

Sabah TLAS Audit Report

Sabah Legality Standard Principles 1 – 4

Licensee	First Greenworld Sdn. Bhd. (852048-U)	Reference #	GFSSBH003-200
Contact Person	Awang Zaidun Awang Taip (Forest & Shipping Manager)	Date of Report	16/06/2023
Office Address	TB 14483, 1 st Floor, Dataran Saujana, Batu 3.5, Jalan Hot Spring, 91000 Tawau, Sabah, Malaysia.	Date of close out	-
Email	awang@rakanrimba.com	Telephone	+6089 202 666
		Fax	+6089 203 666
		Approved By	Dr. Kevin Grace

Statements

Audit Statement	GFS 074 LVS		
Issuance Date	19 June 2023	Expiration Date	18 June 2024

Assessment Details

Assessment Dates	12 – 16 June 2023
Scope of Assessment	Sabah TLAS P1-4: SFMLA 02/2009 FMU 25; Coupe TWU 15/17
Species	<i>Drybalanops</i> spp. (Kapur), <i>Dipterocarp</i> spp. (Keruing), <i>Shorea inappendiculata</i> (Selangan batu), <i>Koompassia malaccensis</i> (Impas), <i>Parashorea</i> spp. (White seraya), <i>Shorea</i> spp. (Red seraya, Yellow seraya, Melapi), <i>Heritiera simplicifolia</i> (Kembang), <i>Scaphium</i> spp. (Kembang semangkuk), (Nyatoh), <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>Nauclea</i> spp. / <i>Neonauclea</i> spp. (Bangkal), <i>Annonaceae</i> spp. (Karai), <i>Eugenia</i> spp. (Obah), <i>Sindora beccariana</i> (Sepetir), <i>Lauraceae</i> (Medang), <i>Planchonia valida</i> (Putat), <i>Lophopetalum</i> spp. (Perupok), <i>Terminalia subspathulata</i> (Talisai), <i>Lithocarpus</i> & <i>Quercus</i> (Mempening), <i>Myristicaceae</i> (Darah-darah), <i>Dillenia</i> spp. (Simpur), <i>Cotylelobium</i> spp. (Resak batu), <i>Cratoxylum arborescens</i> (Serungan), <i>Pentace</i> spp. (Takalis), <i>Koordersiodendron pinnatum</i> (Ranggu), <i>Hopea sangal</i> (Gagil), <i>Tristaniopsis merguensis</i> (Pelawan-pelawan), <i>Annonaceae</i> (Pisang-pisang), <i>Azadirachta excels</i> (Bawang-bawang), <i>Endospermum diadenum</i> (Sendok – Sendok), Assam, Perapat Hutan. OT (Other Timber).
Lead Assessor	Priera Bagang
Assessor(s)	Asraf Mahmud, Sandra George
SFD Staff	Awangku Effendy (DFO Serudong), Johnny Laminggu (ADFO Serudong), Jany Sahak (PPW Tawau), Keslino Ronsin (PPD Serudong)

