

Sabah TLAS Audit Report

Sabah Legality Standard Principles 1 – 4

Licensee	Rakyat Berjaya Sdn. Bhd. 197001000639 (009867-W)	Reference #	GFSSBH 003-325
Contact Person	Marcellinus Gidung (Forest Manager – Rakyat Berjaya Keningau Division)	Date of Report	20/12/2024
Office Address	Rakyat Berjaya (Keningau Division) Pusat Kraftangan Sabah, KM5, Jalan Apin-Apin, Peti Surat 961, 89008 Keningau, Sabah, Malaysia.	Date of close out	-
Email	emondy67@gmail.com DFO Sook: Bonaventure.Boyou@sabah.gov.my DFO Nabawan: Edmund.William@sabah.gov.my PPW Keningau: Jaime.Gampawi@sabah.gov.my	Telephone	+6087 333 054 +6089 750 829
		Fax	+6087 333 055 +6089 750 830
		Approved By	Dr. Kevin Grace

Statements

Statement of Compliance	NC: Non-Compliance – Criteria 1.6 & 1.7		
Issuance Date	Not applicable	Expiration Date	Not applicable

Assessment Details

Assessment Dates	16-20 December 2024
Scope of Assessment	Sabah TLAS P1-4: SFMLA 09/97 (FMU 15)
Species	<i>Drybalanops</i> spp. (Kapur), <i>Dipterocarp</i> spp. (Keruing), <i>Parashorea</i> spp. (White seraya), <i>Shorea</i> spp. (Red seraya, Yellow seraya, Melapi), <i>Heritiera simplicifolia</i> (Kembang), <i>Shorea pauciflora</i> (Oba suluk), <i>Neolamarckia cadamba</i> (Laran), <i>Duabanga moluccana</i> (Magas), <i>Octomeles sumatrana</i> (Binuang), <i>Eugenia</i> spp. (Obah), Other timber (OT)
Lead Assessor	Glory Linggou
Assessor(s)	Priera Bagang, Teddy Quintin
SFD Staff	Jaime Gampawi (PPW Keningau), Sofian Yunus (PPW Keningau), Christer Edward (PPW Keningau), Edmund William (DFO Nabawan), Mohd Putera (PPM Nabawan), Rhymie Abd. Rahman (ADFO Nabawan), Esebius Aegidius (ADFO Sook)

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:

Rakyat Berjaya Sdn. Bhd. (Rakyat Berjaya) as a subsidiary of Innoprise Corporation Sdn. Bhd., a wholly-owned subsidiary of Yayasan Sabah (Yayasan Sabah) and one of the Yayasan Sabah Group of Companies, was incorporated in 1970. Rakyat Berjaya has been set up to undertake and manage the Yayasan Sabah concession area under a Sustainable Forest Management License Agreement (SFMLA). The SFMLA 09/97 was signed on 10th September 1997 between the Government of the State of Sabah and Yayasan Sabah. This SFMLA superseded the original Principle License Agreement for Timber #: COLK 1/70, issued in 1970. The new SFMLA has provided provision for planting forest or timber trees in the licensed area.

Rakyat Berjaya has appointed six (6) contractors namely Hasrat Gagah Sdn. Bhd., Focus Lumber Berhad, Kinsasynergy Sdn. Bhd., Tetap Jadi Sdn. Bhd., Primarth Sdn. Bhd. and Luasong Plantation Sdn. Bhd. inside the licensed area of FMU 15.

Hasrat Gagah engages its sister company, Cargo Timber to provide manpower.

Kinsasynergy engages its sister company, Eko Jutamas Sdn. Bhd. to provide manpower.

Coupe permit, KGU 09/2022 (Ref. #: JPHTN/FRM/700-2/1/09/116/1/13, dated 17/08/2022), has been issued to Pusat Kraftangan Sabah (PKS) as Community Forestry Compartment (CFC) to manage 79.80 ha of the area within the Yayasan Sabah Concession (YK1/2021) to plant Bamboo and Rattan. This project is called Program Penanaman Bahan Mentah (PPBM) and was funded by Program Khas Anak Negeri (PKAN) Rancangan Malaysia ke-12 (RMK-12: 2021 – 2025) to ensure the sustainability of raw material for handicraft products.

