

Sabah TLAS + Audit Report

Sabah Legality Standard Principles 1 – 4 & 7

Licensee	Licensee: Rakyat Berjaya Sdn. Bhd. 197001000639 (009867-W) Contractor: Maxland Timber Sdn. Bhd. 198201014891 (94655-M)	Reference #	GFSSBH003-416
Contact Person	Ronnie Bibi (Forestry Manager RBJ Sandakan) Cliff Edison (Asst. Plantation Manager Maxland Timber)	Date of Report Date of close out	31/07/2026 -
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		Approved By	Dr. Kevin Grace

Statements

Statement of Compliance				GFS 207 LVS			
Issuance Date		03 August 2026		Expiration Date		02 August 2027	

Assessment Details

Assessment Dates	27-31 July 2026
Scope of Assessment	Sabah TLAS+ P1-4: SFMLA 09/97, FMU 16 (Partly) – 5,000 Ha
Species	<u>Integrated Mosaic Planting (IMP):</u> <i>Albizia falcataria</i> (Batai), <i>Neolamarckia cadamba</i> (Laran), <i>Eucalyptus</i> hybrid. <u>Liberation Treatment Harvesting:</u> <i>Rubroshorea</i> sp. (Red Seraya), <i>Shorea</i> sp. (Yellow Seraya), <i>Anthoshorea</i> sp. (White Seraya), <i>Palaquium</i> sp. (Nyatoh), <i>Dipterocarpus</i> (Keruing), <i>Dyrobalanops</i> (Kapur), <i>Duabanga moluccana</i> (Magas), <i>Anthoshorea</i> sp. (Melapi), <i>Shorea inappendiculata</i> (Selangan Batu), <i>Alstonia</i> spp. (Pulai), <i>Pentace</i> sp. (Takalis), <i>Koompassia malaccensis</i> (Impas), <i>Lithocarpus</i> spp. (Mempening), <i>Myristicaceae</i> spp. (Darah-Darah), <i>Anacardiaceae/Mangifera</i> (Assam), <i>Annonaceae</i> (Karai), <i>Maasia</i> sp. (Mempisang).
Lead Assessor	Teddy Quintin, (Acting Lead Auditor) Eljipy Sualim
Assessor(s)	Rachal Jim
SFD Staff	ADFO Tongod: James Torimo, PPD Tongod: Erick Gimputu, Yaacob Beni, Herry Juing, Imenuel Tambakok, Suriah Unto

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. (Maxland Timber Sdn. Bhd.) with the Sustainable 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 & 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. (Maxland Timber 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:**

Maxland Timber Sdn. Bhd. (Maxland Timber) formerly known as Maxland Sdn. Bhd. (Maxland) is a forestry company operating within FMU 16 under the SFMLA 09/97. The license is held by Rakyat Berjaya Sdn. Bhd. (Rakyat Berjaya), a subsidiary of the Sabah Foundation (Yayasan Sabah). This agreement grants a 100-year concession for the sustainable management and utilization of the area.

FMU 16 has a history of logging activities. Initial operations were carried out by Rakyat Berjaya between 1994 and 1998, followed by another round of harvesting from 2008 to 2009 under Block YS2/07 (1) & (2) Coupe SDK 02/11, covering a total area of 5,000 Ha.

On 01/12/2011, Rakyat Berjaya entered into a strategic agreement with Maxland to carry out an Integrated Mosaic Planting project within FMU 16. The 2nd FMP spanning from 01/01/2021 to 31/12/2030 outlines the framework for managing 5,000 Ha within FMU 16.

Maxland rebranded as Maxland Timber in Oct 2023. Maxland Timber benefits from its association with several established forestry and timber industry players, including Beta Bumi Sdn. Bhd., Sinora Sdn. Bhd., Innora Sdn. Bhd. and Priceworth Industries Sdn. Bhd. These affiliations provide management support and contribute to the company's operational stability and strategic planning.

