

Sabah TLAS + Audit Report

Sabah Legality Standard Principles 1 – 4 & 7

Licensee	Company: Rakyat Berjaya Sdn. Bhd. 197001000693 (009867-W) Contractor: Hormat Jadi Sdn. Bhd. 200201021347 (589010-W)	Reference #	GFSSBH 003-420
Contact Person	Richard Ondoh (Rakyat Berjaya Tawau) Mohd Zairin Bin Mohd Zainurin (Person in-Charge Hormat Jadi)	Date of Report Date of close out	21/08/2026 -
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		Approved By	Dr. Kevin Grace

Statements

Statement of Compliance	GFS 209 LVS		
Issuance Date	24 August 2026	Expiration Date	23 August 2027

Assessment Details

Assessment Dates	17-21 August 2026
Scope of Assessment	Sabah TLAS+ P1-4: SFMLA 09/97 (Part of FMU 24)
Species	<u>NFM</u> : <i>Richetia</i> sp. (Yellow seraya), <i>Rubroshorea</i> sp. (Red Seraya), <i>Anthoshorea</i> sp. (White Seraya/Melapi), <i>Shorea pauciflora</i> king (Oba Suluk), <i>Terminalia</i> sp. (Talisai), <i>Palaquium</i> sp. (Nyatoh), <i>Lauraceae</i> (Medang), <i>Hopea sangal</i> (Gagil), <i>Shorea inappendiculate</i> (Selangan Batu), <i>Vatica</i> sp. (Resak), <i>Syzygium</i> sp. (Obah), <i>Koompassia malaccensis</i> (Impas), <i>Scaphium affine</i> (Kembang Semangkok), <i>Anisoptera</i> sp. (Pengiran), <i>Dialium indum</i> (KerANJI), <i>Dipterocarpus</i> (Keruing), <i>Neolamarckia cadamba</i> (Laran)
Lead Assessor	Eljipy Sualim
Assessor(s)	Sheanna Kehong, Ennald Chin
SFD Staff	ADFO Serudong: Varenus V Untomon, PPD Kalabakan: Judon Lamiting, Mohd Azuan Dainin, Jushandy Jupri, Azami Sahak

Objectives

- The objective of this checklist is to verify compliance with the Criteria listed in the Sabah Legality Standard as defined by Principles 1 - 4 including Principle 7 for Deforestation Free (DF) where applicable and Optional Principle 8 for CS3D dated 1 July 2026.
- 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 reflects non-compliance to the criterion which shall be addressed within 2 months.
- All issues identified under this standard shall be considered appropriate to the scale and degree of forestry operations undertaken by the parties under the license agreement.

Scope of Assessment

- The scope of the evaluation is to verify compliance of Rakyat Berjaya Sdn. Bhd. with the Sustainable Forest Management License Agreement (SFMLA 09/97) for FMU 24.
- The assessment is in accordance with the terms of the agreement for the “Sabah Legality Standard Principles 1 - 4 & 7 dated 1 July 2026.
- Principle 7 Deforestation Free: ☒ Applicable ☐ Not Applicable
- Principle 8: CS3D: ☐ Included ☒ Not Included
- Site evaluation to verify and report the level of compliance by Rakyat Berjaya Sdn. Bhd. and contractors to the standard in respect to each of the criteria within this report.

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 is 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 knowledge of GFS.

Summary Information

Overview of Licensee:

The Sabah Foundation (Yayasan Sabah) is a statutory body set up by the State Government in 1966. The State Government allocated part of the forest concession area as its main source of income to fulfil the objectives, under a 100-year Concession Agreement. Among the main terms and conditions of the Concession Agreement require the forest area to be managed on a sustain yield basis based on area control and operate under a coupe system.

Yayasan Sabah formed Rakyat Berjaya Sdn. Bhd. (Rakyat Berjaya) to carry out planning and implementation of forest management activities particularly timber harvesting, in accordance with the concept of sustained yield principle until the adoption of Sustainable Forest Management by the State Government in 1997. Coincidentally to the move, about 200,000 Ha of the Yayasan Sabah concession area was set aside for agroforestry management under its subsidiary company, Benta Wawasan Sdn. Bhd. (Benta Wawasan); while the remaining 800,000 Ha for sustainable forest management.

The Management Area is a semi-contiguous area covering about 10,610.50 Ha within the FMU 24. Whereas, the entire FMU 24 area is constituted of Gunung Rara Forest Reserve which is classified by law as a Commercial Forest Reserve under Class II; thus, logging and other economic activities are permitted.

