

Sabah TLAS + Audit Report

Sabah Legality Standard Principles 1 – 4 & 7

Licensee	Sapulut Forest Development Sdn. Bhd. 198001003973 (57757-K)	Reference #	GFSSBH003-411
Contact Person	Mr. Teddy Sius @ Lawrencius (FMU Executive Manager)	Date of Report	10/07/2026
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		Approved By	Dr. Kevin Grace

Statements

Statement of Compliance				GFS 025 LVS			
Issuance Date		13 July 2026		Expiration Date		12 July 2027	

Assessment Details

Assessment Dates	06-10 July 2026
Scope of Assessment	Sabah TLAS+ P1-4: SFMLA 04/97 (FMU 14)
Species	Industrial Tree Plantations (ITP) Salvage logging: <i>Richetia</i> sp. (Yellow Seraya), <i>Rubroshorea</i> sp. (Red Seraya), <i>Anthoshorea</i> sp. (White Seraya, Melapi), <i>Shorea pauciflora</i> King (Oba Suluk), <i>Pterospermum</i> sp. (Bayor), <i>Lauraceae</i> (Medang), <i>Neolamarckia cadamba</i> (Laran), <i>Dillenia</i> (Simpoh), <i>Duabanga moluccana</i> (Magas), <i>Syzygium</i> sp. (Obah), <i>Vatica</i> sp. (Resak), <i>Maasia</i> sp. (Mempisang), <i>Scaphium affine</i> (Kembang Semangkok), <i>Magnolia</i> sp. (Chempaka). Planted trees: <i>Anthocephalus mycophylla</i> (Red Laran), <i>Neolamarckia macrophylla</i> (White Laran), <i>Eucalyptus pellita</i> (Eucalyptus), <i>Albizia falcataria</i> (Batai), <i>Duabanga moluccana</i> (Magas), <i>Khaya ivorensis</i> (Khaya), <i>Octomeles sumatrana</i> (Binuang), <i>Terminalia copelandii</i> (Payung-Payung). Natural Forest Management (NFM): RIL harvesting: <i>Shorea</i> spp. (Red, White, Yellow, Melapi), <i>Palaquium</i> sp. (Nyatoh), <i>Duabanga moluccana</i> (Magas), <i>Octomeles sumatrana</i> (Binuang), <i>Magnolia</i> sp. (Cempaka), <i>Litsea</i> spp. (Medang), <i>Alstonia</i> sp. (Pulai), <i>Anisoptera</i> sp. (Pengiran), <i>Planchonia valida</i> (Putat Paya), <i>Dillenia</i> sp. (Simpoh), <i>Myristicaceae</i> spp. (Darah-Darah), <i>Dipterocarpus</i> spp. (Keruing), <i>Alstonia</i> sp. (Mempisang), <i>Pterospermum</i> spp. (Bayor), <i>Sindora beccariana</i> (Sepetir), <i>Castanopsis motleyana</i> (Berangan), <i>Scaphium affine</i> (Kembang Semangkok), <i>Rubroshorea</i> sp. (Red Seraya), <i>Richetia</i> sp. (Yellow Seraya), <i>Anthoshorea</i> sp. (White Seraya), <i>Annonaceae</i> (Karai), <i>Neolamarckia cadamba</i> (Laran), <i>Anthoshorea</i> sp. (Melapi), <i>Alstonia</i> sp. (Pulai), <i>Dryobalanops</i> (Kapur).
Lead Assessor	Teddy Quintin, (Acting Lead Auditor) Eljipy Sualim
Assessor(s)	Soliano Andrew, (UMS Internship) Stacy Robert
SFD Staff	DFO Tibow: Mohd Zainur Rijal Yusof, PPD Tibow: Mitus Nuing, Oswald Ongkilong, Bellneynyeo Honorius, Fakhirul Ramlee

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 Sapulut Forest Development Sdn. Bhd. with the Sustainable Forest Management License Agreement (SFMLA 04/1997) for FMU 14.
- 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 Sapulut Forest Development 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:

Based on the Special Environmental Impact Assessment, Sapulut Forest Development Sdn. Bhd. (Sapulut Forest Development) entered into an agreement (SFMLA 04/97) with the State Government of Sabah in Sep 1997 to manage a Commercial Class II forest at the Sapulut Forest Reserve and the area shall be managed over a long-term period (100 years).

