

Sabah TLAS Audit Report

Sabah Legality Standard Principles 1 – 4

Licensee	Lagenda Aktif Sdn. Bhd. 201101000136 (928270-K)	Reference #	GFSSBH 003-336
Contact Person	Fredderic Lalin Ikang (Estate Manager)	Date of Report	07/03/2025
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		Approved By	Dr. Kevin Grace

Statements

Statement of Compliance	NC: Non-Compliance – Criteria 2.4 & 3.1		
Issuance Date	Not applicable	Expiration Date	Not applicable

Assessment Details

Assessment Dates	03-07 March 2025
Scope of Assessment	Sabah TLAS P1-4: SFMLA 02/2012
Species	ITP Area: Hevea brasiliensis (Rubber tree) NFM Area: Hopea sp. (Gagil), Octomeles sumatrana (Binuang) Botanical Area: Durio sp. (indigenous Durian)
Lead Assessor	Teddy Quintin (Acting Lead), Brandon James
Assessor(s)	Keith Sintar, Jick Miki
SFD Staff	Jaime Gampawi (PPW Keningau), Narbert Nasly (DFO Sook), Mazlan Azman (PPW Keningau), Victor Gadius (ADFO Sook), Esebius Aegidius (ADFO Sook), Sofian Yunus (PPW Keningau), Christer Edward (PPW Keningau)

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:

Lagenda Aktif Sdn. Bhd. (Lagenda Aktif) is, on and from 01/01/2011, incorporated under Companies Act 2016, and is registered in Kota Kinabalu, Sabah, Malaysia, with registration #: 201101000136 (928270-K). Lagenda Aktif (the Licensee) signed an agreement with the State Government (the Government) under the Sustainable Forest Management License Agreement 02/2012 on 22/05/2012 to manage an area of approximately 10,009 ha, located in Ulu Sg. Milian Forest reserve (part of), herewith known as the SFMLA area for a period of 50 years. The Chief Minister is granting permission to the Licensee to plant, rehabilitate and harvest forests under the principles of sustainable forest management and environmental conservation for economic, environmental and social purposes. The Licensee is desirous of managing and securing wood resources on a long term basis in a certain Forest Reserve area in the State of Sabah for the purpose of sustainable production of timber and natural forest produce and for harvesting, distributing, processing and export of such timber, forest industrial products and other relevant materials or products as may be available for the Licensee from its activities in such Forest Reserve area, and on the term and conditions herein provided.

Under Clause 44(i) of the SFMLA, Lagenda Aktif is required to prepare a Forest Management Plan (FMP). Lagenda Aktif through the assistance of the consultant formulated the 10-year FMP (2012-2021) and subsequently approved by the Director on 09/07/2012. The FMP eventually revised and approved on 03/06/2020.

Under the SFMLA 02/2012 provision, Lagenda Aktif is responsible for carrying out forestry operations, which include Industrial Tree Plantation (ITP), Integrated Mosaic Planting, residual timber harvesting, silviculture treatment and enrichment planting within the licensed area on a sustainable basis for 50 years (24/05/2012 – 31/12/2062).

The area is divided into 2 coupes inside the Ulu Sungai Milian Forest Reserve – Class II:

Coupe Permit #	Area	Expiry Date	Remarks
KGU 29/12	8872.14	16/07/2042	ITP
KGU 11/14	914.85	03/07/2044	Mosaic

The 2nd Forest Management Plan (FMP) from 01/01/2022 to 31/12/2031, was approved by the SFD [JPHTN/SFM 800-1-1/34(JILID.3)41 dated 21/03/2022]. The 2nd FMP: Amendment Slip 01/2024(1), SFD Ref. #: JPHTN/SFM800-1/1/34(JILID.4)/137 dated 10/02/2025 was approved and Lagenda Aktif included the following:

- Table 9, page 28 (liberation treatment),
- Table 10, page 29 (enrichment planting),
- Section 5.3.2, page 44 (areas designated for production).

Land use classification:

Land classification	2 nd FMP Area (ha)	Current Status (ha)
Total Concession Area	10,008.00	10,008.00
Production Area	5,603.85	5,603.85
NFM - Mosaic	695.67	Total planted: 122.50 ha Binuang = 6.33 ha Gagil = 116.17 ha
ITP - Rubber	3,688.92	Total planted: 3,589.30 ha
ITP – Botanical area	955.13	Total planted: 594.58 ha
R&D	191.92	191.92
Infrastructure	72.21	72.21
Conservation	3,543.35	3,543.35
Community forestry	860.80	860.80

Current Operations:

As of the assessment, no log harvesting has been conducted in the licensed area. The last logging activity was carried out in April 2022.

Currently, Lagenda Aktif focuses on rubber tapping, tree planting, planted tree maintenance, forest protection and monitoring.

