

STATEMENT OF COMPLIANCE

for

Asian Forestry Company (Sabah) Sdn. Bhd-FMU 2. (371259-W)

B2-10-01, Level 10, Riverson Suite, Off Jalan Coastal Highway, 88100 Kota Kinabalu, Sabah, Malaysia.

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Asian Forestry Company (Sabah) – FMU 2 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 **November 2022** reported in document # GFSSBH 003-162. 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: Salvage logging & tree plantation

Legal Status: Verified Legal

Origin of Material: Sabah, Malaysia.

The validity of this Statement will be dependent upon the ability of **Asian Forestry Company (Sabah) – FMU 2** 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 162 LVS
Issuance Date : 07 November 2022
Expiration Date : 06 November 2023

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: 04	Date: 18 Jul 2022
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LICENSED AREAS

for

Asian Forestry Company (Sabah) Sdn. Bhd.-FMU 2 (371259-W)

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

The SFMLA 01/2021 was signed between Asian Forestry Company (Sabah) and the State Government on 18 January 2021 valid for 30 years allowing the company to manage approximately 11,191ha inside the Paitan Forest Reserve under the FMU 2.

Note: The approved SFMLA area is approximately 11,191ha. However, based on the ground survey conducted by the Asian Forestry Company (Sabah) using the digitized map given by the SFD, the total area was 12,123.60ha. The area discrepancies have been notified to the SFD and now waiting for the supplemental SFMLA issued by the State Government (Ref.#: JPHTN/SFM 800-1/1/37/25 dated 13/08/2021).

Coupe Permit # & Expiry date

The company had applied for the coupe permit with totalling an area of 12,123.60ha. Since there was a discrepancy in the total area, the SFD cannot proceed with the application (Ref.#: JPHTN/PTS 700-2/1/3/11 dated 21/10/2021). Subsequently, the company had applied for a Coupe permit approximately 5000ha of the licensed area and pending approval from the SFD (Ref.#: JPHTN/PTS 700-2/1/3/17, dated 24/11/2021).

The SFD has approved the AWP. Based on the field visit, land preparation was started for the R&D plantation area inside Compartment 5 Block 54.

The company has made an application on 30/09/2021 to the DFO Pitas detailing the map and location of the area. The application stated that the company applied for land clearing and establishment of R&D plantation without commercial log extraction (Ref.#: AFCS/KM/SF/2109/032). The DFO Pitas approved the application on 22/11/2021 (Ref.#: JPHTN/PTS 700-2/1/3/15).

Land preparation started prior to the coupe permit approval date.

#	Coupe #	Area (ha)	Expiry	Activity
1	KDT.01/2022	5,070.40	07/02/2037	ITP
	Total	5,070.40		

Form IIB Permit - Not applicable

GFS

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