The FMP is prepared for an area covering approximately 10,610.50 Ha within FMU 24 for Rakyat Berjaya.

Logging System	Contractors	Compartment	Total Area (Ha)
RIL - Tractor	Mega Wakid Sdn. Bhd.	Refer to FMP, Figure 2-2	3,500.00
RIL - Logfisher	Hormat Jadi Sdn. Bhd.		3,591.80
	Asiatic Heli-logging Sdn. Bhd.		3,518.70

List of agreement under Rakyat Berjaya.

Contractor	Validity	Remarks
Hormat Jadi Sdn. Bhd.	Dated 03/06/2016 – Extended to 15/03/2037	Contractor to undertake log extraction and removal of all merchantable timber with 60 cm-120 cm dbh (except Belian, Prohibited species and timber residues) by helicopter logging in patches of steep slopes above 25 degrees within the Yayasan Sabah Concession Area at Gunung Rara & Kalabakan Forest Reserves.

List of agreement by Hormat Jadi.

Contractor	Validity	Remarks
Enn Fatt Sdn. Bhd.	Dated 28/08/2023	Log extraction (log fisher & tractor), transporting logs from bloc to stumping, pangkalan, loader work, construction & maintenance. All merchantable timber with dbh 50 cm-150cm for steep areas exceeding 25 degree slope using log fisher and conventional logging slope below 25 degree or refer to CHP.

The previous assessment was conducted in August 2026 that resulted in 3 gap(s) and 4 observation(s) (Report #: GFSSBH 003-363).

Land use classification: Based on the proposed Amendment Slip #: 01/2026.

Land classification	FMP Area (Ha)	Current Status (Ha)
Total Management Area	10,610.50	10,610.50
NFM - Net production area	9,120.74	Total logged area as of SFD letter dated 29/07/2026: S347: Harvested logs = 1,802 trees Harvested area = 90.22 Ha S348: Harvested logs = 8,627 trees Harvested area = 417.70 Ha
Conservation Areas: Steep areas = 71.65 Ha Riparian Buffer area = 69.08 Ha VJR Buffer = 239.16 Ha Buffer Class 1 = 865.65 Ha Water Catchment Buffer = 1.52 Ha Road Buffer = 242.70 Ha	1,489.76	1,489.76

Current Operations:

Based on AWP 2026.

Activity	Remarks
Tree harvesting operations - RIL	Contractor – Hormat Jadi: Deferred from AWP 2025: Cpts #: S348 = 509.32 Ha, S347 = 435.38 Ha, S351 = 414.22 Ha, S355 = 301.55 Ha. AWP 2026: Cpts #: S223 = 215.96 Ha, S232 = 504.87 Ha, S322 = 514.14 Ha, S330 = 542.78 Ha Contractor – Mewah Hartamas: Deferred from AWP 2025: Cpts #: 259 = 471.65 Ha, 297 = 465.96 Ha, 292 = 38.79 Ha, 298 = 167.85 Ha. AWP 2026: Cpts #: 264 = 170.09 Ha, 265 = 237.69 Ha, 299 = 241.58 Ha, 300 = 210.23 Ha Total 5,441.06 Ha
Application of Coupe Permit	Contractor - Hormat Jadi: In process: Cpts S223 = 215.96 Ha, S347 = 435.38 Ha, S348 = 509.32 Ha, S352 = 414.22 Ha, S355 = 301.55 Ha Deferred from AWP 2025: Cpts #: S232 = 504.87 Ha, S322 = 514.14 Ha, S330 = 541.78 Ha Contractor – Mewah Hartamas: Deferred from AWP 2025: YT 1/2024 = 3,603.90 Ha
CHP preparation	AWP 2026 = 16 CHPs, BF from AWP 2025 = 8 CHPs Contractor – Hormat Jadi: Deferred from AWP 2025: Cpts #: S348 (TWU 5/2023) = 509.10 Ha, S347 (TWU 7/2023) = 438 Ha, S351 (TWU 8/2023) = 448.10 Ha, S355 (TWU 5/2024) = 364.90 Ha Contractor – Hormat Jadi: Cpts #: S223 = 471.65 Ha, S232 = 187.99 Ha, S322 = 170.99 Ha, S330 = 237.69 Ha

	Contractor – Mewah Hartamas: Deferred from AWP 2025 = YT1/2024 (TWU 3/2025) Cpts #: 259 = 465.46 Ha, 297 = 442.91 Ha, 292 = 38.77 Ha, 298 = 161.39 Ha, AWP 2026 = YT 1/2024 (TWU 3/2025) Cpts #: 264 = 514.14 Ha, 265 = 541.78 Ha, 299 = 414.22 Ha, 300 = 301.55 Ha
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List **current compartments** under harvesting from Aug 2025 to Aug 2026.

