

Sabah TLAS Audit Report

Sabah Legality Standard Principles 1 – 4

Licensee	Licensee: Rakyat Berjaya Sdn. Bhd. 197001000639 (009867-W) Contractor: Kinetic Journey Sdn. Bhd. 201501007200 (1132533-K)	Reference #	GFSSBH 003-324
Contact Person	Ronnie Bibi (Forestry Manager RBJ Sandakan)	Date of Report Date of close out	13/12/2024 -
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		Approved By	Dr. Kevin Grace

Statements

Statement of Compliance	NC: Non-Compliance - Criterion 1.3		
Issuance Date	Not applicable	Expiration Date	Not applicable

Assessment Details

Assessment Dates	09-13 December 2024
Scope of Assessment	Sabah TLAS P1-4: FMU 16 (SFMLA 09/97)
Species	<i>Dryobalanops spp.</i> (Kapur), <i>Dipterocarpus spp.</i> (Keruing), <i>Shorea inappendiculata</i> (Selangan Batu), <i>Koompassia malaccensis</i> (Impas), <i>Parashorea spp.</i> (White Seraya), <i>Shorea spp.</i> (Red Seraya, Yellow Seraya, Urat Mata, Melapi), <i>Shorea spp.</i> (Oba suluk), <i>Neolamarckia cadamba</i> (Laran), <i>Duabanga moluccana</i> (Magas), <i>Octomeles sumatrana</i> (Binuang), <i>Alstonia spp.</i> (Pulai), <i>Annonaceae spp.</i> (Karai), <i>Eugenia spp.</i> (Obah), <i>Sindora beccariana</i> (Sepetir), Lauraceae (Medang), <i>Planchonia valida</i> (Putat), <i>Lophopetalum spp.</i> (Perupok), <i>Terminalia subspatulata</i> (Talisai), <i>Lithocarpus & Quercus spp.</i> (Mempening), Myristicaceae (Darah-darah), <i>Dillenia spp.</i> (Simpur), <i>Cotylelobium spp.</i> (Resak batu), <i>Cratoxylum arborescens</i> (Serungan), <i>Pentace spp.</i> (Takalis), <i>Hopea sangal</i> (Gagil), <i>Calophyllum obliquinervium</i> (Bintangor), <i>Canarium dactyodes</i> & other Burseraceae spp. (Kedondong), <i>Pterocymbium javanicum</i> (Teletu), <i>Prerospermum spp.</i> (Bayor), <i>Dyera spp.</i> (Jelutong), <i>Dialium indum spp.</i> (KerANJI), <i>Annonaceae</i> (Pisang-pisang), <i>Castanopsis motleyana</i> (Berangan), <i>Camposperma auriculatum</i> (Terentang), <i>Anisoptera spp.</i> (Pengiran), <i>Cratoxylum spp.</i> (Geronggang), <i>Endospermum diadenum</i> (Sendok-Sendok), <i>Tristaniopsis merguensis</i> (Pelawan-pelawan), <i>Potoxylon melagangai</i> (Malagangai) and other timbers (OT)
Lead Assessor	Glory Linggou
Assessor(s)	Priera Bagang
SFD Staff	James Torimo (ADFO Tongod), Erick Gimputu (KPPM Tongod), Imenuel Tambalok (PPM Tongod), Herry Juung (PPM Tongod)

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:

Yayasan Sabah, the main concessionaire under the Sustainable Forest Management License Agreement (SFMLA) 09/97, assigned Rakyat Berjaya Sdn. Bhd. (Rakyat Berjaya), a subsidiary of Yayasan Sabah to manage forest licensed areas located within the Sg. Pinangah Forest Reserve – FMU 16. The tenure is based on SFMLA 09/97, from 10/09/1997 to 10/09/2097, for silviculture and harvesting within the concession area.

Rakyat Berjaya engages Kinetic Journey Sdn. Bhd. (Kinetic Journey) as the harvesting contractor to conduct only ITP-RIL harvesting activities located in Sg. Pinangah Forest Reserve, Block YS 1/07(5) and Block YS 1/07(2) under Kinetic Journey project area within the FMU 16.

Subsequently, in 2022, Kinetic Journey assigned ENJ Maju Sdn. Bhd. (ENJ Maju) as a sub-contractor to conduct silviculture and harvesting inside the licensed area. ENJ Maju is responsible for all fees and log royalty payments to the government. ENJ Maju has a valid RIL logging contractor registration certificate from SFD, FD/CON/RIL(105)2024 and will lapse on 14/08/2025.

ENJ Maju engaged Teknikal Servis to prepare CHP(s) for RIL logging of compartments.

