

Sabah TLAS Audit Report

Sabah Legality Standard Principles 1 – 4

Licensee	Borneo Sulaman Cove Sdn. Bhd. (688783-K)	Reference #	GFSSBH 003-139
Contact Person	Marrynah Matami (Assistant Wetland Manager)	Date of Report	15/07/2022
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		Approved By	Dr. Kevin T. Grace

Statements			
Audit Statement	GFS 068 LVS		
Issuance Date	18 July 2022	Expiration Date	17 July 2023

Assessment Details	
Assessment Dates	12 – 15 July 2022
Scope of Assessment	TLAS P1-4: SFMLA 02/2007; Class 5, Mangrove Forest Reserve
Species	Mangroves (<i>Rhizophora Apiculata</i> , <i>Rhizophora Mucronata</i> , <i>Kandelia Candel</i> , and <i>Lumnitzera Littorea</i>)
Lead Assessor	Varenius Untomon
Assessor(s)	Glory Linggou
SFD Staff	Robert M. Mijol (SFM-FLEGT SFD), Taib Arjani (ADFO Kota Kinabalu), M. Gadiman (PPD Kota Kinabalu), Jasni Rapiee (PPD Kota Kinabalu)

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 01st January 2015 (**FDS-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:

- In 2007, an agreement (SFMLA 02/2007) was signed between Sabah Forestry Department (SFD) and Borneo Sulaman Cove Sdn. Bhd. (Borneo Sulaman Cove) whereby a total of about 488 ha of the Sulaman Lake Mangrove Forest Reserve were placed under the management of Borneo Sulaman Cove Sdn. Bhd.
- The objectives include conservation, education, recreation, nature-based tourism and eco-tourism. This concept follows the Sustainable Forest Management policy that was approved by the Sabah Forestry Department.
- One of the key goals of the 2nd Forest Management Plan is to apply for RAMSAR site recognition status for this licensed area. Video evidence showing the presence of the endangered Proboscis monkey (*Nasalis larvatus*) within the Sulaman Lake Mangrove Forest Reserve area emphasises the need.
- According to the FMP, all destructive and/or unsustainable anthropogenic practices within the licensed area will not be allowed. These practices include but are not limited to:
 - a. Damage, cutting or collection of any indigenous tree species, especially mangroves.
 - b. The cutting of fronds or collection of fruit of the Nipah palm (*Nypa fruticans*).
 - c. All forms of fishing including the collection of marine life.
 - d. All forms of hunting and/ or the collection of any indigenous animal species.
- This 2nd FMP continues to implement a realistic plan to protect and maintain the existing indigenous habitat and species within the Sulaman Lake Mangrove Forest Reserve area with the clear intention of increasing both. This includes but is not limited to the following activities:
 - a. Coordinate with government authorities on Sulaman Lake Mangrove Forest Reserve area matters.
 - b. Coordinate with the appropriate authorities to remove all illegal occupations.
 - c. Education of local communities.
 - d. Forest fire prevention and control.
 - e. Record and restrict the number of visitors to the area.
 - f. Reintroduction of lost species.
 - g. Construction of temporary indigenous animal habitat.
 - h. Patrols to investigate illegal activities in the forest, especially encroachment.
 - i. Active pursuit of poachers.
- The 2nd FMP, Borneo Sulaman Cove, is to enhance the area's ecological value of the area through appropriate management works. This also includes establishing restricted areas within the Sulaman Lake Mangrove Forest Reserve area and the location and integration of the native population of the Proboscis monkey (*Nasalis larvatus*) into conservation and tourism plans.
- The table below shows the forest classification areas within the licensed area. The discrepancy between the total size of the forest area (488 ha) and the total value measured above is explained in the lakes, waterways, roads, and conflicting titles within the licensed area.
- The previous assessment was conducted in July 2021, which resulted in 5 Gap(s) and 0 observation(s) (Report #: GFSSBH 003-080).
- Land use classification:

Land classification	1 st FMP Area (ha)	2 nd FMP (ha)
Total Concession Area	488	488
Surveyed Area	450.65	450.65
HCV Mangrove	239.17	281.74
HCV Coastal	40.76	54.10
HCV Nipah	25.54	29.90
Degraded Mangrove	2.32	0.00

Degraded Coastal	22.56	4.45
Degraded Nipah	1.91	0.00
Recovering Mangrove	17.99	0.00
Wild Acacia	82.34	77.98
Cleared	18.06	2.48
Total	450.65	450.65

Environmental Context:

- The Sulaman Lake Mangrove Forest Reserve is situated 35 km north of Kota Kinabalu, Sabah. The licensed area was divided into 2 lots; Lot 1 is located on the north and Lot 2 is located south of the Sulaman Lake Channel.
- The natural vegetation type is represented by two main forest types; mangrove forest and coastal forest. The mangrove forest can be divided into three categories; succession areas dominated by the mangrove fern, smaller mangrove tree species, and Nipah palm.
- The coastal forest is typified by *Pandanus spp.* and *Casuarina spp.* on the foreshore. The sandy substrate can give rise to swampy conditions at low areas with freshwater lenses, promoting the development of freshwater swamp forest types.
- Most of the fauna inhabiting these areas are birds such as the stork billed kingfisher and the little egret. Sightings of long-tailed macaque and skink lizard were also recorded. Mangrove specific gastropods such as the mud-creeper, mangrove periwinkle, common nerite and red berry snail also inhabit the mangrove area.
- The river system contains high tannins and is populated by the large mangrove crab (*Scylla tranquebarica*), water monitor lizard (*Varanus salvator*), and various species of fishes.
- Videography footage of Proboscis monkey (*Nasalis larvatus*) has been taken in the SLMFR area. There are estimated two troops of Proboscis monkey, focused around central area of the SLMFR. Distribution is focused around the central area 1 (Lot 1) due to a high level of shyness exhibited in the video footage; this area will be more heavily protected and restricted to humans in order to protect Proboscis monkey population.

Social Context:

- This area is surrounded by adjacent villages (Kg. Indai, Temunong, Kg. Serusop and Simpangan) with numerous land titles. Borneo Sulaman Cove has submitted a proposal for a new licensed to SFD, which excludes all titled land parcels and land claimed by the villagers from the licensed area. (The details information and map of the land parcel (lot) can be referred in the 2nd FMP, page 5 and 6).
- The local communities depend on the SLMFR Area as a loading point to access the sea. Some of the villagers rely on the sea for subsistence.

Scope of Assessment

- The scope of the evaluation is to verify compliance of **Borneo Sulaman Cove Sdn. Bhd.** with the Sabah Forest Management License Agreement (SFMLA02/2007) for FMU 6.
- The assessment is in accordance on the terms of the agreement for the "Sabah Legality Standard Principles 1 - 4 dated 01st January 2015 (**FDS-TLAS-002**).
- Site evaluation to verify and report the level of compliance by **Borneo Sulaman Cove 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 06 / Borneo Sulaman Cove Sdn. Bhd. / Kota Kinabalu District 12 – 15 July 2022 (Total Mandays = 10)

Date	Activity	GFS Staff	Mandays
11 July 2022 Monday	Public Holiday – Replacement for Hari Raya Haji	-	0
12 July 2022 Tuesday	Travel to Borneo Sulaman Cove Sdn. Bhd. Opening meeting at Borneo Sulaman Cove field office. Site visit by land: License boundary, encroached area, Nursery, planting area. Interview with representative of Kg. Indai.	Varenus Untomon Glory Linggou	2
13 July 2022 Wednesday	Site visit by river: Inner part of Area 1 and 2. Transect Line (wildlife monitoring point), planting area.	Varenus Untomon Glory Linggou	2
14 July 2022 Thursday	Document review.	Varenus Untomon Glory Linggou	2
15 July 2022 Friday	Travel to Kota Kinabalu District Forestry Office for closing meeting (Lok Kawi). Travel back to Home base.	Varenus Untomon Glory Linggou	2
16-17 July 2022	Reporting GFSSBH 003-139	Dr. Kevin Grace Varenus Untomon	2
Total			10

Highlights of Assessment

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

Borneo Sulaman Cove Sdn. Bhd. Sdn. Bhd. has complied with the Sabah Legality Standard (SFD-TLAS-002) as no non-compliance was identified during the assessment on 12 – 15 July 2022.

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

Principle 1.

An agreement (SFMLA 02/2007) was signed between Sabah Forestry Department and Borneo Sulaman Cove whereby a total of about 488 ha of the Sulaman Lake Mangrove Forest Reserve was placed under the management of Borneo Sulaman Cove Sdn. Bhd. This agreement expires on 25/07/2058.

The 2nd Forest Management Plan (2nd FMP) is valid from 01/01/2019 to 31/12/2028 for an area of 488 ha at FMU 6 & Sulaman Lake Mangrove Forest Reserve. The revised 2nd FMP is approved (Ref.#: JPHTN/SFM 800-1/1/22(JILID.2) 62, dated 13/12/2019).

Environment Impact Assessment for the licensed area is not required as the area is managed for conservation and does not involve any harvesting or conversion of forests [Refer Environmental Quality (Prescribed Activities) (Environmental Impact Assessment) Order, 1987 (Appendix 2)].

July 2021: Gap 001/2021 (Minor) – Checklist 1.7.1

The licensed area boundary lacked clear marking to identify Forest Reserve land. The red paint was faded, and the “Forest Reserve Area” yellow plate was missing at the boundary demarcation especially at the encroached areas.

July 2022: Gap 001/2021 (Minor) – Closed

The licensed boundary is identified on the ground with red paint and a yellow plate (Kawasan Hutan Simpan) is erected.

July 2021: Gap 002/2021 (Minor) – Checklist 1.8.2

The licensee has yet to establish permanent sample plots (PSP) to monitor the growth performance of mangrove restoration.

July 2022: Gap 002/2021 (Minor) – Closed

The licensee established PSP plots for monitoring growth performance on planted mangroves.