Comp #	NFM / ITP	Status	Area (ha)	Geo-location data
S347	NFM	Sabah TLAS EUDR	438.00	NW: 502000 N 812000 E NE: 502000 N 814000 E SW: 499000 N 815000 E SE: 499000 N 816000 E
S348	NFM	Sabah TLAS EUDR	509.10	NW: 503000 N 810000 E NE: 503000 N 814000 E SW: 502000 N 812000 E SE: 502000 N 814000 E

List **AWP areas** planned for harvesting in 2026.

Comp #	NFM / ITP	Status	Area (ha)	Geo-location data
S351	NFM	Sabah TLAS DF	448.10	NW: 505000 N 809000 E NE: 505000 N 811000 E SW: 503000 N 810000 E SE: 502000 N 812000 E
S355	NFM	Sabah TLAS DF	346.90	NW: 506000 N 807000 E NE: 506000 N 810000 E SW: 505000 N 808000 E SE: 505000 N 809000 E
S223	NFM	Sabah TLAS DF	215.96	NW: 530000 N 816000 E NE: 532000 N 819000 E SW: 527000 N 817000 E SE: 528000 N 818000 E
S232	NFM	Sabah TLAS DF	504.87	NW: 530000 N 816000 E NE: 532000 N 819000 E SW: 527000 N 817000 E SE: 528000 N 818000 E
S322	NFM	Sabah TLAS DF	514.14	NW: 515000 N 808000 E NE: 514000 N 813000 E SW: 512000 N 809000 E SE: 511000 N 813000 E
S330	NFM	Sabah TLAS DF	541.78	NW: 517000 N 810000 E NE: 518000 N 816000 E SW: 514000 N 810000 E SE: 514000 N 816000 E
259	NFM	Sabah TLAS DF	471.65	NW: 505000 N 829000 E NE: 506000 N 835000 E SW: 503000 N 830000 E SE: 503000 N 835000 E
297	NFM	Sabah TLAS DF	465.96	NW: 503000 N 823000 E NE: 503000 N 829000 E SW: 501000 N 823000 E SE: 501000 N 828000 E
292	NFM	Sabah TLAS DF	38.79	NW: 505000 N 823000 E NE: 505000 N 828000 E SW: 503000 N 823000 E SE: 503000 N 828000 E
298	NFM	Sabah TLAS DF	167.85	NW: 501000 N 817000 E NE: 501000 N 821000 E SW: 500000 N 818000 E SE: 500000 N 821000 E

264	NFM	Sabah TLAS DF	170.09	NW: 510000 N 818000 E NE: 509000 N 823000 E SW: 504000 N 818000 E SE: 503000 N 823000 E
265	NFM	Sabah TLAS DF	237.69	NW: 512000 N 821000 E NE: 511000 N 823000 E SW: 509000 N 821000 E SE: 509000 N 823000 E
299	NFM	Sabah TLAS DF	241.58	NW: 498000 N 818000 E NE: 498000 N 822000 E SW: 496000 N 819000 E SE: 496000 N 822000 E
300	NFM	Sabah TLAS DF	210.23	NW: 496000 N 819000 E NE: 496000 N 823000 E SW: 493000 N 820000 E SE: 492000 N 823000 E

Environmental context:

Forest type:

Based on the FMP, FMU 24 where the Management Area is located was once home to rich mixed dipterocarp forests of high stature, as pointed out in the previous FMP. Incidentally, the vegetation was almost impoverished of its productivity arising from poor logging practices in the past. Despite it near impoverishment, the different forest formation is distinctly distinguishable, namely, Lowland Mixed Dipterocarp Forest, Lowland Mixed Dipterocarp Kerangas Forest, Upland Kerangas Forest, Upland Mixed Dipterocarp Kerangas Forest, Upland Mixed Dipterocarp Forest and Lower Montane Kerangas Forest.

