

Sabah TLAS Audit Report

Sabah Legality Standard Principles 1 – 4

Licensee	K.K. Advantage Sdn. Bhd. 200901004034 (846961-K)	Reference #	GFSSBH 003-328
Contact Person	Jielion Mokuntil (Aspirasi Kristal Estate Manager)	Date of Report	24/01/2025
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		Approved By	Dr. Kevin Grace

Statements

Statement of Compliance	GFS 160 LVS		
Issuance Date	27 January 2025	Expiration Date	26 January 2026

Assessment Details

Assessment Dates	20-24 January 2025
Scope of Assessment	Sabah TLAS P1-4: Agro-Forestry Management License Agreement No. JP(SBN)04/2011(CO)
Species	Not applicable (No harvesting)
Lead Assessor	Brandon James
Assessor(s)	Teddy Quintin, Keith Sintar
SFD Staff	SH Mohd. Roslie Bin SH Ameeril (ADFO Beluran), Bulkiah Sherif Hassan (ADFO Beluran), Ahmad Kabulai (PPD Beluran), Mohd. Roslan Zabidi (KPPM Bonggaya Timur), Muhd Alyusuf (PPD Beluran)

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:

In January 2011, K.K. Advantage Sdn. Bhd. (K.K. Advantage) entered into an agreement under the Agro-Forestry Management License Agreement, JP(SBN)04/2011(CO), made on 27/01/2022, with the State Government of Sabah to manage an area of approximately 500 ha, which is located in Bonggaya FR Class II, for the purpose of sustainable production of agroforestry crops and natural forest produce. However, the Chief Conservator of Forests (CCF) made decision that the licensed area herewith known as the “**conservation area**” is to be managed for conservation. This decision was made due to the fact that almost the entire parts of Bonggaya FR have been developed for agroforestry and Industrial Tree Plantation (ITP) and thus, have suffered loss of biodiversity.

The 500 ha is, therefore being devoted to conservation in order to protect the natural features of the Bonggaya Forest Reserve as a whole, providing public access for low-impact recreation and eco-tourism and environmental education. Because of this, K.K. Advantage in collaboration with the SFD carried out a detailed study and analysis of the conservation area and subsequently to prepare a Conservation Area Management Plan (CAMP) of which, this plan was prepared.

The plan builds on the principles of the initial CAMP (2014-2023), focusing on protecting the region’s ecological integrity, including diverse flora and fauna, critical wildlife habitats and unique ecosystems, such as mangrove/Nipah forests. It addresses threats such as illegal logging, farming encroachments, and forest fires while ensuring community involvement and sustainable development for the nearby kg. Bukit Besi village.

In 2023, the SFD has decided to follow back the Forest Management Plan (FMP) format for all development plans; therefore, the 2nd FMP is to continue from the principles of the 1st CAMP to cover the next 10 years from 01/01/2024 to 31/12/2033.

KK Advantage is associated with and supported by Aspirasi Kristal (M) Sdn. Bhd.

Land use classification:

Land classification	2 nd Draft FMP Area (ha)	Current status as of Dec 2024 (ha)
Total Concession Area	537.40	537.40
Land use - Conservation	537.40	Lowland Mixed Dipterocarp & Kerangas Forest: 430.80 ha Fresh Swamp Lowland Forest: 39.50 ha Mangrove/Nipah Mixed Forest: 67.10 ha

Current Operations:

The licensed area is fully managed for conservation. Currently, KK Advantage only conducts patrolling and maintenance of license boundaries.

Environmental Context:

Commercial exploitation in Bonggaya Forest Reserve (FMU 18) started in the 1950s. Based on records, four Special Licenses issued from 1971 to 1974 and at least seven Form 1 licenses issued from 1971 to 2001. The licensed area consists of Lowland Mixed Dipterocarp and Kerangas Forest, Seasonal (or Lowland) Freshwater Swamp Forest and Mangrove and Nipah Mixed Forest types. The forest has a greater mix of dipterocarp species, with the most dominant species being those from the subgenus *Rubroshorea* (Red seraya). Other very common and dominant dipterocarp species include *Parashorea* spp. and *Dryobalanops* spp.