The project area or current available production area is 95,300 Ha and zoned according to the guideline of Sustainable Forest Management policy to include Conservation (17% of the total area), Natural Forest Management (NFM) (54 % of the total area), Industrial Tree Plantation (ITP) (29 % of the total area).

Sapulut Forest Development developed the 4th Forest Management Plan (FMP) (2026-2035) that includes the 2nd Plantation Development Plan (PDP), part and parcel of the FMP.

Sapulut Forest Development has an agreement with the main contractor and the main contractor has an agreement with the sub-contractor.

Contractor	Coupe	Coupe Validity	Agreement Expiry Date	Remarks
Main Contractor: Simgaya Enterprise Sdn. Bhd.	KGU.06/2026 Cpt 139B- NFM Central	14/06/2029	18/12/2026	The Contractor shall comply with SFD, worker rights, safety & health and environmental requirements.
	Coupe KGU04/2025 Cpt 127B- NFM East	24/06/2030	31/12/2025	
Sub-contractor:	Cpt 127B	Not stated	Not stated	Quick survey on the

Rimbunan Enterprise	Cpt 139B	Not stated	Not stated	compartments area and comply with RIL guideline.
Sub-contractor: Teknikal Ukur Borneo	Cpt 130B	Not stated	Not stated	Quick survey on the compartments area and comply with RIL guideline.

The previous assessment was conducted in July 2026 that resulted in 0 gap(s) and 1 observation(s) (Report #: GFSSBH 003-356).

Land use classification: Based on the 4th FMP, Table 4.2: Forest Zoning of NFM and ITP Areas.

Land classification	4 th FMP Area (ha)	Current Status (ha) *
Total Licensed Area	76,613	76,613
NFM: NFM West = 7,937 Ha NFM East = 10,854 Ha NFM Central = 33,761 Ha	52,552	52,552 2026 NFM harvesting: Cmpts #: 130A, 130B, 126, 139B Area Harvested: 476.49 Volume (m ³): 16,911.58 m ³
ITP	21,970	Total Area planted: 4,393.67 ha BASIL 100 Clear Felling: 2,826.83 ha BASIL Stripline: 1,566.84 ha Species planted: <i>Macrophylla cadamba</i> (Red Laran), <i>Neolamarckia macrophylla</i> (White Laran), <i>Eucalyptus pellita</i> (Eucalyptus), <i>Albizia falcataria</i> (Batai), <i>Duabanga moluccana</i> (Magas), <i>Khaya ivorensis</i> (Khaya), <i>Octomeles sumatrana</i> (Binuang), <i>Terminalia copelandii</i> (Payung-Payung)
Conservation	2,091	2,091

*Based on data from 4th FMP and summary planting provided by the licensee.

Note: Planting from 2014 to 2019 was conducted under the BASIL Strip line regime. Meanwhile from 2020 onwards, the plantation regime was changed to BASIL 100 Clear Felling.

Current Operations:

Based on AWP 2026.

Activity	Current operations Compartments / Area (ha)	AWP planned: Compartments / Area (ha)
NFM RIL Harvesting	Compartment 139B / 354 ha	Compartments = 126 (356 Ha), 130A (226 Ha), 130B (256 Ha), 131 (306 Ha), 138A (307 Ha), 138B (228 Ha), 139 A (285 Ha), 139B (354 Ha)
ITP Salvage Logging	Compartment 189 / 100.73 ha	Compartments 178, 179, 189 = 140.26 Ha
BASIL Planting	Compartment 187 / 299 ha	Compartments = 187 (299 Ha), 189 (124 Ha), 178 (361.35 Ha), 179 (263.16 Ha)
CHP preparation = NFM	None	Compartments 126, 130A, 130B, 131, 138A, 138B, 139A, 139B, 123A, 123B, 124A, 124B, 125A, 125B

List current compartments under harvesting and planting.

