

Sabah TLAS + Audit Report

Sabah Legality Standard Principles 1 – 4 & 7

Licensee	Acacia Forest Industries Sdn. Bhd. 200301008656 (611076-A)	Reference #	GFSSBH003-418
Contact Person	Kashim Othman (Manager-Safety, Health, Environment & Compliance)	Date of Report	07/08/2026
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		Approved By	Dr. Kevin Grace

Statements

Statement of Compliance				GFS 093 LVS			
Issuance Date		10 August 2026		Expiration Date		09 August 2027	

Assessment Details

Assessment Dates	03-07 August 2026
Scope of Assessment	Sabah TLAS+ P1-4: Gazette Notification No. 684/83
Species	ITP: <i>Eucalyptus pellita</i> (Euclayptus), <i>Acacia mangium</i> & <i>Acacia crassicarpa</i> (Acacia)
Lead Assessor	Teddy Quintin, (Acting Lead Auditor) Eljipy Sualim
Assessor(s)	UMS Internship: Stacy Robert
SFD Staff	ADFO Pitas: Jaludin Urubit, PPD Pitas: Rayner Marcello, Arnold Anselmus, Wayang Mansibu

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 Acacia Forest Industries Sdn. Bhd. with the Gazette Notification NO. 684/83.
- 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 Acacia Forest Industries 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:

Sabah Forestry Development Authority (SAFODA) is a government agency managing the first trial plantation of *Acacia magium* in the Bengkoka Peninsula in 1981. SAFODA introduced the Reafforestation and Settlement scheme at Bongkol involving 200 local families who were mainly shifting cultivators into a centralised housing scheme.

An initial 4,000 Ha of land was established as a pilot project under the reafforestation project finances by the World Bank from 1985-1989. During the period, SAFODA's personnel were trained to establish large scale plantation establishment. The total area planted during the period of 1981-1998 was 17,076 Ha.

On 25/06/1999, Kilang Papan Dasatu Sdn. Bhd. signed a Sale & Purchase Agreement with SAFODA for the rights to harvest the 17,000 Ha of established *Acacia mangium* plantations. In early 2000, these rights were transferred to another subsidiary company, Serisar Forest Plantation and Products Sdn. Bhd. (Renamed to Mangium Industries Berhad), which started harvesting operations in late 1999. A total of 1,460 Ha was harvested during the period of 2000 to end 2002.

On Jan 2003, Mangium Plantations and Hijauan Bengkoka Plantations both have equal shares of the Plantation Development to replant an area of 25,000 Ha. The following 2004, another shareholding company was established known as Acacia Forest Industries to carry out plantations development; whilst Hijauan Bengkoka Plantations took over Mangium Plantation in 2008 to carry out harvesting of forest plantations.

Subsequently, in 2013, New Forests (Australia) bought over the shares of Hijauan Bengkoka Plantations and in Jun 2011, Hijauan Bengkoka Plantations obtained a FSC FM and continued harvesting the remaining SAFODA area until its completed in mid-2016. Upon completion, harvesting operations including staff and contractors merged into a single entity under Acacia Forest Industries Sdn. Bhd. (Acacia Forest Industries).

Acacia Forest Industries is a Malaysian company was formed on 06/10/2004 and based in Kota Kinabalu, with tropical forest plantations located within the Bengkoka Peninsular in Sabah. Acacia Forest Industries was formed in 2004 as a joint venture company between Hijauan Bengkoka Plantations Sdn. Bhd. (Hijauan Bengkoka Plantations – 70 %) and the Sabah Forestry Development Authority (SAFODA – 30 %). The objective is to carry out harvesting and replanting activities and to undertake new plantings to achieve an overall area of 25,000 Ha until 2060.

Since SAFODA is not a Forest Reserve area and it is not under the SFMLA, SFD treated the area as Alienated Land. Thus, Acacia Forest Industries applies a monthly Form IIB permit for harvest operations.

Acacia Forest Industries has plenty of sub-contractors. Random contractors were sampled as below.

