

Sabah TLAS Audit Report

Sabah Legality Standard Principles 1 – 4

Licensee	Lebihasil Sdn. Bhd. 199601004492 (376838-D)	Reference #	GFSSBH 003-332
Contact Person	Liew Hon Ming (Camp Manager) Ng Shi Teng (General Manager)	Date of Report	21/02/2025
Office Address	Lot 157, Sedco Light Industrial Estate, Mile 3 North Road, WDT 108, 90009 Sandakan, Sabah, Malaysia.	Date of close out	-
Email	lebihasil_tamui@yahoo.com DFO Deramakot: Johnny.Kissing@sabah.gov.my PPW Sandakan: Janius.Ebin@sabah.gov.my	Telephone	+6019 577 3298
		Fax	-
		Approved By	Dr. Kevin Grace

Statements

Statement of Compliance	GFS 007 LVS		
Issuance Date	24 February 2025	Expiration Date	23 February 2026

Assessment Details

Assessment Dates	17-21 February 2025
Scope of Assessment	Sabah TLAS P1-4: SFMLA 01/05
Species	<u>Area A planted:</u> Eucalyptus sp., Durio sp. <u>Area B planted:</u> Batai (Paraserianthes falcataria), Laran (Anthocephalus cadamba), Binuang (Octomeles sumatrana), and Talisai (Terminalia catappa), Eucalyptus sp. <u>Area C planted:</u> Batai (Paraserianthes falcataria) and Rubber (Hevea brasiliensis).
Lead Assessor	Glory Linggou
Assessor(s)	Teddy Quintin, Keith Sintar, Merlyne Gerard
SFD Staff	Jaimi Mujit (ADFO Deramakot), Oss Justin Simin (PPD 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 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:

In March 2006, Lebihasil Sdn. Bhd. (Lebihasil) entered into an agreement with the Government of the State of Sabah to undertake sustainable forest management over an area of approximately 1,000 ha (hereafter referred to as "Licensed Area A") in Sg. Pinangah Reserve, within FMU 17A, for a period of 50 years, beginning from 03/03/2006 to 31/12/2054 (SFMLA 01/2005). The Licensed Area is legally gazetted as a Class II Commercial Forest Reserve, intended primarily for timber production.

Lebihasil view this project as a long-term commercial venture that will yield financial benefits to the company through the planting and harvesting of trees in a sustainable manner. The 2nd Plantation Development Plan (PDP) outlined the development and implementation plan for the Licensed Area over a period of 10 years (i.e. covering the 2nd planning period: Jan 2017 to Dec 2026) for the purpose of sustainable timber production from short-rotation forest plantations.

Although for the most part, FMU 17A was reclassified as a Class I Protection Forest in 2014, an area of about 2,015 ha comprising 4 compartments within FMU 17A was allocated for production from short-rotation forest plantations. These compartments, namely Compartments 55, 56, 70 and 71, within the Sg. Pinangah Forest Reserve remain a Class II Production Forest. In terms of size, they represent only about 4% of the entire FMU and were chosen due to their poor timber stands and proximity to the main all-weather access road.

These production compartments are on a 50-year concession lease to 2 companies, with compartments # 55 and # 56 allocated to Lebihasil (SFMLA 01/05), whereas compartments # 70 and # 71 have been allocated to Maxland Sdn. Bhd. (SFMLA 01/07). Both companies have fully developed their respective compartments, resulting in a combined actual planted area of about 1,133 ha or 2,3% of FMU 17A. Separate plantation development plans are required for these 2 concessions.

Land use classification:

Land classification – Area A	FMP Area (ha)	Current Status (ha)
Total Concession Area	1,018	1,018
Integrated Tree Planting	745	745
Roads and clearings	20	20
Water Body (pond, lakes)	14	14
Natural Forest (Aesthetic buffer strip 75m width & riparian reserve 30m strip)	207	207
Open space	8	8
Stumping	6	6

Land classification – Area B	FMP Area (ha)	Current Status (ha)
Total Concession Area	1,000	1,000
Mosaic planting	840.70*	334.17
Natural forest		506.53
Roads and clearings	92	92
Streams, ponds, including riparian reserve	60	60
Steep slope (>25°)	3	3
Community planted area (ha)	4.30	4.30

Note*: FMP production area amended from 845 ha to 840.70 ha.

Land classification – Area C	FMP Area (ha)	Current Status (ha)
Total Concession Area	974	974
Mosaic planting	814	271
Rubber plantation		138
Natural forest		405
Roads and clearings	30	30
Streams, ponds, including riparian reserve	113	113

Steep Area (> 25°)	5	5
Unplantable area	12	12

Current Operations:

Based on the 2025 AWP, Lebihasil plans to conduct replanting in the harvested area of Area A, Compartment 56.

