

Sabah TLAS Audit Report

Sabah Legality Standard Principles 1 – 4

Licensee	Bornion Timber Sdn. Bhd. 197601001016 (26668-K)	Reference #	GFSSBH 003-316
Contact Person	Adam Ryan Goh (Forest and Plantation Manager)	Date of Report	25/10/2024
Office Address	3 rd Floor, Lot 16-18, Block K, Jalan Ikan Juara Satu, Sadong Jaya, Karamuning, P. O. Box 11609, 88000 Kota Kinabalu, Sabah, Malaysia.	Date of close out	-
Email	adgoh94@gmail.com DFO Sook: Bonaventure.Boyoun@sabah.gov.my PPW Keningau: Jaime.Gampawi@sabah.gov.my	Telephone	+6088 240 111
		Fax	+6088 240 112
		Approved By	Dr. Kevin Grace

Statements

Statement of Compliance	GFS 054 LVS		
Issuance Date	28 October 2024	Expiration Date	27 October 2025

Assessment Details

Assessment Dates	21 - 25 October 2024
Scope of Assessment	Sabah TLAS P1-4: SFMLA 03/97
Species	Salvage logging: <i>Dryobalanops</i> spp. (Kapur), <i>Dipterocarpus</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, Urat Mata, Melapi), <i>Shorea</i> spp. (Oba suluk), <i>Neolamarckia cadamba</i> (Laran), <i>Duabanga moluccana</i> (Magas), <i>Octomeles sumatrana</i> (Binuang), <i>Alstonia</i> spp. (Pulai), <i>Annonaceae</i> spp. (Karai), <i>Eugenia</i> spp. (Obah), <i>Sindora beccariana</i> (Sepetir), Lauraceae (Medang), <i>Planchonia valida</i> (Putat), <i>Lophopetalum</i> spp. (Perupok), <i>Terminalia subspathulata</i> (Talisai), Lithocarpus & Quercus spp. (Mempening), Myristicaceae (Darah-darah), <i>Dillenia</i> spp. (Simpur), <i>Cotylelobium</i> spp. (Resak batu), <i>Cratoxylum arboreescens</i> (Serungan), <i>Pentace</i> spp. (Takalis), <i>Hopea sangal</i> . (Gagil), <i>Calophyllum obliquinervium</i> (Bintangor), <i>Canarium dacyodes</i> & other Burseraceae spp. (Kedondong), <i>Pterocymbium javanicum</i> (Teletto), Prerospermum spp. (Bayor), <i>Dyera</i> spp. (Jelutong), <i>Dialium indum</i> spp. (Kerangi), Annonaceae (Pisang-pisang), <i>Castanopsis motleyana</i> (Berangan), <i>Camposperma auriculatum</i> (Terentang), <i>Anisoptera</i> spp. (Pengiran), <i>Cratoxylum</i> spp. (Geronggang), <i>Endospermum diadenum</i> (Sendok-Sendok), <i>Tristaniopsis merguensis</i> (Pelawan-pelawan), <i>Potoxylon melagangai</i> (Malagangai) and other timbers (OT)
Lead Assessor	Priera Bagang
Assessor(s)	Sheanna Kehong
SFD Staff	Bonaventure Boyou (DFO Sook), Magandi Jumain (PPW Keningau), Victor Gadius (ADFO Sook), Richard Gaumin (KPPM Pingas)

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:

Bornion Timber Sdn. Bhd. (Bornion Timber) is a Sabah registered company 197601001016 (26668-K) that holds a Sustainable Forest Management License Agreement (SFMLA) 03/1997 and a tenure of 100 years commencing on 10/09/1997 and expiring on 09/09/2097, covering all forest management activities within the concession area, which is also referred to as FMU 11.

Under the SFMLA, Bornion Timber was initially granted a total gross licensed area of 108,993 ha. However, only 98,985 ha was mapped and divided into 220 compartments. FMU 11 is a logged over natural forest prior to the issuance of the SFMLA in 1997.

On 12/03/2013, approximately 10,008 ha under Natural Forest Management (NFM) were excised by the State Government of Sabah under the 1st FMP and re-issued to Lagenda Aktif Sdn. Bhd. The excised areas were located in Block A (Ulu Sg. Millian Forest Reserve), involving 20 compartments. As of the assessment, Bornion Timber did not engaged contractor for logging and planting.

