

Sabah TLAS Audit Report

Sabah Legality Standard Principles 1 – 4

Licensee	Licensee: Silam Forest Products Sdn. Bhd. 197901000492 (044754-D) Developer: Ikatan Kayangan Sdn. Bhd. 200701011265 (769269-A)	Reference #	GFSSBH 003-369
Contact Person	Ramli Umar Bin Ali (Estate Manager)	Date of Report Date of close out	26/09/2025 -
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		Approved By	Dr. Kevin Grace

Statements

Statement of Compliance	GFS 136 LVS		
Issuance Date	29 September 2025	Expiration Date	28 September 2026

Assessment Details

Assessment Dates	22-26 September 2025
Scope of Assessment	Sabah TLAS P1-4: Agroforestry Management License Agreement #: JP(SBN)01/2007(CO)
Species	Oil Palm (<i>Elaeis guineensis</i>)
Lead Assessor	Sheanna Kehong
Assessor(s)	Daelirion Samsar, Eljipy Sualim
SFD Staff	SH Mohd Roslie Bin SH Ameeril (ADFO Beluran), Ahmad Sul Sharif (PPD Beluran), Muhammad Zulsyazwan Mohd Arif (PPD Beluran)

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:

On 25/07/2007, Silam Forest Products Sdn. Bhd. (Silam Forest Products) was granted a Licensed Area of approximately 10,550 ha in Bonggaya Forest Reserve by the State Government under a License #: JP(SBN)01/2007(CO). The agreement shall be deemed to have come into force on 25/07/2007 and terminate on expiry date of 60 years on 25/07/2068.

Silam Forest Products has, a shareholders' agreement was signed on 27/04/2007 between Silam Forest Products and Ikatan Kayangan Sdn. Bhd. (Ikatan Kayangan), to jointly develop the project area into a large-scale Agroforestry Development Project under a Joint Venture Agroforestry Program, from 25/07/2007 to 25/07/2068.

The previous assessment was conducted in September 2024 that resulted in 2 gap(s) and 0 observation(s) (Report #: GFSSBH 003-308).

Land use classification:

Land classification	2 nd ADP Area (ha)	Current Status of Block Map as of Sep 2025 (ha)
Total Concession Area	10,550.00	10,550.00
Zone I: NFM & Conservation (riparian reserves, slope > 20°)	3,232.37	3,232.37 NFM: 653.42 ha Riparian: 768.80 ha Steep terrain: 1,368.80 ha Unplatable area: 441.35
Zone II: Couped Production Area: Oil Palm Plantation (planted)	8,793.5 7,218.70	8,793.5 Planted area: 7,218.70
Unplatable / Infrastructure (Swamp, line site, quarry)	98.93	Total Unplatable: 98.93 ha - Quarry: 21.68 - Swampy area: 30.14 - Campsite/office: 47.11

Current Operations:

The establishment of oil palm plantation has been completed in 2012.

Ikatan Kayangan focuses on harvesting Fresh Fruit Bunch (FFB). No plans for NFM harvesting.

List of coupes under FFB collection.

Coupe #	Type	Status	Area (ha)	Geo-location data
SDK.10/08	Oil Palm	Sabah TLAS EUDR	2,654.00	NE E117°26'30" N6°12'45" NW E117°24'0" N6°12'45" SW E117°24'30" N6°10'15" SE E117°26'30" N6°10'15"
SDK.06/09	Oil Palm	Sabah TLAS EUDR	2,526.00	NE E117°21'0" N6°12'45" NW E117°21'15" N6°11'30" SW E117°20'30" N6°10'30" SE E117°24'30" N6°10'15"
SDK.09/10	Oil Palm	Sabah TLAS EUDR	3,613.50	NE E117°21'15" N6°11'30" NW E117°17'30" N6°11'15" SW E117°14'45" N6°6'30" SE E117°18'30" N6°6'30"

Environmental Context:

Ikatan Kayangan has approved EIA from Sinoh Environmental Sdn. Bhd. and approved by the EPD.

