sualim
Assessor(s)	Riczuan Richard
SFD Staff	Jaimi Mujit (ADFO Deramakot), Oss Justin Simin (PPD Deramakot), Victor Jarius (PPD Deramakot)

OBJECTIVES:

- The objective of this checklist is to verify compliance to the Criteria listed in the Sabah Legality Standard as defined by Principles 1 - 4 for Sabah dated November 2020 (**SFD-TLAS-002**).
- Compliance is defined when all applicable criteria are observed to be compliant. A minor Gap to any indicator does not constitute non-compliance to a criterion. A Major Gap to any applicable indicator does reflect non-compliance to a criterion. Compliance with a criterion where multiple minor gaps are identified in indicators under the criterion may reflect non-compliance to the criterion.
- All issues identified under this standard shall be considered appropriate to the scale and degree of forestry operations undertaken by the parties under the agreement.

Summary Information

Overview of Licensee:

In March 2006, Lebihasil Sdn. Bhd. (Lebihasil) entered into an agreement with the Government of the State of Sabah to undertake sustainable forest management in part of Sg. Pinangah Reserve, for a period of 50 years, running from 03/03/2006 to 31/12/2054 (SFMLA 01/2005). The Licensed area is designated by law as Class II Commercial Forest Reserve, intended primarily for timber production.

Lebihasil was first allocated an area of 1,000 ha in FMU 17A (**Licensed Area A**). This area was approved for forest plantation development and was completely developed in 2008.

Under a supplemental agreement, an additional 1,000 ha in FMU 17B (**Licensed Area B**) was then allocated in 2009 and has since been completely developed according to plan.

In Nov 2012, a third area of 1,00 ha was allocated to Lebihasil within FMU 17B area (**Licensed Area C**).

The previous assessment was conducted in February 2025 that resulted in 0 gap(s) and 1 observation(s) (Report #: GFSSBH 003-332).

Land use classification:

Licensed Area A:

Land classification	FMP Area (ha)	Current Status (ha)
Total Licensed Area: Compartment 55 = 545 ha Compartment 56 = 492 ha	1,037	1,037
Planted Area: Compartment 55 = 340 ha Compartment 56 = 405 ha	745	745 <u>Species planted:</u> Cpt 55 = 288 ha (Batai) & 52 ha (Laran/Binuang & others) Cpt 56 = 357 ha (Batai) & 48 ha (Laran/Binuang & others)
Road	20	20
Natural Forest	207	207
Water Body	14	14
Open space	8	8
Stumping Area	6	6

Licensed Area B: Based on Amendment Slip 1/2022 dated 17/10/2022, Table 3.2: Net production area for License Area B (ha)

Land classification	FMP Area (ha)	Current Status (ha)
Licensed Area B	1,000	1,000
Net Plantable Area	840.70	334.17 Species planted: Batai, <i>Eucalyptus</i> sp., Binuang, Laran, Talisai paya
Roads & clearings	92	92
Streams, ponds, including riparian reserve	60	60
Steep slopes (>25°)	3	3
Community planted area	4.30	4.30

Licensed Area C:

Land classification	FMP Area (ha)	Current Status (ha)
Licensed Area:	974	974 Rubber tree plantation = 165 ha Mosaic Planting = 809 ha
Roads & Clearing	30	30
Streams, ponds, including riparian reserve	113	113
Steep Slopes (> 25°)	5	5

Unplantable area	12	12
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Current Operations:

Based on the AWP 2026, Lebihasil will tend and maintenance of recently planted area and roads.

List current compartments / blocks under harvesting or planting.