Land use classification:

Land classification	3 rd FMP Area (ha)	Current Status as of end of Sep 2024 (ha)																						
Total concession area	98,984.60	98,984.60																						
Total gross production area	82,829.85	82,829.85																						
Gross Natural Forest Management (NFM)	29,574.20	Net production area: 22,247.20 ha																						
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		<u>Trees planted from 2004 to 3rd Quarter 2024:</u> Rubber trees = 23,411.02ha Laran = 6,862.36ha <i>Acacia crassicaarpa</i> = 800.20ha Durian = 40.08ha Total net planted area as of 3 rd Quarter 2023 =																						

		31,113.66 ha Balance of gross unplanted area under ITP development zoned area as of 3 rd Quarter 2024 = 9,350.78 ha
Conservation area (by Compartment)	14,278.15	14,278.15
Social Community (by Compartment)	1,876.60	1,876.60

Current Operations:

Currently, Bornion Timber is focusing on salvage logging and planting at ITP couped areas. The schedule for planting and harvesting that is based on the approved 2024 AWP as follows:

Compartment #	Activities	Gross area, ha	Progress as of 3 rd Quarter 2024 (%)
244	Salvage logging	243.85	30
235	Salvage logging	453.00	100
247	Salvage logging	166.50	100
183	New planting	345.35	43
184	New planting	452.74	100
188	New planting	296.98	100

Current compartments under harvesting/planting.

Comp #	NFM/ITP	Status	Area (ha)	Geo-location data
244	ITP	Sabah TLAS	243.85	NE: N04° 49'32.77" E116°35'13.20" NW: N04°49'23.65" E116°33'45.92" SE: N04°48'09.52" E116°34'33.98" SW: N04°48'20.96" E116°34'10.69"
235	ITP	Sabah TLAS	453.00	NE: N04° 52'25.70" E116°37'19.36" NW: N04°51'44.98" E116°36'28.56" SE: N04°50'36.53" E116°37'30.97" SW: N04°50'40.05" E116°36'22.86"
247	ITP	Sabah TLAS	166.50	NE: N04° 48'59.87" E116°37'26.34" NW: N04°49'23.50" E116°36'58.89" SE: N04°48'04.88" E116°37'13.92" SW: N04°47'52.19" E116°36'38.96"
183	ITP	Sabah TLAS	345.35	NE: N05° 02' 23.48" E116° 36' 12.50" NW: N05° 02' 22.59" E116° 35' 37.07" SE: N05° 01' 47.21" E116° 36' 16.56" SW: N05° 00' 53.80" E116° 34' 47.10"
184	ITP	Sabah TLAS	452.74	NE: N05° 01' 47.21" E116° 36' 16.56" NW: N05° 00' 53.80" E116° 34' 47.10" SE: N05° 00' 45.95" E116° 36' 23.41" SW: N04° 59' 36.01" E116° 34' 45.70"
188	ITP	Sabah TLAS	296.98	NE: N05° 00' 35.51" E116° 34' 23.42" NW: N04° 59' 54.34" E116° 33' 7.07" SE: N04° 59' 24.31" E116° 33' 54.66" SW: N04° 59' 13.17" E116° 33' 13.91"

Environmental Context:

Most areas under SFMLA 03/97; the FMU 11 has been extensively logged starting in the 1970s. FMU 11 comprises of Ulu Sg. Millian Forest Reserve (Block A – 66,682.18 ha) and part of Sapulut Forest Reserve (Block B – 32,302.43 ha), which are divided into 220 compartments.

Three dominant forest types are found in the licensed area.

- Upland Mixed Dipterocarp Forests (UMDP) [approximately 71,886 ha];
- Upland Mixed Dipterocarp Forest and Kerangas Forest (UMDF & KF) [approximately 23,851 ha]; and
- Lowland Mixed Dipterocarp Forest (LMDF) [approximately 2,904.7 ha].

The most common tree species in the Lowland Mixed Dipterocarp Forest belong to the Dipterocarp genera of Shorea, Parashorea, Dryobalanops, Dipterocarpus, *Shorea leprosula*, *Anisoptera costata* and *Hopea sangal* are found in the Upland Mixed Dipterocarp Forest. The Kerangas Forest has a low, uniform canopy with thick underbrush and rich growth of moss and epiphytes. The dominant tree species include Kapur Merah (*Dryobalanops beccarii*) with some Kempas (*Koompassia malacensis*).

