

# Sabah TLAS Audit Report

## Sabah Legality Standard Principles 1 – 4

|                       |   |   |                                |
|-----------------------|---|---|--------------------------------|
| <b>Licensee</b>       | Jawala Plantation Industries Sdn. Bhd.<br>200801018416 (819712-W)   | <b>Reference #</b>                                | GFSSBH 003-236                 |
| <b>Contact Person</b> | Maxy Self (Chief Operating Officer)<br>Bernan Ibanez Billones (Forest Manager)<br>Heldawati Binidik (Admin & Marketing Manager) | <b>Date of Report</b><br><b>Date of close out</b> | 05/01/2024<br>-                |
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|                       |   | <b>Approved By</b>                                | Dr. Kevin Grace                |

### Statements

|                 |  |                 |  |                 |  |                 |  |
|-----------------|--|-----------------|--|-----------------|--|-----------------|--|
| Audit Statement |  |                 |  | GFS 100 LVS     |  |                 |  |
| Issuance Date   |  | 08 January 2024 |  | Expiration Date |  | 07 January 2025 |  |

### Assessment Details

|                     |  |
|---------------------|--|
| Assessment Dates    | 02 – 05 January 2024   |
| Scope of Assessment | Sabah TLAS P1-4: ITP development, FMU 14 SFMLA 02/2015   |
| Species             | <u>Salvage logs:</u> <i>Drybalanops</i> spp. (Kapur), <i>Dipterocarp</i> spp. (Keruing), <i>Shorea inappendiculata</i> (Selangan batu), <i>Koompassia malaccensis</i> (Impas), <i>Parashorea</i> spp. (White seraya), <i>Shorea</i> spp. (Red seraya, Yellow seraya, Melapi), <i>Heritiera simplicifolia</i> (Kembang), <i>Scaphium</i> spp. (Kembang semangkuk), (Nyatoh), <i>Shorea pauciflora</i> (Oba suluk), <i>Neolamarckia cadamba</i> (Laran), <i>Duabanga moluccana</i> (Magas), <i>Octomeles sumatrana</i> (Binuang), <i>Alstonia</i> spp. (Pulai), <i>Nauclea</i> spp./ <i>Neonauclea</i> spp. (Bangkal), <i>Annonaceae</i> spp. (Karai), <i>Eugenia</i> spp. (Obah), <i>Sindora beccariana</i> (Sepetir), <i>Lauraceae</i> (Medang), <i>Planchonia valida</i> (Putat), <i>Lophopetalum</i> spp. (Perupok), <i>Terminalia subspatulata</i> (Talisai), <i>Lithocarpus</i> & <i>Quercus</i> (Mempening), <i>Myristicaceae</i> (Darah-darah), <i>Dillenia</i> spp. (Simpur), <i>Cotylelobium</i> spp. (Resak batu), <i>Cratogeomys arborescens</i> (Serungan), <i>Pentace</i> spp. (Takalis), <i>Koordersiodendron pinnatum</i> (Ranggu), <i>Hopea sangal</i> (Gagil), <i>Tristanopsis merguensis</i> (Pelawan-pelawan), <i>Gluta</i> <i>Semecarpus</i> /Melanochyla & <i>Swintonia</i> (Rengas), <i>Annonaceae</i> (Pisang-pisang), <i>Azadirachta excels</i> (Bawang-bawang), <i>Endospermum diadenum</i> (Sendok-Sendok), Assam, Perapat Hutan, OT (Other timber), <i>Neolamarckia cadamba</i> (Laran), <i>Albizia falcata</i> (Batai)<br><u>ITP planted species:</u> <i>Neolamarckia cadamba</i> (Laran), <i>Albizia falcata</i> (Batai), <i>Khaya ivorensis</i> , <i>Neolamarckia macrophylla</i> (Laran Merah) |
| Lead Assessor       | Priera Bagang  |
| Assessor(s)         | Glory Linggou, Tommy Olui, Vanessa Abin  |
| SFD Staff           | Jaime Gampawi (DFO Tibow), Magandi (PPW Keningau), Mazlan Azman (PPW Keningau), Jaimi Anggilas (PPW Keningau), Alexius Pius (ADFO Tibow), Mitus Nuing (ADFO Tibow), Jen Laduk (PPD Tibow), Oswald (PPD Tibow)  |