Comp #	NFM / ITP	Status	Area (ha)	Geo-location data
139B	NFM	Sabah TLAS	354.00	NE: 517000N, 790000 E NW: 518000N, 791000 E SE: 513000N, 790000 E SW: 512000N, 791000 E
189	ITP	Sabah TLAS DF	100.73	NE: 514000N, 776000 E NW: 514000N, 777000 E SE: 512000N, 776000 E SW: 512000N, 777000 E
187	ITP	Sabah TLAS	299.00	NE: 512000N, 776000 E

		(Year established 2026)		NW: 512000N, 780000 E SE: 511000N, 776000 E SW: 511000N, 780000 E
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List AWP areas planned for harvesting and planting.

Comp #	NFM / ITP	Status	Area (ha)	Geo-location data
126	NFM	Sabah TLAS DF	356.00	NE: 518000N, 785000E NW: 518000N, 788000E SE: 516000N, 785000E SW: 516000N, 788000E
130A	NFM	Sabah TLAS DF	226.00	NE: 518000N, 788000E NW: 518000N, 790000E SE: 513000N, 789000E SW: 513000N, 790000E
130B	NFM	Sabah TLAS DF	256.00	NE: 518000N, 788000E NW: 518000N, 790000E SE: 513000N, 789000E SW: 513000N, 790000E
131	NFM	Sabah TLAS DF	306.00	NE: 518000N, 790000E NW: 518000N, 791000E SE: 517000N, 790000E SW: 517000N, 791000E
138A	NFM	Sabah TLAS DF	307.00	NE: 518000N, 792000E NW: 514000N, 793000E SE: 512000N, 792000E SW: 512000N, 793000E
138B	NFM	Sabah TLAS DF	228.00	NE: 518000N, 792000E NW: 514000N, 793000E SE: 512000N, 792000E SW: 512000N, 793000E
139A	NFM	Sabah TLAS DF	285.00	NE: 517000N, 790000E NW: 518000N, 791000E SE: 513000N, 790000E SW: 512000N, 791000E
178	ITP	Sabah TLAS DF	305.57	NE: 514000N, 780000E NW: 514000N, 782000E SE: 513000N, 780000E SW: 513000N, 782000E
179	ITP	Sabah TLAS DF	201.72	NE: 513000N, 780000E NW: 513000N, 781000E SE: 512000N, 780000E SW: 512000N, 781000E

Environmental context:

Forest type:

Current vegetation cover consists of Mixed Dipterocarp Forest, Kerangas Forest, Lower Montane Forest and Secondary Vegetation.

Commercial natural forest species currently existing:

ITP – Salvage logging & planted trees: *Richetia* sp. (Yellow seraya), *Rubroshorea* sp. (Red seraya), *Anthoshorea* sp. (White seraya, Melapi), *Shorea pauciflora* King (Oba Suluk), *Pterospermum* sp. (Bayor), *Lauraceae* (Medang), *Neolamarckia cadamba* (Laran), *Dillenia* (Simpoh), *Duabanga moluccana* (Magas), *Syzygium* sp. (Obah), *Vatica* sp. (Resak), *Maasia* sp. (Mempisang), *Scaphium affine* (Kembang semangkok), *Magnolia* sp. (Chempaka), *Anthocephalus mycophylla* (Red Laran), *Neolamarckia macrophylla* (White Laran), *Eucalyptus pellita* (Eucalyptus), *Albizia falcataria* (Batai), *Khaya ivorensis* (Khaya), *Octomeles sumatrana* (Binuang), *Terminalia copelandii* (Payung-payung).

