

Sabah TLAS Audit Report

Sabah Legality Standard Principles 1 – 4

Licensee	Sapulut Forest Development Sdn. Bhd. 198001003973 (57757-K)	Reference #	GFSSBH 003-306
Contact Person	Mr. Teddy Sius @ Lawrencius (FMU Executive Manager)	Date of Report	05/07/2024
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		Approved By	Dr. Kevin Grace

Statements

Statement of Compliance	GFS 025 LVS		
Issuance Date	10 July 2024	Expiration Date	09 July 2025

Assessment Details

Assessment Dates	01-05 July 2024
Scope of Assessment	Sabah TLAS P1-4: SFMLA 04/97 (FMU 14)
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), <i>Eucalyptus Pelita</i> (Batai), <i>Albizia falcataria</i> (Batai), <i>Hevea brasiliensis</i> (Rubber), <i>Pterospermum spp.</i> (Bayor), <i>Duabanga moluccana</i> (Magas), <i>Octomeles sumatrana</i> (Binuang), <i>Neolamarckia sp.</i> (Laran), Other timber (OT).
Lead Assessor	Priera Bagang
Assessor(s)	Vanessa Abin, Anis Andrew
SFD Staff	Mohd Zainur Rijal Yusof (DFO Tibow), Mitus Nuing (SFM Tibow), Juscerik Kadam (KPPM Sansiang), Mohd Fahirul Ramlee (PPM Sansiang)

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:

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 has two PEFC certificates:

- Certificate #: FMC-NF 00117 in FMU 14 for natural forest of 54,643 ha, with the validity of 10/06/2026.
- Certificate #: FMC-FP 00118 in FMU 14 for forest plantation of 12,486.42 ha, voluntarily cancelled / terminated.

Sapulut Forest Development engages subcontractors for forest activities, Rimbunan Enterprise as CHP contractor and Simgaya Enterprise to conduct RIL harvesting and salvage logging, whereas silvicultural and planting activities are carried out by Sapulut Forest Development workers.

Land use classification:

Land classification	3 rd FMP Area (ha)	Current Status as of End of Jun 2024 (ha)
Total Concession Area	76,613	76,613
Production Area	74,613	66,048.03
Natural Forest Management	52,552	Total NFM Area (ha): 48,559.68
Plantation Forest (ITP)	21,970	Total net production area: 17,488.35 Total Area planted: 3,264.48 ha (2020 to June 2024) * Area planted by species White Laran= 872.59 ha Red Laran= 220.87 ha <i>Eucalyptus pellita</i> = 930.23 ha <i>Albizia falcataria</i> = 121.54 ha Rubber trees = 1,119.25 ha (Planted in 2007, 2008 & 2014)
Conservation compartment & protected areas **	2,091	Conservation = 2,091 ha <i>Protected Areas within NFM & ITP zoned areas**</i> Steep Area = 1,360.78 ha Riparian reserve = 5,219.81 ha Batu Tantalwau HCV 1 & 3 = 17.33 ha Batu Saap HCV 1 & 3 = 30.32 ha Salt lick HCV 1 = 9.21 ha Labau Soil HCV 3 = 276.18 ha Water catchment HCV 4 & 5 = 1,281.34 ha Kerangas HCV 1 & 3 = 239.01 ha Burial Ground HCV 6 = 1.56 ha

*Inconsistent records of planting prior to 2020 due to missing data from the previous management.

Current Operations:

Sapulut Forest Development conducted RIL harvesting operations in the NFM areas and salvage logging in ITP areas based on the approved coupe permits.

The current RIL harvesting operation is in Compartments 143A and 142, while salvage logging is conducted in Compartments 199, 201, 202, 203, 204 and 205.

As of end of June 2024, the net production areas for NFM in Compartment 143A is 17,488.35 m³. The ITP in Compartments 199, 201, 202, 203, 204 and 205 is 48,559.68 m³, with a total net production of

66,048.03 m³. The current planting is in Compartments 203, 205, 206, 199, 201, 202, 204 using fast-growing species such as White Laran, Red Laran, *Albizia falcataria* and *Eucalyptus pellita*, with total of 2,145.23 ha and 1,912.818 seedlings are being planted.

Rubber taping activity and maintenance are carried out in Compartments 165,167,168, and 177. Climber cutting will be carried out in Compartments 140, 141, 142, 143A and 143B.

List current compartments under harvesting and replanting in ITP areas.

