

Sabah TLAS Audit Report

Sabah Legality Standard Principles 1 – 4

Licensee	Licensee: Rakyat Berjaya Sdn. Bhd. (009867-W) Contractor: Empayar Kejora Sdn. Bhd. (869004-M)	Reference #	GFSSBH 003-199
Contact Person	Abd Wahab Abd Latip (Forest Manager Tawau) Awang Zaidun Ag Taip (Forest Manager)	Date of Report	09/06/2023
Office Address	Rakyat Berjaya Sdn. Bhd. 2 nd Floor, TB 14943 & TB14944, Abaca Road, 91000 Tawau, Sabah, Malaysia. Empayar Kejora Sdn. Bhd. TB 14483, 1 st Floor, Dataran Saujana, Batu 3.5, Jalan Hot Spring, 91000 Tawau, Sabah, Malaysia.	Date of close out	-
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		Approved By	Dr. Kevin Grace

Statements

Audit Statement	GFS 060 LVS		
Issuance Date	12 June 2023	Expiration Date	11 June 2024

Assessment Details

Assessment Dates	05 – 09 June 2023
Scope of Assessment	Sabah TLAS P1-4: SFMLA 09/97 FMU 23 (partly); TWU 08/12, TWU 06/12, TWU 07/12, TWU 16/14
Species	Not applicable (No harvesting)
Lead Assessor	Priera Bagang
Assessor(s)	Glory Linggou
SFD Staff	Sidin Barau (SFM Kalabakan), Suhezron Salim (PPM Kalabakan)

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:

- Rakyat Berjaya Sdn. Bhd. (Rakyat Berjaya) was appointed in 1970 to manage FMU 23, in which the licensed area is located, along with the 7 other Forest Management Units (FMUs), which make up the Yayasan Sabah Concession Area.
- The Yayasan Sabah Concession Area (8 FMUs) is under the jurisdiction of the Kalabakan District Forestry Office of the Sabah Forestry Department.
- Rakyat Berjaya obtained a license to manage FMU 23, where operations focus mainly on harvesting (Natural Forest Management), planting (harvesting / clearing of degraded forests followed by planting - Mosaic ITP areas) and oil palm (Agroforestry).
- Land tenure is based on the following:
 - The Sustainable Forest Management Licensed Agreement (SFMLA) 09/1997 commenced on 10 September 1997 with a 100-year tenure which will expire on 10 September 2097.
 - A supplementary agreement to reduce the Yayasan Sabah Concession Area from 799,828 ha to 599,828 ha was signed on 15 February 1999.
 - Tree Plantation and Forest Management Agreement - JP (TKA) 122/96(Co) 24 April 1996 - 106,310 ha and Supplemental Agreement - JP (TKA) 122/96(Co) – 200,000 ha - 15 February 1999 for NFM and tree planting under Benta Wawasan Sdn. Bhd.
- Empayar Kejora Sdn. Bhd. (Empayar Kejora) is the appointed contractor to carry out residual timber extraction and develop a mosaic-planting scheme within the licensed area in FMU 23 located within the Gunung Rara Forest Reserve (Ref.#: FD/KK/4.4/16/1 dated 06 December 2011).
- Empayar Kejora is affiliated with Zillion Fortune Sdn. Bhd., Rakan Rimba Sdn. Bhd., First Greenworld Sdn. Bhd., Pesona Majukaya Sdn. Bhd. and Top Quantum Sdn. Bhd.
- The integrated mosaic tree planting system is implemented to ensure sustainable timber production by planting fast-growing indigenous and exotic species for the production of high-volume timber.
- The previous assessment was conducted in June 2022 that resulted in 1 gap(s) and 3 observation(s) (Report #: GFSSBH003-132).

Current Operations:

- As of the assessment, no log production has occurred since 2020.
- Empayar Kejora is focusing on maintenance of tree plantations and forest protection.
- The list of approved coupe permits from the SFD is as follows:

No	Coupe Permit #	Block #	Expiry Date	Area (ha)	Land use
1	TWU 06/12	YT 1/12(1)	28/05/2062	9,574.20	ITP Mosaic Planting
2	TWU 07/12	YT 1/12(2)	28/05/2062	4,354.70	NFM-RIL
3	TWU 16/14	YT 1/12(2)A	01/10/2064	5,202.50	NFM Non-RIL (Intensive restoration)
4	TWU 08/12	YT 1/12(3)	28/05/2062	8,986.90	ITP Mosaic Planting
Total area				28,118.30	

- The logging schedule for the planted area is as follows:

Harvesting year	Area to be harvested			
	Land use	Total area (ha)	Planted area (ha)	Natural stand area (ha)
2025	ITP-Mosaic	1,050.50	382.10	668.50
2026	ITP-Mosaic	5,514.10	2,049.80	3,464.30
2027	ITP-Mosaic	7,274.80	1,160.80	6,114.00
2028	ITP-Mosaic	5,083.90	925.30	4,158.60
2029	NFM Non-RIL (Intensive restoration area)	4,840.40	1,060.60	3,779.80
Total		23,763.70	5,578.60	18,185.20

- Land use classification:

Land classification	1 st FMP Area (ha)	2 nd Draft FMP Area (ha)	Current Status June 2023 (ha)
Total Concession Area	28,374.00	29,105.60	29,105.60
Production Area	27,608.00	28,118.30	28,118.30
Natural Forest Management (NFM) - RIL Harvesting YT1/12(2)B	9,320.00	4,354.70	Total area NFM-RIL: 4,354.70 (Completed since 2017)
- Non RIL Harvesting (Intensive restoration) YT1/12(2)A		5,202.50	Total area NFM Non-RIL: 5,202.50 Ha Nett Planted area: 1,177.90 Ha Species Planted: <i>Falcataria moluccana</i> , Laran, Binuang, Talisai, Perupok and Dipterocarp spp.
Industrial Tree Plantation (ITP) - Mosaic Planting 1 st Phase Block YT1/12(1)	18,288.00	18,561.10	Total area 1 st Phase: 9,574.20 ha Nett Planted area: 3,017.08 Ha Species Planted: <i>Falcataria moluccana</i> , Laran, Binuang, Talisai and Perupok.
- Mosaic Planting 2 nd Phase Block YT1/12(3)			Total area 2 nd Phase: 8,986.90 ha Nett Planted area: 1,409.00 Ha Species Planted: <i>Falcataria moluccana</i> , Laran, Binuang, Talisai and Perupok. About 26 ha was logged in 2019/2020 for the Batai affected with Gall Rust Fungus [Ref.#: JPHTN/KKH 700-2/1/56/JILID.2/(23) dated 21/08/2019]
Conservation (Steep Area, buffer zone & Riparian Area)	475.00	943.10	943.10
Research	291.00	0	0
OP area	0	44.20	44.20

Note: A discrepancy of 731.6 ha in the total licensed area was identified between the 2nd FMP (2022-2032) and 1st FMP (2012 - 2022) due to the remeasurement of the licensed area during the preparation of the 2nd FMP.

Environmental Context:

- Rakyat Berjaya has an approved EIA for NFM, ITP and OPP (oil palm plantation) operations within the management areas of FMU 23. The main species planted are Laran (*Neolamarckia cadamba*), Binuang (*Octomeles sumatrana*), Talisai (*Terminalia spp.*), Batai (*Falcataria moluccana*), Dipterocarp spp., and oil palm under the ITP Coupe permit for Agro-forestry.
- Wildlife sighted (based on accidental sightings and camera traps) within the FMU area includes the Bornean pygmy elephants, Orangutans, Proboscis monkeys, Sun bear, Clouded leopard, Tembadau, Bulwar pheasant, Great argus pheasant, Sambar deer, Bornean yellow muntjac, and bearded pig.
- Strips of riparian reserves, which serves as wildlife corridors to Maliau Basin and Danum Valley conservation areas, are being maintained.
- Rakyat Berjaya has an approved EIA study for the forestry operations inside Empayar Kejora licensed area.

Title	EPD Approval Letter #	EIA Consultant
EIA for Proposed Integrated Mosaic	JPAS/PP/21/600-	Ekohandal Sdn.

Planting in Block YT1/12 of Yayasan Sabah Concession area in Tawau, Sabah.	1/01/3/47(48) dated 26 July 2012	Bhd.
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Social Context:

- No local communities are found within a 10 KM radius of the project area. The nearest villages are Kg. Pekan Kalabakan-Mangga, Kg. Rancangan Kalabakan, Kg. Tuda, Kg. Murutulu Kalabakan and Kg. Brantian, located in the vicinity of the Kalabakan Forest District.

Scope of Assessment

- The scope of the evaluation is to verify compliance of **Rakyat Berjaya Sdn. Bhd. (Empayar Kejora Sdn. Bhd.)** with the Sustainable Forest Management License Agreement (SFMLA 09/97) for FMU 23 (partly).
- 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 **Rakyat Berjaya Sdn. Bhd.** and Empayar Kejora 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 23 (partly) / Rakyat Berjaya Sdn. Bhd. (Empayar Kejora Sdn. Bhd.) / Close-out: Rakyat Berjaya Sdn. Bhd. FMU 25 / Kalabakan District / 05-09 June 2023 (Total Mandays = 13)