NFM – RIL harvesting: *Shorea spp.* (Red, White, Yellow, Melapi), *Palaquium sp.* (Nyatoh), *Duabanga moluccana* (Magas), *Octomeles sumatrana* (Binuang), *Magnolia sp.* (Chempaka), *Litsea spp.* (Medang), *Alstonia sp.* (Pulai), *Anisoptera sp.* (Pengiran), *Planchonia valida* (Putat Paya), *Dillenia sp.* (Simpoh), *Myristicaceae spp.* (Darah-darah), *Dipterocarpus spp.* (Keruing), *Alstonia sp.* (Mempisang), *Pterospermum spp.* (Bayor), *Sindora beccariana* (Sepetir), *Castanopsis motleyana* (Berangan), *Scaphium affine* (Kembang Semangkok), *Rubroshorea sp.* (Red seraya), *Richetia sp.* (Yellow seraya), *Anthoshorea sp.* (White seraya), *Annonaceae* (Karai), *Neolamarckia cadamba* (Laran), *Anthoshorea sp.* (Melapi), *Alstonia sp.* (Pulai), *Dryobalanops* (Kapur).

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

A presence of totally protected wildlife species listed under Schedule 1 of the Sabah Wildlife Conservation Enactment (WCE) 1997 been confirmed within the reserve. These includes the Sun Bear (*Helarctos malayanus*), Tembadau *Bos javanicus*), Pangolin *Manis javanica*), Sunda Clouded Leopard (*Neofelis diardi*) and the Bornean Pygmy Elephant (*Elephes maximus borneensis*). Records of this species were primarily obtained through camera trap installations.

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

Two major rivers; the Sapulut and Kinabatangan. Ten tributaries – Sansiang, Saburan, Siliawan, Tibow, Palangan, Sabunutan, Beliar, Lambunaan, and Sablangan, converge on the Sapulut river, which eventually drains to Kalimantan. A tributary of the Pinangah River originates from the northern part of the FMU and flows to the central Kinabatangan River. The most significant minor catchment is the Sansiang River, followed by the Saburan and Salung rivers. Of the 76,613 Ha of the FMU, 97% of the catchment supplies continuous water to the Pensiangan region, which eventually flows into Kalimantan.

SEIA Report #:

EIA	Ref. #	Consultant
Forest Logging & Plantation of 95,300 Hectares FMU 14 Sapulut, Sabah	JPAS/PP/12/600- 1/01/3/10	Sinoh Environmental Sdn. Bhd.

Social Context:

Social assessment SBS / SIA / EIA summary:

Sapulut Forest Development conducted a Social Impact Assessment (SIA) in Oct 2023.

25 villages adjacent to the eligible certified under Management of Natural Forest		
Kg. Samuran	Kg. Kangkamon	Kg. Koyoon
Kg. Samuran B	Kg. Bigor	Kg. Kainggalan
Kg. Labang	Kg. Bukokoh	Kg. Tampa Ri Kailau
Kg. Naaturan	Kg. Nantayap	Kg. Tantayakan
Kg. Liningkar@Tumangulan	Kg. Simatuoh	Kg. Manduluh
Kg. Balantos	Kg. Kuku Emas	Kg. Kuala Sapulut
Kg. Tonomon	Kg. Sinsingon	Kg. Salangon
Kg. Saliku	Kg. Nalasaran	Kg. Inalung Pampalang
Kg. Pulutan Atas/Bawah	Total	25

Sapulut Forest Development conducted the SIA in 2019 for the Forest Plantation Management Unit (FPMU 14).

Settlement		
Kg. Tataluan	Kg. Salarom Taka	Kg. Maatol
Kg. Bangau	Kg. Sandukan	Kg. Mawantul
	Total	6

Identified communities that are dependent on the FMU:

Based on the SIA, communities in the 25 villages are still depending on the forest as their source of food as *Pakis*, traditional medicinal source, water source, hunting, and handicraft material (Rattan, Bamboo) within the FMU 14 area.

