



GLOBAL FORESTRY SERVICES

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Sarawak Audit Checklist / Report STLVS Principles 1 - 4

Licensee	Licensee: Sara Tourism & Leisure Sdn. Bhd. (408289-X) Contractor: Shin Yang Sdn. Bhd.(97865-T)	Reference #	GFSS 024-016
Contact Person	Andy Wong Ko Hock (Executive Director) Lau Keiw Hieng (Team Leader)	Report Date	21/01/2022
Office Address	Lot 515, Jalan Datuk Edward Jeli, Piasau Industrial Estate, 98000 Miri, Sarawak, Malaysia.	Date of close out	-
Site Address	Patah FMU, Sg. Patah, 98050 Baram, Miri Division, Sarawak, Malaysia.	Telephone	+6085 656 699
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		Fax	-
		Approved By	Dr. Kevin Grace

Statements

GFS Statement of Compliance #	GFS 159 LVS		
Issuance Date	24 January 2022	Expiration Date	23 January 2023

Assessment Details

Assessment dates	January 2022
Scope of Assessment	STLVS P1-4: FTL No. T/9155 (Patah FMU)
Species	Not applicable (<i>No harvesting yet</i>)
GFS Lead Assessor	Priera Bagang
GFS Assessor(s)	-
Others	Mr. Wong Tho Ang (Operation Manager), Mr. Wong Sing Ting (Camp Manager), Mr. Justin Saban Tiong (Certification Assistant Officer), Mr. Hii Wei Bing (Safety Officer in-charge), Mr. Jimmy Atat (FMU Surveyor Coordinator), Mr. Tuh Tai Hock (Chief Surveyor)

OBJECTIVES:

- The objective of this checklist is to verify compliance to the Criteria listed in the Sarawak Timber Legality Verification System as defined by **STLVS Principles 1-4 (v02)** dated **29 January 2019**.
- 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 company in accordance to the standard.

Document Control

GFS-FORM-006-STLVS-3.1	Title: STLVS P1-4 Checklist & Report	Issue: v04	Date: 01 Mar 2020
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Shin Yang Sdn. Bhd. / FTL No. T/9155



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Summary Information

Overview of Licensee

Organization Information:

Shin Yang Sdn. Bhd. (97865-T) was incorporated on 24th February 1983, with the incorporation of Shin Yang, many sister companies and subsidiaries developed over time. As of today, Shin Yang group of companies has become a powerful leading corporation with diversified business activities such as construction, shipping (domestic & international), real estate, forest timber licenses, agricultural and forestry plantations, quarrying and other small businesses.

The legal framework is provided in the following laws (ordinances), rules and regulations:

- Statement of Forest Policy (1954)
- Forest Ordinance (2015)
- Forest Rules (1954)
- National Parks Ordinance (1956)
- National Parks and Nature Reserves Ordinance (1998)
- Wildlife Protection Ordinance (1958)
- Sarawak Timber Industry Development Corporation Ordinance (1973)
- Sarawak Timber Industry (Registration) Regulations (2008)
- Sarawak Forestry Cooperation Ordinance (1995)
- State of Sarawak Forest Timber License (FTL)
- Inter-agency Standard Operating Procedures (SOPs) for Performance of Forestry Functions in Sarawak (Ministry of Resource Planning and Environment, 2012)
- Minimum Wages (Amendment) (No.3) Order 2013
- Sarawak Labour Ordinance (Cap.76)
- Employment Act 1955

Description & Licenses:

Based on the Forest Management Plan (FMP), FTL No. T/9155 (Patah FMU) licensee holder is Sara Tourism & Leisure Sdn. Bhd. (Sara Tourism & Leisure) and the FMU area is managed by Shin Yang Sdn. Bhd. (Shin Yang). The Contract for Extraction of Timber was signed between Sara Tourism & Leisure and Shin Yang on 12/11/2008.