There are no plans for harvesting in 2025. The last harvesting took place in September 2024 in Area A, Compartment 56.

Lebihasil focuses on tending and maintenance activities in Area B, as well as rubber tapping in Area C (Compartment 1 & 2).

List current compartments / blocks under harvesting or planting.

Comp # or Coupe #	NFM / ITP	Status	Area (ha)	Geo-location data
Area A: Comp. 56	ITP	Sabah TLAS EUDR	492	NE:117°11'30" E 5°23'30"N SE:117°11'15" E 5°22'30"N SW:117°10'30" E 5°22'30"N NW:117°10'30" E 5°23'30"N
Area B: SDK. 05/10	Restoration Planting	Sabah TLAS EUDR	1,000	NE:117°11'0" E 5°19.5'00"N SE:117°11'0" E 5°17.5'00"N SW:117°10'0" E 5°17.5'00"N NW:117°9.5'0" E 5°19.5'00"N
Area C: Comp. 1 & 2	Rubber Plantation	Sabah TLAS EUDR	165	NE:117°17.54.89" E 5°19'12.98"N SE:117°0'7.51" E 5°20'59.07"N SW:116°59'56.95" E 5°23'5.55"N NW:117°1'54.89" E 5°19'12.98"N

Environmental Context:

Area A: The river system flowing within the project area consists of Sg. Timbengah. The project area is located on flat terrain with altitudes ranging from 16m to 60m Above Mean Sea Level (AMSL). There is no area with a slope of $\geq 25^\circ$ within the project area. The project area is an existing logged over area and rehabilitation has been conducted since 2006.

An EIA report entitled "Proposed 1,000 Hectares Forest Logging for Block 55 and Block 56 (Area A), at Sg. Pinangah Forest Reserve, Tongod, Sabah by Lebihasil Sdn. Bhd." was documented and approved by The Environment Protection Department (EPD) [Ref. #: JPAS/PP/24/600-1/01/3/15(34) dated 19/12/2006].

Area B: There is a river within the project area which is the tributary of Sg. Karamuak that flows south east to enter the main river, Sg. Karamuak. The project area is dominated by secondary forest of a logged area. At the immediate west of the project boundary, Gunung Tingkar Virgin Forest Reserve – Class IV can be found.

An EIA report entitled "Proposed Forest Rehabilitation and Tree Planting of Mixed Species at Sg. Pinangah Forest Reserve (FMU 17B) by Lebihasil Sdn. Bhd." was documented and approved by The Environment Protection Department (EPD) [Ref. #: JPAS/PP/06/600-1/01/3/32(36) dated 03/03/2011].

Area C: The project area is situated on undulating terrain. The altitude of project area ranges between 120 m to 270 m AMSL for Lot 1 and between 50 m and 200 m AMSL for Lot 2.

The river system flowing within the project area consists of the tributaries of Sg. Sogo-Sogo and Sg. Radapan at Lot 1 while small streams at Lot 2.

The land is designated as Class II – Commercial Forest Reserve which is part of the Sg. Pinangah Forest Reserve which designated for the supply of timber and other relevant produce to meet the general demands of the timber trade.

The physical features of the project area are of a typical logged over forest. The existing land use in the surrounding area is dominated by secondary vegetation.

An EIA report entitled “Proposed Forest Restoration and Tree Planting of Mixed Species at Second Extension Area of 1,000 Hectares at Sg. Pinangah Forest Reserve (FMU 17B)” was documented and approved by The Environment Protection Department (EPD) [Ref. #: JPAS/PP/24/600-1/10/3/54/(22) dated 12/09/2014].

Social Context:

Area A: There are no human settlements within or associated with Licensed Area A. however, about 15 KM south of the area is Kg. Karamuak, a rural settlement that clustered around the confluence of the Karamuak River and the Millian River. Other nearby villages are mainly located along the Millian River, such as Kg. Tamoi, Kg. Mapad and Kg. Sinoa. All these villages are outside forest reserve land. The local community’s inhabitation these villages belong mainly to the Dusun Sungai ethnic group.

Area B: There is no human settlement found within or associated with the project area. However, there are five villages located in the 3 km vicinity of the project area. The villages area Kg. Kuala Karamuak, Sg. Soro-Soro, Kg. Mapat, Kg. Kudulang and Kg. Timbangan. There is no cultural site or cemetery within the project area.

