

Sabah TLAS Audit Report

Sabah Legality Standard Principles 1 – 4

Licensee	Lebihasil Sdn. Bhd. (376838-D)	Reference #	GFSSBH 003-225
Contact Person	Liew Hon Ming (Camp Manager) Ng Shi Teng (General Manager)	Date of Report	20/10/2023
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		Approved By	Dr. Kevin Grace

Statements

Audit Statement	GFS 007 LVS		
Issuance Date	23 October 2023	Expiration Date	22 October 2024

Assessment Details

Assessment Dates	16 - 20 October 2023
Scope of Assessment	Sabah TLAS P1-4: SFMLA 01/2005
Species	<p><u>Area A planted:</u> Batai/Albizia (<i>Paraserianthes falcataria</i>), Laran (<i>Anthocephalus cadamba</i>), Binuang (<i>Octomeles sumatrana</i>), Magas (<i>Duabunga moluccana</i>), <i>Eucalyptus sp.</i>, <i>Durio sp.</i>, Khaya (<i>Khaya Ivorensis</i>), Mahogany (<i>Swietenia spp.</i>) & Talisai (<i>Terminalia catappa</i>).</p> <p><u>Area B planted:</u> Batai (<i>Paraserianthes falcataria</i>), Laran (<i>Anthocephalus cadamba</i>), Binuang (<i>Octomeles sumatrana</i>), and Talisai (<i>Terminalia catappa</i>), <i>Eucalyptus sp.</i></p> <p><u>Area C planted:</u> Batai/Albizia (<i>Paraserianthes falcataria</i>) and Rubber (<i>Hevea brasiliensis</i>).</p>
Lead Assessor	Priera Bagang
Assessor(s)	Tommy Olui, Vanessa Abin
SFD Staff	Jaimi Mujit (ADFO Deramakot)

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:

- Lebihasil Sdn. Bhd. (Lebihasil) is involved in the forest restoration for FMU 17A & 17B.
- Lebihasil signed SFMLA 01/2005 (Principal Agreement) on 03/03/2006, for a period of 50 years and expired on 31/12/2054. The agreement allocated 1,000 ha (Compartments 55 and 56) in FMU 17B for forest plantation development (Area A).
- After completing FMU17A Area A, Lebihasil acquired a supplemental area of 1,000ha (FMU 17B Area B) for forest restoration purposes. The 1st supplemental agreement was signed on 25/05/2009 and the tenure was based on the signed SFMLA 01/2005.
- Following the successful development of 2,000 ha (FMU 17A Area A & FMU 17B Area B), an additional 1,000 ha (FMU 17B Area C) was then allocated to Lebihasil through the 2nd Supplemental Agreement on 22/11/2012.
- Currently, the total area allocated to Lebihasil under the license agreement is 3,000 ha.
- Lebihasil engaged Syarikat Kontrektor Lee Yun Sdn. Bhd. as a logging contractor inside the SFMLA area.
- The previous assessment was conducted in January 2023 that resulted in 0 gap(s) and 1 observation(s) (Report #: GFSSBH003-167a).

Current Operations:

- Lebihasil is currently conducting re-planting of harvested area in FMU17A, Area A (Compartment 55). As of September 2023, the new planted area in Area A is 289.60 ha, with a total planted tree of 108,465.
- The accumulated number of logs harvested after the final harvesting operation in December 2022 is 2,277, with a total production of 2,149.05 m³.
- Lebihasil focuses on tending and maintenance activities in Area B and C.
- The current operations are according to FMP / PDP / AWP schedules.
- Land use classification:

Land classification – Area A	2 nd FMP Area (ha)	Current (ha)
Total Concession Area	1,018	1,018
Natural Forest Management Area	0	0
Integrated Tree Planting	745	759
Natural Forest (Aesthetic buffer strip 75m width & riparian reserve 30m strip)	179	179
Roads and clearings	80	80
Water Body (pond, lakes)	14	14

