

Sabah TLAS Audit Report

Sabah Legality Standard Principles 1 – 4

Licensee	Pesona Majukaya Sdn. Bhd. 201401004064 (1080138-X)	Reference #	GFSSBH 003-305
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 163 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 01/2018 (FMU 25)
Species	ITP Salvage logging and NFM RIL harvesting: <i>Dryobalanops</i> spp. (Kapur), <i>Dipterocarpus</i> spp. (Keruing), <i>Parashorea</i> spp. (White seraya), <i>Shorea</i> spp. (Selangang Batu, Red seraya, Yellow seraya, Urat Mata, Melapi), <i>Heritiera simplicifolia</i> (Kembang), <i>Scaphium</i> spp. (Kembang semangkuk), <i>Sapotaceae</i> spp. (Nyatoh), <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), <i>Lauraceae</i> (Medang), <i>Planchonia valida</i> (Putat), <i>Lophopetalum</i> spp. (Perupok), <i>Terminalia subspathulata</i> (Talisai), <i>Myristicaceae</i> (Darah-darah), <i>Dillenia</i> spp. (Simpur), <i>Cotylelobium</i> spp. (Resak), <i>Cratogeomys arborescens</i> (Serungan), <i>Pentace</i> spp. (Takalis), <i>Hopea</i> spp. (Gagil), <i>Pterocymbium javanicum</i> (Teletu), <i>Prerospermum</i> spp. (Bayor), <i>Dyera</i> spp. (Jelutong), <i>Dialium indum</i> (KerANJI), <i>Annonaceae</i> spp. (Pisang-pisang), <i>Campanosperma auriculatum</i> (Terentang), <i>Anisoptera</i> spp. (Pengiran), <i>Cratogeomys</i> spp. (Geronggang), <i>Endospermum diadenum</i> (Sendok – Sendok), <i>Tristaniopsis merguensis</i> (Pelawan-pelawan), and other timbers (OT)
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:

Sabah State Government, through the Sabah Forestry Department, has awarded an area of 10,018.3 hectares within the Sapulut Forest Reserve to Pesona Majukaya Sdn. Bhd. (Pesona Majukaya) under the Sustainable Forest Management License Agreement (SFMLA) No. 01/2018 for FMU 25. The SFMLA was made on 20/04/2018 and is valid for 100 years until 31/12/2117.

On 26/07/2021, the SFD issued a Coupe Permit allowing Pesona Majukaya to implement planned activities until 19/04/2068.

Pesona Majukaya is also affiliated with Top Quantum Sdn. Bhd., First Greenworld Sdn. Bhd., Zillion Fortune Sdn. Bhd., & Empayar Kejora Sdn. Bhd., which comes under the auspices of Rakan Rimba Sdn. Bhd.

Rakan Rimba Sdn. Bhd. (Rakan Rimba) prepared the CHP document and 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 and SSK Enterprise as the RIL harvesting contractor inside NFM coupé area.

Pesona Majukaya has planned forestry activities within the concession area based on the following slope classifications:

Forest Plantation zone Total area = 7,769ha	Identified Areas <15° slope: (5,561ha) 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: (2,213ha) Planting shall take the form of a combination of natural forest and planted forest in a mosaic pattern of more or less 60:50 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: Timber extraction is prohibited.
Natural Forest Management < 25° = 981ha 15° - 25° = 989ha > 25° = 31ha Total area = 2,001ha	Selective harvesting according to full RIL guidelines applies in the NFM zone, with cutting limits set as 60-120cm DBH. A harvest plan is required prior to the commencement of timber extraction. There will be no timber extraction beyond slope 25 degree. There will be no re-entry for logging for at least 25 years in the NFM zone.

Land use classification:

Land classification	FMP Area (ha)	Current Status as of end May 2024 (ha)
Total Concession Area	10,018	10,018
Production Area	9,652	Total logged area: 4,691.38ha Total planted area: 0 ha
Riparian buffers (incl. streams & ponds)	312	312
Steep Area	31.20	31.20
Road & Clearing	23	23

Current Operations:

ITP: Pesona Majukaya is currently focusing on salvage logging inside ITP coupes areas, Compartments 1, 3, 5 to 7, 11 to 13, 16 and 17.