Contractor	Validity	Remarks
AKHE Resources Sdn. Bhd.	01/01/2027	Harvesting (1,008 Ha)
Reay Enterprise	01/01/2027	Land Clearing, harvesting & road maintenance
BKG Enterprise	31/12/2026	Silviculture (1,032 Ha) & harvesting (1,118 Ha)
Farmglow Sdn. Bhd.	31/12/2026	Harvesting (153 Ha)
Gadaya Company	31/12/2026	Harvesting (1,118 Ha)
Intifokus Industries Sdn. Bhd.	15/12/2026	Harvesting (1,008 Ha)
Nyap Trading	31/12/2026	Harvesting (117 Ha)
Pemborong Hasil Murni	31/12/2026	Harvesting (1,677 Ha)

Pemborong Sri Babagon	15/03/2027	Harvesting (AC = 1,117 Ha, EP = 299 Ha)
The Lucky Star Motor	01/03/2027	Harvesting (598 Ha) & road maintenance

Note: based on agreements, the contractor shall comply with EPF and SOCSO statutory requirements.

List of Form IIB permits.

#	Ref. #	Remarks	Status
1	SFD: JPHTN/PTS700-2/4/21/JLD.2/150 Form IIB: JPHTN(FIIB)DPS-2025/01	Area = 968.87 Ha Vol. = 5,000 MT	Validity = 27/05/2025 Status = Completed
2	SFD: JPHTN/PTS700-2/4/21/JLD.2/190 Form IIB: JPHTN(FIIB)DPS-2025/03	Area = 968.87 Ha Vol. = 15,000 MT	Validity = 05/07/2025 Status = Completed
3	SFD: JPHTN/PTS700-2/4/21/JLD.3/91 Form IIB: JPHTN(FIIB)DPS-2025/04	Area = 812 Ha Vol. = 5,000 MT	Validity = 19/09/2025 Status = Completed
4	SFD: JPHTN/PTS700-2/4/21/JLD.4/34 Form IIB: JPHTN(FIIB)DPS-2025/04	Area = 812 Ha Vol. = 2,060.12 MT	Validity = 02/01/2026 Status = Extended to 02/02/2026
5	SFD: JPHTN/PTS700-2/4/21/JLD.4/63 Form IIB: JPHTN(FIIB)DPS-2025/04	Area = 812 Ha Vol. = 2,060.12 MT	Validity = 02/02/2026 Status = Completed
6	SFD: JPHTN/PTS700-2/4/21/JLD.3/23 Form IIB: JPHTM(FIIB)DPS-2025/05	Area = 968.87 Ha Vol. = 20,000 MT	Validity = 04/08/2025 Status = Extended to 04/09/2025
7	SFD: JPHTN/PTS700-2/4/21/JLD.3/56 Form IIB: JPHTM(FIIB)DPS-2025/05	Area = 968.87 Ha Vol. = 15,149.19 M ³	Validity = 04/09/2025 Status = Extended to 28/10/2025
8	SFD: JPHTN/PTS700-2/4/21/JLD.3/126 Form IIB: JPHTM(FIIB)DPS-2025/06	Area = 968.87 Ha Vol. = 23,230.26 MT	Validity = 28/10/2025 Status = Extended to 30/11/2025
9	SFD: JPHTN/PTS700-2/4/21/JLD.3/159 Form IIB: JPHTM(FIIB)DPS-2025/06	Area = 968.87 Ha Vol. = 8,641.09 MT	Validity = 30/11/2025 Status = Completed
10	SFD: JPHTN/PTS700-2/4/21/JLD.3/178 Form IIB: JPHTM(FIIB)DPS-2025/08	Area = 968.87 Ha Vol. = 50,000 MT	Validity = 06/12/2025 Status = Extended to 02/01/2026
11	SFD: JPHTN/PTS700-2/4/21/JLD.4/37 Form IIB: JPHTM(FIIB)DPS-2025/08	Area = 968.87 Ha Vol. = 35,635.24 MT	Validity = 02/01/2026 Status = Extended to 02/02/2026
12	SFD: JPHTN/PTS700-2/4/21/JLD.4/66 Form IIB: JPHTM(FIIB)DPS-2025/08	Area = 968.87 Ha Vol. = 26,409.23 MT	Validity = 02/02/2026 Status = Extended to 02/03/2026
13	SFD: JPHTN/PTS700-2/4/21/JLD.4/145 Form IIB: JPHTM(FIIB)DPS-2025/08	Area = 968.87 Ha Vol. = 570.12 MT	Validity = 02/03/2026 Status = Completed
14	SFD: JPHTN/PTS700-2/4/21/JLD.3/142 Form IIB: JPHTM(FIIB)DPS-2026/01	Area = 968.87 Ha Vol. = 50,000 MT	Validity = 01/03/2026 Status = Extended to 06/04/2026
15	SFD: JPHTN/PTS700-2/4/21/JLD.5/3 Form IIB: JPHTM(FIIB)DPS-2026/01	Area = 968.87 Ha Vol. = 46,660.35 M ³	Validity = 06/04/2026 Status = Extended to 05/05/2026
16	SFD: JPHTN/PTS700-2/4/21/JLD.5/44 Form IIB: JPHTM(FIIB)DPS-2026/01	Area = 968.87 Ha Vol. = 25,217.62 M ³	Validity = 05/05/2026 Status = Extended to 07/06/2026
17	SFD: JPHTN/PTS700-2/4/21/JLD.6/20 Form IIB: JPHTM(FIIB)DPS-2026/01	Area = 968.87 Ha Vol. = 10,613.84 M ³	Validity = 07/06/2026 Status = Completed
18	SFD: JPHTN/PTS700-2/4/21/JLD.6/12 Form IIB: JPHTM(FIIB)DPS-2026/03	Area = 812 Ha Vol. = 3,000 M ³	Validity = 03/07/2026 Status = Completed
19	SFD: JPHTN/PTS700-2/4/21/JLD.6/16 Form IIB: JPHTM(FIIB)DPS-2026/04	Area = 968.87 Ha Vol. = 50,000 MT	Validity = 03/07/2026 Status = Extended to 08/08/2026
20	SFD: JPHTN/PTS700-2/4/21/JLD.6/52 Form IIB: JPHTM(FIIB)DPS-2026/04	Area = 968.87 Ha Vol. = 35,436.734 M ³	Validity = 08/08/2026 Status = Completed

