

# Sabah TLAS Audit Report

## Sabah Legality Standard Principles 1 – 4

<b>Licensee</b>	Jayakuik Sdn. Bhd. 198401019381 (131939-V)	<b>Reference #</b>	GFSSBH 003-344
<b>Contact Person</b>	Chin Fook Vui (Manager)	<b>Date of Report</b>	25/04/2025
<b>Office Address</b>	Particle Board Factory, Integrated Timber Complex, Jalan Lok Yen, Sg. Seguntor, Off Mile 10, Labuk Road, Sandakan, Sabah, Malaysia.	<b>Date of close out</b>	-
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		<b>Approved By</b>	Dr. Kevin Grace

### Statements

Statement of Compliance				GFS 017 LVS			
Issuance Date		28 April 2025		Expiration Date		27 April 2026	

### Assessment Details

Assessment Dates	21-25 April 2025
Scope of Assessment	Sabah TLAS P1-4: FMU 3 - SFMLA 01/2008
Species	ITP planted species: Acacia mangium and Eucalyptus pellita
Lead Assessor	Glory Linggou, Keith Sinter (Acting Lead)
Assessor(s)	Merlyne Gerard, Jick Miki
SFD Staff	Jaludin Urubit (ADFO Pitas), Rayner Marcello (PPD Pitas), Arnold Anselmus (PPD Pitas), Wayang (PPD Pitas), Peter Sumpit (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 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:

Jayakuik Sdn. Bhd. (Jayakuik) has entered into an agreement with the State Government of Sabah under a scheme named Sustainable Forest Management License Agreement (SFMLA) in pursuance to section 15(1) Forest Enactment 1968. The said agreement has come into force on 11/09/2008 and will expire in 50 years on 31/12/2057. The said agreement is mainly to undertake forest plantation development over an area of approximately 1582 hectares (hereinafter referred to as the Licensed Area).

The Licensed Area covers approximately 1000 hectares (Phase 1) and 582 hectares (Phase 2) within Jambongan Forest Reserve located at the North Eastern of Sabah. The Licensed Area was first gazette on 02/02/1931 as a forest reserve under gazette notification 79/1931. It was then re-gazetted on 14/03/1984 vide GN4/1984 and classified as Domestic Forest (Class III).

The amendment slip FMP 2017-2026, (Ref. #: JPHTN/SFM800-1/1/9/109 dated 18/11/2024) stated that Jayakuik intended to amend certain items including the sub-Chapter – Executive Summary “Under an agreement with the Government of the State of Sabah (SFMLA 01/2008), Jayakuik has been given the right to develop and manage 1,582.60 ha of degraded forest reserve land for the purpose of timber production from forest plantations in the Jambongan Forest Reserve – a Class III Domestic Forest Reserve (Licensed Area). This 50-year agreement runs from 11<sup>th</sup> September 2008 to 31<sup>st</sup> December 2057.

Land use classification:

Land classification	Revised 2 <sup>nd</sup> FMP Area (ha)	Current Status (ha)
Total Concession Area	1,582.60	1,582.60
Production Area	1,362.77	1,394.03
<b>PHASE 1 (Blocks 1-17)</b>		
Production Area (Planted with A. Mangium)	854.83	854.83
Protected Area (Natural Forest)	109.32	109.32
Roads (main roads & block road)	14.72	14.72
Based Camp (including nurseries)	2.77	2.77
Firebreak	15.60	15.60
Pond/Reservoir	0.17	0.17
<b>Sub-Total</b>	<b>997.41</b>	
*2.59 ha = Mangrove forest was excluded		
<b>PHASE 2 (Blocks 18-29)</b>		
Production Area (Acacia Mangium & Eucalyptus Pellita)	507.94*	394.92
Protected Area	58*	58
Roads	7.89	7.89
Firebreak / Pond / Reservoir	8.76	8.76
<b>Sub-Total</b>	<b>582.60</b>	
<b>Grand Total</b>	<b>1580.01</b>	

\*Data from amendment slip No. 1/2024 FMP 2017-2026SFMLA 01/2008.

### Current Operations:

There was no harvesting of plantation as of the assessment. Jayakuik is currently conducting maintenance of planted trees, firebreak, and forest security and planting which started on Apr 2025.

Based on the AWP 2025, harvesting inside the plantation areas will begin in the 1<sup>st</sup> quarter of 2025 for blocks 2, 3, 4, 5, 6 and 7.