At present, Maxland Timber does not outsource any log harvesting or planting activities to subcontractors.

The previous assessment was conducted in July 2025 that resulted in 2 minor gap(s) and 1 observation(s) (Report #: GFSSBH 003-358).

Land use classification:

Based on FMP, Table 4-1: Area of Statement of Area Of Interest (AOI). Based on the 2nd FMP, area will be consistently coherent with the 1st PDP and will be addressed as the original 2011 coupe agreement as "The Area 5,000 Ha. * Updated in 2018.

Land classification	FMP Area (ha)	Current Status (ha)
Gross Area	4,900	4,900
Net Production Area	4,005.10	4,005.10
Liberation Treatment	2,266.88	2,266.88
Mosaic Planting	1,738.22	Total Area planted (1st FMP): 1,738.22 Area planted by species: <i>Albizia falcataria</i> = 1,721.72 <i>Neolamarckia cadamba</i> = 9.48 <i>Eucalyptus hybrid</i> = 7.02
Unplantable: Road = 65 Ha Stream, pond, riparian reserved = 520 Ha Steep slope = 125.50 Ha Buffer Zone bordering VJR = 184.40 Ha	894.90	894.90

Note: Based on the 2nd FMP, Pg 126, Summary Land Use, Gross Area = 4,899.82 and Conservation area = 894.72 Ha.

Current Operations:

Activities based on the AWP for 2026.

Activity	Remarks
Harvesting of Planted Trees	Cpt 45 = 266 Ha, Cpt 455 = 251, Cpt 456 = 152 Ha, Cpt 458 = 194 Ha, Cpt 460 = 222 Ha, Cpt 461 = 196 Ha, Total = 1,281 Ha Estimated Area to be harvested = 448.22 Ha
Harvesting of Natural Forest	Cpt 45 = 266 Ha, Cpt 455 = 251, Cpt 456 = 152 Ha, Cpt 458 = 194 Ha, Cpt 460 = 222 Ha, Cpt 461 = 196 Ha, Total = 1,281 Ha Estimated Area to be harvested = 794.21 Ha
Re-planting	2 nd rotation planting CF from 2025 Cpts 454, 455, 456, 458, 460, 461 = 448.22 Ha (EP & Laran)

List **current compartments** under harvesting. (Operations started in June 2026)

Comp #/Coupe #	NFM / ITP	Status	Area (ha)	Geo-location data
Coupe 1 Compartment 454	ITP	Sabah TLAS DF	266.00	NW:116°50'0" E 5°10'0"N NE:116°51'0" E 5°10'0"N SW:116°49'0" E 5°09'0"N SE:116°50'0" E 5°09'0"N

List **AWP areas** planned for harvesting and replanting.

Comp #/Coupe #	NFM / ITP	Status	Area (ha)	Geo-location data
Coupe 1 Compartment 455	ITP	Sabah TLAS DF	251.00	NW:116°50'0" E 5°10'0"N NE:116°51'0" E 5°10'0"N SW:116°50'0" E 5°09'0"N SE:116°51'0" E 5°09'0"N
Coupe 1 Compartment 456	ITP	Sabah TLAS DF	152.00	NW:116°50'50" E 5°10'0"N NE:116°51'0" E 5°10'0"N SW:116°50'50" E 5°09'0"N SE:116°51'0" E 5°09'0"N
Coupe 1 Compartment 458	ITP	Sabah TLAS DF	194.00	NW:116°51'0" E 5°10'0"N NE:116°52'0" E 5°11'0"N SW:116°51'0" E 5°09'0"N SE:116°52'0" E 5°10'0"N
Coupe 1 Compartment 460	ITP	Sabah TLAS DF	222.00	NW:116°50'0" E 5°11'0"N NE:116°51'0" E 5°11'0"N SW:116°50'0" E 5°10'0"N SE:116°51'0" E 5°10'0"N

Coupe 1 Compartment 461	ITP	Sabah TLAS DF	196.00	NW:116°51'0" E 5°11'0"N NE:116°52'0" E 5°11'0"N SW:116°51'0" E 5°10'0"N SE:116°52'0" E 5°10'0"N
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Environmental context:

Forest type:

The vegetation in the License Area is predominantly composed of tropical lowland rainforest, characterized by its rich biodiversity and diverse tree species, including Dipterocarps (*Shorea spp.*), Dryobalanops, and Hopea. The forest understory is populated with a variety of plants such as palms, ferns, and shrubs, complemented by climbers and epiphytes, including orchids and mosses.