Compartment #	NFM / ITP	Status	Area (ha)	Geo-location data
Compartment 148A	NFM	Sabah TLAS EUDR	255.08	Northeast: RX 508200 BOR 795200 Northwest: RX 506500 BOR 794200 Southwest: RX 505900 BOR 794800 Southeast: BX 507300 BOR 796600
Compartment 149A	NFM	Sabah TLAS EUDR	282.08	Northeast: RX508900 BOR798050 Northwest: RX509200 BOR795600 Southwest: RX509520 BOR793600 Southeast: RX510350 BOR794150
Compartment 149B	NFM	Sabah TLAS EUDR	104.95	Northeast: RX 509002 BOR 793200 Northwest: RX 509300 BOR 793725 Southwest: RX 508220 BOR 795590 Southeast: RX 508300 BOR 795700
Compartment 153	NFM	Sabah TLAS EUDR	104.59	Northeast: RX 506350 BOR 793900 Northwest: RX 506600 BOR 793690 Southwest: RX 505000 BOR 792490 Southeast: RX 550530 BOR 793900
Compartment 150	NFM	Sabah TLAS EUDR	166.09	Northeast: RX 510400 BOR 794320 Northwest: RX 509500 BOR 793700 Southwest: RX 509000 BOR 794600 Southeast: RX 509300 BOR 796950
Compartment 151A	NFM	Sabah TLAS EUDR	212.99	Northeast: RX 511980 BOR 790650 Northwest: RX 511620 BOR 790050 Southwest: RX 509700 BOR 790825 Southeast: RX 510100 BOR 793100
Compartment 151B	NFM	Sabah TLAS EUDR	373.95	Northeast: RX512220 BOR591800 Northwest: RX511980 BOR790700 Southwest: RX509520 BOR793600 Southeast: RX510350 BOR794150
Compartment 142	NFM	Sabah TLAS EUDR	222.79	Northeast: RX 512550 BOR 791750 Northwest: RX 513660 BOR 792900 Southwest: RX 610400 BOR 795600 Southeast: RX 511500 BOR 795100
Compartment 143A	NFM	Sabah TLAS EUDR	247.13	Northeast: RX 511480 BOR 795020 Northwest: RX 511750 BOR 796700 Southwest: RX 510300 BOR 794600 Southeast: RX 511023 BOR 796980
Compartment 199	ITP	Sabah TLAS EUDR	239.99	Northeast: N4°39'30" E116°40'45" Northwest: N4°39'0" E116°38'30" Southeast: N4°39'0" E116°40'15" Southwest: N4°38'55" E116°39'45"
Compartment 201	ITP	Sabah TLAS EUDR	217.04	Northeast: N4°41'30" E116°40'45" Northwest: N4°41'0" E116°39'55" Southeast: N4°40'30" E116°40'30" Southwest: N4°40'30" E116°40'0"
Compartment 202	ITP	Sabah TLAS EUDR	191.84	Northeast: N4°40'30" E116°40'30" Northwest: N4°40'28" E116°40'0" Southeast: N4°39'30" E116°40'15" Southwest: N4°40'55" E116°39'30"
Compartment 203	ITP	Sabah TLAS EUDR	95.73	Northeast: N4°39'30" E116°40'45" Northwest: N4°41'0" E116°39'27" Southeast: N4°39'20" E116°39'30" Southwest: N4°38'55" E116°38'15"
Compartment 204	ITP	Sabah TLAS EUDR	225.85	Northeast: N4°40'30" E116°39'0" Northwest: N4°40'30" E116°38'30" Southeast: N4°39'30" E116°39'0" Southwest: N4°39'45" E116°38'0"

Compartment 205	ITP	Sabah TLAS EUDR	60.69	Northeast: N4°38'25" E116°39'30" Northwest: N4°39'30" E116°39'50" Southeast: N4°39'15" E116°38'20" Southwest: N4°39'0" E116°38'0"
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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.

The licensed area comprises 3 forests type, which are Lowland Mixed Dipterocarp Forests, Upland Mixed Dipterocarp Forests and Kerangas Forest. Most of the tree species belongs to the Dipterocarpaceae family of the Shorea, Parashorea, Dryobalanops and Dipterocarpus genera. Five (5) rivers (Sg. Beliar, Sg. Sablangan, Sg. Sabnutan, 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.

