

Sabah TLAS + Audit Report

Sabah Legality Standard Principles 1 – 4 & 7

Licensee	Gerak Saga Sdn. Bhd. 201401022122 (1098208-V)	Reference #	GFSSBH 003-427
Contact Person	Thondik Venantius (General Manager/Director)	Date of Report	02/10/2026
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		Approved By	Dr. Kevin Grace

Statements

Statement of Compliance	GFS 134 LVS		
Issuance Date	05 October 2026	Expiration Date	04 October 2027

Assessment Details

Assessment Dates	28 September-02 October 2026
Scope of Assessment	Sabah TLAS+ P1-4: SFMLA 01/2015 (FMU 2)
Species	Salvage logging: <i>Acacia spp.</i> <i>Mangium</i> & <i>crassicarpa</i> ITP planted species: <i>Eucalyptus pelita</i> , <i>Eucalyptus deglupta</i> , <i>Acacia crassicarpa</i> , <i>Eucalyptus grandis urophylla</i> , <i>Eucalyptus urophylla x grandis</i>
Lead Assessor	Eljipy Sualim
Assessor(s)	Teddy Quintin, (Trainer) Kevin Grace
SFD Staff	PPW Kudat: Nesesius Nasir, ADFO Pitas: Jaludin Urubit, PPD Pitas: Rayner Marcello, Rizman T.

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 Gerak Saga Sdn. Bhd. with the Sustainable Forest Management License Agreement (SFMLA 01/2015) for FMU 2.
- 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 Gerak Saga 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:

Gerak Saga Sdn. Bhd. (Gerak Saga) (the Company) has entered into a 100-year, SFMLA 01/2015 with the Government of the State of Sabah, to develop and Industrial Tree Plantation (ITP) on 6,467 Ha (Licensed Area) of land in Bengkoka and Tambalugu Forest Reserves.

The FMP has been prepared pursuant to Clause 44(i) of the SFMLA 1/2015, which prescribes that the Company must prepare and submit to the CCF a 10-year FMP in accordance with the schedule D of the SFMLA and which specifically define all elements and objectives of the Plantation Development Program to be undertaken in the Licensed Area.

The FMP (2017-2026) midterm review was reviewed in 2022 and was approved by the CCF in 2022.

Asian Forestry Company (Sabah) (the Employer) is desirous of carrying out the establishment of tree plantation estates on that land within the Forest Management Agreement Area specifically designated by the Employer for conversion to planted forests (ITP Blocks). The Contractor shall at all times comply with all Acts, ordinances, Enactments, Regulations and By-Laws in force in Malaysia and the State of Sabah.

Contractor	Validity	Remarks
Forest Solutions Services Sdn. Bhd.	Extension to 31/08/2028	Date of agreement: 01/09/2016 – The Contractor has agreed to accept the engagement to carry out plantation establishment and maintenance work on the ITP Blocks, which the Employer will allocate to the Contractor on a Work Order by Work Order basis as needed.
Gadaya Company	Extension to 31/12/2026	Date of agreement: 01/04/2021 - The contractor to carry out plantation work of a tree plantation estate which the Employer will allocate to the Contractor on a Work Order by Work Order basis as needed (Plantation work).
JW Merit Sdn. Bhd.	Extension to 30/09/2027	Date of agreement: 01/04/2021 - The contractor to carry out plantation work of a tree plantation estate which the Employer will allocate to the Contractor on a Work Order by Work Order basis as needed (Plantation work).
Marhen Enterprise	Extension to 30/09/2027	Date of agreement: 01/11/2022 - The contractor to carry out plantation work of a tree plantation estate which the Employer will allocate to the Contractor on a Work Order by Work Order basis as needed (Plantation work).
Boy Farid Enterprise	Extension to 31/12/2026	Date of agreement: 01/03/2023 - The contractor to carry out plantation work of a tree plantation estate which the Employer will allocate to the Contractor on a Work Order by Work Order basis as needed (Plantation work).