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 for 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 management of FMU 25 was previously licensed to Bugaya Forests Sdn. Bhd. (SFMLA 02/97) with a total area of 133,435 ha for a 100-year license period. However, the license was terminated and First Greenworld Sdn. Bhd. (First Greenworld) was awarded a license (SFMLA 02/2009) to manage a portion of 15,000 ha from the total FMU area.
- The SFMLA 02/2009 license is for a tenure of 50 years commencing from 15/06/2009 and expires on 30/06/2059. Under the license agreement, First Greenworld is given the right to develop and manage up to 15,678 ha of forest reserve land (licensed area) for the purpose of sustainable timber production from forest plantations.
- First Greenworld is affiliated with Zillion Fortune Sdn. Bhd., Pesona Majukaya Sdn. Bhd., Empayar Kejora Sdn. Bhd. & Top Quantum Sdn. Bhd., which comes under the auspices of Rakan Rimba Sdn. Bhd.
- First Greenworld has appointed Vivadaya Sdn. Bhd., SSK Enterprise, Simgaya Sdn. Bhd., Zat Istimewa Sdn. Bhd., and Datsing Sdn. Bhd. as contractors for planting, silvicultural treatment, and harvesting (salvage) in the Industrial Tree Plantation (ITP) forest areas.
- Under the new license agreement (SFMLA 02/2009), a new FMP was developed and approved by Sabah Forestry Department (SFD) on 06/12/2017 and a coupe permit was issued with validity until 17/12/2047.
- First Greenworld is a registered company in Kuala Lumpur, Malaysia (registration #: 852048-U) and a registered logging contractor with SFD [KON (TSR) 015/2018(KM)].
- The previous assessment was conducted in June 2022 that resulted in 2 gap(s) and 2 observation(s) (Report #: GFSSBH003-133).

Current Operations:

- Based on the 2023 AWP, First Greenworld is currently focusing on site preparation and planting at Compartment B03-B05, B07 & B09. No harvesting was scheduled for 2023.
- First Greenworld has an approved coupe permit from the SFD as follows:

Coupe #	Purpose	Area (ha)	Validity
TWU 15/17	Industrial Tree Plantation (ITP)	14,897.92	17/12/2047

- Based on the FMP land use, the licensed area is managed under the ITP-Mosaic system where, slope classification for the planned development areas inside ITP block is 0° - 14.99° and Mosaic block is 15° - 24.99°.
- The summary of planting inside the licensed area as of December 2022 as follows:

Coupe #	TWU.15/17	Coupe Area (ha)	14,897.92	
ITP Compartments	B2	Total Area (ha)	822.90	
Species Planted	Area Planted	Trees planted	Vol/ha	Total Vol
Laran	441.57	75,712	-	-
Talisai	10.61	1391		
Totals	452.18	77,103	-	-

Coupe #	TWU.15/17	Coupe Area (ha)	14,897.92	
ITP Compartments	B3	Total Area (ha)	345.10	
Species Planted	Area Planted	Trees planted	Vol/ha	Total Vol
Laran	107.99	23,354	-	-
Totals	107.99	23,354	-	-

Coupe #	TWU.15/17	Coupe Area (ha)	14,897.92	
ITP Compartments	B5	Total Area (ha)	549.35	
Species Planted	Area Planted	Trees planted	Vol/ha	Total Vol
Laran	28.02	5,500	-	-
Totals	28.02	5,500	-	-

- Land use classification:

Land classification	FMP Area (ha)	Current Status as of May 2023 (ha)
Total Concession Area	15,678.40	15,678.40
Production Area	14,897.92	14,897.92
- Plantation Forest (ITP/Mosaic)	14,897.92	Area planted (as of December 2022): 588.19 ha Total planted seedlings (As of December 2022): 105,957
Non-production area	780.48	780.48 ha Steep Area = 37.43 ha River Stream Buffer = 489.23 ha Forest Reserve Class 1 Buffer = 253.82 ha

Environmental Context:

- First Greenworld licensed area lies in the Sapulut Forest Reserve (Class II Commercial), which consists of the Upland Mixed Dipterocarp and Kerangas forests (>500 m ASL), which makes up the largest portion (about 65%) and the Lowland Mixed Dipterocarp Forest (<500 m ASL) at 22%. At elevations beyond 1000 m, a lower montane heath forest is found.
- Sapulut Forest Reserve was the most remote region of the Tawau District before a road was constructed in 1982. Sapulut Forest Reserve was gazetted as a commercial forest reserve on 18/01/1979. Prior to SFM, logging operations in Sapulut FR were divided into working blocks of various sizes and shapes with short-term logging licenses, which comprise Special License (usually more than 5 years) and Form 1 License employing conventional harvesting method with a felling diameter of >60cm DBH.
- Based on historical records and studies conducted in FMU 25 by the Wildlife Department several terrestrial mammal and avian species were identified. This includes, among others, the Bornean pygmy elephants, Sambar deer, Bornean yellow muntjac, Bearded pig, Silver-leaf langur, Long-tailed macaque, Bornean gibbons, White-crowned Hornbill, Blyth hawk-eagle, etc.
- The Environmental Impact Assessment was conducted and approved by Environment Protection Department (EPD).