FTL No. T/9155 (Patah FMU) is located approximately 65km southeast of Long Lama town and generally located in a hilly and mountainous area in stream reaches of Sg. Lungun, Sg. Akah, Sg. Patah, Ulu Sg. Patah and Sg. Tutoh. The Patah FMU area has elevations ranging from 1,000 feet to over 4,500 feet above mean sea level (amsl).

Management / Land Tenure:

The FTL No. T/9155 (Patah FMU) was previously issued a Forest Timber License (FTL) under FTL No. T/0340 under Sara Resorts Sdn. Bhd. On 28/10/2008, the FMU area has been re-issued as FTL No.

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T/9155 under Sara Tourism & Leisure Sdn. Bhd that is associated with the Shin Yang Group of Companies. Sara Tourism & Leisure Sdn. Bhd. (Shin Yang Sdn. Bhd.) holds the Forest Timber License of FTL No. T/9155 for a period of three (3) years that expires on 27/10/2021 (Ref. #: WPO.628.531.1-123 dated 25/01/2019). The renewal is still pending as they have an outstanding field verification from the FDS for the planted areas.

Management Planning (FMP / GP):

In principle, the FMP for FTL No. T/9155 (Patah FMU) was approved by Forest Department Sarawak (FDS) on 04/11/2019 (Ref. #: (49) JHS/600-3/7/102/Jld.7). Following comments in the FMP approval, Shin Yang revised the FMP and submitted it to FDS on 28/08/2020 (Ref. #: AW/T9155/FMP/2020-01). The current version of the FMP is based on 59,790 ha divided into twenty-five (25) coupes based on a planned 25-year harvest cycle.

Annual Allowable Cut (AAC) for FTL No. T/9155 is 32,386 m³/annum based on an average harvest area of 1,999 ha/year with an estimated 16.20m³/ha yield that is estimated to be sustainable. Yield regulation will be based on the allocation of the monthly production limit which is given by the FDS and review on an annual basis. The diameter cutting limit is ≥DBH 50cm for Dipterocarp species and ≥DBH 45cm for non-Dipterocarp species.

Shin Yang has submitted the amended GP to FDS on 15/07/2020 (Ref. #: AW/SYSB/GP/PATAH (T/9155)/2004) and approved on 17/12/2020 (Ref.#:(28)JHS/600-3/7/110/Jld.4).

In March 2021, the FDS had notified the company to exclude 3,262ha from the total licensed area as NCR claimed for Long Seniai. However, the claimed area is yet to be verified and confirmed by the Land and Survey Department (Ref.#: WPO.628.531.1(II)-28 dated 08/03/2021). The company had taken action to revise the current approved GP and submitted to the FDS on 01/09/2021 (Ref.#: AW/SYSB/RGP/PATAH(T/9155)/2101) which excluded 3,332ha of NCR claimed and 117ha of rivers (adjacent to the NCR area). The new operable area is estimated at 49,185ha while inoperable area of 7,156ha consists of Terrain IV, Shifting Agriculture (SA), Water Catchment (WC), Buffer Zone (BZ), HCV and Main River.

Operational activities:

The FTL No. T/9155 had an approved DP for Coupe 01AR from the FDS (Ref.#: WPO.600.3/2/1(37)Jld.5 dated 01/03/2021). Subsequently, on 14/04/2021, the FDS had approved the PEC for Operation Heading 1 – 4 (Hill) inside Coupe 01AR with a total area of 2,055ha which consists of 30 blocks (Block 01 to 30). As of the assessment, there is no logging operation commenced yet. The company completed the tree tagging for the harvestable tree for Coupe 01AR Block 01. No harvesting activities have been conducted as approval for PEC-5 has yet to be issued by FDS.