- Summary of new planting (Area A):

Year	Block #	Planting Area (ha)	Total of new planted Trees (based on species)								
			Binuang	Laran	Magas	Batai	Eucalyptus	Durian	Khaya	Mahagony	Talisai
2018	55A	97.00	0	0	0	0	21,719	0	0	0	0
2019			0	0	0	0	2,620	0	0	0	0
2018	55B	18.50	0	1,094	0	0	3,485	848	0	0	0
2019	55B	5.10	0	10	0	0	1,998	0	0	0	0
2022	55B	8.00	0	0	0	0	3,200	0	0	0	0
2023	55B	62.90	0	0	0	0	26,158	0	535	462	251
2023	55C	39.21	0	0	0	0	17,069	0	0	0	0
2023	55D	29.25	0	0	0	0	17,106	0	0	0	0

2019	55E	27.37	0	0	0	0	19,948	0	0	0	0
2023	55F	2.29	0	0	0	0	962	0	0	0	0
Grand Total		289.60	0	1,104	0	0	105,265	848	535	462	251

- Land use classification:

Land classification – Area B	Approved FMP Area (ha)	Current (ha)
Total Concession Area	1,000	1,000
Mosaic Planting (ratio 60:40)	504	331
Natural Stand Area	336	669
Roads and clearings	92	92
Streams, ponds, including riparian reserve	60	60
Conservation / Steep slope (>25°)	3	3
Community planted area (ha)	4.30	4.30
Nett Production Area	840.70	840.70

- Summary of planting (Area B).

Year	Block #	Area (ha)	Planted Area (ha)	Total Planted Trees (based on species)				
				Binuang	Laran	Batai	Talisai	Eucalyptus
July 2011 – Mac 2013 <i>Eucalyptus</i> sp. planted in 2020 - 2022	1	95	37.52	0	0	9,107	0	6,794
	2	52	16.12	0	0	4,130	0	2,722
	3	39	18.20	0	0	6,173	0	2,120
	4	33	7.07	0	0	700	0	1,430
	5	73	29.24	0	0	7,132	0	5,266
	6	36	18.26	0	0	5,320	0	1,997
	7	68	14.04	125	50	4,145	47	1,775
	8	25	5.00	0	0	505	0	1,165
	9	68	18.20	0	0	3,234	0	3,193
	10	72	9.06	0	0	1,760	200	1,475
	11	43	8.04	0	0	1,150	0	1,412
	12	76	28.00	100	0	2,598	0	5,897
	13	79	31.41	0	0	6,420	0	5,504
	14	37	8.36	0	0	1,390	0	1,729
	15	58	16.00	0	0	3,300	0	2,811
	16	107	47.22	0	0	13,300	0	8,868
	17	39	22.43	0	0	2,645	0	4,835
Total		1,000	334.20	225	50	73,009	247	58,993

Note: The planting of trees in FMU 17B Area B is less than 60% due to the high natural regeneration of pioneer trees. Therefore, Lebihasil focuses on the liberation treatment to improve growth performance.

- Land use classification.

Land classification – Area C	FMP Area (ha)	Current Status (ha)
Total Concession Area	1,000	1,000
Production Area	968	968
Non-Productive Area	32	32
Mosaic Planting	485	225.19*
Natural Stand Area	324	742.81
Rubber Plantation	159	159
Roads and clearings	7	7
Streams, ponds, including riparian reserve	60	60
Conservation Area / Steep Area (> 25°)	5	5
Nett Production Area	896	896

*Note: The planting of trees in FMU 17B Area C is less than 60% due to the high natural regeneration of

pioneer trees. Therefore, Lebihasil focuses on the liberation treatment to improve growth performance.