### 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:

- On 12/08/2015, a long-term License Agreement (SFMLA 02/2015) was inked between the State Government of Sabah (SFD) and Jawala Plantation Industries Sdn. Bhd. (Jawala Plantation Industries) for forest logging and establishment of an Industrial Tree Plantation (ITP) on an area of 11,043 hectares in a sustainable manner that does not impair the environment and is socially acceptable. The tenure for the licensed area is for 100 years and expires on 31/12/2115.
- The licensed area was formerly managed by Sapulut Forest Development Sdn. Bhd. under the Sustainable Forest Management License Agreement, SFMLA 04/97 and is part of FMU 14 within the Sapulut Forest Reserve (Class II – Production). Prior to the official handing over of this area to Jawala Plantation Industries, Sapulut Forest Development Sdn. Bhd., the FMU holder was given a dispensation by the SFD to harvest the licensed area until December 2015.
- A 10-year Forest Management Plan (FMP) from 01/01/2017 to 31/12/2026 [Ref.#: JPHTN/KKH100-15/28(6) dated 13/03/2017] was developed and approved by the Chief Conservator of Forests (CCF) and is currently being implemented.
  - Amendment No. 1/2019 (2) dated 31/12/2019 – Site preparation and planting schedule.
  - Amendment No. 1/2021 (1) dated 20/01/2021 – Silviculture treatment (Item 5.6, Page 74).
- Jawala Plantation Industries engages Perusahaan J & T Sdn. Bhd. as their main contractor for salvage logging and site preparation for the establishment of the ITP.
- The previous assessment was conducted in January 2023 that resulted in 0 gap(s) and 0 observation(s) (Report #: GFSSBH003-175).

### Current Operations:

- Jawala Plantation Industries planned to conduct RIL harvesting for compartment 2A in 2024. The CHP document was developed by Evergreen Enterprise and approved by the SFD. There is no harvesting as of the assessment; thus, Jawala Plantation Industries did not appoint an RIL contractor.
- Jawala Plantation Industries has planned for site preparation and planting within the ITP coupé areas, with a total target area of 3,734.24 ha in 2024 for planting, Laran & Albizzia. There are no plans for salvage logging inside the ITP coupé areas in 2024.
- Status of planting by compartment:

| Land Use                         | FMP Area (ha) | Current Planting Status as of December 2023 |                        |         |              |
|----------------------------------|---------------|---|------------------------|---------|--------------|
|                                  |               | Cmpt #                                      | Species                | Tree #  | Planted (ha) |
| Industrial Tree Plantation (ITP) | 8,442         | 7   | Laran                  | 39,659  | 189.06       |
|                                  |               |   | Albizzia               | 28,810  |              |
|                                  |               | 8   | Laran                  | 69,588  | 282.96       |
|                                  |               |   | Albizzia               | 51,154  |              |
|                                  |               | 9   | Laran                  | 56,685  | 187.97       |
|                                  |               |   | Albizzia               | 33,158  |              |
|                                  |               | 1   | Laran                  | 32,875  | 192.00       |
|                                  |               |   | Albizzia               | 58,000  |              |
|                                  |               |   | <i>Khaya ivorensis</i> | 5,125   |              |
|                                  |               | 15  | Laran                  | 29,420  | 196.80       |
|                                  |               |   | Albizzia               | 68,980  |              |
|                                  |               | 16  | Laran                  | 54,040  | 117.01       |
|                                  |               |   | Laran Merah            | 4,230   |              |
|                                  |               | 17  | Laran                  | 45,752  | 149.94       |
|                                  |               |   | Laran Merah            | 18,529  |              |
|                                  |               | 13  | Laran                  | 42,375  | 169.11       |
|                                  |               |   | Laran Merah            | 15,543  |              |
|                                  |               | 29  | Laran                  | 70,682  | 189.24       |
|                                  |               |   | Laran Merah            | 12,171  |              |
|                                  |               | 32  | Laran                  | 131,073 | 346.79       |
|                                  |               |   | Laran Merah            | 3,927   |              |
|                                  |               | 31  | Laran                  | 60,890  | 188.69       |

