

Sabah TLAS Audit Report

Sabah Legality Standard Principles 1 – 4

Licensee	Rakyat Berjaya Sdn. Bhd. (009867-W) RIL Contractor: Kinsasynergy Sdn. Bhd. (1230673-U) RIL Contractor: Terus Jadi Sdn. Bhd (1364866-H)	Reference #	GFSSBH 003-193
Contact Person	Hozana Chrien Sipon (RBJ Lahad Datu) Mait Gutuk (Kinsasynergy's representative) Nip (Terus Jadi's representative)	Date of Report Date of close out	20/04/2023 -
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		Approved By	Dr. Kevin Grace

Statements

Audit Statement	GFS 178 LVS		
Issuance Date	24 April 2023	Expiration Date	23 April 2024

Assessment Details

Assessment Dates	17 – 21 April 2023
Scope of Assessment	Sabah TLAS P1-4: SFMLA 09/97 (FMU 20)
Species	<i>Drybalanops spp.</i> (Kapur), <i>Dipterocarp spp.</i> (Keruing), <i>Parashorea spp.</i> (White seraya), <i>Shorea inappendiculate</i> (Selangan batu), <i>Shorea spp.</i> (Red seraya, Yellow seraya, Melapi), <i>Shorea pauciflora</i> (Oba suluk), Lauraceace (Medang), <i>Cotylelobium spp.</i> (Resak), and Other timber (OT)
Lead Assessor	Sandra George (Acting)
Assessor(s)	Varenius Untomon
SFD Staff	Janiu Gangon (ADFO Kinabatangan), Yusri Boong (PPD Kinabatangan)

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:

- Sabah Foundation or Yayasan Sabah (Yayasan Sabah) has an agreement with the State Government of Sabah to manage the allocated forest concession area under a 100-year Concession Agreement.
- Yayasan Sabah has appointed Rakyat Berjaya Sdn. Bhd. (Rakyat Berjaya) to plan and implement forest management activities, particularly timber harvesting, under the Sustainable Forest Management License Agreement in 1997, with a total of approximately 30,169 hectares within Kuamut Forest Reserve (FMU 20).
- An agreement was signed between Rakyat Berjaya and appointed contractors, namely Terus Jadi Sdn. Bhd. (Terus Jadi) and Kinsasynergy Sdn. Bhd. (Kinsasynergy) on 22/03/2022 to conduct Reduced Impact Logging within the concession area.
- Teknikal Ukur Borneo was appointed as CHP contractor to prepare the CHP and are registered with the SFD (*FD/CON/CHP(67)2022, expiry date: 03/06/2022 – 02/06/2023*).
- The concession area is under the jurisdiction of the Kinabatangan District Forestry Office and is accessible from Telupid – Tongod road and Tawau – Keningau road, which passes through Luasong.

Current Operations:

- The current harvesting area under Terus Jadi is Compartment 338, whereas Kinsasynergy is Compartment 400.
- SFD has issued three (3) coupe permits.

#	Block #	Coupe #	Activity	Area (ha)	Validity
1	YL1/13	SDK.17/2022	NFM (FULL RIL/CHP)	1,703.54	30/10/2027
2	YLH2/06	SDK 24/09	NFM (FULL RIL/CHP)	1,640.91	12/04/2024
3	YLH3/06(2)A	TWU 03/08	NFM (FULL RIL/CHP)	332.26	12/04/2024

- Land use classification: (FMU 20)

Land classification	Draft 1 st FMP Area (ha)	Current Status (ha)
Total Concession Area	30,169	30,169
Production Area: - Natural Forest Management	27,667	As of 1 st quarter, 2023. Compartments 338 & 400. Total Area (ha): 580.20 ha Logged area (ha) = 190.86 ha Total logs: 7,955 Total volume (m ³): 7,284.67 m ³
Protected Forest & Conservation	2,501	2,501

Environmental Context:

- The SFMLA area within the Forest Management Unit (FMU) 20 is constituted of Kuamut Forest Reserve, classified by law as a Commercial Forest Reserve under Class II reserved for the supply of timber and other produce.
- Four (4) forest types within the concession area; Upland Mixed Dipterocarp Forest, Lowland Mixed Dipterocarp Forest, Lowland Dipterocarp and Heath Forest, and Ultramafic Forest.
- The FMU 20 has recorded at least 30 species of wildlife, including five (5) Totally Protected Species (under Schedule 1, Sabah Wildlife Conservation Enactment 1997), which are Bornean Elephants, Tembadau, Sun Bear, Proboscis Monkey and Clouded Leopard, the largest carnivore species in Borneo. Other mammals of rare and endemic species of Borneo (Yellow) Muntjac and wild cats are found all over the area.
- The entire concession area is as a watershed of numerous networks of river tributaries of the Sungai Kuamut and Sungai Sangitan.

- An Environmental Impact Assessment was conducted and approved by Environmental Protection Department (EPD) for the concession area of **YLH2/06: 2,599.92 ha** & **Block YLH3/06(2)A: 332.26 ha** and **Block YL1/13: 1,730.32 ha**.
- Environmental Impact Assessment conducted for Terus Jadi:

Title	EPD Approval Letter #	EIA Consultant
The Proposed Re-Logging of Approximately 2,932.18 Hectare Within YSCA [Coupes YLH2/06 – 2,599.92 Hectare & YLH3/06(2)A – 332.26 Hectare] At Kuamut Forest Reserve, Tongod, Sabah.	JPAS/PP/TGD/600-1/01/1/329(23), dated 30/08/2022	Lakimson Sdn. Bhd.