The previous assessment was conducted in Aug 2025 that resulted in 3 gap(s) and 2 observation(s) (Report #: GFSSBH 003-361).

Land use classification:

Based on the 2nd FMP, Pg. 21, Table 5.1: Principle Zones

Principle Zone	Area (Ha)
Conservation	1,750
Infrastructure and other open areas	452
Production	15,132
Total	17,334

Table 5.3 Acacia Forest Industries: Area Statement

AFI - Existing plantation PEFC Certified	FMP Total (Ha)	Planted (Ha)
<i>A.crassica</i> - planted	74.09	74.09
<i>A.mangium</i> - planted	1,435.06	1,435.06
<i>A.mangium</i> – regen thinned	316.91	316.91
<i>A.mangium</i> – regen unthinned	730.88	730.88
<i>E.pellita</i> – planted (Acacia Forest Industries)	5,256.59	5,256.59
<i>E.pellita</i> – planted (Community)	56.13	0
Trials	102.72	102.72
Acacia Forest Industries Stocked Total	7,972.38	7,916.25
AFI - Temporary Unstocked	FMP Total (Ha)	Current Area (Ha)
Cultivated/Encroached	4,724.14	2,125.89
Burnt	12.57	12.57
Cutover	61.11	61.11
Cleared Area	28.82	28.82
Failed	177.43	177.35
Fallow	6,199.11	4,665.90
Acacia Forest Industries Unstocked Total	11,203.18	7,071.64
AFI Unplantable	FMP Total (Ha)	Current Area (Ha)
Inaccessible Areas	438.72	403.53
Cultural Site	57.77	44.91
HCV	51.40	51.40
Natural Forest	1,796.11	185.03
Other (Waterlogged, Reserve, Work area)	108.13	105.31
Bongkol Office area	48.00	48.00
Protected Area	770.62	717.42
Road		0
Acacia Forest Industries Unplantable Total	3,270.75	1,555.60
Other Areas (Other Ownership)	FMP Total (Ha)	Current Area (Ha)
SAFODA (SLOBOK)	965.49	0
State (Mangrove & Agriculture Scheme)	1,799.81	790.64
Community (Degazetted Area)	64.61	0
Other Areas Total	2,829.91	790.64
Total Area	25,276.22	17,334.13

Current Operations:

Acacia Forest Industries is not required to develop and submit the AWP to the SFD. However, the company has Budget 2026/2027 defining their annual activities from June 2026 to June 2027.