Highlights of Assessment

Principle 2.

The licensed area is designated for conservation, research, education and Eco-tourism purposes. There is no relevant requirement for Borneo Sulaman Cove to carry out an environmental impact assessment for the licensed area.

July 2021: Gap 003/2021 (Minor) – Checklist 2.1.18

Inadequate system for protection of licensed area from continual encroachment.

July 2021: Gap 003/2021 (Minor) – Closed

The licensee has increased their monitoring and patrolling frequency within their licensed area. Additionally, the licensee has a Standard Operating Procedure (SOP) in case of encroachment / illegal activity within the licensed area.

July 2022: Observation 001-2022 – Checklist 2.3.1

Two (2) newly recruited staff have yet to be registered under COI and SOCSO.

July 2021: Gap 004/2021 (Minor) – Checklist 2.3.7

No evidence of an approved Forest Fire Management Plan. No recent record of fire training from 2020 until June 2021. One (1) fire extinguisher was observed without pressure and expired (Expiry:14/05/2019).

July 2022: Gap 004/2021 (Minor) – Outstanding

The licensee has yet to submit a draft Fire Management Plan to SFD. No recent record of fire training in 2021 and 2022.

Principle 3.

July 2022: Observation 002-2022 – Checklist 3.1.1

The company has yet to pay the annual rent for 2022 to SFD.

Principle 4.

The licensed area is surrounded by numerous lands titled owned by the locals from the adjacent villages (Kg. Indai, Termunong, Kg. Serusop and Simpangan).

No formal discussions with the head of the village, SFD and Land Survey department have not been conducted to determine why some of the villagers encroach on the forest reserve area, which may be a result of unclear boundary demarcation.

July 2021: Gap 005/2021 (Minor) – Checklist 4.1.4

No evidence of meetings or dialogue with local communities regarding encroachment of licensed areas within the Forest Reserve.

July 2022: Gap 005/2021 (Minor) - Outstanding

The licensee has yet to conduct meetings or dialogue with local communities regarding encroachment of licensed areas within the Forest Reserve. Pending feedback from SFD and related authorities.

Summary Results:

(Major gap = 0, Minor gap = 2, Observation = 2)

Gap raised against indicators & criteria during the July, 2022 assessment.

GAP	Type	Checklist	Status	Description
001/2021	Minor	1.7.1	Closed	<p>July 2021: The licensed area boundary lacked clear marking to identify Forest Reserve land. The red paint was faded, and the "Forest Reserve Area" yellow plate was missing at the boundary demarcation especially at the encroached areas.</p> <p>July 2022:</p>

GAP	Type	Checklist	Status	Description
				The licensed boundary is identified on the ground with red paint and a yellow plate (Kawasan Hutan Simpan) is erected.
002/2021	Minor	1.8.2	Closed	July 2021: The licensee has yet to establish permanent sample plots (PSP) to monitor the growth performance of mangrove restoration. July 2022: The licensee established PSP plots for monitoring growth performance on planted mangroves.
003/2021	Minor	2.1.18	Closed	July 2021: Inadequate system for protection of licensed area from continual encroachment. July 2022: The licensee has increased their monitoring and patrolling frequency within their licensed area. Additionally, the licensee has a Standard Operating Procedure (SOP) in case of encroachment / illegal activity within the licensed area.
004/2021	Minor	2.3.7	Outstanding	July 2021: No evidence of an approved Forest Fire Management Plan. No recent record of fire training from 2020 until June 2021. One (1) fire extinguisher was observed without pressure and expired (Expiry:14/05/2019). July 2022: The licensee has yet to submit a draft Fire Management Plan to SFD. No recent record of fire training in 2021 and 2022.
005/2021	Minor	4.1.4	Outstanding	July 2021: No evidence of meetings or dialogue with local communities regarding encroachment of licensed areas within the Forest Reserve. July 2022: The licensee has yet to conduct meetings with local communities regarding encroachment of licensed areas within the Forest Reserve. Pending feedback from SFD and related authorities.

Observation raised against indicators & criteria during the July, 2022 assessment.

Obs #	Checklist	Description
001-2022	2.3.1	July 2022: Two (2) newly recruited staff have yet to be registered under COI and SOCSO.
002-2022	3.1.1	July 2022: The company has yet to pay the annual rent for 2022 to SFD.

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

Recommendations

Borneo Sulaman Cove 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.

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 004/2021 (Minor) Outstanding – Checklist 2.3.7: Finalise and submit the Forest Fire Management Plan to SFD for approval. Fire training shall be conducted annually.

Gap 005/2021 (Minor) Outstanding – Checklist 4.1.4: Conduct meetings with the communities with the representative from SFD, Land Survey Department, to resolve encroachment in the licensed area.

Observation 001-2022 – Checklist 2.3.1: Register the newly recruited staff under COI and SOCSO.

Observation 002-2022 – Checklist 3.1.1: Pay the annual rent for 2022 to SFD.

The next surveillance audit will be scheduled for **July 2023**.

End of Summary Report