

Sabah TLAS Audit Report

Sabah Legality Standard Principles 1 – 4

Licensee	Licensee: Rakyat Berjaya Sdn. Bhd. 197001000639 (009867-W) Contractor: Beta Bumi Sdn. Bhd. 200601021789 (741542-H)	Reference #	GFSSBH 003-388
Contact Person	Ronnie Bibi (Forestry Manager RBJ Sandakan) Albert Ganing (Maxland Timber) Cliff Edison (Maxland Timber) Plorrah Paulinus	Date of Report Date of close out	06/02/2026 -
Office Address	<u>Rakyat Berjaya Sdn. Bhd.</u> Jalan Sekolah Cheng Min, P.O. Box 1437, 90715 Sandakan, Sabah, Malaysia. <u>Beta Bumi Sdn. Bhd./Maxland Timber Sdn. Bhd.</u> Lot 5 & 6, 1 st Floor, Block 4, Bandar Indah, Mile 4, Jalan Utara, 90732 Sandakan, Sabah, Malaysia.	Telephone	+6089 221 211
		Fax	+6089 223 957
Email	wcliffedison@gmail.com plorrahpaulinus@gmail.com DFO Tongod: MohdAzmi.Yazid@sabah.gov.my PPW SDK: Janius.Ebin@sabah.gov.my	Approved By	Dr. Kevin Grace

Statements

Statement of Compliance	GFS 038 LVS		
Issuance Date	17 February 2026	Expiration Date	16 February 2027

Assessment Details

Assessment Dates	02-06 February 2026
Scope of Assessment	Sabah TLAS P1-4: SFMLA 09/97 (FMU 16)
Species	Mosaic Planting: <i>Albizia</i> (Batai), <i>Eucalyptus hybrid</i> , <i>Eucalyptus pellita</i> , <i>Hopea sangal</i> (Gagil)
Lead Assessor	Teddy Quintin, (Acting Lead Auditor) Eljipy Sualim
Assessor(s)	Richard Riczuan
SFD Staff	Mohd. Azmi Mohd. Yazid (DFO Tongod), James Torimo (ADFO Tongod), Alfred Bisuk (PPD Tongod), Yaacob Bin Beni (PPD Tongod), Erick Gimputu (PPD Tongod)

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:

Established by the Sabah State Legislative Assembly in 1966, the Sabah Foundation (Yayasan Sabah) is a statutory government entity dedicated to advancing education, social welfare and economic opportunities for the people of Sabah. The Foundation was granted a substantial forest concession spanning approximately 800,000 ha across 8 FMUs. Under the SFMLA 09/97, this concession is licensed to the Foundation for 100 years, expiring on 10/09/2097.

Rakyat Berjaya has identified approximately 20,151 ha of degraded forest within FMU 16 that require intensive restoration. Beta Bumi Sdn. Bhd. (Beta Bumi) is appointed by Rakyat Berjaya Sdn. Bhd. (Rakyat Berjaya) under the subsidiary of The Sabah Foundation (Yayasan Sabah), which holds a SFMLA 09/97 that includes FMU 16, to carry out IMP project on 20,000 ha of FMU 16.

The Integrated Mosaic Planting Agreement was made on 18/03/2013 between Rakyat Berjaya (the Licensee) and Beta Bumi (the Contractor), whereas the Contractor is managing and securing wood resources on a long-term basis for the purposes of sustainable production of timber and natural industrial products. The agreement shall be deemed to have come into force on 07/12/2012 and shall, unless previously terminated under Clause 43 or 68, terminate or expiry date of a period of 50 years (10/09/2097).

Beta Bumi manages 19,421 ha under FMU 16 that is divided into areas 'A', 'B' and 'C' located in the centre of Sabah and clustered around the Imbak Canyon Conservation Area. Areas A, B, C have 7 approved Coupe Permits with 50-year validity.

#	Coupe Permit #	Block	Expiry	Area (ha)
1	SDK 06/13	YS 01/12 (Area A1)	10/03/2063	5,662.62
2	SDK 02/14	YS 01/12 (Area A2)	12/03/2064	946.00
3	SDK 04/14	YS 01/12 (Area A2)	12/03/2064	1,021.00
4	SDK 08/21	YS 01/12 (Area B)	25/07/2071	3,959.49
5	SDK 01/14	YS 01/12 (Area C1)	12/03/2064	2,308.53
6	SDK 06/14	YS 01/12 (Area C1)	12/03/2064	1,964.00
7	SDK 05/15	YS 01/12 (Area C2)	17/02/2066	3,559.96
Total Area				19,421.60

The previous assessment was conducted in February 2025 that resulted in 5 gap(s) and 1 observation(s) (Report #: GFSSBH 003-331).