Land use classification:

Land classification	Approved GP (17/12/2020)	Current status (21/01/2022)
Total Licensed Area	59,790	56,341
Coupe Licensed Area	59,790	56,341
Production Area	49,979	49,185
Planted areas - (LPP)	0	0
Protected Forest & Conservation Areas	3,607	3,049

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Social Community & Shifting Agriculture	6,204	4,107
NCR claimed areas	0	(-3,332)
River inside the NCR claimed areas	0	(-117)

Note: A total of 3,449 ha was excised on 01/09/2021 from the licensed area following the letter by the FDS on 08/03/2021 (Ref.#: WPO.628.532.1(II)-28)

Environmental context:

- Forest type and history of management:

In the licensed area, 57,314 ha have gentle to moderately steep terrain classified as Terrain Class I and III. The remaining 2,476ha are very rugged with slopes in excess of 35°, being classified under Terrain Class IV. The dominant forest type is mixed dipterocarp forest (MDF) and about 84% of the area is operable. The remaining 16% of the study area consists mainly of Shifting Agriculture (SA) area, Terrain IV area, buffer zones and other conservation areas. Shifting Agriculture can be found along Sg. Akah and Sg. Tutoh.

The Forest Timber License (FTL) No. T/9155 was issued to Sara Tourism and Leisure Sdn. Bhd. and managed by Shin Yang Sdn. Bhd. The region around the licensed area has mostly been licensed to various companies for timber harvesting and the development of forest plantation (FP).

- Principal commercial species:

Ten (10) dipterocarp species found at Patah FMU. Among these, trees from genus *Shorea* are the most dominant species found at Patah FMU which including Engkabang (*Shorea spp.* – 2.46%), Lun (*Shorea spp.* – 0.41%), Meranti (*Shorea spp.* – 65.57%), Selangan (*Shorea spp.* – 0.41%) and Selangan Batu (*Shorea spp.* – 5.33%). The other species are Kapur (*Dryobalanops spp.* – 4.10%), Luis (*Hopea spp.* – 4.10%), Resak (*Cotylelobium spp.*, *Vatica spp.* – 7.79%) and Urat Mata (*Parashorea spp.* – 4.50%).

Non-dipterocarp species is dominated by Medang (*Alseodaphne spp.* – 17.23%). Second dominant non-dipterocarp tree species is Empili (*Castanopsis acuminatissima*, *Lithocarpus*, *Quercus* – 13.09%) and the third one is Purang (*Macaranga spp.* – 6.87%).

- Specific biological values (e.g. rare or endangered species)

Under the IUCN Red list, one (1) species of mammals was categorized as Critical Endangered (CR) – *Manis javanica* (Pangolin). One (1) species of birds is under Near Threatened (NT) under the IUCN Red list – *Trichastoma malaccense* (Short-tailed Babbler).

- Environmental services (e.g. critical watersheds, wildlife corridor, etc.) provided by the forest

HCV 1.4 (Critical Temporal Use: Areas important to wildlife for feeding, nesting, roosting, migration, or contains salt licks) is present in the licensed area. Four (4) salt licks are reported at Coupes 11, 13 and 19. Animal feeds on fruits of trees such as the protected *Ficus sp.* and *Durion sp.* These fruit trees are commonly scattered in the logged-over forests, near roadsides, undisturbed forests and along rivers. The licensed area encompasses relatively undisturbed forests in the Terrain IV area and riparian forests along Sg Akah and Sg Tutoh. These undisturbed forests are important habitats for wildlife (e.g. refuge and rich food resources). HCV 4.1 Watershed Protection: Terrain class IV and dam catchment areas are identified as Protection Forest areas for water catchment. The water sources for Long Seniai, Long Pengaran Kelian and Long Pengaran Iman are from Sg. Akah, while the water sources for Long Keramu, Long Lellang A & B is from a tributary of Sg. Tutoh. The licensee had set up approximately 210 ha of buffer zones to ensure clean water supplies for all settlements.

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- Environmental Impact Assessment (EIA)

Shin Yang has an approved existing EIA report by NREB on 16/06/2009 (Ref. #: (12) NREB/6-3/2H/17). It was conducted by the CNF Consultancy Sdn. Bhd.

Social context

Social Assessment:

Shin Yang has conducted an internal Social Impact Assessment (SIA) dated 20/08/2020 (Ref. #: Patah/T9155/SIA) for FTL No. T/9155.