Date	Activity	GFS Staff	Mandays
05 June 2023 Monday	Public holiday – Yang di-Pertuan Agong’s Birthday	Priera Bagang, Glory Linggou	2
06 June 2023 Tuesday	Travel to Tawau and overnight.	Priera Bagang, Glory Linggou	2
07 June 2023 Wednesday	Opening meeting at Empayar Kejora Office. Field visit to re-planting area, planted areas, NFM restoration area, campsite and protected areas. Document review at Empayar Kejora camp office.	Priera Bagang, Glory Linggou	2
08 June 2023 Thursday	Document review at Empayar Kejora Tawau office.	Priera Bagang, Glory Linggou	2
09 June 2023 Friday	Closing meeting at PPD Tawau. Close-out Rakyat Berjaya FMU 25. Travel to home base.	Priera Bagang, Glory Linggou	2
10-11 June 2023	Reporting GFSSBH 003-199 Reporting GFSSBH 003-191a	Dr. Kevin Grace Priera Bagang	3
Total			13

Highlights of Assessment

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

Rakyat Berjaya Sdn. Bhd. (Empayar Kejora Sdn. Bhd.) has complied with the Sabah Legality Standard (SFD-TLAS-002) as no non-compliance was identified during the assessment on 05 – 09 June 2023.

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

Principle 1.

FMU 23 is licensed to Rakyat Berjaya under SFMLA 09/97 dated 10 September 1997 and expires on 09 September 2097. Rakyat Berjaya and Empayar Kejora have an Integrated Mosaic Planting Agreement dated 16 July 2012.

June 2022: Observation 001-2022 - Checklist 1.3.2

The net production area under Figure 4-1 (page 35) differs from the information in Chapter 4.1.2 (Page 38).

June 2023: Observation 001-2022 (Addressed)

Chapter 4.1.2 has been revised to define the actual production area.

Highlights of Assessment

June 2022: Observation 002-2022 - Checklist 1.8.2

The PSP data has yet to be analyzed for projections of growth and yield.

June 2023: Observation 002-2022 - Checklist 1.8.2 (Addressed)

The PSP data has been analyzed to determine the expected timber production inside the plantation area.

June 2023: Observation 001-2023 – Checklist 1.3.2.7

The 2nd FMP draft did not define the sustainable harvest yield and Annual Allowable Cut (AAC).

Principle 2.

Empayar Kejora has demonstrated compliance with the Environmental Impact Assessment requirements. The demarcation of riparian reserves and buffer zones was identified and observed without disturbance.

Empayar Kejora had the approval to harvest the Batai affected with Gall Rust Fungus infection [Ref. #: JPHTN/KKH 700-2/1/56/JILID.2/(23) dated 21/08/2019]. However, the logging was halted in 2020 due to poor market value. As of the assessment, there has been no log production since 2020.

June 2022: Gap 001/2022 (minor) - Checklist 2.3.2

No evidence of safety training for the forest workers.

June 2023: Gap 001/2022 (minor) - Closed

Empayar Kejora has conducted safety training for forest workers.

Principle 3.

Associated fees were paid to the SFD and available during the assessment.

There has been no log production since 2020.

June 2022: Observation 003-2022 - Checklist 3.1.1

Logging road OP is pending for renewal (OP No: JP(KA) OP23/2012).

June 2023: Observation 003-2022 (Addressed)

The Logging Road OP [OP No: JP(KA) OP23/2012] is renewed.

Principle 4.

Not Applicable - No communities are associated with the project area.

Summary Results:

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

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

GAP	Type	Checklist	Status	Description
001/2022	minor	2.3.2	Closed	June 2022: No evidence of safety training for the forest workers. June 2023: Empayar Kejora has conducted safety training for forest workers.

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

Obs #	Checklist	Description
001-2022 Addressed	1.3.2	June 2022: The net production area under Figure 4-1 (page 35) differs from information in Chapter 4.1.2 (Page 38). June 2023: Chapter 4.1.2 has been revised to define the actual production area.
002-2022 Addressed	1.8.2	June 2022: The PSP data has yet to be analyzed for projections of growth and yield. June 2023: The PSP data has been analyzed to determine the expected timber production inside the plantation area.
003-2022	3.1.1	June 2022:

Obs #	Checklist	Description
Addressed		Logging road OP is pending for renewal (OP No: JP(KA) OP23/2012). June 2023: The Logging Road OP [OP No: JP(KA) OP23/2012] is renewed.
001-2023	1.3.2.7	June 2023: The 2 nd FMP draft did not define the sustainable harvest yield and Annual Allowable Cut (AAC).

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

Recommendations
<p>Rakyat Berjaya Sdn. Bhd. (Empayar Kejora 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>Observation 001-2023 – Checklist 1.3.2.7: Empayar Kejora shall revise the 2nd FMP to include and define the sustainable harvest yield and AAC as appropriate.</p> <p>The next annual surveillance audit will be scheduled for June 2024.</p>

End of Summary Report