Land use classification:

Land classification	FMP Area (ha)	Current Status (ha) as of Jan 2026
Total Project Area	20,151	20,151
Road = 205 ha Stream, pond, riparian reserves = 1,550 ha Steep slopes (>25°) = 195 ha Buffer Zone Bordering = 300 ha Other CA, set aside/Unplantable = 575.44 ha	2,825.44	2,825.44
<u>Gross Production Area:</u> Mosaic Area = 16,396.60 ha (60:40 ratio [Mosaic Planting: Liberation Treatment]) NFM = 3,066.70 ha	19,463.30	Total Mosaic area = 13,571.16 Mosaic planting = 2,498.83 Species planted = <i>Albizia</i> , <i>Eucalyptus</i> Hybrid, <i>Eucalyptus</i> <i>pellita</i> , Gagil

Current Operations:

Based on the AWP 2026, the main activities planned include the site preparation in areas where salvage logging has been done, field planting, liberation treatment and seedling production.

Activity	Remark
Site preparation	Planting (Area B) = 1,500 ha - Compartments B1, B2, B3, B4, B5, B6, B7, B8, B9, B10
Field Planting and Liberation Treatment	The target area divided into two areas which are mosaic planting and liberation treatment using ratio 60:40 respectively. Planting target: 1,500.00 ha, Liberation Treatment target: 1,126.32 ha Compartment B1, B2, B3, B4, B5, B6, B7, B8, B9, B10.

List **current compartments** under planting.

Comp #	NFM / ITP	Status	Area (ha)	Geo-location data
B5	Mosaic	Sabah TLAS	370.00	NW: 05°14'30" N, 116°59'00" E NE: 05°14'30" N, 117°00'00" E SW: 05°12'50" N, 116°58'40" E SE: 05°12'50" N, 117°00'00" E

List **AWP planned** planting.

Comp #	NFM / ITP	Status	Area (ha)	Geo-location data
B1	Mosaic	Sabah TLAS	226.00	NW: 05°14'20" N, 116°59'00" E NE: 05°14'20" N, 117°00'00" E SW: 05°12'50" N, 116°59'00" E SE: 05°12'50" N, 117°00'00" E
B2	Mosaic	Sabah TLAS	161.00	NW: 05°14'50" N, 117°00'00" E NE: 05°14'50" N, 117°00'10" E SW: 05°14'20" N, 117°00'00" E SE: 05°14'20" N, 117°00'10" E
B3	Mosaic	Sabah TLAS	190.00	NW: 05°15'00" N, 116°57'10" E NE: 05°15'00" N, 117°00'10" E SW: 05°14'50" N, 116°57'10" E SE: 05°14'50" N, 117°00'10" E
B4	Mosaic	Sabah TLAS	234.00	NW: 05°14'50" N, 116°57'10" E NE: 05°14'50" N, 117°00'00" E SW: 05°14'30" N, 116°57'10" E SE: 05°14'30" N, 117°00'00" E
B6	Mosaic	Sabah TLAS	319.00	NW: 05°14'30" N, 116°57'00" E NE: 05°14'30" N, 116°58'00" E SW: 05°14'00" N, 116°56'50" E SE: 05°14'00" N, 116°57'00" E
B7	Mosaic	Sabah TLAS	304.00	NW: 05°14'00" N, 116°57'00" E NE: 05°14'00" N, 116°59'50" E SW: 05°12'00" N, 116°57'00" E SE: 05°12'00" N, 116°59'51" E
B8	Mosaic	Sabah TLAS	537.00	NW: 05°13'50" N, 116°59'10" E NE: 05°14'00" N, 117°00'00" E SW: 05°12'00" N, 116°59'10" E SE: 05°12'00" N, 117°00'00" E
B9	Mosaic	Sabah TLAS	241.80	NW: 05°12'00" N, 116°57'00" E NE: 05°12'00" N, 116°59'51" E SW: 04°11'00" N, 116°57'00" E SE: 04°11'00" N, 116°59'51" E
B10	Mosaic	Sabah TLAS	233.00	NW: 05°14'00" N, 116°56'50" E NE: 05°14'00" N, 116°57'00" E SW: 05°12'00" N, 116°58'00" E SE: 05°12'00" N, 116°58'10" E

