

Sabah TLAS Audit Report

Sabah Legality Standard Principles 1 – 4

Licensee	Licensee: Silam Forest Products Sdn. Bhd. 197901000492 (44754-D) Developer: Kelola Maju Sdn. Bhd. 200701004467 (762466-A)	Reference #	GFSSBH 003-402
Contact Person	Mr. Hassan Bin Onui (Senior Estate Manager)	Date of Report	15/05/2026
Office Address	No. 87, Rightview Corporation Sdn. Bhd., Mile 3, Jalan Kolam, Opposite Foo Chow Association, 88100 Luyang Kota Kinabalu, Sabah, Malaysia.	Date of close out	-
Email	hassanonui@yahoo.com DFO Beluran: AbdJamal.Ibrahim@sabah.gov.my PPW SDK: Janius.Ebin@sabah.gov.my	Telephone	+6013 577 7183 +6088 261 611
		Fax	+6088 487 738
		Approved By	Dr. Kevin Grace

Statements

Statement of Compliance				GFS 069 LVS			
Issuance Date		18 May 2026		Expiration Date		17 May 2027	

Assessment Details

Assessment Dates	11-15 May 2026
Scope of Assessment	Sabah TLAS P1-4: Agroforestry Development License Agreement JP(SBN) 02/2007 (CO)
Species	Agroforestry planted trees: Oil Palm (<i>Elaeis guineensis</i>) Enrichment planting trees: Laran (<i>Neolamarkia cadamba</i>), Binuang (<i>Octomeles sumatrana</i>), Kapur (<i>Dryobalanops spp.</i>), Seraya (<i>Shorea spp.</i>)
Lead Assessor	Sheanna Kehong, (Acting Lead Auditor) Soliano Andrew
Assessor(s)	Eljipy Sualim, (UMS Internship) Stacy Robert
SFD Staff	SH Mohd Roslie Bin SH Ameeril (ADFO Beluran), Ahmad Dul Sharif (PPD Beluran), Muhammad Zulsyazwan Mohd Arif (PPD Beluran), Sharifah Hazirah Syamimi Binti Sharif Abdul Hamil (PPD Beluran), Mohd Husin Rahim (PPD Beluran), Mohd Shahrin Bin Shakirin (PPD Beluran), Ali Shah Bidin (PPD Beluran)

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:

On 25/07/2007, Silam Forest Products Sdn. Bhd. (Silam Forest Products) was granted a Licensed Area of approximately 10,250 ha in Bonggaya Forest Reserve by the State Government under a License #: JP(SBN)02/2007(CO) for 60 years, from 25/07/2007 to 25/07/2068. The State Government granted permission to Silam Forest Products to plant, establish and harvest forest products and agroforestry crops under the principle of sustainable environmental management and conservation for economic, environmental and social purposes.

A Shareholders' Agreement was signed on 24/07/2007 between Silam Forest Products and Kelola Maju Sdn. Bhd. (Kelola Maju), where the latter agreed to jointly develop the project area into a large-scale Agroforestry Development Project under a Joint Venture Agroforestry Program.

Bonggaya Forest Reserve was first established and gazetted as a Permanent Forest Reserve in 1958. In 1984, Bonggaya Forest Reserve was gazetted and classified as a Commercial Class II FR.

The previous assessment was conducted in April 2025 that resulted in 3 gap(s) and 1 observation(s) (Report #: GFSSBH 003-343).

Land use classification: Based on the 2nd ADP, Pg. 27, Table 3.1

Land classification	2 nd ADP Area (ha)	Current Status (ha)
Total Licensed Area	10,250.00	10,250.00
Natural Forest Management (NFM)	1,721.00	2,700.00 *
Oil Palm Plantation (Zone II)	6,778.47	6,530.32
Conservation area (mainly riparian reserves and slope > 25°)	1,225.63	996.83
Nursery, Base camps, Roads, and Ponds/Swamp within Zone II	524.90	22.85

*Based on the MR, the current status will be updated once the 3rd ADP is finalized.