Commercial species currently existing:

Integrated Mosaic Planting (IMP): *Albizia falcataria* (Batai), *Neolamarckia cadamba* (Laran), Eucalyptus hybrid.

Liberation Treatment Harvested Trees: *Rubroshorea sp.* (Red Seraya), *Shorea sp.* (Yellow Seraya), *Anthoshorea sp.* (White Seraya), *Palaquium sp.* (Nyatoh), *Dipterocarpus* (Keruing), *Dyobalanops* (Kapur), *Duabanga moluccana* (Magas), *Anthoshorea sp.* (Melapi), *Shorea inappendiculata* (Selangan Batu), *Alstonia spp.* (Pulai), *Pentace sp.* (Takalis), *Koompassia malaccensis* (Impas), *Lithocarpus spp.* (Mempening), *Myristicaceae spp.* (Darah-Darah), *Anacardiaceae/Mangifera* (Assam), *Annonaceae* (Karai), *Maasia sp.* (Mempisang)

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

Based on the EIA, no rare or protected flora species observed. During the site visit for the EIA preparation, no sighting, or traces (footprints, faeces or scratch marks) of any wildlife were observed within the area.

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

Although Tongod lies inland, it contributes to the watershed of the Kinabatangan River. Local rivers, prominent rivers such as the Merapok, Millian, Pinangah and Kuamut crisscross the district, supporting local communities with freshwater resources. There is no protected aquatic species reported to be present in the rivers or streams within the project area.

EIA Report #:

EIA	Ref. #	Consultant
The Proposed Forest Harvesting of 4,826.90 Ha at Part of FMU 16, Sungai Pinangah Forest Reserve (Class II), at the District of Tongod, Sabah	JPAS/PP/TGD/600-1/01/3/91(31)	North Borneo Environmental Services Sdn. Bhd.
Proposed Forest Restoration and Enrichment Planting of Mixed Forest Species at Sg. Pinangah Forest Reserve Covering Approximately 4,900 Hectares, by Maxland Sdn. Bhd.	JPAS/PP/24/600-1/01/3/35(28)	Kiwiheng Wood & Environmental Consultant

Social Context:

Sensitive Receptor based on the EIA Dec 2025.

Zone Of Impact (ZOI)	Settlement	Distance
Directly Impacted Zone (0-1KM)	Kg. Liwatungsamang	0.80 KM west of the project boundary
	Kg. Ulu Penangah	1.45 KM west of the project boundary
	Kg. Dewara	Adjacent northwest of the project boundary
Indirectly Impact Zone (1-3 KM)	Kg. Imusan	1.80 KM southeast of the project boundary
	Kg. Pinangah	2.75 KM west of the project boundary

Based on the Amendment Slip No. 1/2025(1) socio-economic under settlement, Table 1 Key village located adjacent to the Project Area.

No	Village	Distance from project boundary
1	Kg. Liwatungsamang	Within 1 KM radius
2	Kg. Ulu Penangah	

3	Kg. Dewara	
4	Kg. Penangah	Within 2 KM radius
5	Kg. Imusan	
6	Kg. Saguean	Within 3 KM radius
7	Kg. Diwarah	

Note: The list of villages is differed than villages listed in the EIA Dec 2025 because the FMP was approved prior to EIA Dec 2025.

Identified communities that are dependent on the FMU:

None of the villages are located inside the project area and dependent on the FMU.