Commercial species currently existing:

NFM: *Richetia* sp. (Yellow Seraya), *Rubroshorea* sp. (Red Seraya), *Anthoshorea* sp. (White Seraya/Melapi), *Shorea pauciflora* king (Oba Suluk), *Terminalia* sp. (Talisai), *Palaquium* sp. (Nyatoh), *Lauraceae* (Medang), *Hopea sangal* (Gagil), *Shorea inappendiculate* (Selangan Batu), *Vatica* sp. (Resak), *Syzygium* sp. (Obah), *Koompassia malaccensis* (Impas), *Scaphium affine* (Kembang Semangkok), *Anisoptera* sp. (Pengiran), *Dialium indum* (KerANJI), *Dipterocarpus* (Keruing), *Neolamarcia cadamba* (Laran).

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

The finding of wildlife assessment carried out at FMU 16 and FMU 15, in Apr 2010 was used to establish the approximate status of wildlife in FMU 24. The findings among others found that density of iconic species such as orangutans and gibbons was low. No elephants and wild cattle (tembadau) were sighted during the assessment, indicating that they are either not present in the area, or occur in very low numbers. However, the recent wildlife survey carried out in the adjacent FMU 23 using the survey methods of camera trapping and opportunity observation has recorded at least 30 species of wildlife. Of these, 24 species are mammals representing more than 10% of the mammal species of Sabah and Sarawak. Mammals detected included 5 Totally Protected species, namely, Bornion Elephants, Tembadau, Sun bear, Proboscis monkey and Clouded Leopard, the largest carnivore species in Borneo. Other mammals like the rare and endemic species of Borneo (Yellow) Muntjac and wild cat species are found all over the surveyed area.

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

The entire licensed area serves as a watershed of numerous networks of river tributaries of the Milian River. The main tributaries are Sg. Pinangah (which separate FMU 16 from FMU 15) and Inarad in the southwest and Sg. Imbak, Sg. Sinarupa and Sg. Sinua in the south, which all feed into the Milian river to form part of the upper Kinabatangan River.

EIA Report #:

EIA	Ref. #	Consultant
Special EIA for the Proposed Sino-Malaysian JV Forest Plantation at Kalabakan and Gunung Rara Forest Reserves, Tawau District, Sabah - Reassessment Report on Timber Extraction for Steep Areas (High Risk Areas) by Applying Logfisher Technology and System	JPAS/PP/TWU/600-1/01/1/34 Klt.7	Kiwiheng Environmental Consultants Sdn. Bhd.

Social Context:

Social assessment SBS / SIA / EIA summary:

Based on the FMP, there are no villages or human settlements within the project area.

Identified communities that are dependent on the FMU:

Not applicable

Land claims, disputes & communication system:

Not applicable

Community Forestry Projects:

Not applicable

Itinerary & Mandays: 17-21 August 2026 / FMU 24 (Partly): Rakyat Berjaya Sdn. Bhd. (Hormat Jadi Sdn. Bhd.) / Kalabakan District

Date	Activity	GFS Staff	Mandays
17 August 2026 Monday	Travel to Kalabakan, Opening meeting and planning for site assessment at Hormat Jadi campsite. Document review. Overnight in Rimba Rasa.	Eljipy Sualim, Sheanna Kehong, Ennald Chin	3
18 August 2026 Tuesday	Field assessment to Hormat Jadi operation area: Compartment S347, S348 (RIL harvesting), licensed boundary, protected area (steep area, riparian reserve). Document review at Hormat Jadi campsite office. Overnight in Rimba Rasa.	Eljipy Sualim, Sheanna Kehong, Ennald Chin	3
19 August 2026 Wednesday	Field assessment to stumping and PSP plot 1 Compartment S347. Document review at Hormat Jadi campsite office. Overnight in Rimba Rasa.	Eljipy Sualim, Sheanna Kehong, Ennald Chin	3
20 August 2026 Thursday	Field assessment to campsite (workers quarters, diesel depot, workshop). Document review at Hormat Jadi campsite office. Overnight in Rimba Rasa.	Eljipy Sualim, Sheanna Kehong, Ennald Chin	3
21 August 2026 Friday	Closing meeting at PPD Kalabakan. Travel to Tawau. Overnight in Tawau.	Eljipy Sualim, Sheanna Kehong, Ennald Chin	3
22-23 August 2026	Reporting/Administration: GFSSBH003-420	Dr. Kevin Grace Eljipy Sualim	2
Total			17

Highlights of Assessment

(Major Gaps = 0; Minor Gaps = 2; Observations = 4)

Rakyat Berjaya Sdn. Bhd. has complied with the Sabah TLAS+ requirements (FDS TLAS-006) as no non-compliance was identified during the assessment on 17-21 August 2026.