Environmental Context:

Existing EIA report & key elements for protection / mitigation:

#	EIA	Ref. #	Consultant
1	Proposed Forest Restoration and Tree Planting of Mixed Species at Sg. Pinangah Forest Reserve for YS1/12 (Area A1) and YS1/12 (Area A2) covering an area of 7,705.82 Ha	JPAS/PP/24/600-1/01/3/51(22)	Kiwiheng Wood And Environmental Consultants Sdn. Bhd.
2	Proposed 4,192 Ha Forest Restoration (Mosaic) and Enrichment Planting for YS 1/12 (Area B) at Sg. Pinangah Forest Reserve, District of Tongod, Sabah by Rakyat Berjaya Sdn. Bhd.	JPAS/PP/TGD/600-1/01/3/56Klt.2(12)	
3	Proposed Forest Restoration and Tree Planting of Mixed Species at Sg. Pinangah Forest Reserve for YS1/12 (Area C1 and C2) covering an area of 8,286.49 Ha	JPAS/PP/24/600-1/01/3/53(28)	

Forest type and short history of management:

Forest plantation operations typically commence with initial harvesting, Beta Bumi undertaken salvage logging and RIL activities for NFM area to remove residual or merchantable timber and prepare the site as guided by SFM to minimize environmental impact and followed coupe's agreement. Liberation treatment was applied. Subsequent planting operations involve the establishment of selected commercial species, as previously chosen was *Albizia* and *Eucalyptus*, supported by continuous nursery management to ensure a reliable supply of high-quality seedlings.

Principal commercial species currently existing:

Mosaic Planting: *Albizia* (Batai), *Eucalyptus hybrid*, *Eucalyptus pellita*, *Hopea sangal* (Gagil)

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

A general wildlife assessment was carried out for FMU 15 and FMU 16 in 2010, followed by a more comprehensive High Conservation Value (HCV) assessment in 2018 of neighbouring FMU hectare. In reference of these available assessments, contribute to the further details and outcome available in Chapter 6 of the 2nd FMP. The findings indicate that populations of key species, such as orangutans and gibbons present within the project area, are low in density. Additionally, no elephants or wild cattle (tembadau) were observed during either assessment.

Currently the project area holds potential as a wildlife corridor or sanctuary, its proximity to more pristine forest areas likely means any wildlife species favour those less disturbed habitats, resulting in reduced sightings within the project area or ITP zone. During the development of the 2nd FMP, a site visit in November 2024 and February 2025 revealed no orangutan nests, suggesting the species may not be present in the area. However, elephant dung was found near the roadside, indicating that a solitary elephant occasionally forages within the site, despite not being directly observed.

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

Although Tongod lies inland, it contributes to the watershed of the Kinabatangan River, Sabah's longest river. Tributaries from Project Area feed into the river, making it essential for biodiversity, agriculture, and transportation. Local rivers, prominent rivers such as the Sinua, Millian, Pinangah and Imbak crisscross the Project area and district, supporting local communities with freshwater resources. These rivers are also crucial for fish habitats, irrigation, and maintaining wetland ecosystems.

Social Context:

Social assessment EIA summary:

The SIA was conducted in 2018 by Rakyat Berjaya. There are no human settlements within the project area.

Identified communities that are dependent on the FMU: None

Land claims, disputes & communication system: None

Community Forestry Projects:

None. Beta Bumi has actively engaged with stakeholders and nearby communities, partnership with Tongod Forestry Department, held annual stakeholder meetings to provide updates on plantation operations, address local concerns and collect valuable feedbacks.

