

Sabah TLAS Audit Report

Sabah Legality Standard Principles 1 – 4

Licensee	Sapulut Forest Development Sdn. Bhd. (057757-K)	Reference #	GFSSBH 003-206
Contact Person	Teddy Sius @ Lawrencius (FMU Executive Manager)	Date of Report	07/07/2023
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		Approved By	Dr. Kevin Grace

Statements

Audit Statement	GFS 025 LVS		
Issuance Date	10 July 2023	Expiration Date	09 July 2024

Assessment Details

Assessment Dates	03 – 07 July 2023
Scope of Assessment	Sabah TLAS P1-4: SFMLA 04/97 FMU 14 NFM RIL harvesting & ITP – BASIL Planting & Salvage Logging
Species	<i>Drybalanops spp.</i> (Kapur), <i>Dipterocarpus spp.</i> (Keruing), <i>Parashorea spp.</i> (White seraya), <i>Shorea spp.</i> (Red seraya, Yellow seraya, Melapi, Selangan batu), Sapotaceae (Nyatoh), <i>Eugenia spp.</i> (Obah), Lauraceae (Medang), Lithocarpus & Quercus (Mempening), <i>Planchonia valida</i> (Putat), <i>Hopea sangal</i> (Gagil), <i>Tristaniopsis merguensis</i> (Pelawan-pelawan), <i>Cotylelobium spp.</i> (Resak batu), <i>Dialium indum</i> (KerANJI), <i>Castanopsis motleyana</i> (Berangan), <i>Magnolia candollii</i> (Chempaka)
Lead Assessor	Priera Bagang
Assessor(s)	Brandon James
SFD Staff	Jaime Gampawi (DFO Tibow), Mitus Nuing (SFM Tibow), Alexsius Pius (ADFO Tibow), Juscerick Kadam (PPM Sansiang), Mazlan Azman (PPW Keningau)

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:

- Sapulut Forest Development Sdn. Bhd. (Sapulut Forest Development) is the signatory to the SFMLA 04/97 focusing on NFM and ITP management totalling approximately 76,613 hectares in the Sapulut Forest Reserve.
- Tenure of the SFMLA for FMU 14 starts on 10 September 1997 and is valid for 99 years, which expires on 09 September 2097 for all activities within the concession.
- Sapulut Forest Development underwent the Malaysian Criteria and Indicators for Sustainable Forest Management Certification under the PEFC-MTCS and was awarded the certification for forest management on 01/07/2021, which will expire on 10/06/2026 (Cert. #: FMC-NF 00117).
- Sapulut Forest Development engages subcontractors for forest activities, Jaya Enterprise (RIL harvesting), Evergreen Enterprise (CHP contractor), and Simgaya Enterprise (salvage logging), whereas silvicultural and planting activities are carried out by Sapulut Forest Development workers.
- The previous assessment was conducted in July 2022 that resulted in 2 gap(s) and 4 observation(s) (Report #: GFSSBH003-138).

Current Operations:

- Based on the planned activities for 2023, the RIL harvesting is scheduled for compartments as follows:

Cpt	Area (ha)
156	278.82
161	239.68
162A	236.83
162B	289.53
149A	282.35
149B	104.95
164A	137.26
164B	254.99
153	104.59
147	93.30
146	277.94
148A	255.08
148B	214.30
163	280.08
Total	3,049.70

- Whereas the CHP preparation scheduled for 2023 is as follows:

Cpt	Area (ha)
142	247.00
143A	309.60
140A	334.20
140B	222.80
141	183.00
143B	206.40
158A	274.80
158B	183.20
Total	1,961.00

- As for planned salvage logging inside the ITP areas, the compartment scheduled for 2023 is as follows:

Cpt	Area (ha)
204	389
205	76
206	245
199	339

201	371
202	286
203	181
Total	1,887

- The forest plantation will be carried out 3 - 6 months after the completion of logging.
- Land use classification:

Land classification	FMP Area (ha)	Current Status (ha)
Total Concession Area	76,613	76,613
Production Area	74,522	74,522
Natural Forest Management Area	52,552	As of June 2023: NFM-RIL Logs C148A = 1,205 Total Volume (m ³) C148A = 3,354.46
Plantation Forest (ITP)	21,970	Planted in 2019: Planted: 1,894,895 seedlings as of June 2023 (White & Red Laran, Pellita, Albizia) Net planted area =2,214.80 ha
Protected Forest & Conservation	2,091	2,091

Environmental Context:

- In 2000, the Government of Sabah issued approximately 26 timber licenses to third-party contractors to carry out harvesting activities over approximately 26,481 ha. Harvesting activities were completed by the year 2005. Sapulut Forest Development has currently managed the forest concession for NFM, restoration and planting of fast-growing species.
- Despite the historical logging of the FMU, wildlife activities are abundant in the area. Wildlife studies have documented more than 40 species of mammals and not less than 150 species of birds were recorded in the area, which accounts for approximately 23% and 33% of the total number of mammals and birds recorded in Borneo, respectively.
- Sapulut Forest Development has an approved Special Environmental Impact Assessment for their licensed area (Title: Forest Logging & Plantation of 95,300ha FMU14 Sapulut, Sabah) [Ref. #: JKAS/PP/12/600-1/01/3/10(88) dated 16 June 2005].

Social Context:

- Based on the FMP, there is no community settlement within the licensed area. Local settlements are located within the bordering state land, consisting of 9 villages with approximately 1,500 people.
- The surrounding villages are Kg. Sapulut, Kg. Labang, Kg. Bigor, Kg. Tonomon, Kg. Simatuoh, Kg. Liningkar, Kg. Samuran, Kg. Tataluan and Kg. Salung. The local communities are mainly from the Murut Tagol ethnic group. The communities are sedentary agriculturists who do not have to use the resources in the SFMLA area because State land forest resources are sufficient to meet the local needs.
- Sapulut Forest Development recently developed a separate Social Impact Assessment for FMU 14 dated 06/01/2020. Based on the SIA, there are 6 villages nearby the licensed area, Kg. Tataluan, Kg. Bangau, Kg. Salarom Taka, Kg. Sandukan, Kg. Maatol, Kg. Mawantul, with an estimated population of 1027. The SIA study has outlined the potential impacts and mitigation measures.

Scope of Assessment

- The scope of the evaluation is to verify compliance of **Sapulut Forest Development Sdn. Bhd.** with the Sustainable Forest Management License Agreement (SFMLA 04/97) for FMU 14.
- 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 **Sapulut Forest Development 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 14 / Sapulut Forest Development Sdn. Bhd. / Close-out: Silam Forest Products Sdn. Bhd. (Ikatan Kayangan Sdn. Bhd.) / Tibow District 03 – 07 July 2023 (Total Mandays = 14)

Date	Activity	GFS Staff	Mandays
03 July 2023 Monday	Travelling to Sapulut Forest Development Forestry Complex. Opening meeting at PPD Tibow	Priera Bagang Brandon James	2
04 July 2023 Tuesday	Field assessment; NFM-RIL harvesting, ITP salvage logging & planting, rubber plantation, logyard, and campsites.	Priera Bagang Brandon James	2
05 July 2023 Wednesday	Social evaluation; Kg. Bangau & Kg. Sandukan. Document review.	Priera Bagang Brandon James	2
06 July 2023 Thursday	Document review.	Priera Bagang Brandon James	2
07 July 2023 Friday	Document review. Closing meeting at PPD Keningau. Close-out Silam Forest Products Sdn. Bhd. (Ikatan Kayangan Sdn. Bhd.). Travel to home base.	Priera Bagang Brandon James Sandra George	3
08-09 July 2023	Reporting GFSSBH 003-206, Reporting GFSSBH 003-195a	Dr. Kevin Grace Priera Bagang Sandra George	3
Total			14

Highlights of Assessment

(Major Gaps = 0; Minor Gaps = 2; Observations = 1)

Sapulut Forest Development Sdn. Bhd. has complied with the Sabah Legality Standard (SFD-TLAS-002) as no non-compliance was identified during the assessment on 03-07 July 2023.

