

Sabah TLAS Audit Report

Sabah Legality Standard Principles 1 – 4

Licensee	License Owner: Sentotimber Sdn. Bhd. 201701018594 (1232759-K) Contractor: NFT Sdn. Bhd. 200601032591 (0752350T)	Reference #	GFSSBH 003-368
Contact Person	Ms. Nancy Edios (Management representative)	Date of Report	19/09/2025
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		Approved By	Dr. Kevin Grace

Statements

Statement of Compliance				GFS 165 LVS			
Issuance Date		22 September 2025		Expiration Date		21 September 2026	

Assessment Details

Assessment Dates	15-19 September 2025
Scope of Assessment	Sabah TLAS P1-4: Form 1 Stateland – JP(NNN)007/2023(F1)
Species	Salvage logged: <i>Shorea inappendiculata</i> (Selangan Batu), <i>Shorea spp.</i> (Obah Suluk), <i>Myristicaceae</i> (Darah-Darah), <i>Parashorea spp.</i> (White Seraya), <i>Shorea spp.</i> (Red Seraya, Yellow Seraya, Melapi), <i>Neolamarckia cadamba</i> (Laran), <i>Drybalanops spp.</i> (Kapur), <i>Dipterocarpus spp.</i> (Keruing), <i>Duabanga moluccana</i> (Magas), <i>Dillenia spp.</i> (Simpoh), <i>Cratoxylum spp.</i> (Serungan), <i>Hopea sangal</i> (Gagil), <i>Dialium indum</i> (KerANJI), <i>Annonaceae spp.</i> (Karai), <i>Magnolia spp.</i> (Chempaka), <i>Palaquium spp.</i> (Nyatoh), <i>Lauraceae spp.</i> (Medang), <i>Scaphium affine</i> (Kembang Semangkuk), <i>Alstonia spp.</i> (Pulai), <i>Koompassia malaccensis</i> (Impas), <i>Campnosperma auriculatum</i> (Terentang), <i>Lithocarpus spp.</i> (Mempening), <i>Vatica spp.</i> (Resak), <i>Goniothalamus spp.</i> (Mempisang), <i>Planchonia valida</i> (Putat paya), <i>Ficus callosa</i> (Kayu ara), <i>Terminalia spp.</i> (Talisai), <i>Parastemon urophyllus</i> (Mandailas), <i>Parkia spp.</i> (Petai), <i>Callophyllum spp.</i> (Bintangor), OT (Other timber).
Lead Assessor	Teddy Quintin
Assessor(s)	Daelirion Samsar, Eljipy Sualim
SFD Staff	Edmund William (DFO Nabawan), Rhymie Abd. Rahman (ADFO Nabawan), Mohd Putera (PPD Nabawan), Nordye Enik (PPD Nabawan), Muin Siambing (PPD Nabawan), Vicen Kundasing (PPD Nabawan)

OBJECTIVES:

- The objective of this checklist is to verify compliance to the Criteria listed in the Sabah Legality Standard as defined by Principles 1 - 4 for Sabah dated November 2020 (**SFD-TLAS-002**).
- 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 does reflect non-compliance to a criterion. Compliance with a criterion where multiple minor gaps are identified in indicators under the criterion may reflect non-compliance to the criterion.
- All issues identified under this standard shall be considered appropriate to the scale and degree of forestry operations undertaken by the parties under the agreement.

Summary Information

Overview of Licensee:

The Temporary Occupation License (TOL) area with the area of 950 ha within the State Land (TOL. 15950130) under Nabawan District and Lands & Surveys Department is allowed to be managed for logging operation by the land owner, Sentotimber Sdn. Bhd. (Sentotimber). The State Government of Sabah, through Lands and Surveys Department has approved the issuance of TOL registered under PT 20-21150297 located in Mukim Dalit, Nabawan to Sentotimber (Ref. #: L.S. 1501.4.278/(31) dated 04/07/2022).

The logging operation is carried out to extract commercial logs in 950 ha of PT 20-2115-297 in Nabawan, Sabah. The logging operation is under purview of SFD and it will be governed by the Forest Enactment 1968. Sentotimber will obtain the Logging Operation License from SFD as a mandatory requirement prior to commence logging operation. The method and technique of this logging operation will be prescribed and determined by SFD in Logging Operation License.

There will be no other development to be carried out at the TOL area after logging work is completed. If there is any development, the new EIA should be prepared according to the particular project activity.

By a Letter of Approval dated 03/04/2023, the Lands and Survey Department has approved to Sentotimber (License Owner) a TOL for the purpose of logging only.

By a Sale of Standing Timber Agreement dated 05/04/2023 entered between the License Owner and Bright Plantation Sdn. Bhd. (Bright Plantation), the License Owner has agreed to sell and Bright Plantation has agreed to purchase all the standing trees and timbers situated at the Licensed Area. By a Sub-Contractor Agreement dated 09/01/2024 between bright Plantation and the Company, Bright Plantation has agreed to appoint the Company as its sole and exclusive sub-contractor to undertake the land clearing, extraction and felling of trees and timbers at the Licensed Area.