Status of planting (Area C):

Compartment #	Year of planting	Area (ha)	Estimated Planted Area (ha)	Land Use	Total seedlings
1	2015 - 2016	69	34.95	Rubber	42,436
2		90	71.10	Rubber	
3	2016	155	30.50	Mosaic	77,759
4		110	24.31	Mosaic	
5		161	28.03	Mosaic	
6		97	<i>Not yet planted</i>	Mosaic	
7		115	<i>Not yet planted</i>	Mosaic	
8		92	33.80	Mosaic	
9		79	2.50	Mosaic	
Total		968	225.19		

Environmental Context:

- FMU 17A & B are located within Sg. Pinangah Forest Reserve consists of a secondary lowland mixed dipterocarp forest. Yayasan Sabah first logged FMU 17A & B in the 1970s and early 1980s. Perusahaan Nyala Sdn Bhd logged the entire area again from 1988 to 1990. Since then, the forest area has been left to regenerate naturally. This area is considered as severely degraded, dominated by *Macaranga spp.* and heavy vine loads-climbing bamboo. Timber stand in FMU 17A & B is considered very poor – less than 4 commercial trees > 60cm DBH ha⁻¹.
- The residual forest includes *Dryobalanops beccarii*, *Shorea smithiana*, *S.macrotepra*, *S.mecystopteryx* and *Parashorea malanonaan*. Lebihasil management system is based on forest restoration under the mosaic design that consists of planting Batai, Laran, Binuang, Magas and Khaya species within degraded areas of the forest concession.
- FMU 17A & B are generally poor in wildlife because this area is mostly cut off from natural forests by oil palm plantations and the Karamuak River along its eastern boundary. The adjacent forest on its western boundary is growing largely on ultramafic soils, known to be generally poor in wildlife and plant diversity.
- Gunung Tingkar Forest Reserve - Class IV is located at the western part of FMU 17B. Lebihasil has to set a 20m-buffer zone from the common boundary of FMU17A & B Area C and Gunung Tingkar Forest Reserve. Although the area is considered degraded, the area is located near forest areas containing elephants, samba deer, macaques, and wild boar.
- An aesthetic buffer boundary was established with a width of 75m along the main road.
- The Environmental Impact Assessment was conducted and approved by Environment Protection Department (EPD).

#	Title	EPD Approval Letter #	EIA Consultant
1	Proposed Forest Rehabilitation and Tree Planting of Mixed Species at Sg. Pinangah Forest Reserve (FMU 17B) by Lebihasil Sdn. Bhd.	JPAS/PP/06/600-1/01/3/32(36) dated 03/03/2011	Kiwiheng Environmental Consultant Sdn. Bhd.

Social Context:

- There is no human settlement within FMU 17A & 17B. However, few villages are within a 8 KM radius of the FMU. The villages include Kg. Karamuak, Kg. Tamoi, Kg. Mapad, Kg. Timbangan, Kg. Kudulang, and Kg. Kenang-Kenangan. The dominant ethnic group is mainly Dusun Sungai.
- These villagers have been established for over 20 years and are heavily dependent on oil palm, rubber and paddy cultivation as subsistence crops, while some work for the government and private sectors.
- Based on the FMP, there is no evidence to indicate that local communities in the vicinity are dependent on FMU 17A & 17B for their livelihood, or significantly affected by forestry operations.

- SFD conducted a formal meeting with villagers living in the communities adjacent to the Forest Reserve at least once a year.

Scope of Assessment

- The scope of the evaluation is to verify compliance of **Lebihasil Sdn. Bhd.** with the Sustainable Forest Management License Agreement (SFMLA 01/2005) for FMU 17A & B.
- The assessment is in accordance on the terms of the agreement for the “Sabah Legality Standard Principles 1 - 4 dated 01st January 2015 (**SFD-TLAS-002**).
- Site evaluation to verify and report the level of compliance by **Lebihasil 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 17A & B / Lebihasil Sdn. Bhd. & Warisan Majuria Sdn. Bhd. / Close-out: K.M. Hybrid Plantation Sdn. Bhd. / Deramakot District / 16 – 20 October 2023 (Total Mandays = 25)

