

Sabah TLAS Audit Report

Sabah Legality Standard Principles 1 – 4

Licensee	Licensee: Rakyat Berjaya Sdn. Bhd. 197001000639 (009867-W) Contractor: Waygood Enterprise Sdn. Bhd. 199201006820 (238324-W)	Reference #	GFSSBH 003-250
Contact Person	Gideon Abner Abi (Rakyat Berjaya Sandakan) Yap Bew (Waygood Enterprise)	Date of Report Date of close out	05/04/2024 -
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		Approved By	Dr. Kevin Grace

Statements

Audit Statement	GFS 198 LVS		
Issuance Date	08 April 2024	Expiration Date	07 April 2025

Assessment Details

Assessment Dates	01 – 05 April 2024
Scope of Assessment	Sabah TLAS P1-4: Form 1: JP(DPS)007/2021(F1), JP(DPS)010/2023(F1)
Species	<i>Dipterocarp spp.</i> (Keruing), <i>Parashorea spp.</i> (White seraya), <i>Shorea spp.</i> (Red seraya, Yellow seraya, Melapi), Myristicaceae (Darah-darah), <i>Neolamarckia cadamba</i> (Laran), <i>Alstonia spp.</i> (Pulai), Lauraceae (Medang), <i>Dyera spp.</i> (Jelutong), <i>Sindora beccariana</i> (Sepetir), <i>Octomeles sumatrana</i> (Binuang), <i>Planchonia valida</i> (Putat), <i>Duabanga moluccana</i> (Magas), Lithocarpus & Quercus (Mempening), <i>Shorea pauciflora</i> (Oba suluk), <i>Dillenia spp.</i> (Simpor)
Lead Assessor	Glory Linggou
Assessor(s)	Brandon James
SFD Staff	Nesesius Nasir (PPW Kudat), Norahmad Jumain (DFO Pitas), Jaludin Urubit (ADFO Pitas), Fadzil Moksin (ADFO Pitas), Raymund Kimlaw (PPD Pitas), Erik Micheal (PPD Pitas)

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:

- The State Government of Sabah, through the Land and Survey Department, has approved several TOL areas for Yayasan Sabah Group (Yayasan Sabah), approximately 16,713.60 ha located in Paitan, Beluran, Sabah, for salvage logging. Yayasan Sabah, through its subsidiary company, Rakyat Berjaya Sdn. Bhd. (Rakyat Berjaya) has appointed Waygood Enterprise Sdn. Bhd. (Waygood Enterprise) as a contractor to conduct salvage logging for part of the approved TOL areas located at TOL.20-20080092 (3,107.20 ha) known as 'Area E'; TOL.20-20080091 (2,026.30 ha) known as 'Area F' and TOL.20-20080090 (1,381.20 ha) known as 'Area G.'
- The project site was formerly part of Paitan Class II Commercial Forest Reserve under SFMLA of FMU 2 managed by Eco-Plantations Sdn. Bhd. However, some portion of the licensed area, including the project site area, was surrendered to the government as State Land in 2014 (49,647 ha) and 2016 (17,038 ha).
- The total area of the project site is about 6,514.70 ha and is divided into 17 sub-lots, with each total area being less than 410 ha. Salvage logging is based on land clearing in accordance with ITP conditions of the **Form 1 License permit**.
- Waygood Enterprise is under the management of Global Mekar Sdn. Bhd. (Global Mekar).
- The previous assessment was conducted in May 2023 that resulted in 2 gap(s) and 0 observation(s) (Report #: GFSSBH003-190a).

Current Operations:

- The project site consists of Areas E, F, and G. The current active harvesting operation is in Area F. Area E has completed its harvesting operation on 10/08/2023, while no harvesting operation has been started in Area G.
- The current main activity conducted by Waygood Enterprise is salvage logging.
- There are no NFM area inside the licensed area.
- There are no planting activities conducted by Waygood Enterprise.
- Land use classification:

Land classification	EIA Total Area (ha)	Current Form 1 Status (ha) as of Mar 2024
Total Concession Area (Area E, F & G)	6,514.70	Area E: 3,016.00 Area F: 1,266.10
Production Area	6,432.30	Area E: Completed Area F: 531.31
Riparian Reserve	44.90	44.90
Road Reserve	37.50	24.50

Note: No Form 1 license has been issued for Area G by SFD yet.