|  |  |    |              |                  |                 |
|--|--|----|--------------|------------------|-----------------|
|  |  | 38 | Laran        | 32,580           | 89.57           |
|  |  |    | Laran Merah  | 1,460            |                 |
|  |  | 39 | Laran        | 426              | 1.28            |
|  |  | 14 | Laran        | 29,667           | 92.44           |
|  |  | 11 | Laran        | 9,375            | 31.50           |
|  |  | 33 | Laran        | 21,274           | 55.97           |
|  |  | 20 | Laran        | 38,968           | 119.90          |
|  |  | 12 | Laran        | 426              | 146.40          |
|  |  | 28 | Laran        | 512              | 1.28            |
|  |  | 27 | Laran        | 55,497           | 170.76          |
|  |  | 35 | Laran        | 8,844            | 22.11           |
|  |  | 21 | Laran        | 43,859           | 134.95          |
|  |  |    | <b>Total</b> | <b>1,175,554</b> | <b>3,075.73</b> |

- Land use classification:

| Land classification                               | FMP Area (ha) | Current Status, Dec 2023 (ha)  |
|---|---------------|--|
| Total Concession Area                             | 11,043        | 11,043   |
| Production Area                                   | 8,930         | 8,930  |
| <i>i. Industrial Tree Plantation (ITP)</i>        | 8,442         | Total planted = 3,075.73 ha<br>Laran = 2,433.65 ha<br>Albizia = 500.70 ha<br>Khaya ivorensis = 10.25 ha<br>Laran Merah = 131.13 ha |
| <i>ii. RIL Harvesting</i>                         | 488           | yet to commence.   |
| Non-Production Area                               | 1,364         | 1,364  |
| <i>i. Roads &amp; clearings</i>                   | 84            | 84   |
| <i>ii. Streams, ponds &amp; riparian reserves</i> | 1,192         | 1,192  |
| <i>iii. Steep areas &amp; inoperable areas</i>    | 68            | 68   |
| <i>iv. Infrastructure</i>                         | 20            | 20   |
| Conservation Area                                 | 749           | 749  |

### Environmental Context:

- The past management practises in the 1980s resulted in a patchwork of forest stand conditions with extensive pioneer tree cover and heavily infested with woody vines. Between 2011 to 2013, Sapulut Forest Development carried out RIL harvesting in the licensed area under SFMLA 04/97 (logging license).
- The licensed area comprises 3 forests type, which are Lowland Mixed Dipterocarp Forests, Upland Mixed Dipterocarp Forests and Limestone Vegetation. Lowland Mixed Dipterocarp Forests made up the biggest chunk of approximately 8,121 ha (72.9%) of the licensed area, followed by Upland Mixed Dipterocarp Forests, covering an area of about 2,987 ha (26.8%). Most of the tree species belongs to the Dipterocarpaceae family of the Shorea, Parashorea, Dryobalanops and Dipterocarpus genera.
- The licensed area is not one of the contiguous forest concessions but is divided into two (2) areas, Area 'A' (4,887 ha) and Area 'B' (6,156 ha) totaling 11,043 hectares.
- Five (5) rivers (Sg. Beliar, Sg. Sablangan, Sg. Sabunutan, Sg. Salung and Sg. Sapulut) drains the licensed area. The biggest drainage system is Sg. Salung, which covers most of the western portion (some 6,000 hectares), followed by Sg. Sablangan (about 2,600 hectares) in the north. Both rivers converge into the Sg. Sapulut beyond the licensed area.
- The main soil unit is the nutrient poor Orthic Acrisols, highly susceptible to soil erosion. Elevation extends from about 190m asl to its apex at about 790m asl. Only one percent of the licensed area comprises slopes greater than 25° and an estimated 84% falls in the 0–15° slope range and is suitable for the ITP establishment.
- A rapid wildlife assessment survey was conducted within the licensed area. A total of 24 mammal species were recorded, including 1 reptile and 106 bird species (Appendix 1-1<sup>st</sup> FMP).
- An EIA report entitled "Forest Logging and Plantation of 11,043 hectares on the part of Forest Management Unit (FMU) 14 Sapulut, Sabah" was documented and approved by The