The Company intends to engage the Contractor to fell, extract, harvest and convert timber within the Licensed Area.

Timber Extraction Agreement dated 06/05/2024 was made between GLC Borneo Sdn. Bhd. (The Company) and NFT Sdn. Bhd. (The Contractor). The Contractor to conduct the Extraction Works on the Licensed Area in accordance with the work specifications and upon the terms and conditions for a period of 2 years.

Land use classification: Based on the EIA

Land classification	Form 1 Area (ha)	Current Status (ha)
Total area based on Form 1	932.48	950
Based on EIA: Phase 1 – Block A = 237.50 ha Phase 2 – Block B = 237.50 ha Phase 3 – Block C = 237.50 ha Phase 4 – Block D = 237.50 ha	950	824.74 Logging Area: 125.00 ha Logging Volume 7,876.43 m ³
Steep slope	Not stated	EIA: Steep area > 25°: 125.26 ha

Current Operations:

The Form 1 license is based on salvage logging with no diameter cutting limits or species restriction. There is no NFM area inside the licensed area. There are no planting activities conducted by Sentotimber. All logging activities must be below 25° slope. The licensed area is divided into 4 phases / (blocks A-D) and 19 sub-blocks. Logging in 2025 was conducted in all phases / blocks, and material from each block was mixed for royalty assessment and sale.

Block #	NFM / ITP	Status	Area (ha)	Geo-location data
A-D	Form 1	Sabah TLAS	950	NW: 04°54'12" N, 116°16'15" E NE: 04°54'17" N, 116°19'21" E SW: 04°53'22" N, 116°16'21" E SE: 04°53'24" N, 116°19'41" E

Environmental Context:

Existing EIA report & key elements for protection / mitigation:

The EIA "Proposed logging operation in 950 ha within Temporary Occupation License (TOL) under 20-21150297 in Nabawan, Sabah" was prepared by Ekohandal Sdn. Bhd. was approved by the EPD on 12/12/2022. The main issued identified as an impact from the implementation of the project are soil erosion, silt deposition, water quality pollution, air pollution, risk of forest fires, disturbance to flora and fauna habitats, management of biomass solid waste, sewage and used mud, therefore, Sentotimber must implement all the control measures listed in the Environmental Conditions.

Forest type and short history of management:

The existing land use of the project area is dominated with secondary forest of logged over area alienated under TOL. The boundaries of Pensiangan Forest Reserve a Class I Forest reserve and the TOL area are parallel and separated with 50 m gap at the eastern part of the TOL area. The gap provides buffer zone between two boundaries on the ground. Other land use features in the surrounding area are oil palm plantation operated by private companies and small holders. The TOL area can be accessed from Keningau town and Nabawan through the main road of Keningau-Sook-Nabawan Road. After traversing till Mill 22 from Keningau town, the junction to the TOL area will be on the right. The access road will be shared with the local residents near the TOL area. Besides that, this road will also be used to transport logs from the TOL area to sawmill for wood processing.

Principal commercial species currently existing:

The TOL area is dominated by secondary forest of logged over area under Mixed Dipterocarp Forest. The eastern part of the TOL area is bordering parallel with Pensiangan FR (Class 1 Forest Reserve). There are no species identified within the TOL area. The standing trees species existed in the TOL area are Seraya (*Shorea spp.*), Keruing (*Dipterocarpus spp.*), Selangan batu (*Hopea semicuneata*) and Kapur Panji (*Dryobalanops lanceolata*). Other trees found within the TOL area include Mempening (*Lithocarpus spp.*), Pulai (*Alstonia macrophyll*), Laran (*Neolamarckia cadamba*), Binuang (*Octomeles sumatrana*) and *Macaranga sp.*

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

The fauna species within the TOL area is poor and its populations have declined from their original state due to adverse effect of logging in the past. There were also no signs of elephants (*Elephes maximus*) and orangutan (*Pongo pygmaeus*) within the TOL area. Among the fauna species identified are long tailed monkey (*Macaca fascicularis*), deer (*Cervus unicolor*), monitor lizard (*Varanus salvator*), wild boar (*Sus barbatus*) and other species. There is no endangered species or protect species known to exist in the TOL area and nearby Pensiangan Forest Reserve.

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

There are 4 main rivers flow within the TOL area known as Sg. Penarakan, Sg. Baltikun, Sg. Kahimpongah and Sg. Susuhon. All these rivers and tributaries are flowing within the TOL area and might be affected by the logging operation. The TOL area is mostly within Sg. Panarakan water catchment. Other water catchment within the TOL area is Sg. Balatikun, Sg. Kahimpongah and Sg. Susuhon.