Environmental Context:

- The topography pattern of the project area is relatively flat. Some hilly areas can be found in the southwest part. The project site's altitude varies between 31 m to 335 m Above Mean Sea Level (AMSL).
- The main river that flows within the project site is Sg. Kawananan. This river flows from the west towards the northern boundary of the project site and connects to Sg. Paitan in the northeast. The second river is Sg. Sinalaan (a tributary of Sg. Kawananan) flows south of Area E and connects to the main river north of Sg. Kawananan at the north of Area F. Another secondary river is Sg. Tawanan, which also a tributary of Sg. Kawananan flows from the south of the project site and connects to the main river of Sg. Kawananan at the north. All catchments from the project site will flow into Sg. Paitan and flows to Paitan Bay in the northeast part.
- The natural vegetation of the project site is categorised as a Lowland Mixed Dipterocarp Forest. Currently, much of the project site has already been logged, degraded and burnt by fires or cleared by local communities for agriculture, leaving behind a small portion of the less disturbed

forest with poor-quality timber, while a large portion of less disturbed forests consists of secondary vegetation.

- Wildlife habitat within the project site is very poor, with low population levels due to repeated logging and fires in the past, fragmented boundaries, the presence of local communities adjacent to the project site and exposure to hunting and trapping by outsiders due to easy access via Nangoh-Kanibongan Road.
- The EIA study titled “Proposed Logging Operation of 6,514.70 hectares within State land Area under Temporary Occupational License No. 20-20080092 (Area E), No. 20-20080091 (Area F) and No. 20-20080090 (Area G) in Paitan, Beluran District, Sabah.” was prepared and approved by the EPD [Ref. #: JPAS/PP/BLN/600-1/01/1/323(23) dated 03/06/2021].

Social Context:

Based on the EIA, there are 6 villages associated with the project site. Kg. Matanggal Baru is surrounded by the project site (Area F). Kg. Tawanan is situated on the southern boundary of the project site (Area G). Kg. Tiampus is located 500 m south of the project boundary (Area G). Kg. Mononood is located 1.8 km and Kg. Binsulong is 2.7 km south of Area F, while Kg. Tongkud is 2.9 km west of Area E. None of the villages were documented to be directly associated with the Form 1 Licensed area.

Scope of Assessment	
<ul style="list-style-type: none"> • The scope of the evaluation is to verify compliance of Rakyat Berjaya Sdn. Bhd. (Waygood Enterprise Sdn. Bhd.) under the Form 1 License #: JP(DPS)007/2021(F1) for TOL #: 08902808 and JP(DPS)010/2023(F1) for TOL #: 08902812. • 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: Form 1: Rakyat Berjaya Sdn. Bhd. (Waygood Enterprise Sdn. Bhd.) / Pitas District / 01 – 05 April 2024 (Total Mandays = 12)

Date	Activity	GFS Staff	Mandays
01 April 2024 Monday	Travelling to Pitas. Opening meeting and document review at PPD Pitas.	Glory Linggou Brandon James	2
02 April 2024 Tuesday	Travel to Waygood Enterprise Area F. Field visit to campsite, workers quarters, store, diesel depot, dumping pit, riparian reserve and stumping. Document review at Waygood Enterprise office.	Glory Linggou Brandon James	2
03 April 2024 Wednesday	Document review at PPD Pitas. Compiling report.	Glory Linggou Brandon James	2
04 April 2024 Thursday	Closing meeting at PPD Kota Marudu. Travel to home base.	Glory Linggou Brandon James	2
05 April 2024 Friday	Finalizing and report submission.	Glory Linggou Brandon James	2
06-07 April 2024	Reporting GFSSBH 003-250	Dr. Kevin Grace Glory Linggou	2
Total			12

Highlights of Assessment

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

Rakyat Berjaya Sdn. Bhd. (Waygood Enterprise Sdn. Bhd.) has complied with the Sabah Legality Standard (SFD-TLAS-002) as no non-compliance was identified during the assessment on 01 – 05 April 2024.

