

Sabah TLAS + Audit Report

Sabah Legality Standard Principles 1 – 4 & 7

Licensee	Azam Surianiaga Sdn. Bhd. 201601019040 (1189977-U)	Reference #	GFSSBH003-412
Contact Person	Mr. Kasmir Maichel (Director)	Date of Report	17/07/2026
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		Approved By	Dr. Kevin Grace

Statements

Statement of Compliance	GFS 171 LVS		
Issuance Date	20 July 2026	Expiration Date	19 July 2027

Assessment Details

Assessment Dates	13-17 July 2026
Scope of Assessment	Sabah TLAS+ P1-4: SFMLA 02/2018 (FMU 3 partly)
Species	ITP Salvage logging: <i>Drybalanops</i> spp. (Kapur), <i>Dipterocarp</i> spp. (Keruing), <i>Parashorea</i> spp. (White seraya), <i>Shorea</i> spp. (Red seraya, Yellow seraya, Melapi), <i>Heritiera simplicifolia</i> (Kembang), <i>Shorea pauciflora</i> (Oba suluk), <i>Neolamarckia cadamba</i> (Laran), <i>Duabanga moluccana</i> (Magas), <i>Octomeles sumatrana</i> (Binuang), <i>Alstonia</i> spp. (Pulai), <i>Eugenia</i> spp. (Obah), <i>Lithocarpus</i> & <i>Quercus</i> (Mempening), <i>Myristicaceae</i> (Darah-darah), <i>Cratoxylum arborescens</i> (Serungan), <i>Pentace</i> spp. (Takalis), <i>Tristanopsis merguensis</i> (Pelawan-pelawan), <i>Dialium indum</i> (Keranjil), <i>Anisoptera</i> spp. (Pengiran), <i>Endospermum diadenum</i> (Sendok – Sendok), <i>Annonaceae</i> spp. (Pisang-pisang), <i>Planchonia valida</i> (Putat), Terantang, <i>Cotylelobium</i> spp. (Resak), <i>Sapotaceae</i> spp. (Nyatoh), <i>Lauraceae</i> (Medang), Berangan, <i>Annonaceae</i> spp. (Karai), <i>Eugenia</i> spp. (Obah), <i>Heritiera simplicifolia</i> (Kembang), <i>Prerospermum</i> spp. (Bayor), <i>Sindora beccariana</i> (Sepetir), <i>Cratoxylum</i> spp. (Geronggang), <i>Camposperma auriculatum</i> (Terentang), <i>Hopea</i> spp. (Gagil) ITP Planted trees: <i>Eucalyptus pellita</i> (Eucalyptus), <i>Neolamarckia cadamba</i> (Laran), <i>Hopea sangal</i> (Gagil), <i>Shorea</i> spp. (White Seraya), <i>Sweitona</i> spp. (Mahagony)
Lead Assessor	Teddy Quintin, (Acting Lead Auditor) Eljipy Sualim
Assessor(s)	Ennald Chin
SFD Staff	Beatrice Joseph (ADFO PPD Kota Marudu), Stepreads Emmanuel (PPD Kota Marudu), Mohd Azrul Izwan Bin Mohd Jaya (PPD Kota Marudu)

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 **Azam Surianiaga Sdn. Bhd.** with the Sustainable Forest Management License Agreement (**SFMLA 02/2018**) for **FMU 3 (Partly)**.
- 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 **Azam Surianiaga 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:

In April 2018, Azam Surianiaga Sdn. Bhd. (Azam Surianiaga) entered into a long-term concession agreement with the Government of the State of Sabah to undertake forest management in part of the Lingkabau Forest Reserve within FMU # 3 for a period of 50 years, running from 20/04/2018 to 19/04/2068 (SFMLA 02/2018). The reserve is designated by law as a Commercial Forest Reserve (Class II), meaning that it is intended primarily for timber production. Under this agreement, Azam Surianiaga is given the right to manage the licensed area for the purpose of sustainable timber production, with emphasis on short-rotation forest plantations and tourism development.