NFM: The CHP development inside the NFM compartment #: C10 and the RIL harvesting has been completed in compartment 15,

Based on the 2024 AWP, site preparation and planting were scheduled to commence in 2024. However, as of the Jun 2024 assessment, site preparation and planting have not yet commenced.

The Current operations are according to FMP and AWP schedules.

Pesona Majukaya has an approved coupe permit from the SFD.

Coupe Permit #	Area (ha)	Expiry date	Remark
TWU 01/2021	7,769.24	19/04/2068	Industrial Tree Plantation (ITP)
TWU 02/2021	2,004.10	19/04/2068	NFM-RIL & Silviculture Tending
Total	9,773.34		

List current compartments under harvesting.

Comp #	NFM/ITP	Status	Area (ha)	Geo-location data
C15 *	NFM	Sabah TLAS EUDR	457.70	Northwest: RX 796800 BOR504000 Northeast: RX 797900 BOR50400 Southwest: RX 796800 BOR498900 Southeast: RX 796600 BOR499500
1	ITP/Mosaic	Sabah TLAS	772.30	North: RX 786793 BOR 504200 Northeast: RX 786782 BOR 500803
3	ITP/Mosaic	Sabah TLAS	546.70	North: RX789434 BOR 499529 Northeast: RX 788338 BOR 496911
5	ITP/Mosaic	Sabah TLAS	716.50	North: RX 787616 BOR 494867 Northeast: RX 785580 BOR 499742
6	ITP/Mosaic	Sabah TLAS	457.00	North: RX 785571 BOR 496091 Northeast: RX 787500 BOR 491861
7	ITP/Mosaic	Sabah TLAS	375.10	North: RX 785574 BOR 493698 Northeast: RX 788230 BOR 490039
11	ITP/Mosaic	Sabah TLAS	724.00	North: RX 787884 BOR 490105 Northeast: RX 788605 BOR 486784
12	ITP/Mosaic	Sabah TLAS	796.50	North: RX 785573 BOR 486782 Northeast: RX 790385 BOR 484873
13	ITP/Mosaic	Sabah TLAS	577.30	North: RX 787938 BOR 484181 Northeast: RX 791539 BOR 482960
16	ITP/Mosaic	Sabah TLAS	582.10	North: RX 798915 BOR 502883 Northeast: RX 798649 BOR 499427
17	ITP/Mosaic	Sabah TLAS	543.80	North: RX 797051 BOR 498391 Northeast: RX 799033 BOR 498288

*C15 is under NFM and not under conversion; thus, the status falls under Sabah TLAS EUDR. Harvested timber requires an EUDR stamping and geo-location on the removal pass, which is not currently implemented by the SFD.

Environmental Context:

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.

The FMU consists of regenerating logged-over forests. In the lower-lying areas in the north, where logging was extensive and poor logging practices in the past had reduced the vegetation to a secondary forest of relatively low stature, dominated by *Macaranga* spp. and other tree species. However, steeper areas above 20°, in general, still support intact forests. Vine loads are high and pose a serious impediment to forest regeneration.

The project area is generally poor habitat for wildlife due to the previous logging operation creating large gaps opening from a broken canopy. Under such conditions, many arboreal animals are now scarce as they have moved away from the project area.

Based on historical records and studies conducted in FMU 25 by the Wildlife Department, several terrestrial mammal and avian species were identified; the Borneon pygmy elephants, Sambar deer, Borneon yellow muntjac, Bearded pig, Silver-leaf langur, Long-tailed macaque, Borneon 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 SFMLA 01/2018 (10,018.30 ha) under FMU 25 of Sapulut Forest Reserve in District of Nabawan, Sabah.	JPAS/PP/NBN/600-1/01/3/64(31) dated 24/06/2019	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	
<ul style="list-style-type: none"> The scope of the evaluation is to verify compliance of Pesona Majukaya Sdn. Bhd. with the Sustainable Forest Management License Agreement (SFMLA 01/2018) - 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 Pesona Majukaya 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 Piera Bagang	6
Total			22

Highlights of Assessment

(Major Gaps = 0; Minor Gaps = 5, Observations = 4)

Pesona Majukaya 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

Pesona Majukaya 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: Gap 001/2024 (minor) – Checklist 1.3.2.2

The stratification does not follow the SFD standard of forest quality stratification.

