

Sabah TLAS Audit Report

Sabah Legality Standard Principles 1 – 4

Licensee	Sabah Softwoods Berhad 197301003426 (16887-D)	Reference #	GFSSBH 003-376
Contact Person	Mohd Hafizzul Samutu (Head of Tree Plantation)	Date of Report	07/11/2025
		Date of close out	-
Office Address	KM 8, Jalan Sin San, Pasir Putih, P.O. Box 60966, 91019 Tawau, Sabah, Malaysia.	Telephone	+6089 771 333
		Fax	+6089 754 225
Email	idawatie.pangeran@softwoods.com.my DFO KLBN: AgkuEffendy.PgMahmud@sabah.gov.my PPW Tawau: MohdArapa.Lamuda@sabah.gov.my	Approved By	Dr. Kevin Grace

Statements

Statement of Compliance	GFS 149 LVS		
Issuance Date	10 November 2025	Expiration Date	09 November 2026

Assessment Details

Assessment Dates	03-07 November 2025
Scope of Assessment	Sabah TLAS P1-4: Tree Plantation Development CL #:105467687 (Brumas)
Species	Planted tree: <i>Acacia mangium</i> , <i>Albizia falcataria</i> , <i>Gmelina arborea</i> , <i>Tectona grandis</i> , <i>Eucalyptus pellita</i> , <i>Eucalyptus hybrid</i> .
Lead Assessor	Teddy Quintin
Assessor(s)	Sheanna Kehong, Eljipy Sualim
SFD Staff	Suhezron Salim (PPD Kalabakan), Asman Jumil (PPD Kalabakan)

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:

Sabah Softwoods Berhad is a government-linked plantation located in the south-eastern part of Sabah, Kalabakan district. The plantation titled land area is 60,618 ha and operations in 2 blocks, which is the Brumas block with 40,000 ha and the Kalabakan block with 20,000 ha. Of this, Sabah Softwoods Berhad Conservation and Commercial Forest Area is 7,542.27 ha or 12% of the total land bank area of 60,618 ha, with conservation forest of 5,717.90 ha for biodiversity and ecosystem purposes and 1,824.37 ha for commercial value since the 1990s for biodiversity and ecosystem purposes. The company's has oil palm plantations of 30,000 ha including 2 crude palm mills and timber plantations of 20,000 ha of fast-growing tree species (*Eucalyptus* spp & *Albizia* spp) and woodchip mill.

The acquisition of project land area was made through a sub-lease agreement with the land owner Sepanggar Sdn. Bhd. Sepanggar Sdn. Bhd., a wholly-owned subsidiary of Sabah Foundation was granted a 999-year lease on 60,704 ha in the vicinity of the North Borneo Timber Berhad concession area. This land was subsequently subleased for 60 years to Sabah Softwood Sdn. Bhd., now known as Sabah Softwoods Berhad, with the primary objective of establishing tree plantations.

The lease agreement consisted of two land titles, issued on 28/09/1977, bearing the title:

- Country Lease #: 105467687 for Brumas, with an area of 41,505 ha,
- Country Lease #: 105472508 for Kalabakan with an area of 19,113 ha.

The Forest Plantation Division of Sabah Softwoods Berhad was formed back in 1974 with the realization that timber from natural forest in Malaysia is depleting, owing to intensive harvesting activity during the past four decades. The initial objective was to reforest the logged-over secondary forests in the two blocks of titled land in the locality of Brumas and Kalabakan and to produce quality fiber and woods through planting of fast-growing industrial tree species of short rotation, *i.e.* 7-10 years. The two blocks of forest plantation were later categorized under the Industrial Tree Plantation (ITP) with the acronym of Forest Plantation changed to Tree Plantation in 2010.

The tree plantation area is certified under the Forest Stewardship Council (FSC), Certification #: SCS-FM/COC-0010P, License code: FSC-C010070 with an expiry date of 30/11/2027.

As of the assessment, Sabah Softwoods Berhad have appointed several contractors to support the tree plantation division inside the management area, as follows:

Department	Contractor
Replanting & Maintenance Unit	Amalia Enterprise, Syarikat KM Celoh, Herna Enterprise, Double R Motor, Jaswiran Enterprise, Sarifuddin Bin Sarika Enterprise, Dasuki Enterprise
Harvesting unit, Road Team & Pangkalan	Kinshope Trading Sdn Bhd, Nam young Contractor, Pemborong Kok Huang, Pengangkutan MBI, Tunas Jaya Enterprise, Wei Heing Contractor, W & Y Contractor, Pengangkutan Cekap, Focus Venture Enterprise, Soon Tieck Sdn. Bhd., Angkasa Lestari
Chipmill	DL Enterprise
Campsite	Maju Kita
Research & Development	M.S Contractor

The previous assessment was conducted in November 2024 that resulted in 2 gap(s) and 2 observation(s) (Report #: GFSSBH 003-319).