Land use classification:

Land classification	2 nd FMP Area (ha)	Current Status as of end of Nov 2024 (ha)
Total Concession Area	55,809.00	55,809.00
Production Area	Total gross production area: 31,840.80	Total net production area: 19,522.58
Natural Forest Management	Gross production area: 8,775.20	Net production area: 8,737.68 Total harvested area: 117.30 NFM protected area = 37.52
Industrial Timber Plantation	Gross production area: 23,065.60	Net production area: 9,040 (current FMP) Total harvested area: 1,232.84 Total area planted: 0 ha ITP area for the next FMP = 14,025 ha
Social (Community Forestry Compartment)	Gross production area: 81.00	Net production area: 79.80 Total planted area: 29.88 Area planted by species: Bamboo = 22 Rattan = 7.88
Conservation Zoned Area	22,249.40	22,249.40

Current Operations:

As of the assessment, Rakyat Berjaya focused on RIL harvesting and salvage logging.

List of compartments under harvesting in 2024:

Activity	Coupe #	Compartment	Area, ha	Contractors
RIL harvesting	YK2/2023	C113 * (590)	317.77	Tetap Jadi Sdn. Bhd.
RIL harvesting	YK5/2023	210	114.48	Kinsasynergy Sdn. Bhd.
ITP Salvage logging	YK6/2023(B)	54, 53, 49, 48, 50, 46, 45, 34, 35, 28	2,362.42	Hasrat Gagah Sdn. Bhd.

*Rakyat Berjaya renumbered compartment 590 to 113. However, no evidence was available regarding the change of compartment number.

Planting in ITP areas have yet to start.

List current coupe planned for harvesting in 2025

Coupe #	NFM/ITP	Status	Area (ha)	Geo-location data
KGU.06/2024	NFM	Sabah TLAS EUDR	2,696.31	NE: RX777305 BOR551982 SE: RX779184 BOR550295 SW: RX777973 BOR549044 NW: RX776969 BOR551618
KGU.07/2024	NFM	Sabah TLAS EUDR	2,151.18	NE: RX767824 BOR565941 SE: RX767828 BOR564331 SW: RX767237 BOR564196 NW: RX767014 BOR566103
KGU.03/2024	ITP	Sabah TLAS	3,777.34	NE: 785765E 576620N SE: 784446E 569288N SW: 779132E 565875N NW: 779652E 576392N

Environmental Context:

FMU 15 has been logged several times using conventional techniques over the past 30 years.

The common species in the entire area of the proposed project area consists of primary/secondary forest and riparian vegetation include "Legub" (*Orthiopteris kingil*), "Melapi" (*Koompasia spp.*), "Mahang" (*Macaranga wray*), "Keruing" (*Dipterocarpus spp.*), "Randagong" (*Trema orientalis*), "Selangan" (*Shorea spp.*), "Resak" (*Cotyleloblum spp.*), "Pengiran" (*Anisoptera spp.*), "Kayu Malam Gajah" (*Diospyros discocalyx*), "Gapis" (*Saraca □eclinata*), "Katong Katong" (*Cynoptera inaequifolia*), Tetiup (*Axinandra borneensis*), "Tinjau" (*Gnetum leptostachyam*), "Pakudita" (*Alphitomia incana*), "Kelat" (*Eugenia spp.*), "Medang" (*Dehaasia sp.*), "Kapur" (*Dryobalanops spp.*), "Mallotus" (*Mallotus korthalsil*), "Senduduk" (*Melastoma sp.*), "Rumput Siam" (*Eupotarium odoratum*), "Lalang" (*Imperate cylindrica*), "Seraya" (*Shorea spp.*), "Pelajau" (*Pentaspadon Motley*), "Gangulang" (*Blumeodendron tokbrai*) and "Resam" (*Dicranopteris linearis*). Based on site survey, there is 1 protected floral species, namely "Polod" (*Arenga undulatifolia*) recorded within the project site.