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

Principle 1. Right to Harvest

Rakyat Berjaya demonstrated compliance with the license and permits.

August 2026: Observation 001-2026 – Checklist 1.2.5

The ECR Q2 2026 has yet been submitted to the EPD.

August 2026: Observation 002-2026 – Checklist 1.3.1

The FMP Amendment Slip has not been approved yet by the SFD.

August 2026: Gap 001/2026 (minor) – Checklist 1.3.2.7

The FMP does not adequately define sustainability through a moratorium of harvesting following the 9-year

Highlights of Assessment

harvest period including monitoring of damage and residual stand growth to define sustainability in accordance with the SFMLA conditions.

August 2026: Observation 003-2026 – Checklist 1.3.2.13

The FFMP has not yet been approved by the SFD.

July 2026: Observation 004-2026 – Checklist 1.6.2

Discrepancy in recording production areas for Compartments S347 & S348.

Principle 2. Forest Operations

Hormat Jadi demonstrated compliance with the log transportation, licensed area security, licensed boundary maintenance and protection of the riparian reserves and steep areas. The harvesting operation inside the licensed area was in line with the RIL guidelines.

August 2026: Observation 001-2026 – Checklist 2.3.4

The ECR Q2 2026 has yet been submitted to the EPD.

August 2026: Observation 003-2026 – Checklist 2.3.5

The FFMP is pending approval from the SFD.

August 2026: Gap 002/2026 (minor) – Checklist 2.1.1, 2.4.5

Training for work safety and fire was not conducted to workers.

Principle 3. Statutory Charges

Hormat Jadi have paid the applicable licensing fees and other charges to SFD. Record of royalty payments are maintained.

Principle 4. Other User Rights

Not applicable - Based on the FMP, there are no villages or human settlements within the project area.

Principle 7. Deforestation Free

Rakyat Berjaya demonstrated compliance regarding certificate and deforestation free status of the area. However, Geo-location of the harvest areas was not documented on removal passes.

Principle 8. In Accordance with the EU Corporate Sustainability Due Diligence Directive (CS3D) (Optional)

Not applicable

Summary Results:

(Major gap = 0, Minor gap = 2, Observation = 4)

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

GAP	Type	Checklist	Status	Description
001/2026	minor	1.3.2.7	New	August 2026: The FMP does not adequately define sustainability through a moratorium of harvesting following the 9-year harvest period including monitoring of damage and residual stand growth to define sustainability in accordance with the SFMLA conditions.
002/2026	minor	2.1.1, 2.4.5	New	August 2026: Training for work safety and fire was not conducted to workers.

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

Obs #	Checklist	Description
001-2026	1.2.5, 2.3.4	August 2026: The ECR Q2 2026 has yet been submitted to the EPD.
002-2026	1.3.1	August 2026: The FMP Amendment Slip has not been approved yet by the SFD.
003-2026	1.3.2.13, 2.3.5	August 2026: The FFMP is pending approval from the SFD.
004-2026	1.6.2	July 2026: Discrepancy in recording production areas for Compartments S347 & S348.

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

Recommendations
Rakyat Berjaya Sdn. Bhd. has demonstrated compliance with the Sabah TLAS + Principle 1-4 & 7 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 (Sabah 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: Gap 001/2026 (minor) – Checklist 1.3.2.7: The FMP needs to adequately define sustainability including a moratorium of harvesting following the 9-year harvest period and monitoring of regrowth of the residual stand to define sustainability in accordance with the SFMLA conditions. Gap 002/2026 (minor) – Checklist 2.1.1, 2.4.5: Training for work safety and fire should be conducted annually and when there are new employees. Observation 001-2026 – Checklist 1.2.5, 2.3.4: The ECR should be submitted to the EPD as stipulated in the requirement. Observation 002-2026 – Checklist 1.3.1: The FMP Amendment Slip should be approved by the SFD. Observation 003-2026 – Checklist 1.3.2.13, 2.3.5: The FFMP should be submitted on time for the SFD to approve on time. Observation 004-2026 – Checklist 1.6.2: Net area to be harvested should be recorded correctly for Compartments S347 & S348. The next annual surveillance audit will be scheduled for August 2027.

End of Summary Report