

Sabah TLAS + Audit Report

Sabah Legality Standard Principles 1 – 4 & 7

Licensee	Land Owner: Pemegang Amanah Tanah Rizab Tapak Kediaman Anak Negeri Kg. Puda Penulangun Contractor: Paramount Lumber Sdn. Bhd. 201201035842 (1020324-M)	Reference #	GFSSBH 003-410
Contact Person	Mr. Reday Dualis (Management Representative)	Date of Report	03/07/2026
Office Address	Paramount Lumber Sdn. Bhd. Bangunan Foochow B2-2, 1 st Floor, 3.5 KM, Jalan Kolam, Luyang, 88100 Kota Kinabalu, Sabah, Malaysia. <u>Syarikat Alam Jadi</u> Peti Surat 2612, 90729 Sandakan, Sabah, Malaysia.	Date of close out	-
		Telephone	+6011 8761 3037
Email	paramountmill@yahoo.com Kontraktoralamjadi1@gmail.com PPW KK: MohdNasir.AgSuman@sabah.gov.my DFO Ranau: Suib.Basri@sabah.gov.my	Fax	-
		Approved By	Dr. Kevin Grace

Statements

Statement of Compliance	NC: Non-Compliance – Criteria 1.2 & 2.3		
Issuance Date	Not applicable	Expiration Date	Not applicable

Assessment Details

Assessment Dates	29 June – 03 July 2026
Scope of Assessment	Sabah TLAS+ 1-4: Form IIB - JPHTN(FIIB)KRN-2024/05, JPHTN(FIIB)KRN-2025/04, JPHTN(FIIB)KRN-2026/02, JPHTN(FIIB)KRN-2026/06
Species	<i>Anthoshorea</i> sp. (White Seraya), <i>Richetia</i> sp. (Yellow Seraya), <i>Koompassia excelsa</i> (Becc.) (Mengaris), <i>Annonaceae</i> (Karai), <i>Octomeles sumatrana</i> (Binuang), <i>Anacardiaceae mangifera</i> (Assam), <i>Lauraceae</i> (Medang), <i>Syzygium</i> sp. (Obah), <i>Koompassia malaccensis</i> (Impas), <i>Palaquium</i> sp. (Nyatoh), <i>Rubroshorea</i> sp. (Red Seraya), <i>Lithocarpus</i> spp. (Mempening), <i>Dyera</i> sp. (Jelutong), <i>Cratogeomys arborescens</i> (Serungan), <i>Dialium indum</i> (KerANJI), <i>Koordersiodendron pinnatum</i> (Ranggu), <i>Pterospermum</i> sp. (Bayor), <i>Dryobalanops</i> (Kapur), <i>Neolamarckia cadamba</i> (Laran), <i>Hopea sangal</i> (Gagil), <i>Shorea inappendiculate</i> (Selangan Batu), <i>Syzygium</i> sp. (Jambu-Jambu)
Lead Assessor	Eljipy Sualim
Assessor(s)	Ennald Chin, (UMS Intern) Stacy Robert
SFD Staff	Alexander Geivasius (ADFO Ranau), Raider Matin (PPW KK), Sylvester Saimin (PPW KK), Sheldon Julius (PPD Ranau), Hamka Sanin (PPD Ranau)

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 Pemegang Amanah Tanah Rizab Tapak Kediaman Anak Negeri Kg. Puda Penulungan with the Form IIB Permit #: JPHTN(FIIB)KRN-2024/05, JPHTN(FIIB)KRN-2025/04, JPHTN(FIIB)KRN-2026/02 & JPHTN(FIIB)KRN-2026/06 for Plan #: 906200003.
- 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 Pemegang Amanah Tanah Rizab Tapak Kediaman Anak Negeri Kg. Puda Penulungan 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:**

On 07 May 2019, the Yang di-Pertua Negeri Sabah declared a parcel of State Land as Native Reserve with NT. 033095993 in Kota Belud, with an area on the Title is 0.429 Hectares. This native reserve is fully utilized by the natives of Kampung Puda Penulungan for the construction of residential houses and ancillary buildings. Villagers are permitted to engage in traditional village-based industries, raise poultry and livestock and cultivate cash crops. Ranau District Chief, Ranau Native Chief and the head of village are appointed as Trustee of the Native Reserve, subject to directives of the Assistant Collector of Land Revenue Ranau. The Trustee shall fence the boundary to a satisfactory standard.