- Environmental Impact Assessment conducted for Kinsasynergy:

Title	EPD Approval Letter #	EIA Consultant
The Proposed Re-Logging of Approximately 1,730.32 Hectare Within Block YL1/13 At Kuamut Forest Reserve, Kinabatangan, Sabah.	JPAS/PP/KTN/600-1/01/1/330(24), dated 12/12/2022	Lakimson Sdn. Bhd.

Social Context:

- Based on the EIA report, there is no significant impact to local communities. The nearest village is approximately 20 km from the licensed boundary.

Scope of Assessment
<ul style="list-style-type: none"> • The scope of the evaluation is to verify compliance of Rakyat Berjaya Sdn. Bhd. with the Sabah Forest Management License Agreement (SFMLA 09/97) for FMU 20. • 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: FMU 20 / Rakyat Berjaya Sdn. Bhd. / Kinabatangan District / 17 – 21 April 2023 (Total Mandays = 12)

Date	Activity	GFS Staff	Mandays
17 April 2023 Monday	Travelling to Tawau and overnight in Tawau.	Varenus Untomon, Sandra George	2
18 April 2023 Tuesday	Travelling to campsite. Opening meeting at Terus Jadi office. Field visit to Terus Jadi area: Compartment 338, stumping, protected area, dumping pit, basecamp. Overnight at campsite.	Varenus Untomon, Sandra George	2
19 April 2023 Wednesday	Field visit to Kinsasynergy area: Compartment 400, stumping, protected area, basecamp. Travel and overnight in Tawau.	Varenus Untomon, Sandra George	2
20 April 2023 Thursday	Closing meeting at Kinsasynergy's Tawau office.	Varenus Untomon, Sandra George	2
21 April 2023 Friday	Public Holiday – Additional holiday in conjunction with Hari Raya Aidilfitri Travel to home base.	Varenus Untomon, Sandra George	2
22-23 April 2023	Reporting GFSSBH 003-193	Dr. Kevin Grace Varenus Untomon	2
Total			12

Highlights of Assessment

(Major Gaps = 0; Minor Gaps = 2; Observations = 3)

Rakyat Berjaya Sdn. Bhd. has complied with the Sabah Legality Standard (**SFD-TLAS-002**) as no non-compliance was identified during the assessment on 17 – 21 April 2023.

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

Principle 1.

The Environmental Impact Assessment was conducted and approved by Environment Protection Department (EPD). The first draft of Forest Management Plan (FMP) has been submitted for approval to the Chief Conservator of Forest on 27/12/2022 (Ref.#: FD/KK/5.09/16/32).

April 2023: Gap 001/2023 (Minor) – Checklist 1.3.1

The Forest Management Plan (FMP) has yet to be approved by SFD.

April 2023: Gap 002/2023 (Minor) – Checklist 1.8.2

The PSP has yet to be established inside the RIL harvesting compartments to monitor impact and growth.

April 2023: Observation 001-2023 – Checklist 1.2.3, 2.1.11

The ECR monitoring report for Kinsasynergy has yet to be developed for submission to EPD as required.

April 2023: Observation 002-2023 – Checklist 1.3.2, 1.8.1

The forest quality stratum listed in the FMP draft differs from the SFD standard in the density of trees over 60 cm DBH.

Principle 2.

Terus Jadi and Kinsasynergy demonstrated compliance with log transportation, licensed area security, boundary and protected area maintenance.

April 2023: Observation 003-2023 – Checklist 2.3.7

Rakyat Berjaya has yet to develop the Forest Fire Management Plan.

Principle 3.

Terus Jadi and Kinsasynergy paid the licensing fees and other charges to SFD. Records of royalty payments are maintained.

Principle 4.

Not applicable – Based on the EIA report, there is no settlement within and near 3 km radius of the project site. There is also no settlement along Sungai Kuamut within 20 km upstream and downstream of the area.

Summary Results:

(Major gap = 0, Minor gap = 2, Observation = 3)

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

GAP	Type	Checklist	Status	Description
001/2023	Minor	1.3.1	New	April 2023: The Forest Management Plan (FMP) has yet to be approved by SFD.
002/2023	Minor	1.8.2	New	April 2023: The PSP has yet to be establish inside RIL harvesting compartments to monitor impact and growth.

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

Obs #	Checklist	Description
001-2023	1.2.3 2.1.11	April 2023: The ECR monitoring report for Kinsasynergy has yet to be developed for

Obs #	Checklist	Description
		submission to EPD as required.
002-2023	1.3.2 1.8.1	April 2023: The forest quality stratum listed in the FMP draft differs from the SFD standard in the density of commercial trees over 60 cm DBH.
003-2023	2.3.7	April 2023: Rakyat Berjaya has yet to develop the Forest Fire Management Plan.

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

Recommendations
<p>Rakyat Berjaya 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 1.3.1: SFD shall expedite the FMP approval for Rakyat Berjaya to continue the harvesting operation.</p> <p>Gap 002/2023 (Minor) – Checklist 1.8.2: Terus Jadi and Kinsasynergy shall develop a PSP to monitor impact and growth within the compartments.</p> <p>Observation 001-2023 – Checklist 1.2.3, 2.1.11: Rakyat Berjaya shall ensure the ECR is developed and the monitoring report is submitted to EPD as required.</p> <p>Observation 002-2023 – Checklist 1.3.2, 1.8.1: Rakyat Berjaya shall revise the forest quality stratum listed in the FMP draft to meet the SFD standards in the density of trees over 60 cm DBH.</p> <p>Observation 003-2023 – Checklist 2.3.7: Rakyat Berjaya shall develop the Forest Fire Management Plan and submit it to the SFD for approval.</p> <p>The next annual surveillance audit will be scheduled for April 2024.</p>

End of Summary Report