Comp #	NFM / ITP	Status	Area (ha)	Geo-location
11	ITP (Botanical)	Sabah TLAS EUDR	591.66	NE: 5°10'50" N, 116°27'10" E SE: 5°9'0" N, 116°27'0" E SW: 5°9'0" N 116°25'10" E NW: 5°10'50" N, 116°25'10" E
13	NFM	Sabah TLAS EUDR	99.35	NE: 5°10'50" N, 116°25'60" E SE: 5°10'30" N, 116°26'0" E SW: 5°10'70" N 116°26'10" E NW: 5°10'40" N, 116°24'90" E
18	ITP - Rubber	Sabah TLAS EUDR	415.05	NE: 5°11'40" N, 116°30'0" E SE: 5°10'60" N, 116°29'90" E SW: 5°11'40" N 116°28'20" E NW: 5°12'30" N, 116°28'20" E

Environmental Context:

Bornion Timber Sdn. Bhd. formerly held the SFMLA licensed area before it was excised in 2012. There are no activities carried out by Bornion Timber Sdn. Bhd. within this area since 1997. Prior to 1997 (in the 70s), Ulu Sg. Millian Forest Reserve was extensively logged by at least 19 different companies. The logging licenses were issued based on a short to medium-term basis, which varied from one year (Form I license) to 25 years, depending on the extent of the area licensed. The licensees were not required to carry out forest rehabilitation and silvicultural treatment operations under these licenses. This was solely under the responsibility of the Sabah Forestry Department.

Originally, the SFMLA area comprised three forest types, which included Upland Mixed Dipterocarp Forest (9,337.9 ha), Lowland Mixed Dipterocarp Forest (558.9 ha), and Lowland Dipterocarp and Heath Forest (111.60 ha).

The forests of the licensed area are severely degraded and left with low-quality stands of few Dipterocarp species (*Shorea leprosula*, *Anisoptera costata*, *Hopea sangal*, etc.), and are mostly dominated by *Macaranga spp.* and species of the Zingiberaceae family.

No recent wildlife assessments have been undertaken in the area to determine the extent of these wildlife species that still occur. The only areas left behind are disturbed habitats within the NFM area.

The nearby local communities rely highly on the watershed areas as their water-gravity systems located within the SFMLA.

This SFMLA area is covered by an existing EIA report titled Proposed Forestry Operation in Sustainable Forest Management Licence Agreement (SFMLA) 02/2012 Of Ulu Sg. Milian Forest Reserve in Sook, Keningau, Sabah. The EIA report was approved on 23rd August 2012 [JPAS/PP/03/600-1/01/3/50(5)].

Social Context:

Based on the EIA, there are 4 villages found within 2 KM from the boundary of the project area. All these villages under the administration of Sook District Office except Kg. Saup Baru, which is under Nabawan District Office.

#	Village	Direct distance (km) & location
1	Kg. Mototou	0.4 KM: Northwest of the project area
2	Kg. Kawakaan – Most populated village	1.1 KM: Northwest of the project area
3	Kg. Saup Baru	0.1 KM: Southern part of the project area
4	Kg. Pulutan	2.2 KM: Southern part of the project area

Lagenda Aktif conducted a Social Baseline Survey (SBS) in September 2021 in full consultation and cooperation with Sook and Nabawan District Forestry Councils. Lagenda Aktif identified 860.80 ha as Community Forestry areas in compartments 12, 11, 5 and 1.

Scope of Assessment

- The scope of the evaluation is to verify compliance of Lagenda Aktif Sdn. Bhd. with the Sabah Forest Management License Agreement (SFMLA 02/2012) FMU11 (partly).
- 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 Lagenda Aktif 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 March 2025 / FMU 11 (Partly): Lagenda Aktif Sdn. Bhd. / Sook District

Date	Activity	GFS Staff	Mandays
03 March 2025 Monday	Travel to Keningau and overnight. Opening meeting at PPD Keningau. Assessment planning & document review.	Brandon James Teddy Quintin Keith Sintar Jick Miki	4
04 March 2025 Tuesday	Field assessment to botanical area, licensed area, licensed boundary, protected areas, ITP rubber compartment area. Document review and compiling report.	Brandon James Teddy Quintin Keith Sintar Jick Miki	4
05 March 2025 Wednesday	Field assessment to PSP compartment area, planting area, basecamp, workers quarters, workshop, nursery & stumping. Social assessments and interview at Kg. Rancangan Belia Tiulon.	Brandon James Teddy Quintin Keith Sintar Jick Miki	4
06 March 2025 Thursday	Document review at PPD Sook and compiling report.	Brandon James Teddy Quintin Keith Sintar Jick Miki	4
07 March 2025 Friday	Closing meeting at PPD Keningau. Travel to home base.	Brandon James Teddy Quintin Keith Sintar Jick Miki	4
08-09 March 2025	Reporting/Administration: GFSSBH003-336	Dr. Kevin Grace Brandon James	2
Total			22

Highlights of Assessment

(Major Gaps = 2; Minor Gaps =1; Observations = 2)

Lagenda Aktif Sdn. Bhd. has not complied with the Sabah TLAS requirements (FDS TLAS-006), as non-compliance was identified under Criteria 2.4 and 3.1 during the assessment on 03-07 March 2025.