Area	District	No. Lot Survey	No. Plan	Area (Ha)
Kampung Puda Penulungan	Ranau	06200756	906200003	400.30

Contractor	Validity	Remarks
Main Contractor: Paramount Lumber Sdn. Bhd.	Dated 06/01/2022	To develop the reserve land. The validity has expired from the date of the agreement. Responsible in all permits, licenses or license to harvest, transport and sells of logs. Responsible in statutory requirement in Sabah and Malaysia including PERKESO to its workers and sub-contractor.
Sub-contractor: Kontraktor Alam Jadi	Dated 10/06/2022	To carry out land clearing, including felling, logging, removal, and transportation.

#	Ref. #	Remarks	Status
1	SFD: JPHTN/RNU:700-2/4/506 JILID.3(29) Form IIB: JPHTN(FIIB)KRN-2024/05	Sub-Contractor: Kontraktor Alam Jadi	Validity 1 month from 27/12/2024 Status = Expired (Phase 6)
2	SFD: JPHTN/RNU:700-2/4/506 JILID.4/6 Form IIB: JPHTN(FIIB)KRN-2024/05	Sub-Contractor: Kontraktor Alam Jadi	Validity 1 month from 30/04/2025 Status = Expired (Phase 6 extension)
3	SFD: JPHTN/RNU:700-2/4/506 JILID.4/11 Form IIB: JPHTN(FIIB)KRN-2024/05	Sub-Contractor: Kontraktor Alam Jadi	Validity 1 month from 04/06/2025 Status = Expired (Phase 6 extension)
4	SFD: JPHTN/RNU:700-2/4/506 JILID.4/18 Form IIB: JPHTN(FIIB)KRN-2024/05	Sub-Contractor: Kontraktor Alam Jadi	Validity 1 month from 21/07/2025 Status = Expired (Phase 6 extension)
5	SFD: JPHTN/RNU:700-2/4/506 JILID.4/26 Form IIB: JPHTN(FIIB)KRN-2025/04	Sub-Contractor: Kontraktor Alam Jadi	Validity 1 month from 03/09/2025 Status = Expired (Phase 7)

6	SFD: JPHTN/RNU:700-2/4/506 JILID.4/30 Form IIB: JPHTN(FIIB)KRN-2025/04	Sub-Contractor: Kontraktor Alam Jadi	Validity 1 month from 08/10/2025 Status = Expired (Phase 7 extension)
7	SFD: JPHTN/RNU:700-2/4/506 JILID.4/109 Form IIB: JPHTN(FIIB)KRN-2026/02	Sub-Contractor: Kontraktor Alam Jadi	Validity 1 month from 27/02/2026 Status = Expired (Phase 8)
8	SFD: JPHTN/RNU:700-2/4/506 JILID.4/115 Form IIB: JPHTN(FIIB)KRN-2026/02	Sub-Contractor: Kontraktor Alam Jadi	Validity 1 month from 02/03/2026 Status = Expired (Phase 8 extension)
9	SFD: JPHTN/RNU:700-2/4/506 JILID.5/15 Form IIB: JPHTN(FIIB)KRN-2026/02	Sub-Contractor: Kontraktor Alam Jadi	Validity 1 month from 01/04/2026 Status = Expired (Phase 8 extension)
10	SFD: JPHTN/RNU:700-2/4/506 JILID.5/81 Form IIB: JPHTN(FIIB)KRN-2026/06	Sub-Contractor: Kontraktor Alam Jadi	Validity 1 month from 12/05/2026 Status = Expired (Phase 9)
11	SFD: JPHTN/RNU:700-2/4/506 JILID.5/98 Form IIB: JPHTN(FIIB)KRN-2026/06	Sub-Contractor: Kontraktor Alam Jadi *	Validity 1 month from 10/06/2026 Status = Valid (Phase 9 extension)

Note * The Sub-contractor in its letter dated 13/05/2026 emphasized that Pemegang Amanah Tannah Rizab Kampung Puda Penulungan, Paramount Lumber and LIGS should not use the subcontractor's license for the Form IIB application.