Current Operations:

Based on the AWP 2026, Kelola Maju intends to complete the development of the whole Lot 2.

Activity	Remark
Silviculture, restoration, maintenance	12 Ha of Riparian areas.
Harvesting FFB	Target area = 6,245.99 Ha

List **AWP** planned FFB harvesting.

Coupe #	NFM / ITP	Status	Area (ha)	Geo-location data
SDK.04/10	Oil palm	Sabah TLAS	1,731.00	NE: 6° 8' 28.93" N 117° 41.68" E SE: 6°07'26.77" N 117°18'34.46" E SW: 6°10'14.38" N 117°21'07.64" E NW: 6°07'25.27" N 117°21'04.64" E
SDK.01/02	Oil palm	Sabah TLAS	1,330.67	NE: 6°10'14.38" N 117°21'07.64" E SE: 6°07'25.27" N 117°21'04.64" E SW: 6°10'04.63" N 117°22'45.42" E NW: 6°07'25.10" N 117°22'48.22" E
SDK.08/13	Oil palm	Sabah TLAS	1,500.00	NE: 6°10'04.63" N 117°22'45.42" E SE: 6°07'25.10" N 117°22'48.22" E SW: 6°10'02.30" N 117°24'36.88" E NW: 6°07'24.73" N 117°23'38.14" E
SDK. 09/14	Oil palm	Sabah TLAS	2,817.02	NE: 6°10'02.30" N 117°24'36.88" E SE: 6°07'24.73" N 117°23'38.14" E SW: 6°10'45.73" N 117°26'43.83" E NW: 6°05'52.46" N 117°26'42.92" E

Environmental Context:

Existing EIA report & key elements for protection / mitigation:

EIA	Ref. #	EIA Consultant
Proposed Oil Palm (OPP) On Lot 2 (10,250 Ha), Labuk and Sugut, Beluran District, Sabah	JPAS/PP/17/600-1/11/1/55	Chemsain Konsultant Sdn. Bhd.

Forest type and short history of management:

The original vegetation cover in the area is represented by 3 forest type, namely, Mixed Dipterocarp Forest (MDF), Health Forest and Seasonal Freshwater Swamp Forest. However, all the natural vegetation of the project area has been severely disturbed by repeated logging activities. Therefore, the vegetation conditions in the area have changed into secondary vegetation of various stages. Over the past several years since the inception of the Oil Palm Plantation, the management had developed a total planted area of 6,778.47 Ha from 2013 to 2021.

Principal commercial species currently existing:

Agroforestry planted trees: Oil Palm (*Elaeis guineensis*)

Enrichment planting trees: Laran (*Neolarmakia cadamba*), Binuang (*Octomeles sumatrana*), Kapur (*Dryobalanops spp.*), Seraya (*Shorea spp.*)

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

Some of the major species that have been confirmed present in the project area include at least 15 mammals, the long-tailed macaque (*Macaca fascicularis*), Pig-tailed macaque (*Macaca nemestrina*), Bornean gibbon (*Hylobates mulleri*), Giant squirrel (*Sundascu temuis*), Wild boar (*Sus brabatus*), Sambar deer (*Cervus unicolor*), Red muntjak (common barking deer-*Muntiacus muntjak*), Sun bear (*Helarctos malayanus*), Civet (*Viverra zibetha*), Leopard (*Prionailurus planiceps*), Marble cat (*Felis marmorata*) and 2 species of bats – Short Nose Fruit bat (*Cynopterus brachotis*) and long-tongued Nectar bat (*Macroglossus minimus*). Most common sighted are wild boar, deer and civet spp. Birds of various species are also found that endemic to Borneo such as, White Crown Shama (*Copsychus saclii*) and Yellow Rumped Flowerpucker (*Prionochilus xanthopygius*), Black Troated Barbet (*Megalaima eaezmia*) and White Fronted Falconet (*Microhierrax latifrons*). Hornbills were recorded such as Rhinoceros, Bushy and wreathed hornbill.