Land use classification: Based on Sustainability Management Plan (2024-2033) (Clause 5.0)

Land classification	Management area (ha)	Current Status (Are (ha)
Total Concession Area		
Country Lease #: 105467687 (Brumas)	60,618.00	60,618.00
Country Lease #: 105472508 (Kalabakan)		
Tree Plantation area	18,873.64	Planted area = 17,881.05

		<i>Albizia falcataria</i> = 5,188.60 <i>Eucalyptus pellita</i> = 11,491.05 <i>Eucalyptus hybrid</i> = 609.91 <i>Acacia mangium</i> = 48.34 Mixed local species = 206.43 Teak = 336.72
Oil Palm Plantation	32,840.94	32,840.94
Conservation area	7,580.23	7,580.23
Others	1,323.19	1,323.19

Current Operations:

Sabah Softwoods is currently focusing on harvesting of planted trees and re-planting activities within Brumas region. Based on the 2025 Annual Programme, the area targeted for harvesting is 1,812.29 ha in 122 Blocks. Whereas, the replanting activity were targeted at 1,400.00 ha in the same Blocks. The SFD did not require the submission of AWP from Sabah Softwoods.

Land title #	NFM/ITP	Status	Area (ha)	Geo-location data
CL 105467687	Tree Plantation	Sabah TLAS EUDR	41,505	NE: N04° 43' 20.50" E117° 45'41.90" NW: N04° 41' 14.30" E117°39'41.80" SE: N04° 32' 12.90" E117°49'16.60" SW: N04° 31' 05.80" E117°39'03.90"

Environmental Context:

Existing EIA report & key elements for protection / mitigation:

In 1987, an Order (Environmental Quality (Prescribed Activities) (Environmental Impact Assessment) Order/Appendix 2) was included under the Environmental Quality Act to prescribe all activities that are subject to having an EIA. However, the Tree plantation development activities commenced/validated in 1974 when the necessity of preparing an EIA was yet to be imposed. Thus, the EIA is exempted.

However, Sabah Softwoods Berhad took the initiative to establish an Environmental Management (EMP) titled "The Proposed Tree Plantation Measuring 23,344.10 ha at Brumas Area, Tawau District" which was prepared by Kinabalu Environmental Consultancy Sdn. Bhd. on October 2022. The EMP did not require submission and approval by the EPD.

The mitigation of short-term is translocation of elephant, construction of trenches and night patrolling. The other long-term mitigation is the construction of trenches, establishment of a wildlife corridor of the wildlife, night patrolling and monitoring of wildlife movements via satellite collar and camera trapping.

Forest type and short history of management:

The Project area is lush with lowland and hill dipterocarp forests, non-dipterocarps and other timber species. Despite being logged over several times, the biological habitat of the forest and plantation area has a rich presence of wildlife. The Project area also has approximately 1,261.95 ha set aside to establish a wildlife corridor. Allowing free movement for wildlife in search of food, water, and shelter. The wildlife survey covers a whole range of vertebrates, which indicates that the forest is healthy and well protected with minimum disturbance.

Principal commercial species currently existing:

The project area is a logged-over area that has been planted with timber plantation species such as *Eucalyptus pellita*, *Albizia falcataria*, *Eucalyptus hybrid*, teak, and *Acacia mangium*. Scattered around the water catchment, riparian reserves and steep areas, are mixed dipterocarp trees, non-dipterocarps and other timber species.

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

Forest species such as Podocarpaceae, Myrtaceae and Araucaruaceae families are dominant. Other natural vegetation observed are the non-tree species group, such as creepers and weeds. Generally, most of the commercially viable timbers of the dipterocarp family are relatively scarce because the area has been logged-over several times. The list of flora found within the Project site is shown in **Annex 5, A5.2.1** (page 6 to page 12), EMP.