#	Title	EPD Approval Letter #	EIA Consultant
1	Proposed Forestry Operation Within FMU 25 of Sapulut Forest Reserve under SFMLA 02/2009 in District of Nabawan, Sabah.	JPAS/WPD/NBN/900-1/01/3/2 Klt.2(18); dated 04/04/2019	Ekohandal Sdn. Bhd.

Social Context:

- First Greenworld licensed area does not contain any human settlements or land claims. The only settlement is found outside the concession, estimated to be about 60 km away from the licensed area along the Serudong Road.

Scope of Assessment

- The scope of the evaluation is to verify compliance of First Greenworld Sdn. Bhd. with the Sustainable Forest Management License Agreement (SFMLA 02/2009) for FMU 25.
- The assessment is in accordance on the terms of the agreement for the "Sabah Legality Standard Principles 1 - 4 dated November 2020 (SFD-TLAS-002).
- Site evaluation to verify and report the level of compliance by First Greenworld 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 demonstrate adequate compliance to a criterion.

Itinerary & Mandays: FMU 25 / First Greenworld Sdn. Bhd. & Top Quantum Sdn. Bhd. / Close-Out: Rakyat Berjaya Sdn. Bhd. (FMU 24) / Serudong District / 12 – 16 June 2023 (Total Mandays = 20)

Date	Activity	GFS Staff	Mandays
12 June 2023 Monday	Travelling to basecamp (Camp B) and overnight.	Priera Bagang, Asraf Mahmud, Sandra George	3
13 June 2023 Tuesday	Opening meeting at First Greenworld's stumping office. Field visit to First Greenworld licensed area; silviculture area, planting area, campsites, stumping, protected areas.	Priera Bagang, Asraf Mahmud, Sandra George	3
14 June 2023 Wednesday	Field visit to Top Quantum licensed area; harvesting area, planting area, silviculture area, protected areas.	Priera Bagang, Asraf Mahmud, Sandra George	3
15 June 2023 Thursday	Document review at Camp B office.	Priera Bagang, Asraf Mahmud, Sandra George	3
16 June 2023 Friday	Closing meeting at First Greenworld's stumping office. Close-out Rakyat Berjaya Sdn. Bhd. (FMU 24). Travel to home base.	Priera Bagang, Asraf Mahmud, Sandra George	3
17-18 June 2023	Reporting GFSSBH 003-200 Reporting GFSSBH 003-201 Reporting GFSSBH 003-194a	Dr. Kevin Grace Priera Bagang	5
Total			20

Highlights of Assessment

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

First Greenworld Sdn. Bhd. has complied with the Sabah Legality Standard (**SFD-TLAS-002**) as no non-compliance was identified during the assessment on 12 – 16 June 2023.

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

Principle 1.

First Greenworld demonstrated compliance with the license requirements, management planning, and submission of documents or reports, such as the EIA monitoring report to the relevant authorities. The FMP was approved on 06/12/2017 covering the period from 01/01/2018 to 31/12/2027.

June 2022: Gap 001/2022 (minor) – Checklist 1.3.2.2 & 1.8.1

Inventory results do not define forest quality strata for blocks and areas planned for ITP / Mosaic development and protection in relation to SFMLA requirements.

June 2023: Gap 001/2022 (minor) – Closed

The forest quality strata inside the licensed area had been defined in the FMP.

June 2023: Gap 001/2023 (minor) – Checklist 1.3.2.4

The zoning for plantation establishment on Strata II forest areas differs from SFMLA conditions for plantation establishment, which require areas to be degraded without viable commercial trees.