Block #	NFM / ITP	Status	Area (ha)	Geo-location data
2	ITP	Sabah TLAS EUDR	40.78	NE: 117°25'21.1", E 6°44'01.54" N SE: 117°25'20.1", E 6°43'55.38" N SW: 117°24'51.2", E 6°43'56.47" N NW: 117°24'51.1", E 6°44'04.63" N
3	ITP	Sabah TLAS EUDR	48.39	NE: 117°25'20.5", E 6°43'55.38" N SE: 117°25'01.4", E 6°44'21.01" N SW: 117°24'48.5", E 6°43'38.48" N NW: 117°24'51.2", E 6°43'56.47" N
4	ITP	Sabah TLAS EUDR	67.67	NE: 117°25'01.4", E 6°44'21.01" N SE: 117°25'16.4", E 6°43'17.27" N SW: 117°24'35.4", E 6°43'16.44" N NW: 117°24'48.5", E 6°43'38.48" N
5	ITP	Sabah TLAS EUDR	68.26	NE: 117°25'16.4", E 6°43'17.27" N SE: 117°25'13.8", E 6°42'52.81" N SW: 117°24'35.4", E 6°43'16.44" N NW: 117°25'01.4", E 6°44'21.01" N
6	ITP	Sabah TLAS EUDR	113.93	NE: 117°25'13.8", E 6°42'52.81" N SE: 117°24'58.8", E 6°44'27.97" N SW: 117°24'15.5", E 6°43'10.59" N NW: 117°24'35.4", E 6°43'16.44" N
7	ITP	Sabah TLAS EUDR	83.58	NE: 117°24'48.5", E 6°43'38.48" N SE: 117°24'35.4", E 6°43'16.44" N SW: 117°24'07.2", E 6°43'40.68" N NW: 117°24'10.6", E 6°44'01.56" N

### Environmental Context:

El Nino drought induced fires in 1982-83 destroyed much of the natural forest of the Jembongan Forest Reserve. Records show that *Dryobalanops beccarii* was the dominant dipterocarp found in the reserve. Other common dipterocarps were *Shorea smithiana*, *S. macroptera* and *S. beccariana*. These species are an indication of sandy soils on sandstone cuestas. Prior to the establishment of acacia plantations in the licensed area beginning in 2011, Lalang (*Imperata cylindrica*) grassland and ferns dominate the vegetation cover of the reserve. The only forest cover found was sporadic low-saturated Acacia stands and narrow strips of relic forest along some intermittent streams. The southern boundary of the licensed area is fringed by mangrove forest.

Given the poor state of the forest in the license area, a field assessment of wildlife was not conducted. Wildlife diversity is likely to be low. Apart from macaques that are seen closer to the coastal areas, common large mammals usually associated with large tracts of forest, such as deer and wild pigs, have been observed in the Jembongan Forest Reserve (Kaliappan, 2026).

The Jembongan Forest Reserve was first gazetted as a forest reserve in 1931. It was subsequently classified as a Domestic Forest Reserve (Class III) in 1941. Today, there is no evidence of dependence on the area by the island communities for any purpose. There are also no existing records to indicate that the area was ever actively managed. Illegal logging in the 1980s that went unnoticed due to the remoteness of the area, followed by repeated fires is perhaps the best explanation for the degradation of the natural forest in the licensed area.

The EIA report for the phase 1 area, "Development of forest plantation at Jembongan Forest Reserve, Pulau Jembongan, Sabah" was conducted by Envsolve Sdn. Bhd. and approved by the EPD [Ref.# JPAS/PP/02/600-1/01/3/33(31) dated 25/02/2011].

The EIA report for the phase 2 area, "Development of Forest Plantation (582 hectares) in Pulau Jambongan, Sabah" was conducted by Envsolve Sdn. Bhd. and approved by the EPD [Ref.# JPAS/PP/PTS/600-1/01/3/61(35) dated 23/05/2018].

### Social Context:

Based on EIA, there are no human settlements within the Project area of largely secondary forest. Generally, the island comprises mainly of large forest and oil palm plantations on the southern portion of Pulau Jambongan. There are 3 settlements located within Pulau Jambongan, namely, Kg. Jambongan, Kg. Melalin and Kg. Lmau-Limau. The nearest settlement is Kg. Limau-Limau approximately 720 m away from the Project Area. However, the Project Area is by far inaccessible by road from these settlements. At the far end to the south of the Project site, there is an oil palm plantation owned by a company, i.e., Asiatic Oil Palm Plantation.

Based on the 2<sup>nd</sup> FMP, there is no evidence of dependency on the licensed area by the island communities. However, a positive impact on the communities is anticipated through job opportunities provided by Jayakuik.

Scope of Assessment	
<ul style="list-style-type: none"> <li>The scope of the evaluation is to verify compliance of Jayakuik Sdn. Bhd. with the Sustainable Forest Management License Agreement (SFMLA 01/2008) for FMU 3.</li> <li>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).</li> <li>Site evaluation to verify and report the level of compliance by Jayakuik Sdn. Bhd. and contractors to the standard in respect to each of the criteria within this report.</li> <li>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.</li> </ul>	