The wildlife survey covers various vertebrates from small mammals to big mammals, birds, reptiles (snakes, lizards, tortoise, and crocodile) and amphibians (frogs and toads). During a site survey on 24/11/2021, a couple of elephants were spotted in the wildlife corridor, and droppings and footprints were found on the Project site. Hornbills were also spotted flying above the campsite. The biological habitat of the area is rich with wildlife despite being a logged-over area. The list of fauna within the Project site is shown in **Annex 5, A5.2.1** (page 13 to page 17), EMP.

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

The aquatic habitat within the Project site comprises Sg. Merotai Besar, Sg. Umas-Umas and their tributaries. Based on the site survey, there are no endangered, protected or unique aquatic species within the Project site.

Social Context:

Social assessment SBS / SIA / EIA summary:

Based on the FMP, SIA was conducted annually to analyze the social impact in resident areas nearest to Timber Operation division in Brumas to meet the requirement of FSC management standard and Sabah TLAS standard. The surrounding communities are Kg. Sungai Udin (Chip mill, Kg. Baru & Kg. Jelutong) and Kg. Iban Merotai.

Identified communities that are dependent on the FMU:

There are no communities dependent on the project area.

Land claims, disputes & communication system:

There are no land claims. Sabah Softwoods Berhad has developed the IMS Mandatory Procedure on Communication, Participation, and Consultation (Ref. #: SSB/IMS/MP/02 dated 01/01/2023) as a guideline for effective communication with employees, vendors, and other external parties regarding the Integrated Management System (IMS). This procedure facilitates employees and vendors for exchange of information and concerns that affect management system.

Community Forestry Projects:

Sabah Softwoods Berhad continuously accepts requests from village residents who wish to seek assistance from the company. The company also provides housing, places of worship, a primary school, and a health clinic for the residents of Kg. Brumas. Among the programs organized by the company together with the villagers are the Annual Sports Day, Year-End Dinner, and Ramadan Iftar Gathering. Since the residents of Kg. Brumas are employees of the company, the company regularly monitors the welfare and living conditions of the community.

Scope of Assessment

- The scope of the evaluation is to verify compliance of Sabah Softwoods Berhad with the Tree Plantation for CL 105467687 (Brumas).
- 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 Sabah Softwoods Berhad 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: 03-07 November 2025 / Sabah Softwoods Berhad / Kalabakan District

Date	Activity	GFS Staff	Mandays
03 November 2025 Monday	Travelling to Sabah Softwoods Berhad basecamp, document review and overnight.	Teddy Quintin Sheanna Kehong Eljipy Sualim	3
04 November 2025 Tuesday	Opening meeting at Sabah Softwoods Berhad basecamp office. Field assessment to operations area; Compartment 80 (Block 80C) harvesting, Compartment 88 (Block 88D) planting, maintenance, PSP, licensed boundary, protected	Teddy Quintin Sheanna Kehong Eljipy Sualim	3

	areas (buffer zones, steep slopes, water catchment area, wildlife corridor), log yard. Document review.		
05 November 2025 Wednesday	Field visit to workshop, workers' quarters, landfill, hazardous waste. Document review.	Teddy Quintin Sheanna Kehong Eljipy Sualim	3
06 November 2025 Thursday	Social visit with representative from Kg. Brumas. Document review.	Teddy Quintin Sheanna Kehong Eljipy Sualim	3
07 November 2025 Friday	Closing meeting at Sabah Softwoods Berhad basecamp office. Travel to homebase.	Teddy Quintin Sheanna Kehong Eljipy Sualim	3
08-09 November 2025	Reporting/Administration: GFSSBH003-376	Dr. Kevin Grace Teddy Quintin	2
Total			17

Highlights of Assessment

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

Sabah Softwoods Berhad has complied with the Sabah TLAS requirements (FDS TLAS-006) as no non-compliance was identified during the assessment on 03-07 November 2025.

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

Principle 1. Right to Harvest

Sabah Softwoods Berhad demonstrated compliance with the license agreement.

An Environmental Impact and Monitoring Programme & Mitigation Plan was developed for the tree plantation operation areas to control and mitigate risks. Sabah Softwoods Berhad develops a monthly Environment Impact Score Evaluation to monitor waste disposal, watercourse demarcation, scheduled waste management, fire, pulling of residual logs, biodiversity, trucking, soil erosion, and safety. The SFD did not require a coupe permit for the licensed area.

Sabah Softwoods Berhad 10-Year Forest Management Plan (2013-2023), expired on 31 Dec 2023. There are 2 management plans to replace the expired FMP, Sustainability Management Plan (2024-2033) for Commercial Natural Forest and Tree Plantation Management Plan (2016-2025) for Tree Plantation.