Social Context:

There is no gazetted village or human settlement found within the TOL area. There are 2 villages found within the 4 KM from the project site named, Kg. Ponontoman and Kg. Layun.

Scope of Assessment

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| <ul style="list-style-type: none"> The scope of the evaluation is to verify compliance of Sentotimber Sdn. Bhd. with the Stateland – TOL. 15950130 for Form 1: JP(NNN)007/2023(F1). The assessment is in accordance with the terms of the agreement for the “Sabah Legality Standard Principles 1 - 4 dated 1 January 2024 (SFD-TLAS-006). Site evaluation to verify and report the level of compliance by Sentotimber Sdn. Bhd. and contractors to the standard in respect to each of the criteria within this report. Compliance is defined when the auditee demonstrates that the indicators consist of none or only minor gaps against any applicable criteria of the standard. Non-compliance to the Sabah Legality Standard occurs when the auditee does not comply adequately with a criterion. |
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Itinerary & Mandays: 15-19 September 2025 / Form 1: Sentotimber Sdn. Bhd. / Nabawan District

Date	Activity	GFS Staff	Mandays
15 September 2025 Monday	Public Holiday – Malaysia Day	-	0
16 September 2025 Tuesday	Public Holiday – Malaysia Day	-	0
17 September 2025 Wednesday	Travel to Keningau at overnight. Opening Meeting at PPD Nabawan. Social assessment. Document review.	Teddy Quintin, Daelirion Samsar, Eljipy Sualim	3
18 September 2025 Thursday	Field assessment to operation area: Phase 4 (Block D); Licensed boundary, harvesting area, protection areas, stumping area. Camp site, workers quarters, diesel depot, store. Document review.	Teddy Quintin, Daelirion Samsar, Eljipy Sualim	3
19 September 2025 Friday	Closing meeting at PPD Keningau. Travel back to home base.	Teddy Quintin, Daelirion Samsar, Eljipy Sualim	3
20-21 September 2025	Reporting/Administration: GFSSBH003-368	Dr. Kevin Grace Teddy Quintin	2
Total			11

Highlights of Assessment

(Major Gaps = 0; Minor Gaps = 2; Observations = 1)

Sentotimber Sdn. Bhd. has complied with the Sabah TLAS requirements (FDS TLAS-006) as no non-compliance was identified during the assessment on 15-19 September 2025.

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

Principle 1. Right to Harvest

Sentotimber has demonstrated compliance with the Form 1 license issued by the SFD and the EIA study from the EPD. In addition, the contractor implemented adequate boundary demarcation and maintenance of the licensed area. The SFD did not require the submission of the Forest Management Plan and Annual Work Plan. Sentotimber has conducted the ECR monitoring and submitted the quarterly reports to EPD as required. Sentotimber maintained boundary demarcation by slashing, marked with red paint and displaying signage as required.

Principle 2. Forest Operations

The Form 1 license is based on conventional logging with no diameter cutting limits and species restriction. However, all logging activities must be below 25°.

September 2025: Observation 001-2025 – Checklist 2.4.1, 2.4.2

The work permit for one worker has expired.

September 2025: Gap 001/2025 (minor) – Checklist 2.4.5

Highlights of Assessment

Sentotimber has yet to conduct fire and work safety training for workers.

September 2025: Gap 002/2025 (minor) – Checklist 2.4.7, 2.4.8

Sentotimber has not submitted JKPP 8 as they have yet to register under DOSH.

Principle 3. Statutory Charges

All statutory charges have been paid by the Sentotimber.

Principle 4. Other User Rights

There is no gazetted village or human settlement found within the TOL area. There are 2 villages found within the 4 KM from the project site named, Kg. Ponontoman and Kg. Layun.

Summary Results:

(Major gap = 0, Minor gap = 2, Observation = 1)

Gap raised against indicators & criteria during the September 2025 assessment.

GAP	Type	Checklist	Status	Description
001/2025	minor	2.4.5	New	September 2025: Sentotimber has yet to conduct fire and work safety training for workers.
002/2025	minor	2.4.7, 2.4.8	New	September 2025: Sentotimber has not submitted JKPP 8 as they have yet to register under DOSH.

Observation raised against indicators & criteria during the September 2025 assessment.

Obs #	Checklist	Description
001-2025	2.4.1, 2.4.2	September 2025: The work permit for one worker has expired.

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

Recommendations

Sentotimber Sdn. Bhd. 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 (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:

Gap 001/2025 (minor) – Checklist 2.4.5: Sentotimber shall conduct fire and work safety training.

Gap 002/2025 (minor) – Checklist 2.4.7, 2.4.8: Sentotimber shall register under DOSH and submit JKPP 8 annually as required.

Observation 001-2025 – Checklist 2.4.1, 2.4.2: Work permit should be valid and record of workers for compliance regulatory requirements should be available.

The next annual surveillance audit will be scheduled for **September 2026**.

End of Summary Report