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

Principle 1. Right to Harvest

Lagenda Aktif demonstrated compliance with the SFD regulations. The SFMLA 02/2012 was granted and valid for 50 years until 31/12/2062. The 2nd Forest Management Plan (01/01/2022 – 31/12/2031) was approved by the SFD on 21/03/2022 [Ref. #: JPHTN/SFM 800-1/1/34(JILID.3)/41].

March 2025: Observation 001-2025 – Checklist 1.5.1

The AWP 2025 is pending approval from the SFD.

Principle 2. Forest Operations

As of the assessment, no harvesting has been conducted in the licensed area as the last logging activity was carried out in April 2022. Lagenda Aktif planted 3,589 ha in rubber trees and focuses on rubber tapping, tree planting, planted tree maintenance, forest protection and monitoring.

Highlights of Assessment

March 2025: Gap 001/2025 (minor) – Checklist 2.4.5

No evidence of work safety training conducted for workers.

March 2025: Gap 002/2025 (Major) – Checklist 2.4.8

No evidence of EPF contributions for eligible permanent workers.

Protected areas are mapped and identified on the ground. There is no evidence that Lagenda Aktif had operated inside protected areas.

Principle 3. Statutory Charges

March 2025: Observation 002-2025 – Checklist 3.1.1

OP for workers quarters expired.

As of the assessment, no log harvesting has been conducted in the licensed area since April 2022 as such there is no log royalty payments. However, payments for rubber latex have not been paid since January 2024.

March 2025: Gap 003/2025 (Major) – Checklist 3.1.2

No evidence of cup lump royalty payment from Jan 2024 to Feb 2025.

Principle 4. Other User Rights

Based on the EIA, there are 4 villages found within 2 KM from the boundary of the project area. All these villages under the administration of Sook District Office except Kg. Saup Baru, which is under Nabawan District Office.

#	Village	Direct distance (km) & location
1	Kg. Mototou	0.4 KM: Northwest of the project area
2	Kg. Kawakaan – Most populated village	1.1 KM: Northwest of the project area
3	Kg. Saup Baru	0.1 KM: Southern part of the project area
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Lagenda Aktif identified 860.80 ha encroached by the nearby villagers planting agricultural crops and oil palm trees occurring within compartments 12, 11, 5 and 1. The planted areas were mapped as Community Forestry areas.

GFS team conducted a meeting with the Ketua Kampung from Kg. Rancangan Belia Tiulon on 05/03/2025. Lagenda Aktif has taken mitigation measures on the impacts by educating and provide training for the villagers, especially the younger generations, to participate in the activities and employment opportunities created or provided by the licensee, preserve the villager's water catchment, ensure access roads to local villages are safely accessible and maintained.

Summary Results:

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

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

GAP	Type	Checklist	Status	Description
001/2025	minor	2.4.5	New	March 2025: No evidence of work safety training conducted for workers.
002/2025	Major	2.4.8	New	March 2025: No evidence of EPF contributions for eligible permanent workers.
003/2025	Major	3.1.2	New	March 2025: No evidence of cup lump royalty payment from Jan 2024 to Feb 2025.

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

Obs #	Checklist	Description
001-2025	1.5.1	March 2025: The AWP 2025 is pending approval from the SFD.
002-2025	3.1.1	March 2025: OP for workers quarters expired.

Highlights of Close Out Visit (if applicable)	Dates	-
The Major gap 002/2025 & 003/2025 shall be addressed in two months by May 2025.		

Recommendations
<p>Lagenda Aktif Sdn. Bhd. has not demonstrated compliance with the Sabah TLAS requirements (FDS TLAS-006) as non-compliance was identified under Criteria 2.4 & 3.1 and it is NOT eligible to receive a GFS Statement of Compliance or Sabah Timber Legality Assurance System Compliance Certificate (TLAS-CC) from SFD.</p> <p>The Major Gaps shall be addressed within two months by May 2025.</p> <p>Gap 002/2025 (Major) – Checklist 2.4.8: Lagenda Aktif shall ensure all local workers that are eligible for EPF contributions are contributed under EPF.</p> <p>Gap 003/2025 (Major) – Checklist 3.1.2: Lagenda Aktif shall expedite the payment of cup lump royalty to the 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 001/2025 (minor) – Checklist 2.4.5: Lagenda Aktif shall conduct work safety training for workers annually and keep all physical training records.</p> <p>Observation 001–2025 - Checklist 1.5.1: Lagenda Aktif shall follow-up the status of the AWP and SFD shall expedite the approval of the AWP 2025.</p> <p>Observation 002-2025 – Checklist 3.1.1: Occupational Permit should be renewed and SFD should expedite the renewal.</p> <p>The next annual surveillance audit will be scheduled for March 2026.</p>

End of Summary Report