Land claims, disputes & communication system:

Based on the SIA, 2 % respondents from Kg. Samuran and Kg. Simatuoh claimed that they own a land inside the FMU area. Some of the community in Kg. Samuran said that they're still visiting their ancestor

land, which located inside the Forest Reserve area, while in Kg. Simatuoh B, they claimed that the changes in Forest Reserve boundary causes some of their land got included in the forest reserve area. However, there are no illegal settlers within FMU 14.

Sapulut Social Forestry Consultative committee has been established, which aiming to provide a bridge of communication between Sapulut Forest Development and local communities, which will be conducted once a year.

Community Forestry Projects:
None

Itinerary & Mandays: 06-10 Jul 2026 / FMU 14: Sapulut Forest Development Sdn. Bhd. / Tibow District

Date	Activity	GFS Staff	Mandays
06 July 2026 Monday	Travel to Sapulut Forest Development basecamp. Opening meeting. Document review. Overnight at basecamp.	Teddy Quintin, Eljipy Sualim, Soliano Andrew, Stacy Robert	4
07 July 2026 Tuesday	Field assessment to NFM operations areas; Compartment 139B, 127B, protected area (riparian reserve), licensed boundary, PSP, log yard, nursery. Document review. Overnight at basecamp.	Teddy Quintin, Eljipy Sualim, Soliano Andrew, Stacy Robert	4
08 July 2026 Wednesday	Field assessment to ITP operations areas; Compartment 187 (planting), 189 (salvage logging), 191 (maintenance), protected area (riparian reserve), compartment boundary, PSP, log yard, campsite, workshop, stores, workers' quarters. Document review. Overnight at basecamp.	Teddy Quintin, Eljipy Sualim, Soliano Andrew, Stacy Robert	4
09 July 2026 Thursday	Social assessment with representative from Kg. Liningkar. Document review. Overnight at basecamp.	Teddy Quintin, Eljipy Sualim, Soliano Andrew, Stacy Robert	4
10 July 2026 Friday	Closing meeting. Travel to home base	Teddy Quintin, Eljipy Sualim, Soliano Andrew, Stacy Robert	4
11-12 July 2026	Reporting/Administration: GFSSBH003-411	Dr. Kevin Grace Teddy Quintin	2
Total			22

Highlights of Assessment

(Major Gaps = 0; Minor Gaps = 0; Observations = 1)

Sapulut Forest Development Sdn. Bhd. has complied with the Sabah TLAS+ requirements (FDS TLAS-006) as no non-compliance was identified during the assessment on 06-10 July 2026.

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

Principle 1. Right to Harvest

Sapulut Forest Development demonstrated compliance with the license requirements, required management planning, and submission of documents and reports such as the EIA monitoring reports to the relevant authorities.

Principle 2. Forest Operations

Sapulut Forest Development demonstrated compliance with forest harvesting operations, protection of buffer zones, security of the licensed area, maintenance of licensed boundary and regulatory requirements for workers.

July 2026: Observation 001-2026 – Checklist 2.2.3

Geo-location was not documented in the e-Removal Pass by the SFD.

Principle 3. Statutory Charges

All associated fees have been paid by Sapulut Forest Development. Records of royalty payment are maintained.

Principle 4. Other User Rights

Sapulut Forest Development conducted a Social Impact Assessment in 2019 and Oct 2023. **There are 25 villages and 6 villages (ITP) adjacent to the FMU area.** Communities are still depending on the forest as their source of food, traditional medicinal source, water source, hunting and handicraft material (rattan, Bamboo). However, there are no illegal settlers within the FMU 14.

Principle 7. Deforestation Free

Sapulut Forest Development demonstrated compliance regarding certificate and deforestation free.

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

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

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

GAP	Type	Checklist	Status	Description
-	-	-	-	-

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

Obs #	Checklist	Description
001-2026	2.2.3	July 2026: Geo-location was not documented in the e-Removal Pass by the SFD

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

Recommendations

Sapulut Forest Development Sdn. Bhd. has 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 (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 2.2.3: SFD shall ensure the Geo-location is documented in the e-Removal Pass.

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

End of Summary Report