Activity	Remarks
Harvesting Plan	Total to harvest = 1,060 Ha (vs actual 907 Ha), Project vol. = 122,052 MT (vs actual 176,979 MT) Species: AM = 12,966 MT, EP = 109,056 MT
Planting Plan	Establishment = 1,732 Ha (vs actual 818 Ha, EP 100%)

List **current compartments** under harvesting and planting.

Comp #	NFM / ITP	Status*	Area (Ha)	Geo-location data
M19	ITP	Sabah TLAS DF	31.06	NW:117°10'7" E 6°56'12"N NE:117°10'27" E 6°56'33"N SW:117°10'13" E 6°56'5"N SE:117°10'38" E 6°56'9"N
E03	ITP	Sabah TLAS DF	26.75	NW:117°9'10" E 6°57'22"N NE:117°9'18" E 6°57'20"N SW:117°9'8" E 6°57'9"N SE:117°9'18" E 6°57'10"N

List of region areas.

Area	NFM / ITP	Status	Area (ha)	Geo-location data
Northern Region	ITP	Sabah TLAS DF	1420.70	NW:117°07'18" E 6°56'5"N NE:117°09'19" E 6°58'15"N SW:117°11'43" E 6°53'13"N SE:117°15'6" E 6°53'30"N
Central Region	ITP	Sabah TLAS DF	311.31	NW:117°07'48" E 6°53'53"N NE:117°09'10" E 6°54'13"N SW:117°07'22" E 6°53'12"N SE:117°09'56" E 6°53'41"N

Note*: All plantation listed in the FMP & current areas were planted prior to 2021

Environmental context:

Forest type:

The Bengkoka Peninsula is classified as coastal zone land. Historically, it was predominantly covered by natural forests, most of which gradually disappeared between 1950 and 1980 because of repeated logging operations subject to little regulation, enforcement and control of government agencies.

The depletion of natural forest resources has changed the general landscape towards more diversification, consisting of a mix of land use such as swamp, secondary forest, forest plantation, perennial and tree crops, mixed cropland and fallow land.

Commercial species currently existing:

ITP: *Eucalyptus pellita* (Eucalyptus), *Acacia mangium* & *Acacia crassicarpa* (Acacia)

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

Some common species which can be found in the project area include squirrel (*Sciurus sp.*), rat (*rattus sp.*), dove (*Streptopelia chinensis*), bulbul (*Pyconotus goiaver*), lizard (*Calotes versicolor*), toad (*Bufo asper*), grass frog (*Rana limnocharis*) and tree frog (*Polypedates leucomystax*). Bird species documented include Black-Shouldered Kite, Chestnut-Necklaced Partridge, Crested Fireback, Emerald Dove, Malaysia Night-Heron, Pied Fantail, Tabon Scrubfowl, White-Breasted Waterhen and White-Crowned Shama.

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

There are 5 major rivers in the vicinity of the project site, namely, Sg. Telaga, Sg. Malubang, Sg. Kakarangan, Sg. Bokol and Sg. Badong. The main rivers of Sg. Kakarangan and Sg. Bongkol flow eastward into the Sulu Sea, while Sg. Telaga, Sg. Malubang and Sg. Badong flow westward to join Marudu Bay. There is a government water intake point located within Bengkoka Protection Forest Reserve area, which is outside the project site. The main river system within the project area is not used for any government water/irrigation point. There is no settlement and thus, no gravity water intake point within the project site. There is little aquatic life within the Project Site.

EIA Report #:

EIA	Ref. #	Consultant
Proposed Replanting and Planting of 25,000 Ha of Acacia Mangium at Bengkoka Peninsular, District of Pitas, Sabah by Acacia Forest Industries Sdn. Bhd.	JPAS/PP/15/600-1/01/3/29	Kiwiheng Wood & Environmental Consultants Sdn. Bhd.

Social Context:

Social assessment SBS / SIA / EIA summary:

The Social Baseline Survey was conducted in 2015 for 59 villages within the Bengkoka Peninsula to assess demographics, socio-economic, conditions and land conflict dynamics.

The SIA was conducted in 2017 by Sustainability and Grassroot Empowerment Consultant (SAGE consultant)

Based on the EIA, there are approximately 27 villages potentially affected by the proposed project. However, only 22 villages were listed in the EIA.

