

Sabah TLAS Audit Report

Sabah Legality Standard Principles 1 – 4

Licensee	Licensee: Rakyat Berjaya Sdn. Bhd. (009867-W) Contractor: Maxland Sdn. Bhd. (094655-M)	Reference #	GFSSBH 003-189a
Contact Person	Ronnie Bibi (FM RBJ Sandakan) Ah Soon Ah Choi (Maxland)	Date of Report Date of close out	31/03/2023 22/05/2023
Office Address	Rakyat Berjaya Sdn. Bhd. Jalan Sekolah Cheng Min, P.O. Box 1437, 90715 Sandakan, Sabah, Malaysia. Maxland Sdn. Bhd. Lot 5, Block 4, Bandar Indah, Jalan Utara, 90000 Sandakan, Sabah, Malaysia.	Telephone	+6089 229 237 +6089 223 545
Email	maxlandforest@gmail.com	Fax	+6089 210 579 +6089 615 963
		Approved By	Dr. Kevin Grace

Statements

Audit Statement	NC: Non-Compliance – Criteria 1.3 & 1.6 (Outstanding)		
Issuance Date	Not applicable	Expiration Date	Not applicable

Assessment Details

Assessment Dates	27 – 31 March 2023
Scope of Assessment	Sabah TLAS P1-4: FMU 16 (SFMLA 09/97), Coupe SDK 02/11
Species	ITP Species: <i>Albizia falcataria</i> (Batai), <i>Neolamarckia cadamba</i> (Laran), <i>Eucalyptus hybrid</i> .
Lead Assessor	Varenius Untomon
Assessor(s)	Brandon James
SFD Staff	Richard Madanan (ADFO Tongod), Rosman Mejan (PPD Tongod), Yaacob Beni (PPD Tongod), Asri Awang (PPD Tongod)

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:

- Maxland Sdn. Bhd. (Maxland) is appointed by the Rakyat Berjaya Sdn. Bhd. (Rakyat Berjaya) under the subsidiary of the Sabah Foundation (Yayasan Sabah), which holds a Sustainable Forest Management License Agreement (SFMLA 09/97) that includes FMU 16.
- The entire concession area has been licensed for 100 years.
- Rakyat Berjaya logged FMU 16 between 1994 and 1998, then again between 2008 and 2009, under Block YS2/07 (1) & (2) Coupe SDK 02/11 with a total area of 4,900 ha.
- An agreement was signed between Rakyat Berjaya and Maxland on 18/03/2013 to carry out Integrated Mosaic Planting, which also covers the development of tree plantations and royalty and fees, penalties and other contractual provisions.
- The previous assessment was conducted in April 2022 that resulted in 2 gap(s) and 1 observation(s) (Report #: GFSSBH003-124a).

Current Operations:

- As of the assessment, there are no harvesting activities in the ITP areas.
- The project area is divided into 21 ITP compartments.

Cmpt #	Area (ha)	Cmpt #	Area (ha)
454	265	468	239
455	249	469	224
456	130	470	296
458	197	471	375
460	268	472	153
461	217	473	330
463	197	475	264
464	185	476	187
465	230	477	222
466	273	478	208
467	265		
Total area			4,974

- Maxland is in the process of preparing the 2nd Plantation Development Plan (2nd PDP) draft for the next 10 years of planning (2021-2030).
- Land use classification:

Land classification	PDP Area (ha)	Current Status (ha) As of March 2023
Total Concession Area	4,900	4,900
Net Production Area	3,619	3,619
- Plantation Forest (ITP)	2,175 (estimated plantation area)	Planted area = 1,738.22 ha. <u>Planting Status:</u> <i>Albizia falcataria</i> (Batai) = 1,721.72 ha <i>Neolamarckia cadamba</i> (Laran) = 9.48 ha <i>Eucallptus hybrid</i> = 7.02 ha
Roads & clearings	65	65
Riparian reserve (including streams, ponds)	520	520
Steep slopes	796	796

Environmental Context:

- The project area is classified as Class II Commercial Forest Reserve. Due to poor logging practices, the vegetation was reduced to a secondary forest of low stature, dominated by *Macaranga* spp., and impoverished commercial timber trees and regeneration.
- Common dipterocarps still found in the residual forests include *Dryobalanops beccarii*, *Shorea smithiana*, *S. macroptera*, *S. mecystopteryx* and *Parashorea malanonaan*.
- The project area is generally poor in wildlife resulting from poor logging practices with a residual forest characterized by a very broken canopy, large gaps, and open conditions. Under such conditions, many arboreal animals are now scarce. Elephants are known to forage in the project area occasionally.
- There are many small streams within the project area, most of them unnamed. All the streams generally flow into two (2) major rivers, Sg. Milian and Sg. Pinangah.
- The Environmental Impact Assessment was conducted and approved by Environment Protection Department (EPD).

#	Title	EPD Approval Letter #	EIA Consultant
1	Proposed Forest Restoration and Tree Planting of Mixed Forest Species at Sg. Pinangah Forest Reserve Covering Approximately 4,900 Ha.	JPAS/PP/24-600-1/01/3/35(8), dated 12/11/2010	Kiwiheng Wood & Environmental Consultants Sdn. Bhd.

Social Context:

- There are no human settlements within the project area. However, several villages are located within a distance of about 6 km from the concession boundary. The largest is the Kg. Pinangah, located along the Sungai Milian and Sungai Pinangah. The other village is Kg. Mangkuwagu.

Scope of Assessment
<ul style="list-style-type: none"> • The scope of the evaluation is to verify compliance of Rakyat Berjaya Sdn. Bhd. (Maxland Sdn. Bhd.) with the Sabah Forest Management License Agreement (SFMLA 09/97) for FMU 16. • 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 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 demonstrate adequate compliance to a criterion.

Itinerary & Mandays: FMU 16 / Rakyat Berjaya Sdn. Bhd. (Maxland Sdn. Bhd.) / Tongod District / 27-31 March 2023 (Total Mandays = 14)

Date	Activity	GFS Staff	Mandays
27 March 2023 Monday	Travel to Telupid. Drafting Report - Rakyat Berjaya (Maxland)	Varenus Untomon Brandon James	2
28 March 2023 Tuesday	Opening meeting at Millian Forestry Centre. Field visit: Licensed Boundary, Protected area.	Varenus Untomon Brandon James	2
29 March 2023 Wednesday	Field visit: ITP Compartment.	Varenus Untomon Brandon James	2
30 March 2023 Thursday	Document review.	Varenus Untomon Brandon James	2
31 March 2023 Friday	Finalising Report. Closing meeting at PPD Tongod. Travel to Kota Kinabalu.	Varenus Untomon Brandon James	2
01 - 02 April 2023	Reporting GFSSBH 003-189	Dr. Kevin Grace Varenus Untomon	2
Total			12

Highlights of Assessment

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

May 2023: (Major Gaps = 1; Minor Gaps = 1; Observations = 1)

Rakyat Berjaya Sdn. Bhd. (Maxland Sdn. Bhd.) has not complied with the Sabah Legality Standard (SFD-TLAS-002) as non-compliance was identified under criteria 1.3 and 1.6 during the assessment on 27 – 31 March 2023.

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

Principle 1.

Sabah Foundation (Yayasan Sabah) holds a Sustainable Forest Management License Agreement (SFMLA 09/97) that includes FMU 16, which expires on 10/09/2097. An agreement was signed between Rakyat Berjaya and Maxland on 18/03/2013 to carry out Integrated Mosaic Planting, which also covers the development of tree plantations and royalty and fees, penalties and other contractual provisions.

April 2022: Gap 001/2022 (Major) – Checklist 1.3.1, 1.3.3 & 1.6.1

The 10-year Plantation Development Plan expired in 2020 with no evidence that a new PDP has been developed and submitted for approval.

March 2023: Gap 001/2022 (Major) – Outstanding

Maxland has yet to submit the 2nd Plantation Development Plan draft to SFD.

May 2023: Gap 001/2022 (Major) – Outstanding

Maxland has yet to submit the 2nd Plantation Development Plan draft to SFD.