This Forest Management Plan (FMP) outlines the key management activities and their implementation plan for the 10,195 ha, Licensed Area over a period of 10 years (i.e. covering the period January 2021-December 2030).

After accounting for conservation zones, roads, riparian buffers, steep areas, etc. the net area available for production within the licensed area is estimated at 9,047 ha. This translates to a reduction of the area available for production by about 11.3 % (or 1,148 ha). The licensed area is divided into three main land use function zones: 1) Industrial tree plantations (ITP): 5,873 ha, natural forest management (NFM): 2,503 ha and tourism development: 1,819 ha.

The previous assessment was conducted in June 2025 that resulted in 2 gap(s) and 2 observation(s) (Report #: GFSSBH 003-353).

Land use classification:

Based on FMP, Table 4.1: Estimated net production area (Ha).

Land classification	FMP Area (ha)	Current Status (ha)
Total Licensed Area	10,195	10,195
Non-production area: Roads & clearings = 435 Ha Streams, ponds, including riparian buffer = 512 Ha Steep & inoperable area = 186 Ha Base camp & other facilities = 15 Ha	1,148	1,148
Net production area	9,047	9,047

Based on the FMP, Table 4.2:

Land classification	FMP Area (ha)	Current Status (ha)
ITP: Forest Plantation Zone: Area < 15° slope = 4,574 Ha Area 15-25° slope = 1,280 Ha Area > 25° slope = 18 Ha *Total = 5,872 Ha. However, the FMP stated 5,873 Ha	5,873	Area Salvage logged: 2133 ha Total Area planted: 225.40 <u>Area planted by species:</u> Laran = 11.30 Eucalyptus = 184.10 Gagil = 17 Mahogany = 9 White Seraya = 4
NFM: Area < 15° slope = 1,238 Ha Area 15-25° slope = 1,153 Ha Area > 25° slope = 112 Ha	2,503	2,503 No harvesting inside the NFM compartments.

Current Operations:

Based on AWP 2026

Activity	Current operations Compartments / Area (ha)	AWP planned: Compartments / Area (ha)
NFM RIL harvesting	-	-
ITP Salvage Logging	Area logged through 2025, 2133 ha	-
Tree Planting	Compartment 14 / 643.29 ha	Compartment 14 / 643.29 ha

List **current compartment** under gap planting.

Comp #	NFM / ITP	Status	Area (ha)	Geo-location data
14	ITP	Sabah TLAS	643.29	NE: 708000N, 806000 E NW: 707000N, 810000 E SE: 704000N, 807000 E SW: 704000N, 809000 E

List **AWP areas** planned for gap planting.

Comp #	NFM / ITP	Status	Area (ha)	Geo-location data
14	ITP	Sabah TLAS	643.29	NE: 708000N, 806000 E NW: 707000N, 810000 E SE: 704000N, 807000 E SW: 704000N, 809000 E

Environmental context:

Forest type:

The natural vegetation of the licensed area can be classified into only two types; Upland Mixed Dipterocarp Forest, occupying areas above 500 m ASL, makes up the largest portion (98.4%). The Lowland Mixed Dipterocarp Forest, occupying the relatively lower lying areas below 500 m ASL account for 1.6% of the area.

Commercial species currently existing:

ITP Salvage logging trees: *Drybalanops* spp. (Kapur), *Dipterocarp* spp. (Keruing), *Parashorea* spp. (White seraya), *Shorea* spp. (Red seraya, Yellow seraya, Melapi), *Heritiera simplicifolia* (Kembang), *Shorea pauciflora* (Oba suluk), *Neolamarckia cadamba* (Laran), *Duabanga moluccana* (Magas), *Octomeles sumatrana* (Binuang), *Alstonia* spp. (Pulai), *Eugenia* spp. (Obah), *Lithocarpus* & *Quercus* (Mempening), *Myristicaceae* (Darah-darah), *Cratoxylum arborescens* (Serungan), *Pentace* spp. (Takalis), *Tristanopsis merguensis* (Pelawan-pelawan), *Dialium indum* (KerANJI), *Anisoptera* spp. (Pengiran), *Endospermum diadenum* (Sendok – Sendok), *Annonaceae* spp. (Pisang-pisang), *Planchonia valida* (Putat), Terantang, *Cotylelobium* spp. (Resak), *Sapotaceae* spp. (Nyatoh), *Lauraceae* (Medang), Berangan, *Annonaceae* spp. (Karai), *Eugenia* spp. (Obah), *Heritiera simplicifolia* (Kembang), *Prerospermum* spp. (Bayor), *Sindora beccariana* (Sepetir), *Cratoxylum* spp. (Geronggang), *Camposperma auriculatum* (Terentang), *Hopea* spp. (Gagil)