June 2024: Observation 001-2024 – Checklist 1.3.2.7

The current approved FMP did not outline the Annual Allowable Cut and Sustainable Timber Yield Regulation for the NFM compartment area.

June 2024: Gap 002/2024 (minor) – Checklist 1.3.2.13

The Forest Fire Management Plan has yet to be developed.

Principle 2. Forest Operations

Pesona Majukaya demonstrated compliance with the licensed area security, maintenance of the licensed boundary, and protection of the buffer zones. Pesona Majukaya has ensure compliance with the regulatory requirements for workers.

June 2024: Gap 003/2024 (minor) - Checklist 2.1.2, 2.1.7

Contractors and subcontractors have not registered with SFD.

June 2024: Observation 002-2024 – Checklist 2.1.3

Incorrect identification of species following harvesting resulted in discrepancies between harvest records & CHP tree harvest list.

June 2024: Observation 003-2024 – Checklist 2.2.3

The SFD has yet to implement the stamping of the Sabah TLAS EUDR and geo-location on the removal passes.

June 2024: Observation 004-2024 – Checklist 2.3.3

No PSP established inside compartment C15 in the NFM.

June 2024: Gap 004/2024 (minor) - Checklist 2.4.8

Pesona Majukaya has yet to be registered under DOSH.

Principle 3. Statutory Charges

Pesona Majukaya has paid licensing fees and other charges to the SFD.

June 2024: Gap 005/2024 (minor) – Checklist 3.1.1

The Occupational Permits are expired.

Principle 4. Other User Rights

Not applicable - 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.

Summary Results:**(Major gap = 0, Minor gap = 5, Observation = 4)**

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

GAP	Type	Checklist	Status	Description
001/2024	minor	1.3.2.2	New	June 2024: The stratification does not follow the SFD standard of forest quality stratification.
002/2024	minor	1.3.2.13	New	June 2024: The Forest Fire Management Plan has yet to be developed.
003/2024	minor	2.1.2, 2.1.7	New	June 2024: The appointed subcontractors have not registered with SFD.
004/2024	minor	2.4.8	New	June 2024: Pesona Majukaya has yet to register under DOSH.
005/2024	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	1.3.2.7	June 2024: The current approved FMP did not outline the Annual Allowable Cut and Sustainable Timber Yield Regulation for the NFM compartment area.
002-2024	2.1.3	June 2024: Incorrect identification of species following harvesting resulted in discrepancies between harvest records & CHP tree harvest list.
003-2024	2.2.3	June 2024: The SFD has yet to implement the stamping of the Sabah TLAS EUDR and geo-location on the removal passes.
004-2024	2.3.3	June 2024: No PSP established inside compartment C15 in the NFM.

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

Recommendations
<p>Pesona Majukaya 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.</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 001/2024 (minor) – Checklist 1.3.2.2: The stratification shall follow the SFD standard of forest quality stratification.</p> <p>Gap 002/2024 (minor) – Checklist 1.3.2.13: Pesona Majukaya shall develop the FFMP for the licensed area as in SFMLA requirements.</p> <p>Gap 003/2024 (minor) – Checklist 2.1.2, 2.1.7: Contractors and subcontractors must register with SFD as required.</p> <p>Gap 004/2024 (minor) - Checklist 2.4.8: Pesona Majukaya needs to register under DOSH based on DOSH legislation.</p> <p>Gap 005/2024 (minor) – Checklist 3.1.1: Pesona Majukaya shall renew the Occupational Permits 3 months before the expiry date and the SFD shall expedite the approval process.</p> <p>Observation 001-2024 Checklist 1.3.2.7: Pesona Majukaya shall revise the current FMP to include the estimated Annual Allowable Cut and the Sustainable Timber Yield Regulation for the planned NFM area.</p> <p>Observation 002-2024 Checklist 2.1.3: Pesona Majukaya shall correctly identify species following harvesting to avoid discrepancy between harvest records & CHP tree harvest list.</p>

Observation 003-2024 Checklist 2.2.3: The SFD shall implement the stamping of Sabah TLAS EUDR and geo-location on the removal passes.

Observation 004-2024 Checklist 2.3.3: Pesona Majukaya should establish PSPs in NFM areas to monitor damage and growth of residual stand.

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

End of Summary Report