Date	Activity	GFS Staff	Mandays
16 October 2023 Monday	Travel to IPS Telupid and overnight.	Priera Bagang, Tommy Olui, Vanessa Abin	4
17 October 2023 Tuesday	Opening meeting at Lebihasil basecamp office. Field assessment for Lebihasil licensed areas (Area A, B & C), licensed boundaries, protection areas and campsite. Compiling report.	Priera Bagang, Tommy Olui, Vanessa Abin	4
18 October 2023 Wednesday	Field visit for Warisan Majuria licensed area; licensed boundary, protection areas and campsite. Document review and compiling report.	Priera Bagang, Tommy Olui, Vanessa Abin	4
19 October 2023 Thursday	Document review at PPD Telupid. Interview Kg. Karamuak & Kg Tamoi via What's App calls. Document review and compiling report.	Priera Bagang, Tommy Olui, Vanessa Abin	4
20 October 2023 Friday	Closing meeting at PPD Telupid. Travel to home base.	Priera Bagang, Tommy Olui, Vanessa Abin	4
21-22 October 2023	Reporting: GFSSBH 003-225 Reporting: GFSSBH 003-226 Reporting: GFSSBH 003-212a	Dr Kevin Grace, Priera Bagang	5
Total			25

Highlights of Assessment

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

Lebihasil Sdn. Bhd. has complied with the Sabah Legality Standard (**SFD-TLAS-002**) as no non-compliance was identified during the assessment on 16 – 20 October 2023.

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

Principle 1.

Lebihasil demonstrated compliance with the SFMLA regulation. Lebihasil has a 10 years individual FMP planned for Areas A, B, and C. Lebihasil also complied with the EPD requirement. The ECR was monitored quarterly and submitted to the EPD. Protection areas were mapped and identified on the ground.

October 2021: Observation 004-2021 – Checklist 1.8.2

The PSP data has yet to be analysed for projections of growth and yield in Area A.

November 2022: Observation 004-2021 – Outstanding

The analysis of PSP data was not correct as Mean Annual Increment (MAI) is based on growth of stand volume (m³/ha) over the period of measurement.

Highlights of Assessment

October 2023: Observation 004-2021 (Addressed)

Lebihasil has correctly analysed the PSP data based on the growth of stand volume (m³/ha) over the period of measurement.

Principle 2.

Lebihasil demonstrated compliance with the forest operation requirements. As of September 2023, the planted area in Area A was 289.60 ha which was harvested in December 2022 resulting in production of 2,149.05 m³ from 2277 logs. Lebihasil focuses on tending and maintenance activities in Area B and C.

Principle 3.

Fees and logs royalty associated with forest operations have been paid to the SFD. Records of payment are maintained.

Principle 4.

Based on the FMP, no village settlements are located within the licensed area. Six villages are identified within an 8 km radius of FMU 17A & B; Kg. Karamuak, Kg. Tamoi, Kg. Mapad, Kg. Timbangan, Kg. Kudulang, and Kg. Kenang-Kenangan. The villages' livelihoods are agriculture-based, and employment is not associated with FMU 17. Based on the FMP, there is no evidence to indicate that local communities in the vicinity are dependent on FMU 17A & 17B for their livelihood, nor significantly affected by operations.

Summary Results:

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

Gap raised against indicators & criteria during the October 2023 assessment.

GAP	Type	Checklist	Status	Description
-	-	-	-	-

Observation raised against indicators & criteria during the October 2023 assessment.

Obs #	Checklist	Description
004-2021 Addressed	1.8.2	October 2021: The PSP data has yet to be analysed for projections of growth and yield in Area A. November 2022: The analysis of PSP data was not correct as Mean Annual Increment (MAI) is based on growth of stand volume (m ³ /ha) over the period of measurement. October 2023: Lebihasil has correctly analysed the PSP data based on the growth of stand volume (m ³ /ha) over the period of measurement.

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

Recommendations

Lebihasil 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.

The next surveillance audit will be scheduled for October 2024.

End of Summary Report