April 2022: Observation 001-2022 – Checklist 1.8.2

The PSP plots are not adequately monitored or analysed to define growth in relation to volume yield targets of 280-350 m³/ha.

March 2023: Gap 001/2023 (Raised to Minor) – Checklist 1.8.2

Maxland has yet to conduct the annual PSP plot measurement in 2022.

Principle 2.

No forest harvesting as of the assessment. Protected areas were mapped and no sign of encroachment.

April 2022: Gap 002/2022 (Minor) – Checklist 2.3.7

No evidence that a Forest Fire Management Plan was developed and approved.

March 2023: Gap 002/2022 (Minor) – Closed

The Forest Fire Management Plan (FFMP) has been submitted to SFD and approved by the Chief Conservator of Forest (Ref.#: JPHTN/SFM 800-5/2(JILID.2) 29, dated 11/05/2022).

March 2023: Observation 001-2023 – Checklist 2.3.2 & 2.3.7

Maxland has yet to conduct safety and fire training in 2022.

Principle 3.

There is no infrastructure constructed inside the licensed area.

Principle 4.

Not applicable - There are no human settlements within the project area. However, several villages are located within a distance of about 6 km from the concession boundary. The largest is the Kg. Pinangah, located along the Sungai Milian and Sungai Pinangah. The other village is Kg. Mangkuwagu.

Summary Results:

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

May 2023: (Major Gaps = 1; Minor Gaps = 1; Observations = 1)

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

GAP	Type	Checklist	Status	Description
001/2022	Major	1.3.1	Outstanding	April 2022:

GAP	Type	Checklist	Status	Description
		1.3.3 1.6.1		The 10-year Plantation Development Plan expired in 2020 with no evidence that a new PDP has been developed and submitted for approval. May 2023: Maxland has yet to submit the 2 nd Plantation Development Plan draft to SFD. March 2023: Maxland has yet to submit the 2 nd Plantation Development Plan draft to SFD.
002/2022	Minor	2.3.7	Closed	April 2022: No evidence that a Forest Fire Management Plan was developed and approved. March 2023: The forest fire Management Plan (FFMP) has been submitted to SFD and approved by Chief Conservator of Forest (<i>Ref.#: JPHTN/SFM 800-5/2(JILID.2) 29, dated 11/05/2022</i>).
001/2023	Obs 001-2022	1.8.2	Raised to Minor	April 2022: The PSP plots are not adequately monitored or analysed to define growth in relation to volume yield targets of 280-350 m ³ /ha. March 2023: Maxland has yet to conduct the annual PSP plot measurement in 2022.

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

Obs #	Checklist	Description
001-2023	2.3.2 2.3.7	March 2023: Maxland has yet to conduct safety and fire training in 2022.

Highlights of Close Out Visit (if applicable)	Dates	22 May 2023
Major Gap 001/2022 shall be addressed within two months by May 2023. Maxland has not developed and submitted the 2 nd PDP draft to SFD. Thus, the Major gap remains outstanding.		

Recommendations
<p>Rakyat Berjaya Sdn. Bhd. (Maxland Sdn. Bhd.) has not demonstrated compliance with the Sabah Legality Standard (SFD-TLAS-002) as non-compliance was identified under Criteria 1.3 & 1.6 and is NOT recommended to receive a GFS Statement of Compliance or a Sabah TLAS Compliance Certificate from SFD.</p> <p>The Major Gap shall be addressed within two months by May 2023. Gap 001/2022 (Major) Outstanding – Checklist 1.3.1, 1.3.3, 1.6.1: Maxland shall submit the 2nd Plantation Development Plan draft to SFD for approval.</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: Gap 001/2023 (Raised to Minor) – Checklist 1.8.2: Maxland shall monitor PSP plots and analyze the data to evaluate growth in relation to estimated yields. Observation 001-2023 - Checklist 2.3.2 & 2.3.7: Maxland shall conduct safety and fire training annually.</p> <p>The next annual surveillance audit will be scheduled for March 2024.</p>

End of Summary Report