Licensed Area A

Comp #	NFM / ITP	Status	Area (ha)	Geo-location data
Comp. 56	ITP	Sabah TLAS EUDR	492	NE:117°11'30" E 5°23'30"N SE:117°11'15" E 5°22'30"N SW:117°10'30" E 5°22'30"N NW:117°10'30" E 5°23'30"N

Licensed Area B

Comp #	NFM / ITP	Status	Area (ha)	Geo-location data
SDK. 05/10	Restoration Planting	Sabah TLAS EUDR	1,000	NE:117°11'0" E 5°19.5'00"N SE:117°11'0" E 5°17.5'00"N SW:117°10'0" E 5°17.5'00"N NW:117°9.5'0" E 5°19.5'00"N

Licensed Area C

Comp # or Coupe #	NFM / ITP	Status	Area (ha)	Geo-location data
Comp. 1 & 2	Rubber Plantation	Sabah TLAS EUDR	165	NE:117°1'7.54.89" E 5°19'12.98"N SE:117°0'7.51" E 5°20'59.07"N SW:116°59'56.95" E 5°23'5.55"N NW:117°1'54.89" E 5°19'12.98"N

Environmental Context:

Existing EIA report & key elements for protection / mitigation:

The list of approved EIA studies from the EPD.

#	Title	Ref. #	EIA Consultant
1	Proposed 1,000 Hectares Forest Logging for Block 55 and Block 56 (Area A), at Sg. Pinangah Forest Reserve, Tongod, Sabah by Lebihasil Sdn. Bhd.	JPAS/PP/24/600-1/01/3/15	Kiwiheng Wood & Environmental Consultants Sdn. Bhd.
2	Proposed Forest Rehabilitation and Tree Planting of Mixed Species at Sg. Pinangah Forest Reserve (FMU 17B) by Lebihasil Sdn. Bhd.	JPAS/PP/06/600-1/01/3/32	Kiwiheng Wood & Environmental Consultants Sdn. Bhd.
3	Proposed Forest Restoration and Tree Planting of Mixed Species at Second Extension Area of 1,000 Hectares at Sg. Pinangah Forest Reserve (FMU 17B)"	JPAS/PP/24/600-1/10/3/54	Kiwiheng Environmental Consultants Sdn. Bhd.

Forest type and short history of management:

Licensed Area A: The project area falls on the designated Class II – Commercial Forest Reserve which is part of the Sg. Pinangah Forest Reserve. This forest reserve is designated for the supply of timber and other relevant forest produce to meet the general demands of the timber trade. The project area was previously logged between 1991-1993. Based on the classification of forest type by dominant families, the project site is classified as a partially logged over lowland mixed Dipterocarp forests where the family Dipterocarpaceae still dominate.

Licensed Area B: The project area is dominated by secondary forest of a logged area. At the immediate west of the project boundary, Gunung Tingkar Virgin Forest Reserve – Class IV can be found. Basically, the project site is dominated by terrestrial habitat which comprises of mixed hill dipterocarp forest (logged-area), undergrowth and riparian reserve.

Licensed Area C: The land is designated as Class II – Commercial Forest Reserve which is part of the Sg. Pinangah Forest Reserve which designated for the supply of timber and other relevant produce to

meet the general demands of the timber trade. The physical features of the project area are of a typical logged over forest. The existing land use in the surrounding area is dominated by secondary vegetation.

Principal commercial species currently existing:

Licensed Area A planted: *Eucalyptus sp.*, *Durio sp.*

Licensed Area B planted: Batai (*Paraserianthes falcataria*), Laran (*Anthocephalus cadamba*), Binuang (*Octomeles sumatrana*), and Talisai (*Terminalia catappa*), *Eucalyptus sp.*

Licensed Area C planted: Batai (*Paraserianthes falcataria*) and Rubber (*Hevea brasiliensis*)

Specific biological values (e.g., rare or endangered species):

Licensed Area A: The field exploration team did not manage to detect any protected wildlife, however, evidence of animals listed under Schedule 2 (Protected Animals) of the Wildlife Conservation Enactment 1997 were found. These were *Elephas maximus* (Elephant), and *Arctictis binturong* (musang binturong). Meanwhile, animals under Schedule 3 (Protected Species of Animals for which Hunting License is Required) include *Cervus unicolor* (Sambar deer) and *Sus barbatus* (Bearded pig) of the Wildlife Conservation Enactment 1997, were also found in the project site.