Scope of Assessment

- The scope of the evaluation is to verify compliance of Rakyat Berjaya Sdn. Bhd. (Beta Bumi Sdn. Bhd.) with the Sabah Forest Management License Agreement (SFMLA 09/97) for FMU 16.
- 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 Rakyat Berjaya Sdn. Bhd. (Beta Bumi 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: 02-06 Feb 2026 / FMU 16 (Partly): Rakyat Berjaya Sdn. Bhd. (Beta Bumi Sdn. Bhd.) / Tongod District

Date	Activity	GFS Staff	Mandays
02 February 2026 Monday	Travel to PPD Tongod and opening meeting. Document review. Overnight at IPS Telupid.	Teddy Quintin Eljipy Sualim Riczuhan Richard	3
03 February 2026 Tuesday	Field assessment to Beta Bumi operation areas; Compartment B5 (planting, maintenance), licensed boundary, protected area (riparian reserve, steep area). Field visit to Compartment A21 Planted PSP plot, basecamp, worker's quarters, workshop, genset room, hazardous waste store, diesel depot. Document review at PPD Tongod.	Teddy Quintin Eljipy Sualim Riczuhan Richard	3
04 February 2026 Wednesday	Social assessment and interview with representative from Kg. Imbak. Document review at PPD Tongod.	Teddy Quintin Eljipy Sualim Riczuhan Richard	3
05 February 2026 Thursday	Document review and compiling report at PPD Telupid.	Teddy Quintin Eljipy Sualim Riczuhan Richard	3
06 February 2026 Friday	Closing meeting at PPD Telupid.	Teddy Quintin Eljipy Sualim Riczuhan Richard	3
07-08 February 2026	Reporting/Administration: GFSSBH 003-388 Reporting/Administration: GFSSBH 003-389	Dr. Kevin Grace Teddy Quintin	4
Total			19

Highlights of Assessment

(Major Gaps = 0; Minor Gaps = 0; Observations = 4)

Rakyat Berjaya Sdn. Bhd. (Beta Bumi Sdn. Bhd.) has complied with the Sabah TLAS requirements (FDS TLAS-006) as no non-compliance was identified during the assessment on 02-06 February 2026.

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

Principle 1. Right to Harvest

The Integrated Mosaic Planting Agreement was made on 18/03/2013 between Rakyat Berjaya (the Licensee) and Beta Bumi (the Contractor), whereas the Contractor is managing and securing wood resources on a long-term basis for the purposes of sustainable production of timber and natural industrial products. The agreement shall be deemed to have come into force on 07/12/2012 and shall, unless previously terminated under Clause 43 or 68, terminate or expiry date of a period of 50 years (10/09/2097).

Highlights of Assessment

February 2025: Gap 001/2025 (minor) – Checklist 1.3.1, 1.4.1

SFD has not approved the FMP/PDP submitted in 2023 and required revision in Oct 2024 for re-submission by March 2025.

February 2026: Gap 001/2025 (minor) – Closed

The CCF approved the FMP in Jan 2026.

February 2025: Gap 002/2025 (minor) – Checklist 1.3.2, 2.3.5

Inadequate assessment of forest resources and planning for sustained yield management of the concession under the Mosaic system which is being planted with exotic species. The FMP requires improvement as defined by SFD including system for monitoring pest & diseases for planted trees.

February 2026: Gap 002/2025 (minor) – Closed

The approved 2nd FMP includes adequate assessment of forest resources and also the system for monitoring pest & diseases for planted trees.

February 2025: Observation 002-2025 – Checklist 1.3.2.13

The FFMP has not been approved since it was submitted on 05/02/2025.

February 2026: Observation 002-2025 (Addressed)

The FFMP was approved by the CCF in October 2025.

February 2025: Gap 003/2025 (minor) – Checklist 1.5.2, 1.6.4, 1.6.5, 1.6.6, 1.7.2

The CHPP/CPP for planned planting in Mosaic compartments do not clearly define / map areas for planting and have not been approved or included in the AWP.

February 2026: Gap 003/2025 (minor) – Closed

The CHP/CPP includes maps areas for planting and the list compartments for planned mosaic planting was included in the AWP 2026.

February 2025: Gap 004/2025 (minor) – Checklist 1.5.3

Beta Bumi has not adequately implemented the activities listed in the 2024 AWP.

February 2026: Gap 004/2025 (minor) – Closed

Beta Bumi has implemented the activities planned in the 2025 AWP.

February 2026: Observation 001-2026 – Checklist 1.5.1

The AWP 2026 was submitted; however, has not been approved by the SFD.

February 2026: Observation 002-2026 – Checklist 1.6.6

The CHP/CPP for B1-B14 was submitted; however, has not been approved by the SFD.

Principle 2. Forest Operations

Protected areas, including buffer zones, have been clearly delineated and excluded from forestry operations. During the assessment, no evidence of encroachment within these protected areas was identified. Additionally, no illegal activities were observed or reported to the relevant authorities.