ITP Planted trees: *Eucalyptus pellita* (Eucalyptus), *Neolamarckia cadamba* (Laran), *Hopea sangal* (Gagil), *Shorea spp.* (White Seraya), *Sweitona spp.* (Mahagony)

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

A total of 23 species of mammals, comprising of 20 genera and 12 families were recorded during a 7-day field survey in 2019. With six species, Sciuridae (squirrels) was found to be the most speciose family. Viverridae and Cervidae were among the top four most speciose families. Bornean Pygmy Squirrel (*Exilisciurus exilis*), Bornean Yellow Muntjac (*Muntiacus atherodes*), Muller's Gibbon (*Hylobates muelleri*) and the Sunda Pangolin (*Manis javanica*) is a Critically Endangered (CR) species. Other endangered species includes the Bearded Pig (*Sus barbatus*). Bornean Clouded Leopard (*Neofelis diardi borneensis*) and Binturong (*Arctictis binturong*). The survey found no evidence of orang utan (*Pongo pygmaeus*) in the licensed area. Other large mammals such as elephants and tembadau were also absent in the licensed area. The area is generally a poor habitat for elephants and orang utans due likely to elevation, and forest type.

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

Given the hilly topography, there is an extensive network of streams within the licensed area. These streams have no gazetted names and are generally too shallow to be navigable by boat or used as a means of transportation. The estimated total length of perennial streams greater than 4 m width within the area is about 167 KM. The prescribed width of riparian buffers for such streams according to existing statutory requirement is 30 m. Generally, all streams form the headwaters of Sg. Bengkoka.

EIA Report #:

EIA	Ref. #	Consultant
Proposed Forestry Operation Within SFMLA 02/2018 (10,195.28 Ha) under FMU 3 of Lingkabau Forest Reserve, District of Kota Marudu, Sabah	JPAS/PP/KM/600-1/01/3/14 Klt.2	Ekohandal Sdn. Bhd

Social Context:

Social assessment SBS / SIA / EIA summary:

Based on the EIA, there are no village and local settlement found located within the project area. However, socio-economic impact will still be taken into account around the zone of impact.

No.	Village (Kg.)	Distance (KM)	Location
1	Kg. Minitampak	3.2	Northwest
2	Kg. Panosukan	5.0	Northwest
3	Kg. Gana	4.4	Southwest
4	Kg. Kaurun	0.1	Southwest
5	Kg. Toguhu	*	*

Note: * Azam Surianiaga visited Kg. Toguhu in Mar 2025; however, this village was not included in the EIA.

Identified communities that are dependent on the FMU:

While most have relocated to Kg. Gana, a small settlement of 7 households occupies an area of about 2 ha within Compartment 8, where this community subsist on cultivated food crops, fishing and hunting bush meat. Their presence in the licensed area will have to be accommodated by Azam Surianiaga either by providing them with a means of livelihood through participation in forestry activities, or some other amicable form of compensation. Either way, it is a policy of Azam Surianiaga to ensure that forestry activities within the licensed area bring benefits to local community. However, based on the MR and SFD, the communities in the households will need to resettle in Kg. Gana.

Land claims, disputes & communication system:

None

Community Projects:

Kg. Gana is a large government resettlement scheme initiated by the Sabah Forestry Department in 1998, aka GRID (Gana Resettlement & Integrated Development Project). Many families who once illegally occupied lands within the Lingkabau Forest Reserve have been relocated to Kg. Gana. Today, Kg. Gana enjoys sealed road access, pipe water, electricity, telecommunication, and a primary school. Some settlers

have been given government employment, while others have been allotted land for farming, mostly rubber. In addition, the Forestry Department have also engaged the local community in forest restoration contracts.

