

Sabah TLAS Audit Report

Sabah Legality Standard Principles 1 – 4

Licensee	Jayakuik Sdn. Bhd. (131939-V)	Reference #	GFSSBH 003-180
Contact Person	Chin Fook Vui (Plantation Manager)	Date of Report	10/02/2023
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		Approved By	Dr. Kevin Grace

Statements

Audit Statement	GFS 017 LVS		
Issuance Date	13 February 2023	Expiration Date	12 February 2024

Assessment Details

Assessment Dates	06-10 February 2023
Scope of Assessment	Sabah TLAS P1-4: (SFMLA 01/2008) FMU 2
Species	ITP species: <i>Acacia mangium</i> and <i>Eucalyptus pellita</i>
Lead Assessor	Varenius Untomon
Assessor(s)	Asraf Mahmud
SFD Staff	Peter Sumpit (PPD Pitas) Rizman Tammat (PPD Pitas), Arnold Anselmus (PPD Pitas)

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:

- Jayakuik Sdn. Bhd. (Jayakuik) is a Sandakan-based company in Sabah.
- In September 2008, Jayakuik entered into an agreement (SFMLA 01/2008) with the government of the state of Sabah to undertake forest management over an area of approximately 1,000 ha within the Jambongan forest Reserve (FMU) for a period of 50 years, running from 11/09/2008 to 31/09/2057.
- On 26/10/2013, another agreement was signed between Jayakuik and the Sabah state government, whereby an additional 582 ha was incorporated into the licensed area.
- Therefore, the licensed area now covers the entire Jambongan Forest Reserve (1,582 ha) at Pulau Jambongan.
- The previous assessment was conducted in January 2022 that resulted in 0 gap(s) and 2 observation(s) (Report #: GFSSBH000-110).

Current Operations:

- No harvesting operation as of the assessment.
- Jayakuik is in the process of getting the FSC certification. The FSC's first visit is expected in March 2023. Once FSC certification is obtained, harvesting of *Acacia mangium* at Block 6 in Phase 1 will commence.
- Planting activity was halted as of the assessment due to poor weather conditions.

Land classification	Revised 2 nd FMP Area (ha)	Current Status (ha)
Total Concession Area	1,582.60	1,582.60
Production Area	1,394.03	As of December 2022: 1,362.77 ha
- Plantation Forest (ITP)		Area planted (ha)
• Phase 1	854.83	Phase 1 = 854.83 ha
• Phase 2	539.20	Phase 2 = 507.94 ha
Protected Forest & Conservation Areas		
• Phase 1	109.32	109.32
• Phase 2	25.00	25.00
Infrastructure, Roads, Buildings		
• Phase 1	14.72	14.72
• Phase 2	9.80	9.80
Fire barrier		
• Phase 1	15.60	15.60
• Phase 2	8.60	8.60
Pond / reservoir	0.17	0.17
Mangrove forest	2.59	2.59
Basecamp (Phase 1)	2.77	2.77

Environmental Context:

- El Nino drought-induced fires during the 1980s destroyed much of the natural forest of the Jambongan Forest Reserve. Among the tree species that were predominant dipterocarp found in the forest reserve is *Dryobalanops beccarii* or kapur merah. Other common dipterocarps were *Shorea Smithiana* (Seraya timbau), *S. macroptera* (Seraya melantai), and *S. beccariana* (Seraya Langgai). These species are an indication of sandy soils on sandstone cuestas. *Nepenthes* species have been observed on the island. *Nepenthes* species are considered threatened or endangered plants and most are listed in CITES appendices 2. Mangrove forests fringe the southern boundary of the project area.

- Wildlife diversity is considered low, given the poor state of the forest. According to the island people, deer, wild boars, lizards, and snakes exist on the island.
- The EIA report for the phase 1 area, “Development of forest plantation at Jambongan Forest Reserve, Pulau Jambongan, Sabah” was conducted by Envsolve Sdn. Bhd. and finalized in October 2010.
- The second EIA report for the phase 2 area, “Development of Forest Plantation (582 hectares) in Pulau Jambongan, Sabah” was conducted by Envsolve Sdn. Bhd. and finalised in July 2017.

Social Context:

- There are no human settlements within the project area. However, there are three settlements located within Pulau Jambongan, namely, Kg. Jambongan, Kg. Melalin and Kg. Limau-Limau. The nearest settlement is Kg. Limau-Limau, which is located just north of the forest reserve. Approximately 1,200 people reside in these three settlements. The majority are Bajau Suluk, an ethnic group. The island people mostly live in the coastal area and are primarily fishermen.
- According to the EIA, the impact towards the settlement is deemed insignificant and the community is not dependent on the licensed area for sustenance.
- No native customary rights claim in the project area.