### Itinerary & Mandays: 21-25 April 2025 / FMU 3: Jayakuik Sdn. Bhd. / Pitas District

Date	Activity	GFS Staff	Mandays
21 April 2025 Monday	Travel to Pitas. Opening meeting at PPD Pitas and overnight in Pitas. Document review.	Glory Linggou, Keith Sintang, Merlyne Gerard, Jick Miki	4
22 April 2025 Tuesday	Travel to Jambongan Island. Field assessment to licensed area (Block 6) for Jayakuik (basecamp, workers' quarters, nursery, workshop, store) Overnight at basecamp. Document review.	Glory Linggou, Keith Sintang, Merlyne Gerard, Jick Miki	4
23 April 2025 Wednesday	Field assessment to Phase 1 (Block 11) and Phase 2 (Blocks 26 & 20) maintenance area, licensed boundary, protected area, PSP. Document review.	Glory Linggou, Keith Sintang, Merlyne Gerard, Jick Miki	4
24 April 2025 Thursday	Community meeting with Kampung Limau-Limau. Document review.	Glory Linggou, Keith Sintang, Merlyne Gerard, Jick Miki	4
25 April 2025 Friday	Closing meeting at Jayakuik basecamp office and travel back to home base.	Glory Linggou, Keith Sintang, Merlyne Gerard, Jick Miki	4
26-27 April 2025	Reporting/Administration: GFSSBH 004-344	Dr. Kevin Grace Glory Linggou	2
<b>Total</b>			<b>22</b>

### Highlights of Assessment

**(Major Gaps = 0; Minor Gaps = 2; Observations = 2)**

Jayakuik Sdn. Bhd. has complied with the Sabah TLAS requirements (FDS TLAS-006) as no non-compliance was identified during the assessment on 21-25 April 2025.

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

**Principle 1. Right to Harvest**

Jayakuik 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.

**April 2025: Gap 001/2025 (minor) – Checklist 1.6.4, 1.6.5, 1.6.6, 1.7.4**

Jayakuik has not develop Compartment Planting Plan (CPP) for the plantation areas.

**Principle 2. Forest Operations**

Jayakuik demonstrated compliance with the licensed area security, maintenance of the licensed boundary, and protection of protected areas and regulatory requirements for workers.

**April 2025: Observation 001-2025 – Checklist 2.4.1, 2.4.2**

Inconsistent in issuing employment agreement for workers.

**April 2025: Gap 002/2025 (minor) – Checklist 2.4.8**

JKKP 8 for 2024 was not submitted to DOSH.

**Principle 3. Statutory Charges**

Jayakuik has paid licensing fees and other charges to the SFD.

**April 2025: Observation 001-2025 – Checklist 3.1.1**

OP for log yard was expired due to planned relocation.

**Principle 4. Other User Rights**

Based on EIA, there is no direct impact between local villages and the Project area. Generally, the island comprises mainly of timber and oil palm plantations on the southern portion of Pulau Jambongan. There are 3 settlements located within Pulau Jambongan, namely, Kg. Jambongan, Kg. Melalin and Kg. Lmau-Limau. The nearest settlement is Kg. Limau-Limau approximately 720 m away from the Project Area. However, the Project Area is inaccessible by road from these settlements. At the far end to the south of the Project site, there is an oil palm plantation owned by Asiatic Oil Palm Plantation.

Based on the 2<sup>nd</sup> FMP, there is no evidence of dependency on the licensed area by the island communities. However, a positive impact on the communities is anticipated through job opportunities provided by Jayakuik.

**Summary Results:****(Major gap = 0, Minor gap = 2, Observation = 2)**

Gap raised against indicators &amp; criteria during the April 2025 assessment.

GAP	Type	Checklist	Status	Description
001/2025	minor	1.6.4, 1.6.5, 1.6.6, 1.7.4	New	<b>April 2025:</b> Jayakuik has not developed Compartment Planting Plans (CPP) for the existing plantation areas.
002/2025	minor	2.4.8	New	<b>April 2025:</b> JKKP 8 for 2024 was not submitted to DOSH.

Observation raised against indicators &amp; criteria during the April 2025 assessment.

Obs #	Checklist	Description
001-2025	2.4.1, 2.4.2	<b>April 2025:</b> Inconsistent in issuing employment agreement for workers.
002-2025	3.1.1	<b>April 2025:</b> OP for log yard was expired due to planned relocation.

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

Recommendations
<p><b>Jayakuik Sdn. Bhd.</b> 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><b>Gap 001/2025 (minor) – Checklist 1.6.4, 1.6.5, 1.6.6, 1.7.4:</b> Jayakuik shall develop CPP for the plantation areas during harvesting and replanting.</p> <p><b>Gap 002/2025 (minor) – Checklist 2.4.8:</b> Jayakuik should submit JKKP 8 annually.</p> <p><b>Observation 001-2025 – Checklist 2.4.1, 2.4.2:</b> Jayakuik shall establish employment agreement for all workers.</p> <p><b>Observation 002-2025 – Checklist 3.1.1:</b> Jayakuik should ensure OP for log yard is valid and expedite the relocation process.</p> <p>The next annual surveillance audit will be scheduled for <b>April 2026</b>.</p>

<b>End of Summary Report</b>
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