Itinerary & Mandays: 13-17 July 2026 / FMU 3 (Partly): Azam Surianiaga Sdn. Bhd. / Kota Marudu District

Date	Activity	GFS Staff	Mandays
13 July 2026 Monday	Travel to Kota Marudu. Opening meeting at PPD Kota Marudu. Document review. Overnight at Kota Marudu.	Teddy Quintin, Eljipy Sualim, Ennald Chin	3
14 July 2026 Tuesday	Field assessment to operation areas; Compartment 14 (planting), Compartment 16 (2025 planted area and maintenance area), licensed boundary, protected area (buffer zone), workers; quarters, stores, PSP area. Document review. Overnight at Kota Marudu.	Teddy Quintin, Eljipy Sualim, Ennald Chin	3
15 July 2026 Wednesday	Social assessment with representative from Kg. Gana. Document review. Overnight at Kota Marudu.	Teddy Quintin, Eljipy Sualim, Ennald Chin	3
16 July 2026 Thursday	Closing meeting at PPD Kota Marudu. Travel back to homebase.	Teddy Quintin, Eljipy Sualim, Ennald Chin	3
17 July 2026 Friday	Finalizing report.	Teddy Quintin, Eljipy Sualim, Ennald Chin	3
18-19 July 2026	Reporting/Administration: GFSSBH003-412	Dr. Kevin Grace Teddy Quintin	2
Total			17

Highlights of Assessment

(Major Gaps = 0; Minor Gaps = 0; Observations = 2)

Azam Surianiaga Sdn. Bhd. has complied with the Sabah TLAS+ requirements (FDS TLAS-006) as no non-compliance was identified during the assessment on 13-17 July 2026.

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

Principle 1. Right to Harvest

Azam Surianiaga entered into agreement with the Government of the State of Sabah to undertake forest management in part of the Lingkabau Forest Reserve within FMU # 3 for a period of 50 years, i.e. from 20/04/2018 to 19/04/2068 (SFMLA 01/2018) (Amendment SFMLA from 100 years to 50 years, Ref. #: JPHTN/SFM(S) 800-1/3/3(JILID.1) (13) dated 28/01/2019). Management plans were approved in 2021.

Azam Surianiaga demonstrated compliance with the license requirements, required management planning, and submission of documents or reports such as the EIA monitoring report to the relevant authorities.

July 2026: Observation 001-2026 - Checklist 1.3.3

The mid-term review 2025 has not been finalized yet.

July 2026: Observation 002-2026 - Checklist 1.4.6

PDP or FMP does not reference approved chemical used by the SFD for plantation development and maintenance.

Principle 2. Forest Operations

Azam Surianiaga demonstrated compliance with the forest management plan whereby harvesting in ITP areas is down to 30 cm DBH. Protected areas are mapped and identified on the ground. The company monitors planted trees and ensures compliance with the regulatory requirements for workers.

Principle 3. Statutory Charges

Azam Surianiaga has paid the associated fees. Records are available and maintained. No royalty payments from June 2025 to June 2026.

Highlights of Assessment

Principle 4. Other User Rights

Based on the EIA, there are no village and local settlement found located within the project area. However, socio-economic impact still be taken into account around the zone of impact.

Principle 7. Deforestation Free

Not Applicable – Azam Surianiaga conducted salvage logging in natural forest areas after 2020.

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

Not applicable

Summary Results:

(Major gap = 0, Minor gap = 0, Observation = 2)

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	1.3.3	July 2026: The mid-term review 2025 has not been finalized yet.
002-2026	1.4.6	July 2026: PDP or FMP does not reference approved chemical for plantation development and maintenance.

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

Recommendations

Azam Surianiaga 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 1.3.3: Azam Surianiaga shall revise the mid-term review as required and submit it to SFD for approval.

Observation 002-2026 – Checklist 1.4.6: PDP or FMP should reference approved chemical used by the SFD for plantation development and maintenance.

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

End of Summary Report