A team from the SFD Forest Research Centre (FRC) conducted a survey in June 2013. Based on the report, 18 plant species are classified as Borneo endemics, such as Kapur Paji (*Dryobalanops lanceolate*) and another 6 Sabah endemic species, such as *Gnetum leptostacyum*, whereas 10 other species are categorized as endangered, vulnerable and critically endangered according to the IUCN Red List (2013). The FRC team reported that the conservation area contains abundant wildlife including wild boar, monkeys such as Proboscis Monkey (*Nasalis larvatus*) and Long-tailed Macaque (*Macaca fascicularis*), wetlands birds along the riparian reserve of the Klagan River. There were 13 bird species observed in the licensed area, where one is endemic to Borneo, the White-crowned Shama (*Copsychus stricklandii*). An Environment Impact Assessment for the licensed area is not required as the area is to be managed for conservation and does not involve any harvesting or conversion of land [Refer Environmental Quality (Prescribed Activities) (Environmental Impact Assessment) Order, 1987 (Appendix 2)].

Social Context:

There are no villages within the project area; however, KK Advantage identified 2 villages surrounding the licensed area, namely, Kg Biangkang, comprising not more than 20 houses situated upstream of the licensed area and Kg. Bukit Besi is approximately 2 KM from the licensed area that is only accessible through the river (Sg. Klagan). The nearest township is Beluran Township about 35 km south of the licensed area.

Based on the current draft 2nd FMP, KK Advantage plan to conduct a Social Baseline Survey (SBS) with the SFD Beluran. The element in this survey is to collect information regarding demographics, economic activities, and access to services such as education, healthcare and infrastructure. As of the assessment, KK Advantage has yet to conduct the social baseline survey. However, based on KK Advantage, Kg. Bukit Besi was established in the 1950s and occupied part of the FMU before it was gazetted. Approximately 80 ha of the licensed area was cultivated by the local community. Currently, KK Advantage is working closely with the Sabah Forestry Department and the community of Kg. Bukit Besi to monitor and patrol the licensed area to prevent encroachment.

Scope of Assessment	
<ul style="list-style-type: none"> The scope of the evaluation is to verify compliance of KK Advantage Sdn. Bhd. with the Agro-Forest Management License Agreement [JP(SBN)04/2011(CO)] for FMU 18 (Partly). 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 KK Advantage 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: 18-24 January 2025 / FMU 18 (partly): KK Advantage Sdn. Bhd. & Ultra Surge Sdn. Bhd. / Close-out: K.M. Hybrid Plantation Sdn. Bhd. / Beluran & Sook District

Date	Activity	GFS Staff	Mandays
18 January 2025 Saturday	Document review for KK Advantage at Satria Eramaju Sdn. Bhd. basecamp.	Brandon James Teddy Quintin Keith Sintar	3
19 January 2025 Sunday	Document review for Ultra Surge at Satria Eramaju Sdn. Bhd. basecamp.	Brandon James Teddy Quintin Keith Sintar	3
20 January 2025 Monday	Opening meeting at Aspirasi Kristal (M) estate office for KK Advantage. Field assessment to Aspirasi Kristal (M) basecamp. Requesting documents for K.M. Hybrid Plantation close-out.	Brandon James Teddy Quintin Keith Sintar	3
21 January 2025 Tuesday	Document review at Aspirasi Kristal (M) estate office.	Brandon James Teddy Quintin Keith Sintar	3

22 January 2025 Wednesday	Closing meeting at PPD Beluran. Travel back to home base.	Brandon James Teddy Quintin Keith Sintang	3
23 January 2025 Thursday	Finalizing report.	Brandon James Teddy Quintin Keith Sintang	3
24 January 2025 Friday	Finalizing report	Brandon James Teddy Quintin Keith Sintang	3
25-26 January 2025	Reporting/Administration: GFSSBH003-328 Reporting/Administration: GFSSBH003-329 Reporting/Administration: GFSSBH003-322a	Dr. Kevin Grace Brandon James	5
Total			26

Highlights of Assessment

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

K.K. Advantage Sdn. Bhd. has complied with the Sabah TLAS requirements (FDS TLAS-006) as no non-compliance was identified during the assessment on 20-24 January 2025.

