

Sabah TLAS Audit Report

Sabah Legality Standard Principles 1 – 4

Licensee	First Greenworld Sdn. Bhd. 200801035859 (852048-U)	Reference #	GFSSBH 003-304
Contact Person	Mr. Awang Zaidun Awang Taip (Forest & Shipping Manager)	Date of Report	07/06/2024
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		Approved By	Dr. Kevin Grace

Statements			
Statement of Compliance	GFS 074 LVS		
Issuance Date	19 June 2024	Expiration Date	18 June 2025

Assessment Details	
Assessment Dates	03-07 June 2024
Scope of Assessment	Sabah TLAS P1-4: SFMLA 02/2009 (FMU 25)
Species	Not applicable
Lead Assessor	Priera Bagang
Assessor(s)	Glory Linggou, Vanessa Abin, Anis Andrew
SFD Staff	Johnny Laminggu (ADFO Serudong), Kelisno Ransin (KPPM Naundong), David Totu (PPM Naundong)

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 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.

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 also 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.

Rakan Rimba Sdn. Bhd. has appointed Vivadaya Sdn. Bhd., SSK Enterprise, Superkim Enterprise, Zat Istimewa Sdn. Bhd., and Datsing Sdn. Bhd. as contractors for harvesting (salvage) and planting within the licensed area.

First Greenworld has planned forestry activities within the concession area based on the following slope classifications:

Forest Plantation zone	Identified Areas <15° slope: (13,887ha) Clear felling allowed for plantation establishment subject to standing statutory restrictions stipulated in the license agreement. Natural trees left standing as future crop trees may be extracted in the future.
	Identified Areas 15 - 25° slope: (1,753 ha) Planting shall take the form of a combination of natural forest and planted forest in a mosaic pattern of more or less 50:50 ratio of planted forest to natural forest. Timber extraction from the natural forest patches is allowed only once, with the felling limit set at 30 – 150 cm DBH, for all species. Thereafter, timber production from natural forest patches will be prohibited completely. Planted patches and natural forest patches within the mosaic plantations will be mapped out on the compartment planting plan.
	Identified Areas >25° slope / Steep area: (37 ha) Timber extraction is prohibited.

Land use classification:

Land classification	FMP Area (ha)	Current Status as of End of May 2024 (ha)
Total Concession Area	15,678.40	15,678.40
Production Area	13,644	Total logged area: 3,739.19 ha Total Area planted: 994.17 ha Area planted by species: Laran = 983.73 ha Talisai = 5.02 ha Mahogany = 3.69 ha Binuang = 1.15 ha Wild Durian = 0.36 ha <i>E. pellita</i> = 0.22 ha
Non-production area	2,034	2,034 ha Roads = 70 ha Streams, ponds, including riparian buffer = 490 Steep & inoperable area = 37.40 ha Base camp & other facilities = 30 ha Natural forest patches = 877 ha Mengilan Forest Reserve (Class 1) buffer = 259.40 ha

		Others (rocky areas, small crown forests inaccessible areas) = 270 ha
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Current Operations:

First Greenworld is only focusing on planted tree maintenance (e.g., weeding and pruning) for Compartments B2, B3, B4, B5 and B9.

Based on the 2024 AWP, compartment B11 is scheduled for salvage logging. However, the harvesting has not started. Current operations are according to FMP and AWP schedules.

First Greenworld has an approved coupe permit from the SFD.

Coupe Permit #	Area (ha)	Expiry date	Remark
TWU15/17	14,897.92	17/12/2047	Industrial Tree Plantation (ITP)

The list of planted compartments.

Comp #	NFM/ITP	Status	Area (ha)	Geo-location data
B2	ITP/Mosaic	Sabah TLAS	824.30	North: RX793729 BOR501360 Northeast: RX796768 BOR504786
B3	ITP/Mosaic	Sabah TLAS	345.50	North: RX793410 BOR499737 Northeast: RX794118 BOR504675
B4	ITP/Mosaic	Sabah TLAS	471.80	North: RX795810 BOR498100 Northeast: RX797336 BOR504911
B5	ITP/Mosaic	Sabah TLAS	575.60	North: RX793382 BOR499719 Northeast: RX796084 BOR5497189
B9	ITP/Mosaic	Sabah TLAS	714.90	North: RX797486 BOR496423 Northeast: RX795559 BOR492015

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 Forest Reserve 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	Appointed ECR 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.	Kinabalu Environmental Consultancy Sdn. Bhd.

Social Context:

Based on FMP, there are no villages or human settlements within the FMU. The largest rural town of any significant is Sapulut, located 85 KM by the existing road network.

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 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 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 comply adequately with a criterion.