Despite the historical logging of the FMU, there is an abundance of wildlife activities 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. Several areas within Sapulut Forest Development are considered as High Conservation Value (HVC). This includes Batu Tantaliwau H 1 & 3, Batu Saap HCV 1 & 3, Salt lick HCV 1, Labau Soil HCV 3, water catchment HCV 4 & 5, Kerangas HCV 1 & 3 and Burial Ground HCV 6.

Sapulut Forest Development has an approved Special Environmental Impact Assessment for their licensed area titled, "Forest Logging & Plantation of 76,613 hectares Within Forest Management Unit (FMU14) Sapulut, Sabah," from the EPD on 10/06/2005 [Ref. #: JPAS/PP/12/600-1/01/3/10].

Social Context:

Social assessment summary:

Based on SIA report on October 2023, there are total of 25 villages adjacent to FMU 14.

List of Villages		
Kg. Samaran B	Kg. Saliku	Kg. Tonomon
Kg. Kuku Emas	Kg. Nantayap	Kg. Bukokoh
Kg. Nalasaran	Kg. Kainggalan	Kg. Labang (Interviewed in Jul 2024)
Kg. Tampa Ri Kailau	Kg. Manduluh	Kg. Kuala Sapulut
Kg. Naaturan (Interviewed in Jul 2024)	Kg. Kangkamon	Kg. Bigor
Kg. Samuran	Kg. Balantos	Kg. Pulutan Atas/Bawah
Kg. Inalung Pampalang	Kg. Simatuoh	Kg. Singsingon
Kg. Koyoon	Kg. Tantayakan	Kg. Liningkar@Tumangulan
Kg. Salangan		

Identified communities that are associated with the FMU:

Based on the SIA analysis, only 22 villages are dependent on non-timber forest products and water sources, Kg. Samaran B, Kg. Saliku, Kg. Tonomon, Kg. Simatuoh, Kg. Kuku Emas, Kg. Nantayap, Kg. Bukokoh, Kg. Singsingon, Kg. Nalasaran, Kg. Kainggalan, Kg. Labang, Kg. Koyoon, Kg. Tampa Ri Kailau, Kg. Manduluh, Kg. Kuala Sapulut, Kg. Tantayakan, Kg. Naaturan, Kg. Kangkamon, Kg. Bigor, Kg. Liningkar@Tumangulan, Kg. Samuran and Kg. Balantos.

Community Forestry Projects:

Sapulut Forest Development has initiated an upskilled training programme to the community namely, "Handicraft Programme." The programme is to enhance the skills amongst women in the community in making handicraft.

Scope of Assessment

- The scope of the evaluation is to verify compliance of Sapulut Forest Development Sdn. Bhd. with the Sabah Forest Management License Agreement (SFMLA 04/1997) for FMU 14.
- 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 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 comply adequately with a criterion.

Itinerary & Mandays: 01-05 July 2024 / FMU 14: Sapulut Forest Development Sdn. Bhd. / Tibow District

Date	Activity	GFS Staff	Mandays
01 July 2024 Monday	Travel to Sapulut Forest Development Sdn. Bhd. camp office. Opening meeting and document review. Overnight at Sapulut Forest Development campsite.	Priera Bagang Vanessa Abin Anis Andrew	3
02 July 2024 Tuesday	Field assessment to NFM-RIL harvesting area, log yard, nursery, workshop, campsite and Compartment 142 and Compartment 143A. Overnight at Sapulut Forest Development campsite.	Priera Bagang Vanessa Abin Anis Andrew	3
03 July 2024 Wednesday	Community meeting at Kg. Labang and Kg. Naaturan. Field assessment to ITP area and rubber plantation area (Compartment 199 and Compartment 201). Document review at Sapulut Forest Development Sdn. Bhd. camp office. Overnight at Sapulut Forest Development campsite.	Priera Bagang Vanessa Abin Anis Andrew	3
04 July 2024 Thursday	Document review at Sapulut Forest Development Sdn. Bhd. camp office. Overnight at Sapulut Forest Development campsite.	Priera Bagang Vanessa Abin Anis Andrew	3
05 July 2024 Friday	Closing meeting at Sapulut Forest Development Sdn. Bhd. camp office. Travel to home base.	Priera Bagang Vanessa Abin Anis Andrew	3
06-07 July 2024	Reporting/Administration: GFSSBH003-306	Dr. Kevin Grace Priera Bagang	2
Total			17

Highlights of Assessment

(Major Gaps = 0; Minor Gaps = 0; Observations = 5)

Sapulut Forest Development Sdn. Bhd. has complied with the Sabah TLAS requirements (FDS TLAS-006) as no non-compliance was identified during the assessment on 01-05 July 2024.