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

Principle 1. Right to Harvest

The Agro-Forestry Management License Agreement #: JP(SBN)04/2011(CO) was signed on 27/01/2011 and is valid until 31/12/2071 (60 years). The area is now being managed for conservation to protect habitat for rare and threatened species.

KK Advantage submitted the 2nd Forest Management Plan for its operation for the period of 2024 – 2033.

An Environment Impact Assessment for the licensed area is not required as the area is managed for conservation and does not involve any harvesting or conversion of forest areas [Refer Environmental Quality (Prescribed Activities) (Environmental Impact Assessment) Order, 1987 (Appendix 2)].

January 2025: Gap 001/2025 (minor) – Checklist 1.3.1

The 2nd Forest Management Plan has yet to be approved by the SFD.

January 2025: Gap 002/2025 (minor) – Checklist 1.5.1

The AWP 2025 has yet to be approved by the SFD.

Principle 2. Forest Operations

K.K. Advantage has demonstrated compliance with regulations concerning workers' safety and health as well as the security of the licensed area.

January 2025: Gap 003/2025 (minor) – Checklist 2.3.5

K.K. Advantage has yet to conduct forest fire awareness for their workers.

January 2025: Gap 004/2025 (minor) – Checklist 2.4.1, 2.4.2

Work permits for several workers have expired and is in the renewal process by the immigration.

Principle 3. Statutory Charges

No log production for royalty payments. No heavy machinery and timber production in the licensed area.

Principle 4. Other User Rights

There are no villages within the project area; however, K.K. Advantage identified 2 villages surrounding the licensed area, namely, Kg Biangkang comprising not more than 20 houses situated upstream of the licensed area and Kg. Bukit Besi is approximately 2 KM from the licensed area that is only accessible through the river (Sg. Klagan). The nearest township is Beluran Township about 35 km south of the licensed area.

January 2025: Gap 005/2025 (minor) – Checklist 4.1.6

K.K. Advantage has yet to document any communications or consultations with the community associated

Highlights of Assessment

with the licensed area.

Summary Results:

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

Gap raised against indicators & criteria during the January 2025 assessment.

GAP	Type	Checklist	Status	Description
001/2025	minor	1.3.1	New	January 2025: The 2 nd Forest Management Plan has yet to be approved by the SFD.
002/2025	minor	1.5.1	New	January 2025: The AWP 2025 has yet to be approved by the SFD.
003/2025	minor	2.3.5	New	January 2025: K.K. Advantage has yet to conduct forest fire awareness for their workers.
004/2025	minor	2.4.1, 2.4.2	New	January 2025: Work permits for several workers have expired and is in the renewal process by the immigration.
005/2025	minor	4.1.6	New	January 2025: K.K. Advantage has yet to document any communications or consultations with the community associated with the licensed area.

Observation raised against indicators & criteria during the January 2025 assessment.

Obs #	Checklist	Description
-	-	-

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

Recommendations

K.K. Advantage 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:

Gap 001/2025 (minor) – Checklist 1.3.1: K.K. Advantage shall follow-up on the status of the 2nd Forest Management Plan and SFD shall expedite the approval of the 2nd Forest Management Plan.

Gap 002/2025 (minor) – Checklist 1.5.1: K.K. Advantage shall follow-up on the status of the AWP 2025 and SFD shall expedite the approval of the AWP 2025.

Gap 003/2025 (minor) – Checklist 2.3.5: K.K. Advantage shall conduct forest fire awareness to their workers as per the FFMP.

Gap 004/2025 (minor) – Checklist 2.4.1, 2.4.2: K.K Advantage shall ensure work permits are renewed on time.

Gap 005/2025 (minor) – Checklist 4.1.6: K.K. Advantage shall document or establish any communications or consultations with the community associated with the licensed area.

The next annual surveillance audit will be scheduled for **January 2026**.

End of Summary Report