Key findings of social assessment:

It was reported that there were six (6) local communities identified living within and adjacent to FTL No. T/9155 (Patah FMU), namely Long Lellang (A & B), Long Seniai, Long Keramu, Long Pengaran Kelian and Long Pengaran Iman.

Village locations with GPS Coordinates associated to FTL No. T/9155

No.	Race	Village Name	GPS Coordinates (Timbalai)	Claimed Coupe(s)	Remark(s)
1	Kelabit	Long Lellang 'A'	N 03° 25' 17.8" E 115° 09' 07.4"	Coupes 20, 21, 22 & 23	SA & WC
2	Kelabit	Long Lellang 'B'			
3	Kayan	Long Seniai	N 03° 26' 41.9" E 114° 57' 23.1"	Coupes 01, 02, 03, 04, 06, 07 & 10	SA & WC
4	Penan	Long Keramu	N 03° 28' 24.5" E 115° 10' 20.5"	Coupe 21	SA & WC
5	Penan	Long Pengaran Kelian	N 03° 25' 18.9" E 115° 04' 07.8"	Coupe 25	SA
6	Penan	Long Pengaran Iman	N 03° 23' 54.8" E 115° 04' 00.9"	Coupe 24	SA

SA = Shifting Agriculture; WC = Water Catchment

Maps of longhouse exists

Six (6) local communities are mapped on the Social Map. Areas claimed by the local communities for livelihood are also outlined on the Social Map.

Native Customary Rights – Agreements

The company has a formal procedure to resolve land claim issues and other disputes.

Social Monitoring:

- Summary of records of meeting

Meetings between the company and local communities are recorded and documented. Based on the interview conducted on 17/01/2022 with Long Lellang, the committee is willing to cooperate with the company and hopes that good relationship will be maintained.

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Scope of Assessment

- The scope of the evaluation is to verify compliance of **FTL No. T/9155 Sara Tourism & Leisure Sdn. Bhd. (Shin Yang Sdn. Bhd.)** with the Principles 1-4 of the STLVS Standard (v02) 29 January 2019.
- Site evaluation to verify and report the level of compliance by **Shin Yang Sdn. Bhd.** 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 only minor gaps or no gaps against any applicable criteria of the standard. Non-compliance to the Sarawak Legality Standard occurs when a Major Gap is issued against an indicator and associated criterion.

Itinerary of Assessment

Date	Activities	GFS Staff	Mandays
20 October 2021 Wednesday	Travel to Shin Yang head office, Miri. Opening meeting & document review for T/3432.	Franklin Emang	1
21 October 2021 Thursday	Travel to Shin Yang head office, Miri. Document review & closing meeting for T/3432.	Franklin Emang	1
22 October 2021 Friday	Reporting: GFSS 024-014	Dr. Kevin Grace Franklin Emang	2
9-10 January 2022 Monday	Travel Sabah to Nibong campsite, opening meeting and document review for FTL No T/3432.	Priera Bagang	1
11 January 2022 Tuesday	Field assessment for Nibong FMU campsite, community meeting (Batu Keling) at Nibong campsite (FTL No. T/3432), field visit to licensed area, Coupe 01AR Block 1 and travel to Abit campsite and opening meetings for FTL No. T/3228 and Shin Yang Wood System Sdn. Bhd. and document review for FTL No. T/3432.	Priera Bagang	1
12 January 2022 Wednesday	Travel to FTL No. T/3228, field visit to licensed area; C01AR Block 10, PoRM, campsite and Community meeting, Long Lidem.	Priera Bagang	1
13 January 2022 Thursday	Document review at Abit campsite for FTL No. T/3228 & FTL No. T/3432.	Priera Bagang	1
14 January 2022 Friday	STLVS P5-6 for Shin Yang Wood System and closing meeting.	Priera Bagang	1
15 January 2022 Saturday	Travel to Miri and finalising report for FTL No. T/3432, FTL No. T/3228, and Shin Yang Wood System.	Priera Bagang	1
16 January 2022 Sunday	Data compilation and report drafting	Priera Bagang	1
17 January 2022 Monday	Community meeting at Miri and travel to FTL No. T/9155 campsite.	Priera Bagang	1
18 January 2022 Tuesday	Field visit to licensed area, FTL No. T/9155 Coupe 01 Block 01.	Priera Bagang	1
19 January 2022 Wednesday	Campsite inspection and travel to Miri.	Priera Bagang	1
20 January 2022	Document review and finalising report for FTL No.	Priera Bagang	1