#	EIA	Consultant	Ref.#	Date
1	Proposed Oil Palm Plantation of 10,389.62 Hectares within Lot 1, Bonggaya Forest Reserve, Beluran, Sandakan, Sabah.	Sinoh Environment Sdn. Bhd.	JPAS/PP/02/600-1/11/1/36 Jld.2(22)	31/03/2008

Forest type and short history of management:

Based on the EIA, the long-term objectives of NFM area are to maximize the productivity of the area and to sustain production of high value timber. The activities within Zone 1 will include

- (i) Natural Regeneration for high forest stocking areas with sustainable resources management.
- (ii) Silvicultural Treatments for no harvestable stock.
- (iii) Forest Restoration for none or insufficient natural regeneration areas by planting indigenous species of Laran, Binuang and Kapur. Silvicultural treatment will be carried out within 2 years and forest restoration will take 3 years, commencing 2008.

The oil palm plantation involves clearing of existing trees/vegetation, planting and maintenance of palm trees by manuring and control of diseases, weeds and pests and harvesting of oil palm fruits after 2 to 3 years of field planting. The proposed production capacity is approximately 12,000 to 15,000 mt of oil palm fresh fruit bunches (FFB) per month.

Principal commercial species currently existing:

Based on the EIA, the most commonly occurring tree species belong to Dipterocarp genera of *Shorea*, *Parashorea* and *Dipterocarpus*. There are 2 protected floral species of Botu (*Caryota mitis*) and Polod (*Arenga undulatifolia*) known to exist within the project site.

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

Based on the EIA, the project area is generally rich in wildlife population despite of logging activities in the past and present, which may somewhat affects and alters their natural habitat. Most of faunal species within the project site are commonly found elsewhere in Sabah, include the amphibian species of toad and frog; reptile species of lizard, snake and skink; bird species of Buzzard, Swiftlet, Spiderhunter, Swallow, Munia and Babbler and mammal species of bat, rat and squirrel.

There are 27 protected species known to exist within the project site including reptile species of Monitor Lizard and Reticulated Python; bird species of Brahminy Kite, Intermediate Egret, Hornbill spp., Emerald Dove, Hill Myna, Blue-Crowned Hanging Parrot, White-Rumped Shama, Oriental Darter, Bornean Wren Babbler and Magpie Robin and mammals species of Deer spp., Long-Tailed Macaque, Cat spp., Pangolin, Malay Badger Bearded Pig and Civet spp. In addition, there are 3 protected mammal species including Orang Utan, Clouded Leopard and Sun Bear. However, their numbers are declining due to previous logging activities and forest fragmentation.

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

Based on the EIA, aquatic species include fishes, crustacean, mollusca and algae. Commonly found aquatic species include Ikan Turongou, Dumpis, Rokot, Botuon, Terbol, udang Sungai, Siput Sungai, Ketam Sungai and Alga Hijau. None of these aquatic species are identified as protected or endangered species.

There are 2 known sensitive areas

- (i) Botition Protection FR (located 6.3 KM south of the project area).
- (ii) Kuala Bonggaya and Kuala Labuk Mangrove FR (6.8 KM east).

Based on the FMP, there are 2 main rivers, which flow in a west-east direction to the sea in Teluk Labuk. The northern part is the Sg. Bonggaya, which has two tributaries, Sg. Pagata and Sg. Tanga-tanga. Sg. Pagata is the main drainage system of the project area.

Social Context:

Based on the EIA study, no communities are settling inside or adjacent to the licensed area. No areas subject to native customary rights were identified within the licensed area.

Scope of Assessment

- The scope of the evaluation is to verify compliance of Silam Forest Products Sdn. Bhd. (Ikatan Kayangan Sdn. Bhd.) with the Agro-Forestry Management License Agreement (JP(SBN)01/2007(CO)) for FMU 18 (partly).
- 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 Silam Forest Products Sdn. Bhd. (Ikatan Kayangan 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.