Land use classification:

Land classification	Form IIB Area (ha)	Current Status (ha)
Total Native Reserve	400.30	400.30
Form IIB	200.07	Area harvested: 117 ha (58.48 % completed) Quantity: 606 logs Volume: 1,494.17 m ³ Balance area for harvesting: 83.07 ha

Current Operations:

Activities are still on-going for the Form IIB that was issued on 10/06/2026. As of the assessment, Four (4) Form IIB permits have been approved by the SFD. According to the Contractor, approximately 58.48 % of the total timber extraction has been completed as of the June 2026 assessment.

List of approved Form IIB.

Form IIB #	NFM/ITP	Status	Area (ha)	Geo-location data
JPHTN(FIIB)KRN-2024/05 JPHTN(FIIB)KRN-2025/04 JPHTN(FIIB)KRN-2026/02 JPHTN(FIIB)KRN-2026/06	Form IIB	Non-Sabah TLAS+	200.07	Not provided

Environmental context:

Forest type:
Non known

Commercial species currently existing:

Anthoshorea sp. (White Seraya), *Richetia* sp. (Yellow Seraya), *Koompassia excelsa* (Becc.) (Mengaris), *Annonaceae* (Karai), *Octomeles sumatrana* (Binuang), *Anacardiaceae mangifera* (Assam), *Lauraceae* (Medang), *Syzygium* sp. (Obah), *Koompassia malaccensis* (Impas), *Palaquium* sp. (Nyatch), *Rubroshorea* sp. (Red Seraya), *Lithocarpus* spp. (Mempening), *Dyera* sp. (Jelutong), *Cratoxylum arborescens* (Serungan), *Dialium indum* (KerANJI), *Koordersiodendron pinnatum* (Ranggu), *Pterospermum* sp. (Bayor), *Dryobalanops* (Kapur), *Neolamarckia cadamba* (Laran), *Hopea sangal* (Gagil), *Shorea inappendiculate* (Selangan Batu), *Syzygium* sp. (Jambu-Jambu).

Specific biological values (e.g., rare or endangered species):
Not known

Environmental services (e.g., critical watersheds, wildlife habitat, peat swamp, etc.):
None

EIA Report #:

For areas of 100 ha or more but less than 500 ha, the landowner shall have a Proposed Mitigation Measure report (PMM) developed by a qualified environmental consultant and approved by the EPD. As of the

assessment, PMM has yet to be established for Pemegang Amanah Tanah Rizab Tapak Kediaman Anak Negeri Kampung Puda Penulungan.

Social Context:

Social assessment SBS / SIA / EIA summary:
Not applicable

Identified communities that are dependent on the FMU:
Land belongs to Kg. Puda Penulungan.

Land claims, disputes & communication system:
Not applicable

Community Forestry Projects:
Not applicable

Itinerary & Mandays: Form IIB: Pemegang Amanah Tanah Rizab Tapak Kediaman Anak Negeri Kg. Puda Penulungan / Ranau District

Date	Activity	GFS Staff	Mandays
29 June 2026 Monday	Travel to Ranau. Opening meeting at PPD Ranau. Document review. Overnight in Ranau.	Eljipy Sualim, Ennald Chin, Stacy Robert	3
30 June 2026 Tuesday	Document review. Overnight in Ranau.	Eljipy Sualim, Ennald Chin, Stacy Robert	3
01 July 2026 Wednesday	Document review. Closing meeting at PPD Ranau. Travel back to home base.	Eljipy Sualim, Ennald Chin, Stacy Robert	3
02 July 2026 Thursday	Travel back to home base.	Eljipy Sualim, Ennald Chin, Stacy Robert	3
03 July 2026 Friday	Finalizing report.	Eljipy Sualim, Ennald Chin, Stacy Robert	3
04-05 July 2026	Administration/Reporting: GFSSBH 003-410	Dr. Kevin Grace Eljipy Sualim	2
Total			17