Some common species of faunal reported to be present within the project area include Field Rat (*Rattus tiomanicus*), Squirrel (*Callosciurus notatus*), Barking Deer (*Muntiacus muntjac*), Bearded Pig (*Sus barbatus*), "Musang" (*Hemigalus derbyanus*), Hornbill (*Buceros rhinoceros*), Spiderhunter (*Arachnothera sp.*), Pigeon (*Treron sp.*), Swallow (*Hirundo tahitica*), Flycatcher (*Cyornis spp.*), Brown Wood-Owl (*Strix leptogrammica*), Forest Stream Frog (*Rana spp.*), Tree Frog (*Polypedates spp. & Rhacophorus sp.*), Snake (*Elaphe spp.*) and Skinks (*Mabuya multifasciata & Riopa bowringi*).

The faunal species can adapt to the disturbed primary/secondary forest. They can also move elsewhere in the surrounding area while the project activities are being cared out. However, all faunal species should be protected from any illegal hunting activities and encroachment/disturbance of their natural habitat (corridor of riparian reserve).

Several EIA have been approved by the EPD for logging inside FMU 15 that includes:

Tetap Jadi: Proposed Logging Operation of Block YK1/2023 and YK2/2023 (5,000 Hectares) Within FMU 15 of Yayasan Sabah Concession Area at Sungai Pinangah Forest Forest Reserve in Sook, Sabah [Ref. #: JPAS/PP/SOOK/600-1/01/1/350 (26) dated 14/05/2024].

Kinsasynergy: Proposed Logging Operation of 2,000 Hectares Within Yayasan Sabah Concession Area Under Forest Management Unit 15 in Tongod, Sabah (Ref. #: JPAS/PP/TGD/600-1/01/1/346 (26) dated 10/11/2023).

Hasrat Gagah: Logging Operation in Block YK6/2023(A) (1,067 Hectares) and Block YK6/2023(B) (3,836 Hectares) at Sungai Pinangah Forest Reserve within Yayasan Sabah Concession Area, District of Tongod, Sabah (Ref. #: JPAS/WPD/TGD/900-1/01/1/2 (16) dated 21/06/2024).

Social Context:

Based on the 2nd FMP and EIA, there is All settlements are outside the licensed area. According to the EIA there are no claims or areas used by the local communities, and no significant impacts to the communities have been identified.

Zone	Name	Village	Location
A	Inarad zone	Kg. Imusan, Kg. Langga, Kg. Inarad 1, Kg. Inarad 2. Sub-village: Kg. Lotong, Kg. Kaliangau, Kg. Tundungin, Kg. Susui, Kg. Kuwom, Kg. Kawayoi, Kg. Tambunan 2	Along the Sg. Pinangah
B	Pinangah zone	Kg. Pinangah, Kg. Dewara, Kg. Melikop, Kg. Alitang, Kg. Mangkawagu, Kg. Masaum	Along the Sg. Milian and Sg. Melikop

The potential impact identified would be water quality deterioration for the main river, Sg. Pinangah, and Sg. Melikop. The proposed mitigation measure includes provision of riparian reserve and stream buffer zones inside the licensed area.

Scope of Assessment

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| <ul style="list-style-type: none"> • The scope of the evaluation is to verify compliance of Rakyat Berjaya Sdn. Bhd. with the Sustainable Forest Management License Agreement (SFMLA 09/97) for FMU 15. • 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 Rakyat Berjaya 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. |
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Itinerary & Mandays: 16-20 Dec 2024 / FMU 15: Rakyat Berjaya Sdn. Bhd. / Sook & Nabawan District