Itinerary & Mandays: 22-26 September 2025 / FMU 18 (Partly): Silam Forest Products Sdn. Bhd. (Ikatan Kayangan Sdn. Bhd.) / Beluran District

Date	Activity	GFS Staff	Mandays
22 September 2025 Monday	Travel to Timimbang Rest House Forestry and overnight. Opening meeting at Ikatan Kayangan campsite office. Document review.	Sheanna Kehong, Daelirion Samsar, Eljipy Sualim	3
23 September 2025 Tuesday	Field assessment to licensed boundary, protected areas, silviculture area, workers quarters. Document review.	Sheanna Kehong, Daelirion Samsar, Eljipy Sualim	3
24 September 2025 Wednesday	Field assessment to campsite, workshop, scheduled waste storage, lubricant store. Document review.	Sheanna Kehong, Daelirion Samsar, Eljipy Sualim	3
25 September 2025 Thursday	Document review and compiling report.	Sheanna Kehong, Daelirion Samsar, Eljipy Sualim	3
26 September 2025 Friday	Closing meeting at 8:00AM at PPD Beluran. Travel back to home base.	Sheanna Kehong, Daelirion Samsar, Eljipy Sualim	3
27-28 September 2025	Administration/Reporting: GFSSBH 003-369	Dr. Kevin Grace Sheanna Kehong	2
Total			17

Highlights of Assessment

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

Silam Forest Products Sdn. Bhd. (Ikatan Kayangan Sdn. Bhd.) has complied with the Sabah TLAS requirements (FDS TLAS-006) as no non-compliance was identified during the assessment on 22-26 September 2025.

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

Principle 1. Right to Harvest

Ikatan Kayangan demonstrated compliance with coupe permits and Agro-Forestry Development Plan (ADP). An Annual Work Plan was produced and approved by the SFD on 04/04/2024. Environmental Compliance Report (ECR) was submitted quarterly to the EPD.

September 2024: Gap 001/2024 (minor) – Checklist 1.3.2.4

Discrepancy in land use area between the 2nd ADP and block map.

September 2025: Ikatan Kayangan mapping error in 2024 defined the planted area of 7,539.75; however, following remeasuring of the block map in August 2025, the actual planted area resulted in 7,218.70 ha and areas for conservation have been adjusted from 946.49 ha to 1,368.80 ha.

September 2025: Gap 001/2024 (minor) – Closed

Discrepancy in land use area between the 2nd ADP and 2025 block map has been resolved.

Principle 2. Forest Operations

Highlights of Assessment

Ikatan Kayangan demonstrated compliance with workers' safety and health, licensed area security, maintenance of license boundary and protection of protected areas.

September 2024: Gap 002/2024 (minor) – Checklist 2.4.2

The COI (expired & new application) for workers is still in progress.

September 2025: Gap 002/2024 (minor) – Closed

Ikatan Kayangan has renewed and registered the COI for workers.

Principle 3. Statutory Charges

Ikatan Kayangan demonstrated compliance with the statutory charges. FFB royalty is paid and maintained.

September 2025: Gap 001/2025 (minor) – Checklist 3.1.1

Inconsistent in renewal payment and one OP was expired.

26 September 2025: Observation 001-2025 – Checklist 3.1.2

Royalty payment was not made for 08/2025.

29 September 2025: Observation 001-2025 (Addressed)

Ikatan Kayangan has made royalty payment for 08/2025.

Principle 4. Other User Rights

Not applicable - Based on the EIA study, no communities are settling inside or adjacent to the licensed area. No areas subject to native customary rights were identified within the licensed area.

Summary Results:

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

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

GAP	Type	Checklist	Status	Description
001/2024	minor	1.3.2.4	Closed	September 2024: Discrepancy in land use area between the 2 nd ADP and block map. September 2025: Discrepancy in land use area between the 2 nd ADP and 2025 block map has been resolved.
002/2024	minor	2.4.2	Closed	September 2024: The COI (expired & new application) for workers is still in progress. September 2025: Ikatan Kayangan has renewed and registered the COI for workers.
001/2025	minor	3.1.1	New	September 2025: Inconsistent in renewal payment and one OP was expired.

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

Obs #	Checklist	Description
001-2025 Addressed	3.1.3	26 September 2025: Royalty payment was not made for 08/2025. 29 September 2025: Ikatan Kayangan has made royalty payment for 08/2025.

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

Recommendations

Silam Forest Products Sdn. Bhd. (Ikatan Kayangan 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 3.1.1: Ikatan Kayangan shall make payment for the approved OP and renew one expired OP.

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

End of Summary Report