List of Villages				
Kg. Malubang	Kg. Maringan	Kg. Suang Duyung	Kg. Bawing	Kg. Kapok
Kg. Serupit	Kg. Liu	Kg. Kodong	Kg. Jambu	Kg. Gumpa
Kg. Telaga	Kg. Lingkup	Kg. Bongkol	Kg. Tg. Piring	Kg. Lukan
Kg. Wasoi	Kg. Polod	Kg. Pengkalan Mangkapon	Kg. Beluoh	Kg. Datong
Kg. Eloi	Kg. Manggis	Kg. Radap	Kg. Ampungoi	Kg. Petani Baru
Kg. Kabatasan Darat	Kg. Tampahu			

Identified communities that are dependent on the FMU:

Based on the 2017 SIA, the majority of the communities are dependent on the water catchment and rivers for water supply and non-timber forest products. Community use on unplanted forest areas focuses on expanding agricultural development.

Land claims, disputes & communication system:

SIA 2017 identified a total of 15,457.76 Ha of land claim areas within the 25,000 Ha Joint Venture Agreement with SAFODA. GIS mapping (Aug 2026) of the concession area identifies 4,831 Ha of encroached / cultivated areas (oil palm & rubber) and an additional 6,536 Ha under land claims by the 20 villages. Some encroached and land claim areas overlap with current planted areas.

Community Forestry Projects:

Acacia Forest Industries established a Joint Venture for Tree Planting with the representative from Kg. Mangkapon Darat under the Tree Farming Contract (AFI Community Forestry Program) dated 13/12/2019.

Itinerary & Mandays: 03-07 August 2026 / Acacia Forest Industries Sdn. Bhd. / Pitas District

Date	Activity	GFS Staff	Mandays
03 August 2026 Monday	Travel to Pitas. Opening meeting at Acacia Forest Industries office. Document review. Overnight at campsite.	Teddy Quintin, Eljipy Sualim, Stacy Robert	3
04 August 2026 Tuesday	Field assessment to operation areas: Harvesting (Compartment M19), Re-planting (Compartment E03), protected area (Compartment M03 riparian reserve, Compartment W22 steep slopes), Compartment M07, F02 (Silviculture – Pruning, Chemical Spray), licensed boundary, encroachment area (Compartment N16), log yard, PSP area (Compartment F10) Document review. Overnight at campsite.	Teddy Quintin, Eljipy Sualim, Stacy Robert	3
05 August 2026 Wednesday	Field assessment to workers' quarters, workshop, stores, dump pit, nursery. Document review. Overnight at campsite.	Teddy Quintin, Eljipy Sualim, Stacy Robert	3
06 August 2026 Thursday	Social assessment with representative from Kg. Mangkapon Darat, Kg. Bongkol 1, Kg. Bongkol 2, Kg. Pagung, Kg. Taman Bukit Cantik. Document review. Overnight at campsite.	Teddy Quintin, Eljipy Sualim, Stacy Robert	3
07 August 2026 Friday	Closing meeting at Acacia Forest Industries office. Travel to home base.	Teddy Quintin, Eljipy Sualim, Stacy Robert	3
08-09 August 2026	Reporting/Administration: GFSSBH003-418	Dr. Kevin Grace, Teddy Quintin	2
Total			17

Highlights of Assessment

(Major Gaps = 0; Minor Gaps = 0; Observations = 5)

Acacia Forest Industries Sdn. Bhd. has complied with the Sabah TLAS+ requirements (FDS TLAS-006) as no non-compliance was identified during the assessment on 03-07 August 2026.

Highlights of Assessment

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

Principle 1. Right to Harvest

Acacia Forest Industries has a Joint Venture Agreement (the JVA) with SAFODA dated 23/03/2018 to manage 25,000 Ha as timber plantations Bengkoka Peninsula based on Gazette Notification No. 684/83 dated 22/07/1983. The EIA study titled "Proposed Replanting and Planting of 25,000 Ha of *Acacia Mangium* at Bengkoka Peninsular, District of Pitas, Sabah by Acacia Forest Industries Sdn. Bhd." was prepared and approved by the EPD [Ref. #: JPAS/PP/15/600-1/01/3/29 (93), dated 21/05/2010].