Date	Activity	GFS Staff	Mandays
16 December 2024 Monday	Travel to Keningau. Opening meeting at Pusat Kraftangan Sabah, Keningau Office. Overnight in Keningau.	Glory Linggou Priera Bagang Teddy Quintin	3
17 December 2024 Tuesday	Travel to Tetap Jadi campsite. Field assessment to Compartment 113, licensed boundaries, campsite, stumping and riparian area.	Glory Linggou Priera Bagang Teddy Quintin	3
18 December 2024 Wednesday	Travel to Hasrat Gagah, Kinsasynergy and Pusat Kraftangan Sabah campsites. Field assessment to Compartment 210, Compartment 209, Compartment 28, protection areas, coupe boundary, campsites and stumping.	Glory Linggou Priera Bagang Teddy Quintin	3
19 December 2024 Thursday	Document review at Rakyat Berjaya Keningau office.	Glory Linggou Priera Bagang Teddy Quintin	3
20 December 2024 Friday	Closing meeting at Pusat Kraftangan Sabah, Keningau Office. Travel back to homebase.	Glory Linggou Priera Bagang Teddy Quintin	3
21-22 December 2024	Reporting/Administration: GFSSBH003-325	Dr. Kevin Grace Glory Linggou	2
Total			17

Highlights of Assessment

(Major Gaps = 1; Minor Gaps = 7; Observations = 4)

Rakyat Berjaya Sdn. Bhd. has not complied with the Sabah TLAS requirements (FDS TLAS-006) as non-compliance was identified under criteria 1.6 & 1.7 during the assessment on 16-20 December 2024.

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

Principle 1. Right to Harvest

The SFMLA 09/97 was awarded by the State Government to Sabah Foundation (Yayasan Sabah) on 10/09/1997 to manage the forest area for 100 years until 09/09/2097.

December 2024: Gap 001/2024 (minor) – Checklist 1.2.5

No evidence of the ECR has been conducted under Kinsasynergy from July to November 2024.

December 2024: Gap 002/2024 – Checklist 1.3.2.2

The forest quality defined in the 2nd FMP differs from the SFD standard for forest stratification and lacked the list of compartments under each stratum in relation to management planning for ITP and NFM.

December 2024: Gap 003/2024 – Checklist 1.3.2.7

NFM harvest schedule of logging all 39 compartments within 4 years is not based on Sustainable Natural Forest Management systems but reflects typical logging systems.

December 2024: Gap 004/2024 (Major) – Checklist 1.6.4, 1.6.5, 1.6.6, 1.7.4

Lack of evidence of CPP development for the ITP areas under current salvage logging and planned for planting.

December 2024: Observation 001-2024 – Checklist 1.7.1

Inconsistent marking on the coupe boundary for KGU.03/2024.

December 2024: Observation 002-2024 – Checklist 1.7.3

No signage and inconsistent paint for ground identification on the steep area for KGU.03/2024.

Principle 2. Forest Operations

No evidence of disturbance in the protected areas was observed during the field assessment.

December 2024: Gap 005/2024 (minor) – Checklist 2.1.1

Excessive blading observed at Compartment 210, SKT 24.

December 2024: Gap 006/2024 (minor) – Checklist 2.3.3

PSP has not been established and analysed under ITP and NFM land use.

December 2024: Gap 007/2024 (minor) – Checklist 2.4.5, 2.4.6

No safety training specific to job functions was conducted by contractors, and PPE distribution records were inconsistent.

December 2024: Observation 003-2024 – Checklist 2.3.5

Rakyat Berjaya has yet to conduct the forest fire awareness programme as required.

December 2024: Observation 004-2024 – Checklist 2.4.2

No COI for one worker under Eko Jutamas.

Principle 3. Statutory Charges

Rakyat Berjaya has paid the applicable licensing fees and other charges to the SFD.

December 2024: Gap 008/2024 (minor) – Checklist 3.1.1

Expired OP and pending OP payment under Kinsasynergy.

Principle 4. Other User Rights

Based on the 2nd FMP and EIA, all local settlements are outside the licensed area. According to the EIA,

Highlights of Assessment

there are no claims or areas used by the local communities, and no significant impacts to the communities have been identified. Potential impacts identified are associated with the river use by communities that may be affected through siltation by logging activities. Mitigation is through protection of buffer zones for streams.