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

Principle 1.

Sapulut Forest Development demonstrated compliance with the license requirements and submission of documents such as the EIA monitoring reports to the relevant authorities.

July 2022: Gap 001/2022 (minor) – Checklist 1.2.3

Lack of housekeeping and monitoring at the contractor worker’s compound (Simgaya Campsite).

Lack of first aid kit at the contractor’s workshop (Jaya Campsite).

Lack of fire extinguisher at the contractor’s diesel depot and Genset shed house Jaya and Simgaya Campsite).

Lack of oil pan for used oil at the scheduled waste store (Jaya Campsite).

Lack of containment pan for used battery at the scheduled waste store (Jaya Campsite).

July 2023: Gap 001/2022 (minor) - Closed

Sapulut Forest Development has taken action to address housekeeping, oil/liquid battery spillage, first aid kit & fire extinguishers.

Sapulut Forest Development has a 10-year FMP from 01/01/2016 to 31/12/2025 (3rd revision), approved by the Chief Conservator of Forests on 17/03/2017. There is no separate PDP as the current FMP is considered equivalent to a PDP.

Highlights of Assessment

Licensed boundaries are identified on the ground, marked with signboards and yellow paint and visible. The Sapulut Forest Development Management Inventory identified most of the area as a very poor forest based on the SFD stratification system.

July 2023: Gap 001/2023 (minor) – Checklist 1.3.3

No evidence that revision of the 3rd FMP was submitted to SFD.

July 2023: Gap 002/2023 (minor) – Checklist 1.6.1

The total area for protection inside the CHPP/ CPP document is not defined.

July 2022: Gap 002/2022 (minor) – Checklist 1.8.1

The company has not clearly quantified the areas under each stratum in relation to the planned establishment of Industrial Tree Plantations & NFM operations.

July 2023: Gap 002/2022 (minor) - Closed

Sapulut Forest Development has mapped and defined the total area under each stratum.

Principle 2.

Sapulut Forest Development demonstrated compliance with the Forest Operation principle. The NFM area is designated for RIL harvesting method whereas, ITP development area is still using the conventional logging method.

All protected areas are mapped and identified on the ground. There is no evidence that the Sapulut Forest Development has encroached the protection areas.

July 2023: Observation 001-2023 – Checklist 2.1.1

Excessive blading, which exceeded RIL specifications for road width at SR01 at compartment 148A.

July 2022: Observation 001-2022 – Checklist 2.1.3

The signboard for the culvert (CL33) is missing at Compartment 162B. An additional cross piece at Compartment 162B is not updated in the CHP map SR02.

July 2023: Observation 001-2022 (Addressed)

All signboard is maintained and the additional cross piece is updated on the CHP map for Compartment 162B.

July 2022: Observation 002-2022 – Checklist 2.3.3

According to the company, the Noise Risk Assessment and Ergonomic Assessment issues raised by DOSH are still in progress.

July 2023: Observation 002-2022 (Addressed)

Sapulut Forest Development has developed the Noise Risk Assessment and Ergonomic Assessment using a standard checklist form as recommended by DOSH.

Principle 3.

Sapulut Forest Development has paid logs royalty payment and the record was maintained.

July 2022: Observation 003-2022 – Checklist 3.1.1

The company submitted OP renewal applications and are pending feedback from SFD.

July 2023: Observation 003-2022 (Addressed)

All Occupation Permits are renewed and valid.

Principle 4.