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

Principle 1. Right to Harvest

Sapulut Forest Development demonstrated compliance with the license requirements, required management planning, and submission of documents or reports such as the EIA monitoring report to the relevant authorities.

July 2024: Observation 001-2024 - Checklist 1.4.7

The PDP does not reference the forest fire management planning and monitoring system for the plantation areas.

Principle 2. Forest Operations

Sapulut Forest Development demonstrated compliance with the licensed area security, maintenance of licensed boundary, protection of the buffer zones and regulatory requirements for workers.

July 2024: Observation 002-2024 - Checklist 2.1.1

Lack of climber cutting prior to RIL harvesting operation in Compartments 143A and 142.

Highlights of Assessment

July 2024: Observation 003-2024 - Checklist 2.1.3

Discrepancy in the number of Kapur and Selangan Batu harvested against the Compartment 142 CHP harvest tree list.

July 2024: Observation 004-2024 - Checklist 2.2.3

The SFD has yet to implement the stamping of the Sabah TLAS EUDR and geo-location on the removal passes.

July 2024: Observation 005-2024 - Checklist 2.3.3

Sapulut Forest Development has yet to establish the PSP to monitor the harvesting damage and growth after logging.

Principle 3. Statutory Charges

All associated fees have been paid by Sapulut Forest Development. Records of royalty payment are maintained.

Principle 4. Other User Rights

Sapulut Forest Development has conducted the Social Impact Assessment (SIA) study in October 2023. According to the SIA, 25 villages are adjacent to the licensed area. namely, Kg. Samaran B, Kg. Saliku, Kg. Tonomon, Kg. Simatuoh, Kg. Kuku Emas, Kg. Pulutan Atas/Bawah, Kg. Nantayap, Kg. Bukokoh, Kg. Sinsingon, Kg. Nalasaran, Kg. Kainggalan, Kg. Labang, Kg. Koyoon, Kg. Tampa Ri Kailau, Kg. Salangon, Kg. Manduluh, Kg. Kuala Sapulut, Kg. Tantayakan, Kg. Inalung Pampalang, Kg. Naaturan, Kg. Kangkamon, Kg. Bigor, Kg. Liningkar@Tumangulan, Kg. Samuran and Kg. Balantos.

The identified potential impacts on the communities would be the disruption of sourcing for non-timber forest products and the deterioration of water quality. The SIA suggests Sapulut Forest Development continue the community engagement that includes awareness programme and maintaining protected areas.

Summary Results:

(Major gap = 0, Minor gap = 0, Observation = 5)

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

GAP	Type	Checklist	Status	Description
-	-	-	-	-

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

Obs #	Checklist	Description
001-2024	1.4.7	July 2024: The PDP does not reference the forest fire management planning and monitoring system for the plantation areas.
002-2024	2.1.1	July 2024: Lack of climber cutting prior to RIL harvesting operation in Compartments 143A and 142.
003-2024	2.1.3	July 2024: Discrepancy in the number of Kapur and Selangan Batu harvested against the Compartment 142 CHP harvest tree list.
004-2024	2.2.3	July 2024: The SFD has yet to implement the stamping of the Sabah TLAS EUDR and geo-location on the removal passes.
005-2024	2.3.3	July 2024: Sapulut Forest Development has yet to establish the PSP to monitor the harvesting damage and growth after logging.

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

Recommendations

Sapulut Forest Development Sdn. Bhd. 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.

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:

Observation 001-2024 - Checklist 1.4.7: The PDP should reference the plans for forest fire monitoring inside the plantation area as required.

Observation 002-2024 - Checklist 2.1.1: The climber cutting activities shall be implemented in NFM compartment areas as required in the RIL guideline.

Observation 003-2024 - Checklist 2.1.3: Sapulut Forest Development shall correctly identify species following harvesting to avoid discrepancy between harvest record and CHP tree harvest list.

Observation 004-2024 - Checklist 2.2.3: SFD shall implement the stamping of Sabah TLAS EUDR and geo-location on the removal passes.

Observation 005-2024 - Checklist 2.3.3: Sapulut Forest Development shall establish the PSP inside the NFM compartments before harvesting operation to monitor impact and growth of residual stand.

The next annual surveillance audit will be scheduled for **July 2025**.

End of Summary Report