June 2022: Gap 002/2022 (minor) – Checklist 1.3.2.8

CHPP/CPP do not adequately identify areas to be planted under Mosaic / ITP systems or for protection within blocks.

June 2023: Gap 002/2022 (minor) – Closed

The total planned area for the ITP and Mosaic systems within each compartment had been defined in the CHPP/CPP document.

Principle 2.

First Greenworld demonstrated compliance with the Environmental Impact Assessment requirements based on quarterly ECR and field observations. Clear demarcation of riparian reserves was observed and without disturbance. All transportation documents such as Timber Disposal Permits and Removal Pass were identified with 'Sabah TLAS Compliant' stamp as required in the FD 36/2016 Circular.

Highlights of Assessment

June 2022: Observation 001-2022 – Checklist 2.3.1

One work permit will be expired on 25/06/2022.

June 2023: Observation 001-2022 (Addressed)

All work permits are renewed and valid.

June 2023: Observation 001-2023 – Checklist 2.3.6

Inconsistent PPE wearing was observed for forest workers.

Principle 3.

First Greenworld paid timber royalties, licensing fees and other charges to the SFD.

June 2022: Observation 002-2022 – Checklist 3.1.1

Several Occupation Permits (OPs) are pending renewal from SFD.

June 2023: Gap 002/2023 (Raised to minor)

Occupation permits have expired.

Principle 4.

Not applicable - Based on the EIA, no human settlements or land claims are associated with the licensed area.

Summary Results:

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

Gap raised against indicators & criteria during the June, 2023 assessment.

GAP	Type	Checklist	Status	Description
001/2022	minor	1.3.2.2 1.8.1	Closed	<p>June 2022: Inventory results do not define forest quality strata for blocks and areas planned for ITP / Mosaic development and protection in relation to SFMLA requirements.</p> <p>June 2023: The forest quality strata inside the licensed area had been defined in the FMP.</p>
002/2022	minor	1.3.2.8	Closed	<p>June 2022: CHPP/ CPP do not adequately identify areas to be planted under Mosaic / ITP systems or for protection within blocks.</p> <p>June 2023: The total planned area for the ITP and Mosaic systems within each compartment had been defined in the CHPP/ CPP document.</p>
001/2023	minor	1.3.2.4	New	<p>June 2023: The zoning for plantation establishment on Strata II forest areas differs from SFMLA conditions for plantation establishment, which require areas to be degraded without viable commercial trees.</p>
002/2023	Obs 002-2022	2.2.2 3.1.1	Raised to minor	<p>June 2022: Several Occupation Permits (OPs) are pending renewal from SFD.</p> <p>June 2023: Occupation permits are expired.</p>

Observation raised against indicators & criteria during the June, 2023 assessment.

Obs #	Checklist	Description
001-2022 Addressed	2.3.1	June 2022: One work permit will be expired on 17/06/2022. June 2023: All work permits are renewed and valid.
001-2023	2.3.6	June 2023: Inconsistent PPE wearing was observed for forest workers.

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

Recommendations
<p>First Greenworld Sdn. Bhd. demonstrated compliance with the Sabah Legality Standard (SFD-TLAS-002) 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.</p> <p>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:</p> <p>Gap 001/2023 (minor) - Checklist 1.3.2.4: The zoning for ITP and Mosaic systems must be in accordance with SFMLA conditions for plantation establishment regarding Strata II forest areas.</p> <p>Gap 002/2023 (Raised to minor) – Checklist 2.2.2, 3.1.1: First Greenworld shall ensure all Occupational permits are valid.</p> <p>Observation 001-2023 – Checklist 2.3.6: First Greenworld shall monitor and impose the PPE usage for forest workers.</p> <p>The next annual surveillance audit will be scheduled for June 2024.</p>

End of Summary Report