Itinerary & Mandays: 03-07 Jun 2024 / FMU 25: Top Quantum Sdn. Bhd., First Greenworld Sdn. Bhd., Pesona Majukaya Sdn. Bhd. / Serudong District

Date	Activity	GFS Staff	Mandays
04 June 2024 Tuesday	Travel to First Greenworld Sdn. Bhd. basecamp. Opening meeting at First Greenworld Sdn. Bhd. basecamp and document review for Top Quantum, First Greenworld, Pesona Majukaya. Overnight at campsite.	Priera Bagang, Glory Linggou, Vanessa Abin, Anis Andrew	4
05 June 2024 Wednesday	Field assessment to First Greenworld Sdn. Bhd. (Compartments B3, B8) and Top Quantum Sdn. Bhd. (Compartments A8, A9) and continue document review at First Greenworld Sdn. Bhd. basecamp office. Overnight at campsite.	Priera Bagang, Glory Linggou, Vanessa Abin, Anis Andrew	4
06 June 2024 Thursday	Field assessment to Pesona Majukaya Sdn. Bhd. (Compartments 15, 1) Document review at First Greenworld Sdn. Bhd. basecamp office. Overnight at campsite.	Priera Bagang, Glory Linggou, Vanessa Abin, Anis Andrew	4
07 June 2024 Friday	Document review and closing meeting at First Greenworld Sdn. Bhd. basecamp office. Travel back to home base.	Priera Bagang, Glory Linggou, Vanessa Abin, Anis Andrew	4
08-09 June 2024	Reporting/Administration: GFSSBH003-304 Reporting/Administration: GFSSBH003-305 Reporting/Administration: GFSSBH003-306	Dr. Kevin Grace Priera Bagang	6
Total			22

Highlights of Assessment

(Major Gaps = 0; Minor Gaps = 4; Observations = 1)

First Greenworld Sdn. Bhd. has complied with the Sabah TLAS requirements (FDS TLAS-006) as no non-compliance was identified during the assessment on 03-07 June 2024.

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

Principle 1. Right to Harvest

First Greenworld demonstrated compliance with the license requirements, required management planning, and submission of documents or reports such as the EIA monitoring report to the relevant authorities.

June 2024: Observation 001-2024 – Checklist 1.2.5

Late submission of the ECR to EPD for the 1st Quarter 2024 (Nov 2023 - Feb 2024).

June 2024: Gap 001/2024 (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.

Principle 2. Forest Operations

First Greenworld demonstrated compliance with the licensed area security, maintenance of the licensed boundary, and protection of the buffer zones. First Greenworld has also implemented their system to

Highlights of Assessment

monitor planted trees and ensure compliance with the regulatory requirements for workers.

June 2024: Gap 002/2024 (minor) - Checklist 2.1.7

Contractors and subcontractors have not registered with SFD.

June 2024: Gap 003/2024 (minor) - Checklist 2.4.8

First Greenworld has yet to register under DOSH.

Principle 3. Statutory Charges

First Greenworld has paid licensing fees and other charges to the SFD.

June 2024: Gap 004/2024 (minor) – Checklist 3.1.1

The Occupational Permits are expired.

Principle 4. Other User Rights

Not applicable - Based on the FMP, there are no villages or human settlements within the FMU. The largest rural town of any significant is Sapulut, located 85 KM by the existing road network.

Summary Results:

(Major gap = 0, Minor gap = 4, Observation = 1)

Gap raised against indicators & criteria during the June 2024 assessment.

GAP	Type	Checklist	Status	Description
001/2024	minor	1.3.2.4	New	June 2024: 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.
002/2024	minor	2.1.7	New	June 2024: Contractors and subcontractors have not registered with SFD.
003/2024	minor	2.4.8	New	June 2024: First Greenworld has yet to register under DOSH.
004/2024	minor	3.1.1	New	June 2024: The Occupational Permits are expired.

Observation raised against indicators & criteria during the June 2024 assessment.

Obs #	Checklist	Description
001-2024	1.2.5	June 2024: Late submission of the ECR to EPD for the 1 st Quarter 2024 (Nov 2023 - Feb 2024).

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

Recommendations

First Greenworld 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 001/2024 (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.

Gap 002/2024 (minor) – Checklist 2.1.7: Contractors and subcontractors must register with SFD as required.

Gap 003/2024 (minor) - Checklist 2.4.8: First Greenworld is required to register under DOSH based on DOSH legislation.

Gap 004/2024 (minor) – Checklist 3.1.1: First Greenworld shall renew the Occupational Permits 3 months before the expiry date and the SFD shall expedite the approval process.

Observation 001-2024 - Checklist 1.2.5: The submission of Quarterly ECR to EPD should be on time.

The next annual surveillance audit will be scheduled for **June 2025**.

End of Summary Report