Land claims, disputes & communication system:

None

Community Forestry Projects:

None

Itinerary & Mandays: FMU 16 (Partly): Rakyat Berjaya Sdn. Bhd. (Maxland Timber Sdn. Bhd.) / Tongod District

Date	Activity	GFS Staff	Mandays
27 July 2026 Monday	Travel to Telupid and opening meeting at PPD Tongod office. Overnight at IPS.	Teddy Quintin, Eljipy Sualim, Rachal Jim	3
28 July 2026 Tuesday	Field assessment to operation area Compartment 454 (harvesting and re-planting), licensed boundary, protected area (riparian reserve), PSP in Compartment 478, stumping area workers quarter, workshop, diesel depot. Document review and compiling report.	Teddy Quintin, Eljipy Sualim, Rachal Jim	3
29 July 2026 Wednesday	Social assessment with representative from Kg. Imbak. Document review.	Teddy Quintin, Eljipy Sualim, Rachal Jim	3
30 July 2026 Thursday	Document review.	Teddy Quintin, Eljipy Sualim, Rachal Jim	3
31 July 2026 Friday	Closing meeting at PPD Telupid. Travel to home base.	Teddy Quintin, Eljipy Sualim, Rachal Jim	3
01-02 August 2026	Reporting/Administration: GFSSBH003-416	Dr. Kevin Grace Teddy Quintin	2
Total			17

Highlights of Assessment

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

Rakyat Berjaya Sdn. Bhd. (Maxland Timber Sdn. Bhd.) has complied with the Sabah TLAS+ requirements (FDS TLAS-006) as no non-compliance was identified during the assessment on 27-31 July 2026.

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

Principle 1. Right to Harvest

Rakyat Berjaya holds a Sustainable Forest Management License Agreement (SFMLA 09/97) that includes FMU 16, which was signed in 1997. An agreement was signed between Rakyat Berjaya and Maxland on 01/12/2011 for 50 years to carry out Integrated Mosaic Planting, which also covers the development of tree plantations and royalty and fees, penalties and other contractual provisions.

Maxland Timber demonstrated compliance with the license requirements, required management planning, and submission of documents or reports such as the EIA monitoring report to the relevant authorities.

July 2026: Observation 001-2026 – Checklist 1.3.2.8, 1.3.2.11

Discrepancy in the total area for Liberation Treatment under Coupe 4.

Principle 2. Forest Operations

Protected areas have been mapped, and there are no signs of encroachment. Maxland Timber has

Highlights of Assessment

demonstrated compliance with workers' regulatory requirements.

July 2026: Gap 001/2026 (minor) – Checklist 2.4.5

Trainings such as work safety and fire were not conducted for workers.

Principle 3. Statutory Charges

All associated fees have been paid by Maxland Timber. Record of payment are maintained.

Principle 4. Other User Rights

Based on the SIA, there are 4 village clusters, involving 10 villages living around the Project Area. Based on the EIA Dec 2025, there are no human settlements located within the Project Area.

Principle 7. Deforestation Free

Not applicable - Deforestation free is not applicable as there are no NFM areas and the company conducts salvage logging within the liberation harvesting / mosaic system that would be classified as forest degradation.

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

Not applicable

Summary Results:

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

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

GAP	Type	Checklist	Status	Description
001/2026	minor	2.4.5	New	July 2026: Trainings such as work safety and fire were not conducted for workers.

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

Obs #	Checklist	Description
001-2026	1.3.2.8 1.3.2.11	July 2026: Discrepancy in the total area for Liberation Treatment under Coupe 4.

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

Recommendations

Rakyat Berjaya Sdn. Bhd. (Maxland Timber 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 2.4.5: Training for work safety and fire should be conducted annually and when there are new workers.

Observation 001-2026 – Checklist 1.3.2.8, 1.3.2.11: Total area for Liberation Treatment under Coupe 4 should be calculated and recorded correctly.

The next annual surveillance audit will be scheduled for **July 2027**.

End of Summary Report