Licensed Area B: Based on the site visit and literature review of the same habitat, large animals' species such as elephant, deer and bearded pig; arboreal mammals such as macaques, flying lemur and squirrel; reptiles such as lizard and birds such as hornbills and darters are known to exist within and in the surrounding of the project site. There are several aquatic species that can be found within the project site. Based on the site survey and literature review, some common fishes that exist are Turongou, Dumpis, Baung, Salab, Pelian and Belanak Sungai.

Licensed Area C: Based on the site visit and literature review of the same habitat, large animals' species such as elephant, deer and bearded pig; arboreal mammals such as macaques, flying lemur and squirrel; reptiles such as lizard and birds such as hornbills and darters are known to exist within and in the surrounding of the project site. Based on the EIA, some common species that exist are Turongou (*Puntius binotatus*), Dumpis, Baung (*Mystus nemurus*), Selap (*P. bramoides*), Pelian (*Tor douronensis*) and Belanak Sungai. However, none of this aquatic species are identified as endangered or protected species.

Environmental services (e.g., critical watersheds, wildlife habitat, peat swamp, etc.):

Licensed Area A: The river system within the project area is not being used by any government water abstraction or irrigation. The nearest government water intake is upstream of Sg. Millain, which is located approximately 25 km from the project site.

Licensed Area B: The river systems within the project area are not used for any government water or irrigation point. However, the villagers who live near the project area are occasionally using Sg Karamuak for leisure fishing and navigation. The tributary of Sg Karamuak that flow within the project area also provide an aquatic habitat to support aquatic fauna.

Licensed Area C: The river system (tributaries of Sg Sogo-Sogo and Sg Radapan at Lot 1 while small streams were at Lot 2) within the project area are not used for any government water or irrigation purpose.

Social Context:

Social assessment **SBS / SIA / EIA** summary:

Licensed Area A - There are no human settlements within Licensed Areas A. However, about 15 KM south,

Licensed Area B – There are no human settlements within Area B. However, about 2 KM immediately south of the area is Kg. Karamuak.

Licensed Area C – There are no human settlements within Area C. However, several small settlements are located in the south along the Milian river. The closest village is Kg. Imbak.

Other nearby villages are mainly located along Milian river, such as Kg. Tamoi, Kg. Mapad and Kg. Sinoa. All these villages are outside of the forest reserve land.

Identified communities that are dependent on the FMU:

None for Licensed Areas A, B and C.

Land claims, disputes & communication system:

No land dispute for Licensed Areas A and C.

Licensed Area B: Based on the Amendment Slip 1/2022 dated 17/10/2022, the suspected encroachment by nearby villagers cultivating fruit trees, oil palm and rubber trees occurred before the issuance of the coupe permit.

Lebihasil's engagement with local communities will be done through dialogues arranged through the DFO.

Community Forestry Projects:
None for Areas A, B and C.

Licensed Area A: The suspected encroachment occurred before the issuance of the coupe permit was set aside and manage the area as community planted area.

Scope of Assessment	
- The scope of the evaluation is to verify compliance of Lebihasil Sdn. Bhd. with the Sustainable Forest Management License Agreement (SFMLA 01/05) for FMU 17A & 17B. - The assessment is in accordance with the terms of the agreement for the "Sabah Legality Standard Principles 1 - 4 dated 1 January 2024 (SFD-TLAS-006). - Site evaluation to verify and report the level of compliance by Lebihasil Sdn. Bhd. and contractors to the standard in respect to each of the criteria within this report. - Compliance is defined when the auditee demonstrates that the indicators consist of none or only minor gaps against any applicable criteria of the standard. Non-compliance to the Sabah Legality Standard occurs when the auditee does not comply adequately with a criterion.	