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Thursday	T/9155.		
21 January 2021 Friday	Closing meeting for FTL No. T/3432, FTL No. T/3228, and FTL No. T/9155 through zoom.	Priera Bagang	1
22 – 23 January 2021	Reporting: GFSS 024-014 Reporting: GFSS 024-015 Reporting: GFSS 024-016 Reporting: GFSS 021-048	Dr. Kevin Grace, Priera Bagang	8
Total			24

Highlights of Assessment

Sara Tourism & Leisure Sdn. Bhd. (Shin Yang Sdn. Bhd.) has complied with the Sarawak Legality Standard (Principles 1-4) as no non-compliance was identified during the assessment in **January 2022**.

Summary of current status of operations against each principle.

Principle 1:

Sara Tourism & Leisure Sdn. Bhd. (Shin Yang) has been awarded the concession FTL No. T/9155 by the FDS and holds an approved EIA "Re-Entry Forest Logging at Patah, Baram, Miri Division, Sarawak, under Timber License T/9155" from the NREB in 2009. Shin Yang maintains compliance with the environmental requirement. Reports of Environmental Monitoring Report (EMR) were submitted quarterly with no non-compliance identified.

Shin Yang developed an FMP for FTL No. T/9155 that was approved by FDS on 04/11/2019 (Ref. #: (49) JHS/600-3/7/102/Jld.7). Shin Yang has submitted an amended GP to FDS on 15/07/2020 (Ref. #: AW/SYSB/GP/PATAH(T/9155)/2004) and approved on 17/12/2020 (Ref. #: (28)JHS/600-3/7/110/Jld.4)

The FTL No. T/9155 had an approved DP for Coupe 01AR from the FDS (Ref. #: WPO.600.3/2/1(37)Jld.5 dated 01/03/2021). Subsequently, on 14/04/2021, the FDS approved the PEC for Operation Heading 1 – 4 (Hill) inside Coupe 01AR with a total area of 2,055ha which consists of 30 blocks (Block 01 to 30).

The FTL No. T/9155 expired on 27/10/2021. Shin Yang requested the renewal with the FDS on 04/10/2021 (Ref. #: AW/T9155/RS2102) that was declined by the FDS due to lack of information on enrichment planting and field verification for the planted areas. Subsequently, on 01/12/2021, Shin Yang submitted the updated enrichment planting to the FDS (Ref. #: AW/T9155/RS2103).

The license for FTL No. T/9155 expired on 27/10/2021. As of the assessment, the company has submitted information as required for license renewal that is still pending approval from the FDS.

January 2022: Gap 001/2022 (Minor) – Checklist 1.1.3

The company submitted the required information for the renewal of the license for FTL No. T/9155 is pending approval from FDS to start forestry operations.

Principle 2:

Shin Yang is compliant with the Forest activities. Boundary demarcation such as licensed boundary, coupes boundary and protection areas have been mapped and marked on the ground. Monitoring of any illegal activities inside the licensed area were also conducted monthly. Based on the reports, there was no illegal activities identified.

As of the assessment, there are no logging operations conducted yet. The company plans for logging

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Highlights of Assessment

inside Coupe 01AR Block 01 and Block 02 for 2022 using the RILP harvesting methods. However, the PEC Operation Heading 5 (Hill) is not yet awarded to the area as the company has an outstanding Pre-Felling Checking by the FDS.

Principle 3:

As of the assessment, there are no logging operations for the area since the FTL license has expired on 27 Oct 2021. There is no payment for royalty or fees.