The previous assessment was conducted in October 2025 that resulted in 0 gap(s) and 1 observation(s) (Report #: GFSSBH 003-374).

Land use classification: Based on the FMP midterm, Pg. 40, Table 4.1: Forest Land Use Zoning

Land Use	FMP Area (Ha)	Summary Land Use Sep 2026*
Total licensed area	6,476	6,480.16
Managed ITP	5,625.00	5,170.44 <i>E pelita</i> = 3,760.60 <i>Acacia spp</i> = 73.40
Conservation Reserves	369.90	387.18
Riparian/River Buffers	296.00	551.93
Infrastructure & Roads	101.00	222.09
Mangrove Forest	12.10	27.55
Water Reservoirs	72.00	120.97

*Summary as per Sep 2026 findings from GFS and data obtained based on land summary provided by the licensee.

Current Operations:

Based on the amended AWP 2026, there will be schedule for salvage logging for planted trees. The amendments were made because the company has decided to commence the harvesting of approximately 45.50 hectares of planted timber in 2026, as the plantation has reached eight (8) years of age and is considered mature for harvesting.

Activity	Remarks
ITP	Operation Schedule: Salvage logging – There are no salvage logging operations. Operation Schedule: Plantation establishment – There are no plantation establishment activities. Operation Schedule: Plantation Maintenance Yr 1 – Planted year in 2025 = 48 Ha Operation Schedule: Plantation Maintenance Yr 2 – Planted year in 2024 = 482 Ha Operation Schedule: Plantation Maintenance Yr 3 – Planted year in 2023 = 1,090 Ha
Harvesting Planted timber	Planted in 2026: Coupe SC01 (Cpts 2, 3, 4) = 45.50 Ha reached approximately 8 years of age and considered mature for harvesting.
Planting	Coupe SC01 (Cpts 2, 3, 4) = 40.60 Ha

List of current compartments under harvesting.

Compartments #	NFM/ITP	Status	Area (Ha)	Geo-location data
03	ITP	Sabah TLAS	402.10	NW:826000 N, 763000 E NE:822000 N, 763000 E SW:826000 N, 761000 E SE:828000 N, 761000 E
04	ITP	Sabah TLAS	367.10	NW:825000 N, 762000 E NE:828000 N, 763000 E SW:822000 N, 762000 E SE:824000 N, 761000 E

List of compartments planned for harvesting.

Compartments #	NFM/ITP	Status	Area (Ha)	Geo-location data
02	ITP	Sabah TLAS	327.90	NW:826000 N, 762000 E NE:823000 N, 760000 E SW:826000 N, 760000 E SE:824000 N, 760000 E

Environmental context:

Forest type:

The Bengkoka peninsula was originally covered in tropical rainforest; however, forest clearing for agricultural crops cultivation started over 80 years ago. Today most of the area is under commercial plantations of tropical timber, oil palm and rubber and subsistence agriculture of dry and wet paddy.

Commercial species currently existing:

ITP planted species: *Eucalyptus pelita*, *Eucalyptus deglupta*, *Acacia*, *crasscarpa*, *Eucalyptus grandis urophylla*, *Eucalyptus urophylla x grandis*.

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

The company is aware of the presence of some rare, threatened and endangered (RTE) species in the Licensed Area such as Pangolin (*Manis javanica*), Malayan Sun Bear (*Helarctos malayanus*) and Proboscis monkey (*Nasalis larvatus*).

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

There are a number of rivers and streams within the Bengkoka Forest Reserve. The main rivers are Sg. Kandang, Sg. Malubang, Sg. Liu, Sg. Kisorong, Sg. Bongkol and Sg. Kakarangan. The remaining rivers and streams within the Bengkoka Forest Reserve are unnamed. All rivers and streams within the Bengkoka Forest Reserve flow out of the project site into the adjacent forestry operations predominantly Acacia plantations and small-scale oil palm plantation. Rivers and streams flowing east will eventually drain to the Sulu Sea and rivers and streams flowing west will drain to the South China Sea.