Land use classification:

Land classification	FMP Area (ha)	Current status as of end of Nov 2024
Total Concession Area (FMU 16)	119,003	
Project Areas within FMU 16		
Kinetic Journey	7,254.00	NFM & Silviculture net area = 6,887.90 ha R&D plot (<i>Paulownia revotropix</i>) = 50 ha
Beta Bumi	20,151.00	NFM & Mosaic planting
Indah Serimas	14,960.00	NFM & Mosaic planting
Maxland	4,900.00	Mosaic planting
Sri Bumi	3,000.00	Mosaic planting
Riparian, Class I Buffer zone, Virgin Jungle Reserve buffer zone, etc.	4,504.70	Conservation
Total Project areas	54,769.7	64,223.3 ha uncouped & Not defined

Current Operations:

Based on the 2024 AWP, the forest activities planned for FMU 16 are mainly using RIL harvesting system for logging operations in coupes YS 1/07(2) & YS 1/07(5). The planned harvesting compartments are as follows:

Activity	Target
Timber harvesting & planning	Coupe Areas: YS 1/07(2); YS 1/07(5); Compartments: C542, C544, C584-88, C579, C596-99, C592-94, C561, C553-55 Total area: 2,350.33ha

The current harvesting operations are in compartments 561, 555, 579, 544, 596–599, 593–594.

Site visit areas in 2024 assessment.

Comp #	NFM / ITP	Status	Area (ha)	Geo-location data
597	NFM	Sabah TLAS EUDR	193.00	NW: RY570086 BOR814562 NE: RY569710 BOR 815623 SE: RY568628 BOR815929 SW: RY569086 BOR814236
596	NFM	Sabah TLAS EUDR	212.29	NW: RY570161 BOR815284 NE: RY570282 BOR815882 SE: RY567393 BOR817650 SW: RY567226 BOR817519

Planned Natural Forest Management CHP & RIL harvest areas for 2025.

Activity	Target
Timber harvesting	C553, 554, 557, 559, 564, 563, 564, 542, 544, 579, 584, 586, 587, 588, 589, 596, 597, 598, 599

Environmental Context:

FMU 16 has been logged several times using conventional techniques over the past 30 years during the 70s, 80s and 90s.

The common species in the entire area of the proposed project area consists of primary/secondary forest and riparian vegetation, include "Legub" (*Orthopteris kingil*), "Melapi" (*Koompasia spp.*), "Mahang" (*Macaranga wray*), "Keruing" (*Dipterocarpus spp.*), "Randagong" (*Trema orientalis*), "Selangan" (*Shorea spp.*), "Resak" (*Cotyleloblum spp.*), "Pengiran" (*Anisoptera spp.*), "Kayu Malam Gajah" (*Diospyros discocalyx*), "Gapis" (*Saraca declinata*), "Katong Katong" (*Cynoptera inaequifolia*), Tetiup (*Axinandra borneensis*), "Tinjau" (*Gnetum leptostachyum*), "Pakudita" (*Alphitomia incana*), "Kelat" (*Eugenia spp.*), "Medang" (*Dehaasia sp.*), "Kapur" (*Dryobalanops spp.*), "Mallotus" (*Mallotus korthalsii*), "Senduduk" (*Melastoma sp.*), "Rumput Siam" (*Eupotarium odoratum*), "Lalang" (*Imperate cylindrica*), "Seraya" (*Shorea spp.*), "Pelajau" (*Pentaspadon Motley*), "Gangulang" (*Blumeodendron tokbral*) and "Resam" (*Dicranopteris linearis*). Based on the site survey, there is 1 protected floral species, "Polod" (*Arenga undulatifolia*) recorded within the project site.

Some common species of faunal reported to be present within the project area include Field Rat (*Rattus tiomanicus*), Squirrel (*Callosciurus notatus*), Barking Deer (*Muntiacus muntjac*), Bearded Pig (*Sus barbatus*), "Musang" (*Hemigalus derbyanus*), Hornbill (*Buceros rhinoceros*), Spiderhunter (*Arachnothera sp.*), Pigeon (*Treron sp.*), Swallow (*Hirundo tahitica*), Flycatcher (*Cyornis spp.*), Brown Wood-Owl (*Strix leptogrammica*), Forest Stream Frog (*Rana spp.*), Tree Frog (*Polypedates spp. & Rhacophorus sp.*), Snake (*Elaphe spp.*) and Skinks (*Mabuya multifasciata & Riopa bowringi*).