Environment Protection Department (EPD) [Ref.#: JPAS/PP/NDN/600-1/01/3/62 (35); dated 16/05/2017].

### Social Context:

- A Social Baseline Survey was carried out during the preparation of EIA and FMP in 2016.
- No communities live within the licensed area, and local communities have no claims on lands within the licensed area.
- Sixteen (16) villages are located within a 3 km radius of the licensed area. The identified villages include Kg. Salung, Kg. Sabinait, Kg. Salarom Taka, Kg. Bangau, Kg. Balantos-Balait, Kg. Tikandis, Kg. Mawantul, Kg. Telaluan, Kg. Mator, Kg. Sinikaluan, Kg. Kuyoh, Kg. Agis, Kg. Sandukan, Kg. Sabuloh, Kg. Sosogoh, Kg. Simatuoh. The local communities are mainly from the Murut Tagol ethnic group. The communities are sedentary agriculturists who do not use the resources in the SFMLA area because the State land forest resources are sufficient to meet local needs. Generally, they have a favourable perception of implementing the forest plantation project since it is seen as a potential for job creation.

| Scope of Assessment   |  |
|---|--|
| <ul style="list-style-type: none"> <li>• The scope of the evaluation is to verify compliance of <b>Jawala Plantation Industries Sdn. Bhd.</b> with the Sustainable Forest Management License Agreement (SFMLA 02/2015) for FMU 14 (partly).</li> <li>• 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).</li> <li>• Site evaluation to verify and report the level of compliance by <b>Jawala Plantation Industries Sdn. Bhd.</b> and contractors to the standard in respect to each of the criteria within this report.</li> <li>• 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.</li> </ul> |  |

**Itinerary & Mandays: FMU 14 (Partly) / Jawala Plantation Industries Sdn. Bhd. / Close-out: FIIB Ang Hong Swee (JS Emeralds Sdn. Bhd.) / Tibow / 01 – 05 January 2024 (Total Mandays = 23)**

| Date                         | Activity   | GFS Staff  | Mandays   |
|------------------------------|--|--|-----------|
| 01 January 2024<br>Monday    | Public Holiday - New Year  | Priera Bagang, Glory Linggou, Tommy Olui, Vanessa Abin | 4         |
| 02 January 2024<br>Tuesday   | Travel to Tibow and overnight at Jawala Plantation Industries basecamp. Document review at Jawala Plantation Industries basecamp.  | Priera Bagang, Glory Linggou, Tommy Olui, Vanessa Abin | 4         |
| 03 January 2024<br>Wednesday | Opening meeting at Jawala Plantation Industries basecamp office. Field assessment to licensed area, licensed boundary, protected areas and compartment 2A. Document review and compiling report. | Priera Bagang, Glory Linggou, Tommy Olui, Vanessa Abin | 4         |
| 04 January 2024<br>Thursday  | Social assessment at Kg. Simatuoh. Document review and compiling report. Close-out: Form IIB Ang Hong Swee (JS Emeralds Sdn. Bhd.).  | Priera Bagang, Glory Linggou, Tommy Olui, Vanessa Abin | 4         |
| 05 January 2024<br>Friday    | Closing meeting at PPD Keningau. Travel to home base.  | Priera Bagang, Glory Linggou, Tommy Olui, Vanessa Abin | 4         |
| 06-07 January 2024           | Reporting GFSSBH 003-236<br>Reporting GFSSBH 003-229a  | Dr. Kevin Grace,<br>Priera Bagang                      | 3         |
| <b>Total</b>                 |  |  | <b>23</b> |

### Highlights of Assessment

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

Jawala Plantation Industries Sdn. Bhd. has complied with the Sabah Legality Standard (SFD-TLAS-002) as no non-compliance was identified during the assessment on 01 – 05 January 2024.