There are several unnamed streams within the Tambalugu Forest Reserve, which all converge into one stream and discharged north into the adjacent mangrove forest reserve and into the Sulu Sea.

EIA Report #:

EIA	Ref. #	Consultant
Forest management of Bengkoka and Tambalugu Forest Reserve (6,467 Hectares), Pitas, Sabah.	JPAS/PP/15/600-1/01/3/60(46)	Chemsain Konsultant Sdn. Bhd.

Social Context:

Social assessment SBS / SIA / EIA summary:

Based on the SIA conducted for Gerak Saga in 2020, there are no settlements within the Project Area.

There are 13 villages identified in the vicinity of the project boundary.

Kg. Serupil	Kg. Kakarangan	Kg. Kapok
Kg. Gumpa	Kg. Radap	Kg. Kandang
Kg. Kipahung	Kg. Kodong	Kg. Bongkol
Kg. Jambu	Kg. Ungkup	Kg. Suang Duyung
Kg. Maringgal*		

Note * Kg. Maringgal is no longer associated with Gerak Saga.

Based on the FMP, no local community settlements are situated within the Licensed Area. There are 12 formal settlements found adjacent to the Licensed Area. All are located within the boundaries of Acacia Forest Industries estate. However, it is important for Gerak Saga to recognize that these communities may be affected and could also benefit from the project.

Kg. Kapok	Kg. Kodong	Kg. Kandang
Kg. Jambu	Kg. Gumpa	Kg. Radap
Kg. Kipahung	Kg. Bongkol	Kg. Suang Duyung
Kg. Serupil	Kg. Ungkup	Kg. Kakarangan

Identified communities that are dependent on the FMU:

No communities are directly dependent on the FMU for their livelihoods.

Land claims, disputes & communication system:

Based on the SIA, only Kg. Suang Duyung has cultural connection to the FMU. There are graveyards situated inside Coupe 4 belongs to this village. Gerak Saga has marked and demarcated 50 m radius around the area. Based on the FMP midterm review, it was clear to the community that the Bengkoka and Tambalugu Forest Reserve do not fall inside native customary rights areas.

Community Forestry Projects:

Based on the FMP midterm review, Gerak Saga will establish a Community Development Program.

Itinerary & Mandays: 28 Sep-02 Oct 2026: FMU 2 & Form 1: Gerak Saga Sdn. Bhd. & Asian Forestry Company (Sabah) Sdn. Bhd. / Kota Marudu District

Date	Activity	GFS Staff	Mandays
28 September 2026 Monday	Travel & opening meeting at PPD Kota Marudu, document review at Forest Solutions Malaysia, overnight in Kota Marudu.	Teddy Quintin, Sheanna Kehong, Eljipy Sualim, Stacy Robert, (Trainers) Kevin Grace, Anne Gimbir	6
29 September 2026 Tuesday	Team 1 (Paitan): Travel to Gerak Saga, field visit to plantation harvesting (C6), PSP, log yard, Kg Bawing, Kg. Suang Duyung, contractor camp (C12), GS main campsite, protected areas. Team 2 (Nibang): Travel to site visit to Coupe 1 & 4 (Riparian Reserve), Coupe 15 Licensed boundary, Coupe 1 (Block 32 – PSP), Harvesting Coupe 2 (Block 32/Compartment 4), Visit to contractor JNJ (Coupe 1/Block 25), Silviculture maintenance (Coupe 1), Coupe 1 (Block 34) for planting. Travel back to Kota Marudu.	Teddy Quintin, Sheanna Kehong, Eljipy Sualim, Stacy Robert, (Trainers) Kevin Grace, Anne Gimbir	6
30 September 2026 Wednesday	Team 1 (Paitan): Asian Forestry Company (Sabah) Paitan: salvage logging (Cmpts 15, PSP, Planting (C14). Social visits to Kg. Tawanan, contractor camp, Paitan base camp, Kg. Sokoon; Encroachment. Team 2 (Nibang): Social visit Kg. Nibang & Kg. Soniton Laut and travel back to Kasagaan log pond/log yard). Travel back to Kota Marudu.	Teddy Quintin, Sheanna Kehong, Eljipy Sualim, Stacy Robert, (Trainers) Kevin Grace, Anne Gimbir	6
01 October 2026 Thursday	Document review at Forest Solutions Malaysia office. Overnight in Kota Marudu.	Teddy Quintin, Sheanna Kehong, Eljipy Sualim, Stacy Robert, (Trainers) Kevin Grace, Anne Gimbir	6
02 October 2026 Friday	Closing meeting at Forest Solutions Malaysia. Travel to home base.	Teddy Quintin, Sheanna Kehong, Eljipy Sualim, Stacy Robert, (Trainers) Kevin Grace, Anne Gimbir	6
03-04 October 2026	Reporting/Administration: GFSSBH003-427 Reporting/Administration: GFSSBH003-428 Reporting/Administration: GFSSBH003-429	Dr. Kevin Grace Teddy Quintin, Eljipy Sualim, Sheanna Kehong	6
Total			36