Based on the site survey, there are 39 protected faunal species reported in the area, which include 17 species of Mammals - Banteng (*Bos banteng*), Sambar Deer (*Cervus unicolor*), Borneon Yellow Muntjac (*Muntiacus atherodes*), Barking Deer (*Muntiacus muntjac*), Grey leaf Monkey (*Presbytis hosel*), Maroon Leaf Monkey (*Presbytis rubicunda*), Long-Tailed Macaque (*Macaca fascicularis*), Asian Elephant (*Elephas maximus*), Common Porcupine (*Hystrix brachyura*), Gibbon (*Hylobates mueller*), Borneon Orangutan (*Pongo pygmaeus*), Large Flying Fox (*Pteropus vampyrus*), Giant Squirrel (*Ratufa affinis*), Bearded Pig (*Sus barbatus*), Mouse-Deer (*Tragulus javanicus*), Greater Mouse Deer (*Tragulus napu*), and "Musang" (*Hemigalus derbyanus*). 2 species of Reptiles; Monitor Lizard (*Varanus salvator*) and Reticulated Python (*Python reticulatus*). 20 species of Birds; Brahminy Kite (*Haliastur indus*), Black Eagle (*Ictinaetus malayensis*), Honey-Buzzard (*Pernis ptilorhynchus*), Oriental Darter (*Anhinga melanogaster*), Rhinoceros Hornbill (*Buceros rhinoceros*), Helmeted Hornbill (*Rhinoplax vigil*), Malaysian Plover (*Charadrius peronii*), Malaysian Rail Babbler (*Eupetes macrocerus*), Emerald Dove (*Chalcophaps indica*), Greater Racket-Tailed Drongo (*Dicrurus paradiseus*), White-Rumped Shama (*Copsychus malabaricus*), White-Crowned Forktail (*Enicurus leschenault*), Great Argus (*Argusianus argus*), Ferruginous Wood Partridge (*Caloperdix oculea*), Crested Fireback (*Lophura ignita*), Blue-Winged Pitta (*Pitta brachyura*), Blue-Headed Pitta (*Pitta baud*), Brown Wood-Owi (*Strix leptogrammica*), Scarlet-Rumped Trogon (*Harpactes duvauceli*) and Magpie Robin (*Copsychus saularis*).

The protected faunal species can adapt to the disturbed primary/secondary forest. During operations, attention should be given for protection of the two totally protected species (Orangutan and Elephant). These species should be protected from any illegal hunting activities and encroachment/disturbance of their natural habitat (corridor of riparian tributary). Aquatic habitat within the project area comprises Sg. Sinarupa, Sg. Millan, Sg. Imbak and their tributaries. Some aquatic life recorded within the project area, including fishes such as "Dumpis" (*Nematobramis everett*), "Turongou" (*Puntius spp.*), "Terbol" (*Osteochilus microcephalus*), "Balanak" (*Lobochellus bo*), "Sopong" (*Mystus nemurus*), "Baung" (*Mystus sabanus*), "Rokot" (*Gastromyzon Borneensis*), "Botuan" (*Garra Borneensis*) and "Pelian" (*Tor douronensis*); crustacean of "Ketam Sungai" (*Thelphusula spp.*) and "Udang Sungai" (*Periclemenes sp.*); mollusca of "Siput Sungai" (*Cerithium spp.*); and Algae of "Alga" (*Achnanthes sp.*), "Alga Hijau" (*Spirogyra sp.*), "Alga Kuning Hijau" (*Amphora sp.*), "Alga" (*Navicula sp.*) and "Biru-Hijau" (*Diatoma sp.*). Based on the site survey, no endangered or protected aquatic life is within the proposed project area. Kinetic Journey has an approved EIA and is approved by Environment Protection Department (EPD) "The proposed forest logging of approximately 15,900 hectares at Coupe YS 1/07(1), YS 1/07(2), YS 1/07(3),

YS 1/07(4), YS 1/07(5), Sg. Pinangah Forest Reserve, Tongod, Sabah” [Ref. #: JPAS/PP/TGD/600-1/01/1/238 Klt.2(12) dated 13 December 2017)].

Social Context:

Based on the Social Baseline Survey (SBS), no human settlements are within the management area. However, several villages are located about 25 KM from the management area, such as Kg. Pinangah, Kg. Soguon, Kg. Mangkuwagu, Kg. Kuala Tongod, Kg. Tundungin, Kg. Inarad, Kg. Langga, Kg. Imbak and Kg. Bangkulat. These villages are located along the Millian and Pinangah rivers, the biggest being Kg. Pinangah, with a population of about 850. The communities inhabiting these villages are Dusun Sungai, Murut, and Iban. They are predominantly Christians. The population is likely to increase soon due to rural development programmes and improved road conditions.