A separate Social Impact Assessment (SIA) was developed in January 2020. Based on the SIA, there are 6 villages nearby the licensed area, Kg. Tataluan, Kg. Bangau, Kg. Salarom Taka, Kg. Sandukan, Kg. Maatol, Kg. Mawantul, with an estimated population of 1027.

Sapulut Forest Development continues to communicate well and consults with the local communities. The company had a formal Standard Operating Procedure to address disputes and grievances from the community.

July 2022: Observation 004-2022 – Checklist 4.1.3

The total water catchment area for Kg. Tonomon is not adequately defined in the map.

July 2023: Observation 004-2022 (Addressed)

Highlights of Assessment

Sapulut Forest Development has defined the total area for the water catchment.

Summary Results:

(Major gap = 0, Minor gap = 2, Observation = 1)

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

GAP	Type	Checklist	Status	Description
001/2022	minor	1.2.3	Closed	<p>July 2022: Lack of housekeeping and monitoring at the contractor worker's compound (Simgaya Campsite). Lack of first aid kit at the contractor's workshop (Jaya Campsite). Lack of fire extinguisher at the contractor's diesel depot and genset shed house (Jaya and Simgaya Campsite). Lack of oil pan for used oil at the scheduled waste store (Jaya Campsite). Lack of containment pan for used battery at the schedule waste store (Jaya Campsite).</p> <p>July 2023: Sapulut Forest Development has taken action to address housekeeping, oil/liquid battery spillage, first aid kit & fire extinguishers.</p>
002/2022	minor	1.8.1	Closed	<p>July 2022: The company has not clearly quantified the areas under each stratum in relation to the planned establishment of Industrial Tree Plantations & NFM operations.</p> <p>July 2023: Sapulut Forest Development has mapped and defined the total area under each stratum.</p>
001/2023	minor	1.3.3	New	<p>July 2023: No evidence that revision of the 3rd FMP was submitted to SFD.</p>
002/2023	minor	1.6.1	New	<p>July 2023: The total area for protection inside the CHPP/CPD documents is not defined.</p>

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

Obs #	Checklist	Description
001-2022 Addressed	2.1.3	<p>July 2022: The signboard for the culvert (CL33) is missing at Compartment 162B. An additional cross piece at Compartment 162B is not updated in the CHP map SR02.</p> <p>July 2023: All signboard is maintained and the additional cross piece is updated on the CHP map for Compartment 162B.</p>
002-2022 Addressed	2.3.3	<p>July 2022: According to the company, the Noise Risk Assessment and Ergonomic Assessment issues raised by DOSH are still in progress.</p> <p>July 2023: Sapulut Forest Development has developed the Noise Risk Assessment and Ergonomic Assessment using a standard checklist form as recommended by DOSH.</p>
003-2022 Addressed	3.1.1	<p>July 2022: The company submitted OP renewal applications that are pending</p>

Obs #	Checklist	Description
		feedback from SFD. July 2023: All Occupation Permits are renewed and valid.
004-2022 Addressed	4.1.3	July 2022: Total water catchment area for Kg. Tonomon is not adequately defined in the map. July 2023: Sapulut Forest Development defined the total area for the water catchment.
001-2023	2.1.1	July 2023: Excessive blading, which exceeded RIL specifications for road width at SR01 at compartment 148A.

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

Recommendations
<p>Sapulut Forest Development 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:</p> <p>Gap 001/2023 (minor) – Checklist 1.3.3: Sapulut Forest Development shall submit the 3rd FMP revision to SFD.</p> <p>Gap 002/2023 (minor) – Checklist 1.6.1: Sapulut Forest Development shall define the total area for protection inside the CHPP/ CPP documents.</p> <p>Observation 001-2023 – Checklist 2.1.1: Road construction shall be based on the RIL guidelines and the contractor monitored for compliance.</p> <p>The next annual surveillance audit will be scheduled for July 2024.</p>

End of Summary Report