August 2026: Observation 001-2026 – Checklist 1.2.5

The ECR Q2 Mar to Jun 2026 was not submitted to the EPD.

Principle 2. Forest Operations

Acacia Forest Industries demonstrated compliance with the harvesting operations, protection of buffer zones and steep slopes, security of the licensed area, maintenance of licensed boundary and regulatory requirements for workers.

August 2026: Observation 002-2026 – Checklist 2.2.3, 2.2.7

Inconsistent in including the Sabah TLAS CC and QR code for Geo-location in the e-Removal Pass by the SFD.

August 2026: Observation 001-2026 – Checklist 2.3.4

The ECR Q2 Mar to Jun 2026 was not submitted to the EPD.

August 2026: Observation 003-2026 – Checklist 2.4.1, 2.4.2

1 employee under contractor (Reay Enterprise) has no employment agreement.

August 2026: Observation 004-2026 – Checklist 2.4.8

1 employee under contractor (Reay Enterprise) was not registered and contributed under SOCSO.

Principle 3. Statutory Charges

All associated fees have been paid by Acacia Forest Industries. Records of royalty are maintained.

August 2026: Observation 005-2026 – Checklist 3.1.1

The heavy machinery is pending payment from Acacia Forest Industries.

Principle 4. Other User Rights

Based on the SIA 2017, 7 clusters were identified, each comprising villages totalling 59 villages. One of the biggest contentions of the communities with regards to the negative impact of SAFODA project is focused more on the limited land use and continuous water problem in the region. Since the establishment of SAFODA project, it has continuously been plagued with land sue conflict from the indigenous/local communities. TFT (2010) has observed that land use issue remains to be settled amicably by the State Government despite the several excisions of the gazette area for community.

NCR claims by 20 communities known as G20 [Ref. #: JTTA(G20)-1/1(2024), dated 28/02/2024] have informed Acacia Forest Industries about their claims within the project area. The area claimed by the G20 communities total 7931.05 Ha that includes unplanted (fallow) and planted areas within 308 compartments. These areas have not formally been recognized by SAFODA or the Sabah Land Office.

Acacia Forest Industries has mapped all land claim and encroached areas within the concession.

GIS mapping (Aug 2026) of the concession area identifies 4,831 Ha of encroached / cultivated areas (oil palm & rubber) and an additional 6,536 Ha under land claims by the 20 villages. Some encroached and land claim areas overlap with current planted areas.

Principle 7. Deforestation Free

Acacia Forest Industries demonstrated compliance regarding certificate and deforestation free.

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

Highlights of Assessment

(Optional)

Acacia Forest Industries developed the CS3D Transition Plan. However, the plan is limited to summary of environmental, social and governance. Annual statement of the company's was not listed as part of the CS3D Transition Plan.

Summary Results:

(Major gap = 0, Minor gap = 0, Observation = 5)

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

GAP	Type	Checklist	Status	Description
-	-	-	-	-

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 Mar to Jun 2026 was not submitted to the EPD.
002-2026	2.2.3, 2.2.7	August 2026: Inconsistent in including the Sabah TLAS CC and QR code for Geo location in the e-Removal Pass by the SFD.
003-2026	2.4.1, 2.4.2	August 2026: 1 employee under contractor (Reay Enterprise) has no employment agreement.
004-2026	2.4.8	August 2026: 1 employee under contractor (Reay Enterprise) was not registered and contributed under SOCSO.
005-2026	3.1.1	August 2026: The heavy machinery is pending payment from Acacia Forest Industries.

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

Recommendations

Acacia Forest Industries 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:

Observation 001-2026 – Checklist 1.2.5, 2.3.4: The ECR Q2 should be submitted to the EPD.

Observation 002-2026 - Checklist 2.2.3, 2.2.7: SFD should include the Sabah TLAS CC # and QR code for Geo-location in the e-Removal Pass.

Observation 003-2026 – Checklist 2.4.1, 2.4.1: Employee under Reay Enterprise should have an employment agreement as stipulated in the statutory requirements.

Observation 004-2026 - Checklist 2.4.8: Employee under Reay Enterprise should comply with SOCSO statutory requirements as stipulated in the agreement.

Observation 005-2026 - Checklist 3.1.1: Acacia Forest Industries shall expedite the FD renewal payment.

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

End of Summary Report