November 2024: Gap 001/2024 (minor) - Checklist 1.3.2.7

The draft Sustainability Management Plan (2024-2033) is not in line with Natural Forest Management and RIL Guidelines in respect to harvesting trees below 60 cm diameter over the 30-year cycle.

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

Sabah Softwoods Berhad has no plans to conduct Natural Forest Management (NFM) operations; thus, diameter limit is not applicable.

The Sustainability Management Plan is developed; however, approval is not required by the SFD.

November 2024: Observation 001-2024 - Checklist 1.3.2.5

Data on tree species planted in each of the 161 blocks is not available.

November 2025: Observation 001-2024 (Addressed)

Data on tree species planted in each compartment is available during the assessment.

Principle 2. Forest Operations

Sabah Softwoods Berhad operates the timber plantation areas for the production of wood chips.

Sabah Softwoods Berhad has an environmental monitoring system to identify problems under a formal checklist. Sabah Softwoods Berhad implemented their system to monitor planted trees and ensure compliance with the regulatory requirements for workers.

Sabah Softwoods Berhad has conducted enrichment planting in identified HCV areas.

There is no evidence that Sabah Softwoods Berhad disturbed protected forest areas or has plans for harvesting in commercial natural forest areas.

Highlights of Assessment

November 2024: Observation 002-2024 – Checklist 2.3.3

Sabah Softwoods Berhad has yet to establish the PSP and analysis within the Commercial Natural Forest areas.

November 2025: Observation 002-2024 (Addressed)

Sabah Softwoods Berhad has no plans to conduct Natural Forest Management (NFM) operations thus PSP is not applicable within the Natural Forest areas.

The company implements an annual training programme for all workers in the timber plantation area.

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

One worker has expired work permit.

November 2024: Gap 002/2024 (minor) – Checklist 2.4.5

No evidence of training on fire prevention and suppression.

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

Sabah Softwoods Berhad has conducted the fire prevention and suppression training.

November 2025: Observation 001-2025 – Checklist 2.4.8

No records of SOCSO/EPF contributions for contractors.

Principle 3. Statutory Charges

Sabah Softwoods Berhad is under a land title which involves in extracting planted trees.

The SFD exempted Sabah Softwoods Berhad from registering COI, all their logging equipment / machinery and Occupational Permits with SFD. Log royalties are exempted for logs from planted trees.

Principle 4. Other User Rights

The Project site has only one settlement which is Kg. Brumas within a 3 km radius. There are no communities dependent on the project area and no land claims were recorded.

Summary Results:

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

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

GAP	Type	Checklist	Status	Description
001/2024	minor	1.3.2.7	Closed	November 2024: The draft Sustainability Management Plan (2024-2033) is not in line with Natural Forest Management and RIL Guidelines in respect to harvesting trees below 60 cm diameter over the 30-year cycle. November 2025: Sabah Softwoods Berhad has no plans to conduct Natural Forest Management (NFM) operations; thus, diameter limit is not applicable. The Sustainability Management Plan is developed, approval is not required by the SFD.
002/2024	minor	2.4.5	Closed	November 2024: No evidence of training on fire prevention and suppression. November 2025: Sabah Softwoods Berhad has conducted the fire prevention and suppression training.

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

Obs #	Checklist	Description
001-2024 Addressed	1.3.2.5	November 2024: Data on tree species planted in each of the 161 blocks is not available November 2025: Data on tree species planted in each compartment is available during the assessment.
002-2024 Addressed	2.3.3	November 2024: Sabah Softwoods Berhad has yet to establish PSPs and analysis within Commercial Natural Forest areas. November 2025: Sabah Softwoods Berhad has no plans to conduct Natural Forest Management (NFM) operations thus PSP is not applicable within the Natural Forest areas.
001-2025	2.4.1, 2.4.2	November 2025: One worker has an expired work permit.
002-2025	2.4.8	November 2025: No records of SOCSO/EPF contributions for contractors.

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

Recommendations
Sabah Softwoods Berhad 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: Observation 001-2025 - Checklist 2.4.1, 2.4.2: Sabah Softwoods Berhad shall ensure all work permits for foreign workers are valid. Observation 002-2025 - Checklist 2.4.8: Sabah Softwoods Berhad shall ensure contractors' comply with the Sabah Labor Ordinance in terms of EPF/SOCSO contributions as stipulated in the contractor agreement. The next annual surveillance audit will be scheduled for November 2026.

End of Summary Report