3 expert surveys on wildlife populations in the licensed area were carried out in 1998, 2011 and 2014. In 2015, Bornion Timber established its own Wildlife Unit to monitor wildlife populations in the FMU.

According to the survey in 2014, 26 species of mammals were recorded. Of these, 5 species (Banteng, Sun bear, Flat-headed cat, Pangolin and Clouded leopard) are listed as totally protected under the Wildlife Conservation Enactment 1997. The presence of the Tufted ground squirrel (*Rheithrosciurus macrotis*), which is a Bornean endemic, can also be found in the licensed area.

A total of 104 bird species were recorded, of which 23 species are listed as protected species under the Wildlife Conservation Enactment 1997. There are 5 species of hornbills, which include the helmeted hornbill (*Rhinoplax vigil*), Rhinoceros hornbill (*Buceros rhinoceros*), Wreathed hornbill (*Rhyticeros undulatus*), Bushy-crested hornbill (*Anorrhinus galeritus*) and Black hornbill (*Anthracoceros malayanus*). The Helmeted hornbill, Rhinoceros hornbill and White-fronted Falconet are classified as Near Threatened on the IUCN Red List. Only 4 reptiles and 20 species of frogs were recorded during the survey.

Bornion Timber engaged Kiwiheng Wood and Environmental Consultants Sdn. Bhd. conducted a Special Environment Impact Assessment (SEIA) for areas under SFMLA 03/1997. The report was approved by the Environmental Protection Department (EPD) on 09/06/2003 [Ref. #: JKAS/PP/03/600-1/01/1/129 Jld 3 (61)]. The EIA was developed in relation to the 1st FMP, where NFM zoned area was 50,109 ha and ITP zoned for 29,194 ha. Ensolve Sdn. Bhd. conducted a Re-assessment Report for the Rubber Plantation Planting Path Method and approved on 04/08/2014 for 54,269.23 ha of ITP zoned areas [Ref. #: JPAS/PP/03/ 600-1/01/1/129 Jld. 4 (34)] to mitigate soil erosion by terracing on steep slopes site preparation prior to planting.

Social Context:

Bornion Timber recently conducted a SIA in 2022 which identified 29 villages associated with the licensed area: (Kg. Kilo, Kg. Pinipi, Kg. Kuit, Kg. Lanas Stesen, Kg. Alab, Kg. Alab Dalog, Kg. Batu Lunguyan, Kg. Wawasan, Kg. Kipaliu Baru, Kg. Pulutan, Kg. Dumbun, Kg. Poring Baru Simbuan, Kg. Sasagahan, Kg. Maatol, Kg. Mantanid, Kg. Fontas-Mandolong, Kg. Masaum, Kg. Pandiwan A, Kg. Pandiwan B, Kg. Kagopil, Kg. Sungai Matoi, Kg. Kalindukan, Kg. Tataluan, Kg. Langkukuk, Kg. Tampusison, Kg. Solog, Kg. Panganitan, Kg. Kagasa and Kg. Matiku).

The assessment identified 8 potential impacts affecting the communities' land disputes, water quality, infrastructure development, disruption of local economies, changes in livelihood, food security, local cultural and labour requirements.

The Dusuns are the main ethnic group residing within and in the vicinity of the Ulu Sg. Millian Forest Reserve, while the Muruts dominate areas adjacent to the Sapulut Forest Reserve. The local communities can be divided into 5 groups based on their location and ethnicity, which are Dusun Lobou, Lundayeh, Mixed Dusun-Lundayeh-Murut, Mixed Murut-Sungai and Murut.

Bornion Timber has carried out an HCV assessment to identify conservation areas and potential social impacts caused by forest operations.

- Land: Villagers tend to work for companies outside of the village.

- Water: Bornion Timber has identified and excluded all important watershed areas from its logging and road construction activities.
- Firewood: Generally, the need for firewood in the licensed area is high.
- Old Graveyard: A graveyard claimed by the local communities exists along Sg. Labau and Sg. Pingas. An old graveyard was reported in Compartment 162 (located at the river mouth Sg. Pingas to Sg. Millian).