The village communities residing near the management area are largely subsistence farmers, and income-earning potential is very limited. Rice is cultivated as a subsistence crop. This is supplemented by tapioca and sweet potatoes as part of the staple diet of the village communities. Fishing and hunting are also important subsistence activities.

As the population grows, there is increasing demand for scarce land to support growing families. Local communities are concerned about the problem of land scarcity. The limited land is expected to drive the younger generation to seek employment or livelihood elsewhere. However, with the planned expansion of economic activities in the form of commercial crops like oil palm and rubber, villagers are hopeful that social welfare conditions will improve tremendously. Several impacts may occur due to the operation nevertheless, implementing the project will create job opportunities, improve infrastructure and facilities, and promote rural development, particularly in the nearby settlements. Rakyat Berjaya supported the local communities to obtain land titles with the relevant authorities. The licensee has also assisted the community in developing rubber plantations outside FMU 16 to enhance the community’s livelihood and the sustainability of the land.

Scope of Assessment	
<ul style="list-style-type: none"> • The scope of the evaluation is to verify compliance of Rakyat Berjaya Sdn. Bhd. (Kinetic Journey Sdn. Bhd. 7,254 ha project area) with the Sustainable Forest Management License Agreement (SFMLA 09/97) for FMU 16. • 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 Rakyat Berjaya Sdn. Bhd. (Kinetic Journey 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: 09-13 Dec 2024 / FMU 16: Rakyat Berjaya Sdn. Bhd. (Kinetic Journey Sdn. Bhd.) / Tongod District

Date	Activity	GFS Staff	Mandays
09 December 2024 Monday	Travel and overnight in Telupid.	Glory Linggou Priera Bagang	2
10 December 2024 Tuesday	Opening meeting at PPD Tongod. Field visit to compartment 596, licensed boundary and campsite.	Glory Linggou Priera Bagang	2
11 December 2024 Wednesday	Field visit to compartment 597, protected areas and log yard. Document review.	Glory Linggou Priera Bagang	2
12 December 2024 Thursday	Document review at PPD Tongod.	Glory Linggou Priera Bagang	2
13 December 2024 Friday	Closing meeting at PPD Telupid and travel back to homebase.	Glory Linggou Priera Bagang	2
14-15 December 2024	Reporting/Administration: GFSSBH003-324	Dr. Kevin Grace Glory Linggou	2
Total			12

Highlights of Assessment

(Major Gaps = 1; Minor Gaps =4; Observations = 2)

Rakyat Berjaya Sdn. Bhd. (Kinetic Journey Sdn. Bhd.) has not complied with the Sabah TLAS requirements (FDS TLAS-006) as non-compliance was identified under Criteria 1.3 during the assessment on 09-13 December 2024.

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

Principle 1. Right to Harvest

The tenure is based on SFMLA 09/97, from 10/09/1997 to 10/09/2097, for all activities within the concession area. SFD issued Coupe permits for 2,961.82 ha to conduct activities inside the licensed area. The EPD approved the EIA study on 13/12/2017 [Ref. #: JPAS/PP/TGD/600-1/01/1/238 Klt.2(12)].

The Kenetic Journey's draft Sub Forest Management Plan is not based on sustainable forest management systems as the area is planned to be logged within 5 years and tree diameters down to 40 cm dbh that is not in line with RIL Guidelines. There is no clear long term sustained yield management plan but rather a short-term logging plan that is associated with salvage logging for plantation development.

The SFD has not approved the draft management plan. However, SFD has granted approval to implement harvesting activities subject to the validity of the coupe permit and CHP. This approval will lapse on 12/04/2025 (Ref. #: JPHTN/FRM 700-2/1/9/1/JILID.10/11 dated 18/08/2024).

December 2024: Gap 001/2024 (Major) – Checklist 1.3.1, 1.3.2.7, 1.3.2.11, 1.3.2.12

Rakyat Berjaya does not have an approved sub-Forest Management Plan for the Kinetic Journey for 7,254 ha project area within FMU 16 based on a clearly defined management system under NFM or ITP systems and monitoring for sustained yield of forest resources.

December 2024: Observation 001-2024 Checklist 1.3.2.2

Rakyat Berjaya forest stratification categories based on inventory data results differs from SFD.

December 2024: Gap 002/2024 (minor) – Checklist 1.3.2.13

The Forest Fire Management Plan draft has yet to be finalized and submitted to the SFD for approval.

Principle 2. Forest Operations

Demarcation of areas prohibited from harvesting and forest operations, such as riparian reserves, were identified on the ground. No evidence of a disturbance was observed during the field assessment.

