

# Sabah TLAS Audit Report

## Sabah Legality Standard Principles 1 – 4

<b>Licensee</b>	Borneo Sulaman Cove Sdn. Bhd. 200501011735 (688783-K)	<b>Reference #</b>	GFSSBH 003-326
<b>Contact Person</b>	Lau Mei Yong @ Lau Mii Yong (Director)	<b>Date of Report</b>	10/01/2025
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		<b>Approved By</b>	Dr. Kevin Grace

### Statements

Statement of Compliance	GFS 068 LVS		
Issuance Date	13 January 2025	Expiration Date	12 January 2026

### Assessment Details

Assessment Dates	06-10 January 2025
Scope of Assessment	Sabah TLAS P1-4: SFMLA 02/2007 (FMU 6) - Class V - Mangrove Forest Reserve
Species	Forest rehabilitation & restoration: Mangroves ( <i>Rhizophora mucronata</i> , <i>Rhizophora apiculata</i> , <i>Aglaia cucullata</i> , <i>Callophylum inopyllum</i> , <i>Excoecaria agallocha</i> , <i>Pouteria obovata</i> , <i>Podocarpus polustachyus</i> , <i>Cerbera odollam</i> , <i>Ardisia elliptica</i> , <i>Ceriops zippeliana</i> , <i>Dolichandrone spathacea</i> , <i>Ceriops tagal</i> , <i>Rhizophora apiculate</i> )
Lead Assessor	Brandon James
Assessor(s)	Teddy Quintin, Merlyne Gerard
SFD Staff	Helda Parut (ADFO KK), Ismail Hj. Aluwisos (PPW KK), Cosmas P. A. (PPW KK), Zaini Noil (PPW KK)

### 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:

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.

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 2<sup>nd</sup> 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 fruiticans*).
- 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 2<sup>nd</sup> 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 2<sup>nd</sup> FMP 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.

Land use classification:

Land classification	FMP Area (ha)	Current Status (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
<b>Total</b>	<b>450.65</b>	<b>450.65</b>

### Current Operations:

- As of the assessment, Borneo Sulaman Cove is solely focused on the rehabilitation and restoration of mangrove ecosystems, as well as the promotion of nature-based eco-tourism. There are no plans for timber harvesting within the licensed area, as the company's activities are oriented toward environmental conservation and sustainable land management.
- Based on records, approximately 22.60 hectares of the licensed area have been restored, with a total of 22,806 seedlings planted as part of the restoration efforts. The mangrove species selected for planting include both true mangroves and associate mangroves, all of which are indigenous to the region and classified as local species.

### 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.

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

### Social Context:

The area is surrounded by adjacent villages (Kg. Indai, Kg. Termunong, Kg. Serusop and Kg. 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 2<sup>nd</sup> 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 (SFMLA 02/2007) for FMU 6.
- 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 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 comply adequately with a criterion.

**Itinerary & Mandays: 06-10 January 2025 / FMU 6: Borneo Sulaman Cove Sdn. Bhd. / Kota Kinabalu District**

Date	Activity	GFS Staff	Mandays
06 January 2025 Monday	Travel to Borneo Sulaman Cove basecamp and opening meeting and document review.	Brandon James Teddy Quintin Merlyne Gerard	3
07 January 2025 Tuesday	Field assessment to licensed area (Area 3, Area 2 and Area 1), licensed boundaries, rehabilitation projects & nursery.	Brandon James Teddy Quintin Merlyne Gerard	3
08 January 2025 Wednesday	Social assessment at Kg. Termunong. Document review at Borneo Sulaman Cove basecamp.	Brandon James Teddy Quintin Merlyne Gerard	3
09 January 2025 Thursday	Document review at Borneo Sulaman Cove basecamp.	Brandon James Teddy Quintin Merlyne Gerard	3
10 January 2025 Friday	Travel to Borneo Sulaman Cove basecamp and closing meeting.	Brandon James Teddy Quintin Merlyne Gerard	3
11-12 January 2025	Reporting/Administration: GFSSBH003-326	Dr. Kevin Grace Brandon James	2
<b>Total</b>			<b>17</b>

**Highlights of Assessment**

**(Major Gaps = 0; Minor Gaps = 4; Observations = 4)**

**Borneo Sulaman Cove Sdn. Bhd.** has complied with the Sabah TLAS requirements (FDS TLAS-006) as no non-compliance was identified during the assessment on 06-10 January 2025.

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

**Principle 1. Right to Harvest**

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. This agreement expires on 25/07/2058.

The 2<sup>nd</sup> Forest Management Plan (2<sup>nd</sup> 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 2<sup>nd</sup> 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)].

**January 2025: Gap 001/2025 (minor) – Checklist 1.3.2.13**

Forest Fire Management Plan (FFMP) has yet to be approved by the SFD.

**January 2025: Observation 001-2025 – Checklist 1.3.3**

SFD has yet to approve the proposed revision of the FMP to include identified land area used by local communities.

**January 2025: Gap 002/2025 (minor) – Checklist 1.5.1**

The AWP 2025 has yet to be approved by the SFD.

**Principle 2. Forest Operations**

The licensed area is designated for conservation, research, education and nature based Eco-tourism purposes.