Highlights of Assessment

(Major Gaps = 0; Minor Gaps = 0; Observations = 3)

Gerak Saga Sdn. Bhd. has complied with the Sabah TLAS+ requirements (FDS TLAS-006) as no non-compliance was identified during the assessment on 28 September-02 October 2026.

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

Principle 1. Right to Harvest

Gerak Saga demonstrated compliance with the license requirements, management planning, and submission of documents and ECR reports to the relevant authorities. A Sustainable Forest License Agreement (SFMLA), SFMLA 01/2015, was signed on 26th October 2016 for 100 years which expires on 31st December 2115.

Highlights of Assessment

September 2026: Observation 001-2026 – Checklist 1.3.2.4

The current land use differs from original FMP planning that should be incorporated into the draft FMP/PDP for 2027.

September 2026: Observation 002-2026 – Checklist 1.6.6

The CPP for Compartments 2, 3 & 4 have not yet been submitted to the SFD for approval.

Principle 2. Forest Operations

Gerak Saga demonstrated compliance with the licensed area security, maintenance of the licensed boundary, and protection of the riparian reserve. Gerak Saga has also implemented their system to monitor planted trees and ensure compliance with the regulatory requirements for workers.

September 2026: Observation 003-2026 – Checklist 2.4.2

COI for workers under Forest Solutions Malaysia is in the renewal process.

Principle 3. Statutory Charges

Gerak Saga has paid licensing fees and other charges to the SFD.

Principle 4. Other User Rights

Based on the SIA conducted for Gerak Saga in 2020, there are no settlements within the Project Area. There are 12 villages identified in the vicinity of the project boundary with a total of 17.50 ha land claims in respect to planted crops within the Gerak Saga concession area. Gerak Saga has formal Operating Procedures to address disputes and grievances from communities that are still current as of the assessment.

Principle 7. Deforestation Free

Gerak Saga demonstrated compliance regarding certificate and requirements for deforestation free status of the area. All plantation areas were originally established prior to 2021.

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 = 3)

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

GAP	Type	Checklist	Status	Description
-	-	-	-	-

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

Obs #	Checklist	Description
001-2026	1.3.2.4	September 2026: The current land use differs from original FMP planning that should be incorporated into the draft FMP/PDP for 2027.
002-2026	1.6.6	September 2026: The CPP for Compartments 2, 3 & 4 have not yet been submitted to the SFD for approval.
003-2026	2.4.2	September 2026: COI for workers under Forest Solutions Malaysia is in the renewal process.

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

Recommendations

Gerak Saga 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 1.3.2.4: The current land use needs to be incorporated into the draft FMP/PDP for 2027 to ensure that the planned management activities accurately reflect the existing land-use conditions.

Observation 002-2026 – Checklist 1.6.6: Gerak Saga should submit the CPP for Compartments 2, 3 & 4 to SFD for approval.

Observation 003-2026 - Checklist 2.4.2: COI for workers should be renewed 3 months before the expiry date.

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

End of Summary Report