Principle 4:

Based on the Social Impact Assessment (SIA) dated 20/08/2020, no NCR was identified in the licensed area. However, in 08/03/2021, the FDS had notified the company to exclude 3,264 ha of NCR claimed land for Long Seniai (Ref.#: WPO.628.531.1(II)-28). Based on records, the latest draft GP had excluded 3,332 ha of the area that will be gazetted as NCR. Submission of the revised GP was on 01/09/2021 and pending for approval from the FDS (Ref.#: AW/SYSB/RGP/PATAH(T/9155)/2101).

Shin Yang has a documented Standard Operating Procedure (SOP) for Corporate Social Responsibility (CSR) for FTL No. T/9155 to resolve outstanding community claims and disputes. Meetings were carried out with the longhouses within and adjacent to the licensed area. The company has maintained a good relationship with the community.

Results of an interview conducted with representatives from Long Lellang A & B on 17/01/2022:

The representatives hope the current good relationship will be maintained.

The committee members are willing to cooperate with the company. MoU for the Kampong is not yet signed as the Agreement need to be explained properly to the villagers. This is because they have a negative perception of logging company due to previous logging operation in the 90's.

The representative hopes that consultation meeting with the kampong is conducted as soon as possible.

The committee members are grateful to the company for maintaining road access to the Village.

The representative would like the company to support education in Long Lellang (e.g., providing scholarship) and wants NTD / graveyard to be conserved based on consultation with the community and ground identification.

December 2020: Observation 002-2020 – Checklist 4.1.3

Shin Yang must have signed agreements that include goodwill and log commission as appropriate prior to starting harvesting operations in coupe areas claimed by communities.

January 2022: Observation 002-2020 (Outstanding)

Agreements for protection and conservation of community areas were attained on 04/10/2021. However, the log commission and goodwill agreement are in the process of development.

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Summary results:

(Major Gap = 0 / Minor Gap = 1 / Observations = 1)

GAPs :				
GAP #	Type	Checklist	Status	Description
001/2022	Minor	1.1.3	New	January 2022: The company submitted the required information for the renewal of the license for FTL No. T/9155 is pending approval from FDS to start forestry operations.

**Note: Major Gap = Non-Compliance / Minor Gap still compliant to criterion. Minor Gap may be upgraded to a Major Gap if not adequately addressed by the date of the next surveillance visit.*

Observations		
Obs #	Checklist	Description
002-2020 Outstanding	4.1.3	December 2020: Shin Yang must have signed agreements that include goodwill and log commission as appropriate prior to starting harvesting operations in coupe areas claimed by communities. January 2022: Agreements for protection and conservation of community areas were attained on 04/10/2021. However, the log commission and goodwill agreement are in the process of development.

**Note: Observations can be upgraded to a Minor Gap if not adequately addressed by the date of the next surveillance visit.*

Highlights of Close out visit (if applicable)	Dates	-
Not applicable		

Recommendations
<p>Sara Tourism & Leisure Sdn. Bhd. (Shin Yang Sdn. Bhd.) has demonstrated compliance with the Sarawak Legality Standard (Principles 1-4) for Forest Timber Licenses No. T/9155 and is recommended to receive a GFS Statement of Compliance and STLVS Certificate of Compliance from FDS.</p> <p>Gap(s)/Observation(s) should be addressed by the next surveillance. Actions to address gap(s)/observation(s) identified includes:</p> <p>Gap 001/2022 (Minor) – Checklist 1.1.3: The company must obtain approval from FDS to renew the license for FTL No. T/9155 before starting forestry operations.</p> <p>Observation 002-2020 (Outstanding) – Checklist 4.1.3: Shin Yang to establish agreements that include goodwill and log commission prior to harvesting operations in coupe areas claimed by communities.</p> <p>The next annual monitoring visit will be scheduled for January 2023.</p>

End of Summary Report

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Shin Yang Sdn. Bhd. / FTL No. T/9155