**January 2025: Observation 002-2025 – Checklist 2.3.3**

There is no evidence of PSP measurement and analysis for monitoring the progress of different reforestation methods being applied in the forest area.

### Highlights of Assessment

**January 2025: Observation 003-2025 – Checklist 2.3.5**

Borneo Sulaman Cove has yet to conduct pest and disease monitoring and forest fire awareness program as required.

**January 2025: Observation 004-2025 – Checklist 2.4.6**

No record of protective clothing and safety equipment distribution to workers.

**Principle 3. Statutory Charges**

The SFD did not require the Occupational Permit to be registered for any infrastructure constructed by Borneo Sulaman Cove inside the licensed area.

**January 2025: Gap 003/2025 (minor) – Checklist 3.1.1**

No evidence that the annual rent was paid as required in the SFMLA.

**Principle 4. Other User Rights**

There is no separate SBS or SIA document for Borneo Sulaman Cove. However, during the FMP development, a social baseline survey was conducted to identify communities living adjacent to the licensed area, impacts and mitigation measures. Based on the FMP, the licensed area is surrounded by numerous lands titled owned by the locals from the adjacent villages (Kg. Indai, Kg. Termunong, Kg. Serusop and Kg. Simpangan).

**January 2025: Observation 001-2025 – Checklist 4.1.3**

SFD has yet to approve the proposed revision of the FMP to include identified land area used by local communities.

**January 2025: Gap 004/2025 (minor) – Checklist 4.1.4, 4.1.5, 4.1.6**

Borneo Sulaman Cove has yet to formalize system for consultation and dispute resolution and have no records of communication or meetings between the villages of Kg. Serusop, Kg. Indai, and Kg. Simpangan.

**Summary Results:**

**(Major gap = 0, Minor gap = 4, Observation = 4)**

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

GAP	Type	Checklist	Status	Description
001/2025	minor	1.3.2.13	New	<b>January 2025:</b> Forest Fire Management Plan (FFMP) has yet to be approved by the SFD.
002/2025	minor	1.5.1	New	<b>January 2025:</b> The AWP 2025 has yet to be approved by the SFD.
003/2025	minor	3.1.1	New	<b>January 2025:</b> No evidence that the Annual Rent was paid as required in the SFMLA.
004/2025	minor	4.1.4, 4.1.5, 4.1.6	New	<b>January 2025:</b> Borneo Sulaman Cove has yet to formalize system for consultation and dispute resolution and have no records of communication or meetings between the villages of Kg. Serusop, Kg. Indai, and Kg. Simpangan.

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

Obs #	Checklist	Description
001-2025	1.3.3, 4.1.3	<b>January 2025:</b> SFD has yet to approve the proposed revision of the FMP to include identified land area used by local communities.
002-2025	2.3.3	<b>January 2025:</b> There is no evidence of PSP measurement and analysis for monitoring the progress of different reforestation methods being applied in the forest area.
003-2025	2.3.5	<b>January 2025:</b> Borneo Sulaman Cove has yet to conduct pest and disease monitoring and forest fire awareness program as required.
004-2025	2.4.6	<b>January 2025:</b> No record of protective clothing and safety equipment distribution to workers.

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

Recommendations
<p><b>Borneo Sulaman Cove Sdn. Bhd.</b> demonstrated compliance with the Sabah TLAS requirements (FDS TLAS-006) 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><b>Gap 001/2025 (minor) – Checklist 1.3.2.13:</b> Borneo Sulaman Cove shall follow-up on the status of the Forest Fire Management Plan and SFD shall expedite the approval of the Forest Fire Management Plan.</p> <p><b>Gap 002/2025 (minor) – Checklist 1.5.1:</b> Borneo Sulaman Cove shall follow-up on the status of the AWP 2025 and SFD shall expedite the approval of the AWP 2025.</p> <p><b>Gap 003/2025 (minor) – Checklist 3.1.1:</b> Borneo Sulaman Cove shall expedite the payment of the Annual Rent to the SFD.</p> <p><b>Gap 004/2025 (minor) – Checklist 4.1.4, 4.1.5, 4.1.6:</b> Borneo Sulaman Cove shall have a formal system for consultation and dispute resolution and document records of communications or meetings between villages associated with the licensed area.</p> <p><b>Observation 001-2025 - Checklist 1.3.3, 4.1.3:</b> Borneo Sulaman Cove shall follow-up on the status of the proposed revision of the FMP and SFD shall expedite the approval of the revision of the FMP.</p> <p><b>Observation 002-2025 - Checklist 2.3.3:</b> Borneo Sulaman Cove shall measure and analyze PSP data to determine the result of different reforestation methods inside the licensed area.</p> <p><b>Observation 003-2025 - Checklist 2.3.5:</b> Borneo Sulaman Cove shall conduct pest and disease monitoring and forest fire awareness program as required.</p> <p><b>Observation 004-2025 - Checklist 2.4.6:</b> Borneo Sulaman Cove shall maintain record of protective clothing and safety equipment distribution to workers.</p> <p>The next annual surveillance audit will be scheduled for <b>January 2026</b>.</p>

**End of Summary Report**