Highlights of Assessment
(Major Gaps = 1; Minor Gaps = 3; Observations = 0) Pemegang Amanah Tanah Rizab Tapak Kediaman Anak Negeri Kg. Puda Penulungan has not complied with the Sabah TLAS+ requirements (FDS TLAS-006), as non-compliance was identified under Criteria 1.2 & 2.3 during the assessment on 29 June-03 July 2026. Summary of status of operations by Principle: Principle 1. Right to Harvest The native reserve is fully utilized by the natives of Kampung Puda Penulungan for the construction of residential houses and ancillary buildings. Paramount Lumber was engaged to develop the reserve land. However, the validity of the agreement has expired. The main contractor is responsible in all permits, licenses and statutory requirement in Sabah and Malaysia including developing the PMM by a qualified environmental consultant and should be approved by the EPD. However, this has not been achieved yet. June 2026: Gap 001/2026 (Major) – Checklist 1.2.3, 1.2.4, 1.2.5 PMM was not yet established for the 400.30 ha as required. Principle 2. Forest Operations A field assessment could not be conducted due to adverse weather conditions and inaccessible road access. According to the MR, the access road is only passable up to Kampung Penulungan, and the operation area could not be reached. Based on the extraction records, a total of 606 logs, equivalent to 1,494.17 m³, had been extracted from the area. June 2026: Gap 001/2026 (Major) – Checklist 2.3.4

Highlights of Assessment

ECR monitoring reports were not submitted since the PMM was not developed yet.

June 2026: Gap 002/2026 (minor) – Checklist 2.4.1, 2.4.2

Employment agreements were not established for daily paid workers.

June 2026: Gap 003/2026 (minor) – Checklist 2.4.5, 2.4.6

Training for work safety and fire was not conducted and PPE records were not established.

June 2026: Gap 004/2026 (minor) – Checklist 2.4.8

Daily paid workers were not registered and contributed under SOCSO and EPF.

Principle 3. Statutory Charges

The SFD did not require Occupational Permit and machineries to be registered inside the licensed area. All associated fees have been paid. Records of royalty payment are maintained.

Principle 4. Other User Rights

Not applicable

Principle 7. Deforestation Free

Not applicable

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

Not applicable

Summary Results:

(Major gap = 1, Minor gap = 3, Observation = 0)

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

GAP	Type	Checklist	Status	Description
001/2026	Major	1.2.3, 1.2.4, 1.2.5, 2.3.4	New	June 2026: PMM was not yet established for the 400.30 ha nor the associated ECR reports as required.
002/2026	minor	2.4.1, 2.4.2	New	June 2026: Employment agreements were not established for daily paid workers.
003/2026	minor	2.4.5, 2.4.6	New	June 2026: Training for work safety and fire was not conducted and PPE records were not established.
004/2026	minor	2.4.8	New	June 2026: Daily paid workers were not registered and contributed under SOCSO and EPF.

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

Obs #	Checklist	Description
-	-	-

Highlights of Close Out Visit (if applicable)	Dates	-
The Major gap 001/2026 & 002/2026 shall be addressed in two months by September 2026.		

Recommendations

Pemegang Amanah Tanah Rizab Tapak Kediaman Anak Negeri Kampung Puda Penulangun has not demonstrated compliance with the Sabah TLAS + Principles 1-4 & 7 requirements (FDS TLAS-006) for its designated area as non-compliance was identified under Criteria 1.2 & 2.3 and is NOT recommended to receive a GFS Statement of Compliance or Sabah Timber Legality Assurance System Compliance Certificate+ (Sabah TLAS+ CC) from SFD.

The Major Gap shall be addressed within two months by **September 2026**.

Gap 001/2026 (Major) – Checklist 1.2.3, 1.2.4, 1.2.5, 2.3.4: The main contractor shall develop a Proposal Mitigation Measure for the project area and submit it to the EPD along with ECR reports as required.

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 002/2026 (minor) - Checklist 2.4.1, 2.4.2: The main contractor should establish employment agreements for all workers as per the agreement with the Trustee.

Gap 003/2026 (minor) - Checklist 2.4.5, 2.4.6: Work safety and fire training to be conducted for workers annually or new workers and PPE distribution records should be established.

Gap 004/2026 (minor) - Checklist 2.4.8: The main contractor should register and contribute EPF and SOCSO for all daily paid workers based on the statutory requirement and the agreement with the Trustee.

Form IIB permits issued for areas under 100 ha are expected to be completed within 12 months; thus, annual surveillance should not be applicable.

End of Summary Report