

Sabah TLAS Audit Report

Sabah Legality Standard Principles 1 – 4

Licensee	Rakyat Berjaya Sdn. Bhd. 197001000639 (009867-W) RIL Contractor: Terus Jadi Sdn. Bhd. 202001008546 (1364866-H) RIL Contractor: Kinsasynergy Sdn. Bhd. 201701016508 (1230673-U)	Reference #	GFSSBH 003-254
Contact Person	Hozana Chrien Sipon (RBJ Lahad Datu) Nip Kian Lih (Terus Jadi's representative) Chin (Kinsasynergy's representative)	Date of Report	26/04/2024
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		Approved By	Dr. Kevin Grace

Statements

Audit Statement	GFS 178 LVS		
Issuance Date	29 April 2024	Expiration Date	28 April 2025

Assessment Details

Assessment Dates	22 – 26 April 2024
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), Lauraceae (Medang), <i>Cotylelobium spp.</i> (Resak), <i>Hopea sangal</i> (Gagil), <i>Duabanga moluccana</i> (Magas), <i>Dysoxylum parasiticum</i> (Jarum-Jarum), Other timber (OT)
Lead Assessor	Brandon James
Assessor(s)	Glory Linggou
SFD Staff	Jamain Alias (DFO Kinabatangan), Janiu Gangon (ADFO Kinabatangan), Mohd Amirdzan Ambran (PPD Kinabatangan), Rosmadie Daud (PPD Kinabatangan), Jefferin Bungkolong (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.
- The previous assessment was conducted in April 2023 that resulted in 2 gap(s) and 3 observation(s) (Report #: GFSSBH003-193).

Current Operations:

- The current harvesting area under Terus Jadi are Compartments 477, 90, 89, 88, 478 and 91, whereas Kinsasynergy are Compartments 384, 400, 383 and 382.
- 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	YLH.3/06(2)A (Balance Area)	SDK.07/2023	NFM (FULL RIL/CHP)	2,115.70	12/10/2026
3	YLH 2/06 (Balance Area)	SDK.02/2024	NFM (FULL RIL/CHP)	3,668.72	15/02/2027

- Land use classification:

Land classification	FMP Area (ha)	Current Status as of April 2024 (ha)
Total Concession Area	30,169	30,169
Production Area: - Natural Forest Management	27,667	Total logged area: 3,568.66 ha Total logs: 20,795 pcs Volume: 86,283.06 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.
- 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 settlement associated with the project site. There is also no settlement along Sungai Kuamut within 20 km upstream and downstream of the area.

Scope of Assessment

- 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 / 22 – 26 April 2024 (Total Mandays = 12)

Date	Activity	GFS Staff	Mandays
22 April 2024 Monday	Travelling and overnight in Tawau.	Brandon James Glory Linggou	2
23 April 2024 Tuesday	Travelling to Terus Jadi campsite and opening meeting. Field visit to Terus Jadi area: Compartment 91, stumping, protected area, dumping pit, basecamp. Overnight at campsite.	Brandon James Glory Linggou	2
24 April 2024 Wednesday	Field visit to Kinsasynergy area: Compartment 382, stumping, protected area, basecamp. Travel back to Tawau.	Brandon James Glory Linggou	2
25 April 2024 Thursday	Document review at Kinsasynergy's Tawau office.	Brandon James Glory Linggou	2
26 April 2024 Friday	Closing meeting at Kinsasynergy's Tawau office. Travel to home base.	Brandon James Glory Linggou	2
27-28 April 2024	Reporting GFSSBH 003-254	Dr. Kevin Grace Brandon James	2
Total			12

Highlights of Assessment

(Major Gaps = 0; minor Gaps = 3; Observations = 0)

Rakyat Berjaya Sdn. Bhd. has complied with the Sabah Legality Standard (**SFD-TLAS-002**) as no non-compliance was identified during the assessment on 22 – 26 April 2024.

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

Principle 1.

The Environmental Impact Assessment was conducted and approved by Environment Protection Department (EPD). As of the assessment, Rakyat Berjaya is still in the process of finalizing the FMP draft. Rakyat Berjaya has submitted an application letter to SFD requesting an extension to continue operations while finalizing the FMP draft (Ref. #: FD/KK/5.09/16/48 dated 04/04/2024).

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

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

April 2024: Gap 001/2023 (minor) – Outstanding

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 2024: Gap 002/2023 (minor) – Closed

PSPs have been established and analysed inside RIL harvesting compartments.

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 2024: Observation 001-2023 (Addressed)

The ECR monitoring report for Kinsasynergy has been developed and submitted to the 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.

April 2024: Gap 001/2024 (Raised to minor) – 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 commercial 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.

April 2024: Gap 002/2024 (Raised to minor) – Checklist 2.3.2, 2.3.7

No work safety and fire training were conducted for Kinsasynergy's workers and Forest Fire Management Plan is yet to be fully developed and sent to SFD for approval.

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 = 3, Observation = 0)

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

GAP	Type	Checklist	Status	Description
001/2023	minor	1.3.1	Outstanding	April 2023: The Forest Management Plan (FMP) has yet to be approved by SFD. April 2024: The Forest Management Plan (FMP) has yet to be approved by SFD.
002/2023	minor	1.8.2	Closed	April 2023: The PSP has yet to be establish inside RIL harvesting compartments to monitor impact and growth. April 2024: The PSP has been established and analysed inside RIL harvesting compartments.
001/2024	Obs 002-2023	1.3.2 1.8.1	Raised to minor	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. April 2024: The forest quality stratum listed in the FMP draft differs from the SFD standard in the density of commercial trees over 60 cm DBH.
002/2024	Obs 003-2023	2.3.2 2.3.7	Raised to minor	April 2023: Rakyat Berjaya has yet to develop the Forest Fire Management Plan. April 2024: No work safety and fire training were conducted for Kinsasynergy's workers and Forest Fire Management Plan is yet to be fully developed and sent to SFD for approval.

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

Obs #	Checklist	Description
001-2023 Addressed	1.2.3 2.1.11	April 2023: The ECR monitoring report for Kinsasynergy has yet to be developed for submission to EPD as required. April 2024: The ECR monitoring report for Kinsasynergy has been developed and submitted to the EPD as required.

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

Recommendations
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. 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: Gap 001/2023 (minor) Outstanding – Checklist 1.3.1: SFD shall expedite the FMP approval for Rakyat Berjaya to continue the harvesting operation.

Gap 001/2024 (Raised to minor) – 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.

Gap 002/2024 (Raised to minor) – Checklist 2.3.2, 2.3.7: Kinsasynergy shall conduct work safety and fire training annually for forest workers and Rakyat Berjaya shall expedite the development of Forest Fire Management Plan as required.

The next annual surveillance audit will be scheduled for April 2025.

End of Summary Report