Area C: There Is no human settlement found within or associated with the project site. Kg. Sogo-Sogo has been identified as the nearest village which is 3.47km from the project area.

Scope of Assessment	
<ul style="list-style-type: none"> • The scope of the evaluation is to verify compliance of Lebihasil Sdn. Bhd. with the Sustainable Forest Management License Agreement (SFMLA 01/05) for FMU 17A & 17B. • 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 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 comply adequately with a criterion. 	

Itinerary & Mandays: 17-21 February 2025 / FMU 17A & B: Lebihasil Sdn. Bhd. & Warisan Majuria Sdn. Bhd / Close-out: Yayasan Sabah FMU 15: / Deramakot District

Date	Activity	GFS Staff	Mandays
17 February 2025 Monday	Travel Lebihasil Sdn. Bhd. Office and opening meeting. Overnight at IPS resthouse. Request close-out documents via WhatsApp from Yayasan Sabah FMU 15.	Glory Linggou Teddy Quintin Keith Sintar Merlyne Gerard	4
18 February 2025 Tuesday	Field assessment to licensed area for Lebihasil and Warisan Majuria (operation area, licensed boundary, protected basecamp, workers’ quarters).	Glory Linggou Teddy Quintin Keith Sintar Merlyne Gerard	4
19 February 2025 Wednesday	Community Interview via What’s App for Kg. Kuala Karamuak. Document review.	Glory Linggou Teddy Quintin Keith Sintar Merlyne Gerard	4
20 February 2025 Thursday	Document review.	Glory Linggou Teddy Quintin Keith Sintar Merlyne Gerard	4
21 February 2025 Friday	Closing meeting at PPD Telupid. Travel back to home base.	Glory Linggou Teddy Quintin Keith Sintar Merlyne Gerard	4
22 - 23 February 2025	Reporting/Administration: GFSSBH 003-332 Reporting/Administration: GFSSBH 003-333 Reporting/Administration: GFSSBH 003-325a	Dr. Kevin Grace Glory Linggou	5
Total			25

Highlights of Assessment

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

Lebihasil Sdn. Bhd. has complied with the Sabah TLAS requirements (FDS TLAS-006) as no non-compliance was identified during the assessment on 17-21 February 2025.

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

Principle 1. Right to Harvest

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.

February 2025: Observation 001-2025 – Checklist 1.4.6

The current FMP does not include chemical use approved by SFD.

Principle 2. Forest Operations

Lebihasil demonstrated compliance with the licensed area security and maintenance of licensed boundary.

17 February 2025: Gap 001/2025 (minor) – Checklist 2.4.5

No training based on job function was conducted for workers.

21 February 2025: Gap 001/2025 (minor) - Closed

Training based on job function was conducted for workers.

Principle 3. Statutory Charges

Records of applicable payments is maintained and available.

Principle 4. Other User Rights

Area A: There are no human settlements within Licensed Area A. however, about 15 KM south of the area is Kg. Karamuak, a rural settlement that clustered around the confluence of the Karamuak River and the Millian River. Other nearby villages are mainly located along the Millian River, such as Kg. Tamoi, Kg. Mapad and Kg. Sinoa. All these villages are outside forest reserve land and have no associated impacts with the area. The local community's inhabitation these villages belong mainly to the Dusun Sungai ethnic group.

Area B: There is no human settlement found within the project area. However, there are five villages located in the 3 km vicinity of the project area (Kg. Kuala Karamuak, Sg. Soro-Soro, Kg. Mapat, Kg. Kudulang and Kg. Timbangan). There is no cultural site or cemetery within the project area however, the management plan map identified a planted area by Kg. Kuala Karamuak that has been excluded from operations. Lebihasil is committed to supporting the community's well-being by providing employment and monetary.

Area C: There is no human settlement found within or associated to the project site. Kg. Sogo-Sogo has been identified as the nearest village which is 3.47km from the project area.

Summary Results:

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

Gap raised against indicators & criteria during the February 2025 assessment.

GAP	Type	Checklist	Status	Description
001/2025	minor	2.4.5	Closed	<p>17 February 2025: No training based on job function was conducted for workers.</p> <p>21 February 2025: Training based on job function was conducted for workers.</p>

Observation raised against indicators & criteria during the February 2025 assessment.

Obs #	Checklist	Description
001-2025	1.4.6	<p>February 2025: The current FMP does not include chemical use approved by SFD.</p>

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

Recommendations
<p>Lebihasil 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: Observation 001-2025 - Checklist 1.4.6: Lebihasil shall include chemical use approved by SFD in the FMP.</p> <p>The next annual surveillance audit will be scheduled for February 2026.</p>

End of Summary Report