Summary Results:

(Major gap = 1, Minor gap = 7, Observation = 4)

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

GAP	Type	Checklist	Status	Description
001/2024	minor	1.2.5	New	December 2024: No evidence of ECR have been conducted under Kinsasynergy from July to November 2024.
002/2024	minor	1.3.2.2	New	December 2024: The forest quality defined in the 2 nd FMP differs from the SFD standard for forest stratification and lacked the list of compartments under each stratum in relation to management planning for ITP and NFM.
003/2024	minor	1.3.2.7	New	December 2024: NFM harvest schedule of logging all 39 compartments within 4 years is not based on Sustainable Natural Forest Management systems but reflects typical logging systems.
004/2024	Major	1.6.4, 1.6.5, 1.6.6, 1.7.4	New	December 2024: Lack of evidence of CPP development for the ITP areas under current salvage logging and planned for planting.
005/2024	minor	2.1.1	New	December 2024: Excessive blading observed at Compartment 210, SKT 24.
006/2024	minor	2.3.3	New	December 2024: PSP has not been established and analysed under ITP and NFM land use.
007/2024	minor	2.4.5, 2.4.6	New	December 2024: No safety training specific to job functions was conducted by contractors, and PPE distribution records were inconsistent.
008/2024	minor	3.1.1	New	December 2024: Expired OP and pending OP payment under Kinsasynergy.

Observation raised against indicators & criteria during the December 2024 assessment.

Obs #	Checklist	Description
001-2024	1.7.1	December 2024: Inconsistent marking on the coupe boundary for KGU.03/2024.
002-2024	1.7.3	December 2024: No signage and inconsistent paint for ground identification on the steep area for KGU.03/2024.
003-2024	2.3.5	December 2024: Rakyat Berjaya has yet to conduct the forest fire awareness programme as required.
004-2024	2.4.2	December 2024: No COI for one worker under Eko Jutamas.

Highlights of Close Out Visit (if applicable)	Dates
Major Gap 004/2024 shall be addressed within two months by February 2025.	-

Recommendations
<p>Rakyat Berjaya Sdn. Bhd. has not demonstrated compliance with the Sabah TLAS requirements (FDS TLAS-006) as non-compliance was identified under Criteria 1.6 and 1.7 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 Gap shall be addressed within two months by February 2025.</p> <p>Gap 004/2024 (Major) – Checklist 1.6.4, 1.6.5, 1.6.6, 1.7.4: Rakyat Berjaya shall establish the CPP for all salvage logging area as required.</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 1.2.5: The ECR for Kinsasynergy shall be conducted every 4 months as required by EPD.</p> <p>Gap 002/2024 (minor) – Checklist 1.3.2.2: The forest quality defined in the 2nd FMP shall be in accordance with the SFD standard for forest stratification associated with a list of compartments under each stratum that justifies management planning for ITP and NFM.</p> <p>Gap 003/2024 (minor) – Checklist 1.3.2.7: NFM harvest schedule should be based on Sustainable Natural Forest Management systems with Annual Allowable Cut over a defined harvest cycle.</p> <p>Gap 005/2024 (minor) – Checklist 2.1.1: Rakyat Berjaya shall strictly monitor all RIL harvesting operation that is based on the RIL guideline.</p> <p>Gap 006/2024 (minor) – Checklist 2.3.3: Rakyat Berjaya shall establish the PSP and conduct the analysis for the ITP and NFM land use.</p> <p>Gap 007/2024 (minor) – Checklist 2.4.5, 2.4.6: All contractors shall conduct safety training based on job function for workers and record PPE distribution consistently.</p> <p>Gap 008/2024 (minor) – Checklist 3.1.1: Kinsasynergy shall pay the OP and OP should be renewed three months before the expiry date.</p> <p>Observation 001-2024 - Checklist 1.7.1: Marking of the coupe boundary for KGU.03/2024 should be clearly defined.</p> <p>Observation 002-2024 - Checklist 1.7.3: Signage and marking on the ground for the steep area for KGU.03/2024 should be clear.</p> <p>Observation 003-2024 - Checklist 2.3.5: Rakyat Berjaya shall conduct the forest fire awareness programme as required.</p> <p>Observation 004-2024 - Checklist 2.4.1, 2.4.2: Eko Jutamas shall register workers for COI as required.</p> <p>The next annual surveillance audit will be scheduled for December 2025.</p>

End of Summary Report