February 2025: Gap 005/2025 (minor) – Checklist 2.3.3

Inadequate PSPs established and measured in planting and natural forest areas to provide credible monitoring of resource growth.

February 2026: Gap 005/2025 (minor) – Closed

Beta Bumi has established the PSPs inside the planting and natural forest areas. Measurement was conducted and records are maintained.

February 2026: Observation 003-2026 – Checklist 2.4.7, 2.4.8

Beta Bumi has yet to register under DOSH.

February 2026: Observation 004-2026 – Checklist 2.4.8

Inconsistent in EPF monthly contribution for workers.

Principle 3. Statutory Charges

Beta Bumi demonstrated compliance with the statutory charges.

Highlights of Assessment

Principle 4. Other User Rights

The SIA was conducted in 2018 by Rakyat Berjaya. There are no human settlements within the project area. Beta Bumi has actively engaged with stakeholders and nearby communities, partnership with Tongod Forestry Department, held annual stakeholder meetings to provide updates on plantation operations, address local concerns and collect valuable feedbacks.

Summary Results:

(Major gap = 0, Minor gap = 0, Observation = 4)

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

GAP	Type	Checklist	Status	Description
001/2025	minor	1.3.1, 1.4.1	Closed	<p>February 2025: SFD has not approved the FMP/PDP submitted in 2023 and required revision in Oct 2024 for re-submission by March 2025.</p> <p>February 2026: The CCF approved the FMP in Jan 2026.</p>
002/2025	minor	1.3.2, 2.3.5	Closed	<p>February 2025: Inadequate assessment of forest resources and planning for sustained yield management of the concession under the Mosaic system which is being planted with exotic species. The FMP requires improvement as defined by SFD including system for monitoring pest & diseases for planted trees.</p> <p>February 2026: The approved 2nd FMP includes adequate assessment of forest resources and also the system for monitoring pest & diseases for planted trees.</p>
003/2025	minor	1.5.2, 1.6.4,1.6.5 1.6.6, 1.7.2	Closed	<p>February 2025: The CHPP/CPP for planned planting in Mosaic compartments do not clearly define / map areas for planting and have not been approved or included in the AWP.</p> <p>February 2026: The CHP/CPP includes maps areas for planting and the list compartments for planned mosaic planting was included in the AWP 2026.</p>
004/2025	minor	1.5.3	Closed	<p>February 2025: Beta Bumi has not adequately implemented activities listed in the 2024 AWP.</p> <p>February 2026: Beta Bumi has implemented the activities planned in the 2025 AWP.</p>
005/2025	minor	2.3.3	Closed	<p>February 2025: Inadequate PSPs established and measured in planted and natural forest areas to provide credible monitoring of resource growth.</p> <p>February 2026: Beta Bumi has established PSPs inside the planting and natural forest areas. Measurement was conducted and records are maintained.</p>

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

Obs #	Checklist	Description
002-2025 Addressed	1.3.2.13	February 2025: The FFMP has not been approved since it was submitted on 05/02/2025. February 2026: The FFMP was approved by the CCF in October 2025.
001-2026	1.5.1	February 2026: The AWP 2026 was submitted; however, has not been approved by the SFD.
002-2026	1.6.6.	February 2026: The CHP/PPP for B1-B14 was submitted; however, has not been approved by the SFD.
003-2026	2.4.7, 2.4.8	February 2026: Beta Bumi has yet to register under DOSH.
004-2026	2.4.8	February 2026: Inconsistent in EPF monthly contributions for workers.

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

Recommendations
<p>Rakyat Berjaya Sdn. Bhd. (Beta Bumi 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.</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>Observation 001-2026 - Checklist 1.5.1: SFD shall expedite the approval of the AWP 2026.</p> <p>Observation 002-2026 - Checklist 1.6.6: SFD shall expedite the approval of the CHP/PPP.</p> <p>Observation 003-2026 - Checklist 2.4.7, 2.4.8: Beta Bumi shall expedite the registration under DOSH.</p> <p>Observation 004-2026 – Checklist 2.4.8: Maxland Timber shall seek guidance from EPF regarding the EPF monthly contributions.</p> <p>The next annual surveillance audit will be scheduled for February 2027.</p>

End of Summary Report