As of the assessment, no agreements have been developed between Bornion Timber and the local communities. Bornion Timber recognizes the concerns and rights of the communities living adjacent to the licensed area and is committed to minimizing and offsetting any social and environmental impacts of its operations on their livelihoods. This will be achieved through the implementation of the established SOP for environmental mitigation, grievance handling, and dispute resolution.

Scope of Assessment
<ul style="list-style-type: none"> • The scope of the evaluation is to verify compliance of Bornion Timber Sdn. Bhd. with the Sustainable Forest Management License Agreement (SFMLA 03/1997) for FMU 11. • 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 Bornion Timber 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: 21 - 25 October 2024 / FMU 11: Bornion Timber Sdn. Bhd./Sook District

Date	Activity	GFS Staff	Mandays
21 October 2024 Monday	Travel to SFD Keningau and Opening meeting. Travel to Bornion Timber basecamp and overnight. Document review.	Priera Bagang, Sheanna Kehong	2
22 October 2024 Tuesday	Field assessment to harvesting compartments, protection areas, basecamp, and planting areas. Document review.	Priera Bagang, Sheanna Kehong	2
23 October 2024 Wednesday	Social assessment; Kg. Sungai Matoi, Kg. Pulutan. Document review.	Priera Bagang, Sheanna Kehong	2
24 October 2024 Thursday	Document review at Bornion Timber basecamp.	Priera Bagang, Sheanna Kehong	2
25 October 2024 Friday	Closing meeting at SFD Keningau. Travel to homebase	Priera Bagang, Sheanna Kehong	2
26-27 October 2024	Reporting/Administration: GFSSBH003-316	Dr. Kevin Grace Priera Bagang	2
Total			12

Highlights of Assessment
<p>(Major Gaps = 0; minor Gaps = 0; Observations = 0)</p> <p>Bornion Timber Sdn. Bhd. has complied with the Sabah TLAS requirements (FDS TLAS-006) as no non-compliance was identified during the assessment on 21-25 October 2024.</p> <p>Summary of status of operations by Principle:</p> <p>Principle 1. Right to Harvest Bornion Timber 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.</p> <p>Principle 2. Forest Operations Bornion Timber demonstrated compliance with the licensed area security, maintenance of the licensed boundary, and protection of the riparian reserve. Bornion Timber has also implemented their system to monitor planted trees and ensure compliance with the regulatory requirements for workers.</p>

Highlights of Assessment

Principle 3. Statutory Charges

Bornion Timber has paid licensing fees and other charges to the SFD.

Principle 4. Other User Rights

Bornion Timber recently conducted a SIA in 2022, which identified 29 villages associated with the licensed area, Kg. Kilo, Kg. Pinipi, Kg. Kuit, Kg. Lanas Stesen, Kg. Alab, Kg. Alab Dalog, Kg. Batu Lunguyan, Kg. Wawasan, Kg. Kipaliu Baru, Kg. Pulutan, Kg. Dumbun, Kg. Poring Baru Simbuan, Kg. Sasagahan, Kg. Maatol, Kg. Mantanid, Kg. Fontas-Mandolong, Kg. Masaum, Kg. Pandiwan A, Kg. Pandiwan B, Kg. Kagopil, Kg. Sungai Matoi, Kg. Kalindukan, Kg. Tataluan, Kg. Langkukuk, Kg. Tampusion, Kg. Solog, Kg. Panganitan, Kg. Kagasa and Kg. Matiku.

The assessment identified 8 potential impacts affecting the communities' land disputes, water quality, infrastructure development, disruption of local economies, changes in livelihood, food security, local cultural and labour requirements. Bornion Timber recognizes the concerns and rights of the communities living adjacent to the licensed area and is committed to minimizing and offsetting any social and environmental impacts of its operations on their livelihoods. This is managed through the implementation of the established SOP for environmental mitigation, grievance handling, and dispute resolution.

Summary Results:

(Major gap = 0, minor gap = 0, Observation = 0)

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

GAP	Type	Checklist	Status	Description
-	-	-	-	-

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

Obs #	Checklist	Description
-	-	-

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

Recommendations

Bornion Timber 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.

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

End of Summary Report