Itinerary & Mandays: 09-13 February 2026 / FMU 17A & B: Lebihasil Sdn. Bhd. & Warisan Majuria Sdn. Bhd / Deramakot District

Date	Activity	GFS Staff	Mandays
09 February 2026 Monday	Travel to Deramakot Opening meeting for Lebihasil & Warisan Majuria at basecamp Office. Document review. Overnight at IPS.	Teddy Quintin Eljipy Sualim Riczuhan Richard	3
10 February 2026 Tuesday	Lebihasil - Field assessment to operations area Area A (Compartment 55 & 56) (Harvesting trial, planting area, maintenance, encroachment), PSP, licensed boundary, protected areas (riparian reserve). Area B and Area C PSP, licensed boundary, protected areas (riparian reserve & steep area). Document review. Overnight at IPS.	Teddy Quintin Eljipy Sualim Riczuhan Richard	3
11 February 2026 Wednesday	Warisan Majuria – Field assessment to planted area, PSP, licensed boundary, protected areas (riparian reserve & steep area). Field visit to workshop, workers' quarters, landfill, hazardous waste. Document review. Overnight at IPS.	Teddy Quintin Eljipy Sualim Riczuhan Richard	3
12 February 2026 Thursday	Social assessment and interview with representative from Kg. Kenang-Kenangan. Document review and compiling report. Overnight at IPS.	Teddy Quintin Eljipy Sualim Riczuhan Richard	3
13 February 2026 Friday	Closing meeting at PPD Telupid. Travel back to home base.	Teddy Quintin Eljipy Sualim Riczuhan Richard	3
14-15 February 2026	Reporting/Administration: GFSSBH 003-390	Dr. Kevin Grace Teddy Quintin	2
Total			17

Highlights of Assessment

(Major Gaps = 0; Minor Gaps = 0; Observations = 1)

Lebihasil Sdn. Bhd. has complied with the Sabah TLAS requirements (FDS TLAS-006) as no non-compliance was identified during the assessment on 09-13 February 2026.

Summary of status of operations by **Principle**:

Principle 1. Right to Harvest

Lebihasil demonstrated compliance with the SFMLA regulation. Lebihasil has a 10 years individual FMP planned for Areas A, B, and C. Lebihasil also complied with the EPD requirement. The ECR was monitored quarterly and submitted to the EPD.

February 2025: Observation 001-2025 – Checklist 1.4.6

The current FMP does not include chemical use approved by SFD.

February 2026: Observation 001-2025 (Addressed)

Lebihasil has revised the 2nd FMP to include the chemical use approved by the SFD.

Principle 2. Forest Operations

Lebihasil demonstrated compliance with the licensed area security and maintenance of licensed boundary.

February 2026: Observation 001-2026 – Checklist 2.4.2

Hiring of foreign workers exceeded the JTK quota to hire foreign workers.

Principle 3. Statutory Charges

Records of applicable payments is maintained and available.

Principle 4. Other User Rights

Licensed Area A - There are no human settlements within Licensed Areas A. However, about 15 KM south,

Licensed Area B – There are no human settlements within Area B. However, about 2 KM immediately south of the area is Kg. Karamuak.

Licensed Area C – There are no human settlements within Area C. However, several small settlements are located in the south along the Milian river. The closest village is Kg. Imbak.

Other nearby villages are mainly located along Milian river, such as Kg. Tamoi, Kg. Mapad and Kg. Sinoa. All these villages are outside of the forest reserve land.

Summary Results:

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

Gap raised against indicators & criteria during the February 2026 assessment.

GAP	Type	Checklist	Status	Description
-	-	-	-	-

Observation raised against indicators & criteria during the February 2026 assessment.

Obs #	Checklist	Description
001-2025 Addressed	1.4.6	February 2025: The current FMP does not include chemical use approved by SFD. February 2026: Lebihasil has revised the 2 nd FMP to include the chemical use approved by the SFD.
001-2026	2.4.2	February 2026: Foreign workers exceed the JTK quota to hire foreign workers.

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

Recommendations

Lebihasil Sdn. Bhd. demonstrated compliance with the Sabah TLAS requirements (FDS TLAS-006) for its designated area and is recommended to receive a GFS Statement of Compliance and Sabah Timber Legality Assurance System Compliance Certificate (TLAS-CC) from SFD.

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:

Observation 001-2026 – Checklist 2.4.2: Lebihasil shall ensure hiring of foreign workers do not exceed the JTK quota.

The next annual surveillance audit will be scheduled for February 2027.

End of Summary Report