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

Principle 1.

The harvesting operation in Area E has completed, and the Form 1 license (JP(DPS)007/2023(F1)) has been closed. Form 1 license (JP(DPS)010/2023(F1)) has been approved for Area F to conduct salvage logging, which will expire on 28/05/2025. The EIA report for Area E, F, and G was developed and approved by the Environmental Protection Department (EPD).

March 2023: Gap 001/2023 (minor) – Checklist 1.2.3

There is no evidence of the ECR report submission for the 1st and 2nd quarters of 2022 and the 1st quarters of 2023. No safety signage was displayed and no first aid kit was available at the workshop area.

April 2024: Gap 001/2023 (minor) – Closed

Waygood Enterprise has submitted the ECR reports to the EPD quarterly as required. Safety signage was displayed, and first aid kit was available at the campsite compound.

Principle 2.

Waygood Enterprise demonstrated compliance with the demarcation of common boundaries. ECR reports were submitted quarterly to the EPD. Waygood Enterprise demonstrated compliance with regulatory requirements for workers.

March 2023: Gap 001/2023 (minor) – Checklist 2.1.11

There is no evidence of the ECR report submission for the 1st and 2nd quarters of 2022 and the 1st quarters of 2023. No safety signage was displayed and no first aid kit was available at the workshop area.

April 2024: Gap 001/2023 (minor) – Closed

Waygood Enterprise has submitted the ECR reports to the EPD quarterly as required. Safety signage was displayed, and first aid kit was available at the campsite compound.

March 2023: Gap 002/2023 (minor) – Checklist 2.1.9, 2.1.14

No evidence of logs production report submission for Quarter 4 to SFD.

April 2024: Gap 002/2023 (minor) – Closed

Waygood Enterprise has consistently submitted the logs production report to the SFD.

April 2024: Gap 001/2024 (minor) – Checklist 2.3.2, 2.3.7

No work safety and fire training were conducted for workers.

Principle 3.

All associated fees have been paid by Waygood Enterprise. Records of royalty payment are maintained.

Principle 4.

Based on the EIA, there are 6 villages associated with the project site. Kg. Matanggal Baru is surrounded by the project site (Area F). Kg. Tawanan is situated on the southern boundary of the project site (Area G). Kg. Tiampus is located 500 m south of the project boundary (Area G). Kg. Mononood is located 1.8 km and Kg. Binsulong is 2.7 km south of Area F, while Kg. Tongkud is 2.9 km west of Area E. None of the villages were documented to be directly associated with the Form 1 Licensed area.

Summary Results:**(Major gap = 0, minor gap = 1, Observation = 0)**

Gap raised against indicators & criteria during the April 2024 assessment.

GAP	Type	Checklist	Status	Description
001/2023	minor	1.2.3 2.1.11	Closed	March 2023: There is no evidence of the ECR report submission for the 1 st and 2 nd quarters of 2022 and the 1 st quarters of 2023. No safety signage was displayed and no first aid kit was available at the workshop area. April 2024: Waygood Enterprise has submitted the ECR reports to the EPD quarterly as required. Safety signage was displayed, and first aid kit was available at the campsite compound.
002/2023	minor	2.1.9 2.1.14	Closed	March 2023: No evidence of logs production report submission for Quarter 4 to SFD. April 2024: Waygood Enterprise has consistently submitted the logs production report to the SFD.
001/2024	minor	2.3.2 2.3.7	New	April 2024: No work safety and fire training were conducted for workers.

Observation raised against indicators & criteria during the April 2024 assessment.

Obs #	Checklist	Description
-	-	-

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

Recommendations
<p>Rakyat Berjaya Sdn. Bhd. (Waygood Enterprise 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: Gap 001/2024 (minor) – Checklist 2.3.2, 2.3.7: Rakyat Berjaya (Waygood Enterprise) shall conduct work safety and fire training for forest workers annually.</p> <p>The next annual surveillance audit will be scheduled for April 2025.</p>

End of Summary Report