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

There are four (4) main rivers in the project area, which flow in a west-east direction to the sea in Teluk Labuk. The northern part is Sg. Tanga-Tanga and Sg. Pagata, while the central part is Sg. Bonggaya. At the southern part is Sg. Makopaku, which dissect the southern boundary of the project area.

Social Context:

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

Based on the SIA conducted by Kiwiheng Environmental Consultants Sdn. Bhd., on 17-20/09/2024, no village exists within a 5 KM radius of the Licensed Area.

Based on the EIA, the nearest settlement to the Project Site would be Kg. Botitian approximately 6 KM away.

Identified communities that are dependent on the FMU:

None

Land claims, disputes & communication system:

None

Community Forestry Projects:

None

Scope of Assessment

- The scope of the evaluation is to verify compliance of Silam Forest Products Sdn. Bhd. (Kelola Maju Sdn. Bhd.) with the Agroforestry Development License Agreement [JP(SBN) 02/2007 (CO)] of FMU 18 (partly).
- 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 Silam Forest Products Sdn. Bhd. (Kelola Maju 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: 11 – 15 May 2026 FMU 18 (partly): Silam Forest Products Sdn. Bhd. (Arus Sawit Sdn. Bhd. & Kelola Maju Sdn. Bhd.) / Beluran District

Date	Activity	GFS Staff	Mandays
11 May 2026 Monday	Travel to Beluran. Opening meeting at PPD Beluran for Arus Sawit Sdn. Bhd. and Kelola Maju Sdn. Bhd. Document review. Overnight at Arus Sawit Guesthouse.	Sheanna Kehong Soliano Andrew Eljipy Sualim Stacy Robert	4
12 May 2026 Tuesday	Field assessment to operation areas for Arus Sawit (FFB harvesting), NFM area, licensed boundary, protected area (riparian reserve & steep area) & enrichment planting. Field assessment to worker quarters, workshop, store, genset room, landfill & basecamp. Document review. Overnight at Arus Sawit Guesthouse.	Sheanna Kehong Soliano Andrew Eljipy Sualim Stacy Robert	4
13 May 2026 Wednesday	Field assessment to operation areas for Kelola Maju (FFB harvesting), licensed boundary, protected area (riparian reserve & steep area) & NFM area. Field assessment to worker quarters, workshop, store, genset room, landfill & basecamp. Document review. Overnight at Arus Sawit Guesthouse.	Sheanna Kehong Soliano Andrew Eljipy Sualim Stacy Robert	4
14 May 2026 Thursday	Social assessment and interview with representative from Kg. Basai Baru. Document review. Overnight at Arus Sawit Guesthouse.	Sheanna Kehong Soliano Andrew Eljipy Sualim Stacy Robert	4
15 May 2026 Friday	Closing meeting at Arus Sawit campsite office and travel back to home base.	Sheanna Kehong Soliano Andrew Eljipy Sualim Stacy Robert	4
16-17 May 2026	Reporting/Administration: GFSSBH 003-401 Reporting/Administration: GFSSBH 003-402	Dr. Kevin Grace Sheanna Kehong	4
Total			24

Highlights of Assessment

(Major Gaps = 0; Minor Gaps = 2; Observations = 3)

Silam Forest Products Sdn. Bhd. (Kelola Maju Sdn. Bhd.) has complied with the Sabah TLAS requirements (FDS TLAS-006) as no non-compliance was identified during the assessment on 11 – 15 May 2026.

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

Principle 1. Right to Harvest

A Shareholders' Agreement was signed on 24/07/2007 between Silam Forest Products and Kelola Maju Sdn. Bhd. (Kelola Maju), where the latter agreed to jointly develop the project area into a large-scale Agroforestry Development Project under a Joint Venture Agroforestry Program.

An Environmental Impact Assessment (EIA) for the proposed development of an oil palm plantation

Highlights of Assessment

covering Lot 2 (10,250 hectares) in the Labuk and Sugut areas of Beluran District, Sabah, was carried out by Chemsain Konsultant Sdn. Bhd. This assessment was approved by the EPD on 08/08/2008 [Ref. #: JPAS/PP/17/600-1/11/1/55(10)]. Ongoing quarterly monitoring is being conducted by the appointed EIA consultant in accordance with regulatory requirements.