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

#### **Principle 1.**

Jawala Plantation Industries demonstrated compliance with the Sabah Forestry Department regulations. The Sabah Forestry Department and Jawala Plantation Industries have signed an agreement (SFMLA 02/15); a total of 11,043 ha of the Sapulut Forest Reserve were placed under the management of Jawala Plantation Industries and expired on 31/12/2115. A 10-year Forest Management Plan from 01/01/2017 to 31/12/2026 was developed and approved by the Chief Conservator of Forests (CCF) and is currently being implemented.

- Amendment No. 1/2019 (2) dated 31/12/2019 – Site preparation and planting schedule.
- Amendment No. 1/2021 (1) dated 20/01/2021 – Silviculture treatment (Item 5.6, Page 74).

Jawala Plantation Industries has adequately implemented mitigation measures to protect the environment based on the Environmental Compliance Reports (ECR) for 2023, prepared quarterly by an appointed EIA consultant.

#### **Principle 2.**

Jawala Plantation Industries demonstrated compliance with the Environmental Impact Assessment requirements. Demarcation of areas prohibited from harvesting, such as steep slopes, riparian reserves and buffer zones, were identifiable on the ground. No evidence of a disturbance was observed during the field assessment.

Jawala Plantation Industries has issued a temporary stoppage of log extraction letter to the contractor, Perusahaan J & T Sdn. Bhd., due to low market demand, effective immediately (Ref.#: JPISB/FM-J&T/22-02 dated 17/08/2022). Jawala Plantation Industries has been granted approval for logging within the 5-year-old plantation logs in Compartment 7 for Research & Development, totaling an area of 2 hectares (1 hectare for Laran and 1 hectare for Albizia) from the SFD [Ref.#: JPHTN/SFM 800-1/1/24(JILID.4)(68) dated 16/08/2023].

Jawala Plantation Industries submitted a Notification letter to Wildlife Department before the commencement of harvesting operations.

Transport documents such as TDP, Scaling Order, Transit Pass, Removal Pass and royalty receipts were available. Jawala Plantation Industries has an approved Forest Fire Management Plan by SFD dated 25/07/2018.

#### **Principle 3.**

Jawala Plantation Industries paid the licensing fees to the Tibow District Forestry office. Royalty fees for logs have been paid and records were available for inspection.

#### **Principle 4.**

No communities live within the licensed area, and local communities made no claims on lands within the licensed area.

Sixteen (16) villages are located within a 3km radius of the licensed area. The identified villages include Kg. Salung, Kg. Sabinait, Kg. Salarom Taka, Kg. Bangau, Kg. Balantos-Balait, Kg. Tikandis, Kg. Mawantul, Kg. Telaluan, Kg. Mator, Kg. Sinikaluan, Kg. Kuyoh, Kg. Agis, Kg. Sandukan, Kg. Sabuloh, Kg. Sosogoh, Kg. Simatuoh.

The local communities are mainly from the Murut Tagol ethnic group. The communities are sedentary agriculturists who do not use the resources in the SFMLA area because the Stateland forest resources are sufficient to meet local needs. Jawala Plantation Industries keeps and maintains all records of meetings with adjacent local communities.

**Summary Results:**

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

Gap raised against indicators &amp; criteria during the January 2024 assessment.

| GAP | Type | Checklist | Status | Description |
|-----|------|-----------|--------|-------------|
| -   | -    | -         | -      | -           |

Observation raised against indicators &amp; criteria during the January 2024 assessment.

| Obs # | Checklist | Description |
|-------|-----------|-------------|
| -     | -         | -           |

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

**Recommendations**

**Jawala Plantation Industries 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.

The next annual surveillance audit will be scheduled for January 2025.

**End of Summary Report**