

STATEMENT OF COMPLIANCE

for

Acacia Forest Industries Sdn. Bhd. (611076-A)

Metro Town, Block L, Unit No.2, 2nd Floor, Jalan Lintas, 88300 Kota Kinabalu, Sabah, Malaysia.

Tel: +6088 438 021 Fax: +6088 424 077 Email: junex@afisb.com.my

Acacia Forest Industries has demonstrated compliance with the Sabah Timber Legality Standard (Sabah TLAS P1-4 Nov 2013) for the forest area based on the assessment conducted by Global Forestry Services (GFS) in **October 2021** reported in document # GFSSBH 003-090. This statement defines compliance with the due diligence requirements for legal compliance to the local Sabah Standard established as part of the current FLEGT VPA negotiations. The material harvested from this FMU is classified as Verified Legal (VL).

Product Schedule: Acacia mangium and Eucalyptus pellita

Legal Status: Verified Legal

Origin of Material: Sabah, Malaysia.

The validity of this Statement of Compliance will be dependent upon the ability of **Acacia Forest Industries** to demonstrate continual compliance with the Sabah Timber Legality Standard as monitored by GFS. GFS shall post a summary legal verification report and compliance statement on the GFS client database (www.gfsinc.biz).

GLOBAL FORESTRY SERVICES LEGAL VERIFICATION SERVICES

Audit Statement # : GFS 093 LVS
Issuance Date : 11 October 2021
Expiration Date : 10 October 2022

Global Forestry Services



Kevin T. Grace PhD
Director

The assessment, on which this statement is based, was made in good faith by evaluating representative samples of the organization's operations and activities in relation to the standards for Legality as defined by the Sabah TLAS Standard P1-4. This document does not constitute any representation to the quality of any products sold by the named organisations and Global Forestry Services accepts no liability in respect thereof. This statement remains the property of Global Forestry Services and must be returned upon request.

Document Control

GFS-FORM-006-SABAH TLAS-2.3	Title: Audit Statement Sabah TLAS P1-4	Issue: 03	Date: 01 Jul 2020
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LICENSED AREAS

for

Acacia Forest Industries Sdn. Bhd. (611076-A)

Signed License Agreement / Form IIB: Land Title (Title Registration # and Date):

- Sustainable Forest Management Licensed Agreement (SFMLA) is only applicable for Forest Reserve and managed under a Forest Management Unit (FMU). Acacia Forest Industries is operating within SAFODA gazetted area; therefore, it is **not applicable**.
- Under the Gazette Notification No. 684/83 dated 22/07/1983 and 900/83 dated 17/11/1983, the State Government of Sabah delineated a portion of land measuring approximately 61,480 ha of land in the Bengkoka Peninsula in the District of Pitas, Sabah, for the Afforestation Resettlement Scheme Reserve to SAFODA. A series of signed agreements shows the legal use rights of Acacia Forest industries in the current area.

Chronology	Remarks
Memorandum of Agreement dated 28/02/1998	Signed between SAFODA and Kilang Papan Dasatu Sdn. Bhd. (Kilang Papan Dasatu) for a joint venture to produce wood chips, MDF & other wood products for the purpose of higher value adding in respect of the plantation logs.
Supplemental Agreement dated 16/03/1998	Signed between SAFODA and Kilang Papan Dasatu, agreed to amend certain provision of the agreement.
Sales & Purchase Agreement dated 25/06/1999 (The Principal Agreement)	Signed between SAFODA and KPD, SAFODA had agreed to sell, and Kilang Papan Dasatu had agreed to purchase all the plantation logs extracted or to be extracted from an area of forest plantation measuring 17,000 ha of the Gazetted land. This Principal Agreement also contained a provision whereby SAFODA had undertaken to increase the aforesaid hectares of the Gazetted Land to 25,000 ha by 30/06/1999.
1 st Supplemental Agreement	Signed between SAFODA and Serisar Forest Plantation and Products Sdn. Bhd. (Serisar Forest Plantation and Products) (which had assumed the rights and obligations of Kilang Papan Dasatu. by a novation agreement dated 05/01/2000 between SAFODA, Serisar Forest Plantation and Products, and Kilang Papan Dasatu).
Joint Venture Agreement (JVA) to form AFI dated 24/01/2003	Serisar Forest Plantation and Products signed a Joint Venture Agreement (JVA) with SAFODA to form a Joint Venture Company on a 50-50 equity basis to plant and replant an area of 25,000 ha with timber species for a period ending in year 2060. Following the JVA signed in 2003, a joint venture company called Acacia Forest Industries Sdn. Bhd. was formed on 06/10/2004. The lease period of the JVA was 60 years.
2 nd Supplemental Agreement dated 04/12/2003	Serisar Forest Plantation and Products changed its name to Mangium Plantations Sdn. Bhd. (Mangium Plantations). It is acknowledged by SAFODA that Mangium Industries Berhad, the 100% shareholder of Mangium Plantations, had on 03/08/2007 executed a share purchase agreement with Global Emerging Markets Forestry Investor LLC. Pursuant to the First Supplemental Agreement, Mangium Plantations agreed to purchase all the extracted plantation logs from SAFODA. Mangium Industries Berhad was responsible for constructing a woodchip mill at Telaga in 2004, which started production by the end of 2005.
April 2008	Global Emerging Markets Forestry Investors acquired the entire shareholding of Mangium Plantations and the woodchip mill company in Telaga. Both assets are managed via a holding company named Hijauan Asia Sdn. Bhd., based in Mentakab, Pahang. Mangium Plantations was renamed to Hijauan Bengkoka Plantations Sdn. Bhd. The total harvested area by the end of year 2011 was 8,563 ha leaving a balance of 7,179 ha (remaining SAFODA planted area) of mature <i>Acacia mangium</i> forest from the first rotation.
3 rd Supplemental on 15/02/2012	Signed between SAFODA and Hijauan Bengkoka Plantations on the confirmation of stumpage rate.
4 th Supplemental on 23/03/2018	Signed between SAFODA and Hijauan Bengkoka Plantations on the shareholder percent transferred.

Coupe Permit # & Expiry date

Not Applicable – The SFD did not require Acacia Forest Industries to register with Coupe Permit.

Form IIB Permit - Not applicable

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