April 2025: Observation 001-2025 – Checklist 1.1.3

The total coupe area for NFM is less than the planned activities for NFM in the ADP.

May 2026: Observation 001-2025 (Outstanding)

The total coupe area for NFM is less than the planned activities for NFM area.

April 2025: Gap 001/2025 (minor) – Checklist 1.2.5

Rectification of issues raised in ECR is still in progress.

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

The issues raised in ECR 2025 has been completely rectified.

May 2026: Observation 001-2026 – Checklist 1.2.5

The ECR report for Quarter 1/April 2026 was not available.

May 2026: Observation 002-2026 – Checklist 1.7.2

Approved map of Coupe Permit SDK.01/02 and SDK.09/14 was not maintained.

Principle 2. Forest Operations

Kelola Maju demonstrated compliance with the forest operation, protection of areas and regulatory requirement for workers.

April 2025: Gap 002/2025 (minor) – Checklist 2.4.2

Three (3) sampled workers were not registered with COI.

May 2026: Gap 002/2025 (minor) – Outstanding

Two sampled workers were not registered with COI.

May 2026: Gap 001/2026 (minor) – Checklist 2.4.8

Inconsistent in KWSP registration and monthly contributions for foreign workers.

Principle 3. Statutory Charges

Kelola Maju has paid all the statutory charges to the SFD.

April 2025: Gap 003/2025 (minor) – Checklist 3.1.1

7 OPs were in a renewal process and 1 OP was not registered with the SFD.

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

All OPs have been renewed and registered to the SFD.

Principle 4. Other User Rights

Based on the SIA conducted by Kiwiheng Environmental Consultants Sdn. Bhd., on 17-20/09/2024, no village exists within a 5 KM radius of the Licensed Area.

Summary Results:

(Major gap = 0, Minor gap = 2, Observation = 3)

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

GAP	Type	Checklist	Status	Description
001/2025	minor	1.2.5	Closed	April 2025: Rectification of issues raised in ECR is incomplete. May 2026: The issues raised in ECR has been completely rectified.
002/2025	minor	2.4.2	Outstanding	April 2025:

GAP	Type	Checklist	Status	Description
				Three (3) sampled workers were not registered with COI. May 2026: Several sampled workers were not registered with COI.
003/2025	minor	3.1.1	Closed	April 2025: 7 OPs were in a renewal process and 1 OP was not registered with the SFD. May 2026: All OPs have been renewed and registered to the SFD.
001/2026	minor	2.4.8	New	May 2026: Inconsistent in KWSP registration and monthly contributions for foreign workers.

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

Obs #	Checklist	Description
001-2025 Outstanding	1.1.3	April 2025: The total coupe area for NFM is less than the planned activities for NFM in the ADP. May 2026: The total coupe area for NFM is less than the planned activities for NFM area.
001-2026	1.2.5	May 2026: The ECR report for Quarter 1/April 2026 was not available.
002-2026	1.7.2	May 2026: Approved map of Coupe Permit SDK.01/02 and SDK.09/14 was not maintained.

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

Recommendations
Silam Forest Products Sdn. Bhd. (Kelola Maju 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: Gap 002/2025 (minor) Outstanding – Checklist 2.4.2: All workers shall be registered with COI. Gap 001/2026 (minor) – Checklist 2.4.8: Kelola Maju shall ensure all foreign workers were registered and contributed under KWSP. Observation 001-2025 (Outstanding) – Checklist 1.1.3: The total area of NFM for the approved coupe permit shall include activities in NFM areas planned in the ADP. Observation 001-2026 – Checklist 1.2.5, 2.3.4: Kelola Maju shall maintain ECR reports to facilitate the Sabah TLAS assessment. Observation 002-2026 – Checklist 1.7.2: Kelola Maju shall seek guidance from the SFD regarding maps destroyed during a fire mishap. The next annual surveillance audit will be scheduled for May 2027.

End of Summary Report