December 2024: Gap 003/2024 (minor) – Checklist 2.2,3, 2.2.7

The Removal Pass was observed stamped with Sabah TLAS CC after the certificate had expired.

December 2024: Gap 004/2024 (minor) – Checklist 2.3.3

No sample plots (PSP / CFI) have been established inside compartments to monitor logging impacts and growth of the residual forest stands.

December 2024: Observation 002-2024 – Checklist 2.3.5

Rakyat Berjaya has not conducted the forest fire awareness training as required.

December 2024: Gap 005/2024 (minor) – Checklist 2.4.5

Training was limited to fire response and did not include work safety training and complete training records.

Principle 3. Statutory Charges

Records of fees and royalty payments were maintained by ENJ Maju.

Principle 4. Other User Rights

Based on the Social Baseline Survey, no human settlements are within the management area. Several villages are located about 25 KM from the management area, such as Kg. Pinangah, Kg. Sogunon, Kg. Mangkuwagu, Kg. Kuala Tongod, Kg. Tundungin, Kg. Inarad, Kg. Langga, Kg. Imbak and Kg. Bangkulat. There is no claims or land use by any communities for the Kinetic Journey project area.

Summary Results:**(Major gap = 1, Minor gap = 4, Observation = 2)**

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

GAP	Type	Checklist	Status	Description
001/2024	Major	1.3.1 1.3.2.7 1.3.2.11 1.3.2.12	New	December 2024: Rakyat Berjaya does not have an approved sub-Forest Management Plan for the Kinetic Journey 7,254 ha project area within FMU 16 based on a clearly defined management system under NFM or ITP systems and monitoring for sustained yield of forest resources.
002/2024	minor	1.3.2.13	New	December 2024: The Forest Fire Management Plan draft has yet to be finalized and submitted to the SFD for approval.
003/2024	minor	2.2.3 2.2.7	New	December 2024: The Removal Pass was observed stamped with Sabah TLAS CC after the certificate had expired.
004/2024	minor	2.3.3	New	December 2024: No sample plots (PSP / CFI) have been established inside compartments to monitor logging impacts and growth of the residual forest stands.
005/2024	minor	2.4.5	New	December 2024: Training was limited to fire response and did not include work safety training and complete training records.

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

Obs #	Checklist	Description
001-2024	1.3.2.2	December 2024: Rakyat Berjaya forest stratification categories based on inventory data results differs from SFD.
002-2024	2.3.5	December 2024: Rakyat Berjaya has not conducted the forest fire awareness training as required.

Highlights of Close Out Visit (if applicable)	Dates
Major Gap 001/2024 shall be addressed within two months by February 2025.	-

Recommendations
<p>Rakyat Berjaya Sdn. Bhd. (Kinetic Journey Sdn. Bhd.) has not demonstrated compliance with the Sabah TLAS requirements (FDS TLAS-006) as non-compliance was identified under Criterion 1.3 and it is NOT eligible to receive a GFS Statement of Compliance or Sabah Timber Legality Assurance System Compliance Certificate (TLAS-CC) from SFD.</p> <p>The Major Gap shall be addressed within two months by February 2025.</p> <p>Gap 001/2024 (Major) – Checklist 1.3.1, 1.3.2.7, 1.3.2.11, 1.3.2.12: Rakyat Berjaya shall revise the draft Sub-FMP for the 7254 ha under Kinetic Journey's project area to reflect sustainable forest management systems or ITP systems that includes restoration of forest areas harvested and degraded.</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 002/2024 (minor) – Checklist 1.3.2.13: Rakyat Berjaya shall finalize the Forest Fire Management Plan and submit it to SFD for approval.</p> <p>Gap 003/2024 (minor) – Checklist 2.2.3, 2.2.7: SFD shall ensure that the stamping of the Sabah TLAS CC on the Removal Pass is within the validity of the certificate.</p> <p>Gap 004/2024 (minor) – Checklist 2.3.3: Sample Plots (PSP / CFI) shall be established inside harvested compartments to monitor impact and growth of residual forest stands as appropriate to measure sustained yield management.</p>

Gap 005/2024 (minor) – Checklist 2.4.5: ENJ Maju shall conduct work safety training annually and include attendance in the training records.

Observation 001-2024 Checklist 1.3.2.2: Rakyat Berjaya shall ensure forest quality stratification of inventory results are based on SFD classification for density of commercial trees 60 cm and above per ha.

Observation 002-2024 Checklist 2.3.5: Rakyat Berjaya shall conduct forest fire awareness training as planned in the FFMP.

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

End of Summary Report