Scope of Assessment	
<ul style="list-style-type: none"> • The scope of the evaluation is to verify compliance of Jayakuik Sdn. Bhd. with the Sabah Forest Management License Agreement (SFMLA 01/2008) for FMU 2. • The assessment is in accordance on the terms of the agreement for the “Sabah Legality Standard Principles 1 - 4 dated November 2020 (SFD-TLAS-002). • Site evaluation to verify and report the level of compliance by Jayakuik Sdn. Bhd. 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 2 - Jayakuik Sdn. Bhd. / Pitas District / 06-10 February 2023 (Total Mandays = 12)

Date	Activity	GFS Staff	Mandays
06 February 2023 Monday	Travel to Jayakuik base camp and overnight.	Varenus Untomon Asraf Mahmud	2
07 February 2023 Tuesday	Opening meeting at Jayakuik camp office. Field visit: to block boundary, fire tower & fire break, steep area, new and old planting site, PSP plot.	Varenus Untomon Asraf Mahmud	2
08 February 2023 Wednesday	Field visit: Nursery, Workshop, Fire store, Fertilizer store, dumping pit, staff quarters. Travel to Kota Marudu.	Varenus Untomon Asraf Mahmud	2
09 February 2023 Thursday	Document review at PPD Pitas.	Varenus Untomon Asraf Mahmud	2
10 February 2023 Friday	Closing meeting at PPD Pitas. Travel to Kota Kinabalu.	Varenus Untomon Asraf Mahmud	2
11-12 February 2023	Reporting GFSSBH 003-180	Dr Kevin Grace, Varenus Untomon	2
Total			12

Highlights of Assessment
<p>(Major Gaps = 0; Minor Gaps = 1; Observations = 2)</p> <p>Jayakuik Sdn. Bhd. has complied with the Sabah Legality Standard (SFD-TLAS-002) as no non-compliance was identified during the assessment on 06 – 10 February 2023.</p> <p>Summary of status of operations by Principle:</p>

Highlights of Assessment

Principle 1.

Jayakuik has a license agreement (SFMLA 01/2008) that expires on 31/12/2057. On 26/10/2013, a Supplemental Agreement for SFMLA 01/2008 was made whereby an additional 582 ha was incorporated into the licensed area. Jayakuik demonstrated compliance with the license requirements, management, planning and submission of documents such as EIA and quarterly reports submitted to EPD.

The 2nd FMP and 2nd PDP were revised and approved on 07/07/2022 by the Chief Conservator of Forest (Ref.#: JPHTN/SFM 800-1/1/9/36, dated 07/07/2022).

Jayakuik has submitted the 2023 Annual Work Plan (AWP) draft to SFD for approval (Ref.#: JKP/JMB/12/2022 dated 09/12/2022).

February 2023: Gap 001/2023 (Minor) – Checklist 1.6.1

Jayakuik has yet to develop a Compartment Planting Plan (CPP) for the plantation area.

The harvesting and planting schedule in the PDP have yet to be revised in accordance with the AWP 2023.

January 2022: Observation 001-2022 – Checklist 1.8.2

PSP data has yet to be analyzed for mortality, growth and yield.

February 2023: Observation 001-2022 (Outstanding)

PSP measurements and analysis were not correct with respect to determining mean tree volume and survival over the sample plot to calculate mean annual growth.

Principle 2.

Environmental Compliance reports were submitted quarterly as required. Areas for protection were not disturbed. Training was conducted and workers were registered with SFD & SOCSO as required.

January 2022: Observation 002-2022 – Checklist 2.3.4

Jayakuik has yet to submit Form JKPP 8 for 2021.

February 2023: Observation 001-2023 (Outstanding) – Checklist 2.3.4

Jayakuik has yet to register with DOSH.

Principle 3.

All associated fees have been paid to Pitas District Forestry Office such as occupational permit, heavy machineries, and Certification of Identity.

Principle 4.

The EIA identified three settlements located on Pulau Jambongan, namely Kg. Jambongan, Kg. Melalin and Kg. Limau-Limau. There are no land or user rights claims to the licensed area. The nearest settlement is Kg. Limau-Limau, which is located just north of the Forest Reserve. Jayakuik held meetings with local communities and provided donations for festivals to Kampung Limau-Limau.

Summary Results:

(Major gap = 0, Minor gap = 1, Observation = 2)

Gap raised against indicators & criteria during the February, 2023 assessment.

GAP	Type	Checklist	Status	Description
001/2023	Minor	1.6.1	New	February 2023: Jayakuik has yet to develop a Compartment Planting Plan (CPP) for the plantation area. The harvesting and planting schedule in the PDP have yet to be revised in accordance with the AWP 2023.

Observation raised against indicators & criteria during the February, 2023 assessment.

Obs #	Checklist	Description
001-2022 Outstanding	1.8.2	January 2022: PSP data has yet to be analyzed for mortality, growth and yield.

Obs #	Checklist	Description
		February 2023: PSP measurements and analysis were not correct with respect to determining mean tree volume and survival over the sample plot to calculate mean annual growth.
002-2022 Outstanding	2.3.4	January 2022: Jayakuik has yet to submit Form JKPP 8 for 2021. February 2023: Jayakuik has yet to register with DOSH.

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

Recommendations
<p>Jayakuik 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.</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 001/2023 (Minor) – Checklist 1.6.1: Jayakuik shall develop the Compartment Planting Plan (CPP) for the plantation area. The harvesting and planting schedule in the 2nd PDP shall be revised in accordance with the AWP 2023 schedules.</p> <p>Observation 001-2022 (Outstanding) – Checklist 2.3.4: PSP measurements and analysis need to include all tree data within the sample plot to calculate % survival and change in tree volume to determine MAI.</p> <p>Observation 002-2022 – Checklist 2.3.4: Jayakuik shall register with DOSH as part of the DOSH requirement.</p> <p>The next annual surveillance audit will be scheduled for February 2024.</p>

End of Summary Report