

Sabah TLAS Audit Report

Sabah Legality Standard Principles 1 – 4

Licensee	Jawala Plantation Industries Sdn. Bhd.	Reference #	G161-152
Contact Person	Bernan Ibanez Billones (Forest Manager)	Date of Report	28 May 2017
Office Address	Lot 2-10 & 2-11, Pusat Komersil Latitud 6 Lintas, Off Jalan Lintas, 88000 Kota Kinabalu, Sabah.	Date of close out	-
		Telephone	+6088 395 757 +6088 395 775
Email	maxybrayanself@gmail.com	Fax	+6088 395 111
		Approved By	Dr. Kevin Grace

Statements			
Audit Statement	GFS 100 LVS		
Issuance Date	1 June 2017	Expiration Date	31 May 2018

Assessment Details	
Assessment Dates	22 – 26 May 2017
Scope of Assessment	TLAS Principle 1 – 4: ITP development, SFMLA 02/15 (KGU.10/16)
Species	<i>Drybalanops spp.</i> (Kapur), <i>Dipterocarp 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, Melapi), <i>Heritiera simplicifolia</i> (Kembang), <i>Scaphium spp.</i> (Kembang semangkuk), (Nyatoh), <i>Shorea pauciflora</i> (Oba suluk), <i>Neolamarckia cadamba</i> (Laran), <i>Duabanga moluccana</i> (Magas), <i>Octomeles sumatrana</i> (Binuang), <i>Alstonia spp.</i> (Pulai), <i>Nauclea spp.</i> / <i>Neonauclea spp.</i> (Bangkal), <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 subspathulata</i> (Talisai), Lithocarpus & Quercus (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>Koordersiodendron pinnatum</i> (Ranggu), <i>Hopea sangal</i> (Gagil), <i>Tristaniopsis merguensis</i> (Pelawan-pelawan), Gluta/ Semecarpus/ Melanochyla & Swintonia (Rengas), Annonaceae (Pisang-pisang), <i>Azadirachta excels</i> (Bawang-bawang), <i>Endospermum diadenum</i> (Sendok – Sendok), Assam, Perapat Hutan
Lead Assessor	Mohd. Akram Mansur
Assessor(s)	Siti Radiah Mohamad, Dayang Hanisah Maidin, Walter Marcus
FDS Staff	Abdul Jamal Ibrahim (DFO Tibow), Muhd Razali Mohammad (SFM Officer), Julius Janusip (MCEE Keningau), Ibrahim Duraman (PPD Tibow – SFM), Robert Gosidu (KPPM Sapulut), Felix Gasah (PPM Sapulut)

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 01st January 2015 (**FDS-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

- Formerly, the licensed area was part of the management area under Sustainable Forest Management License Agreement (SFMLA) 04/97 which was managed by Sapulut Forest Development Sdn. Bhd.
- Prior to reverting the area to Jawala, Sapulut was given a special dispensation by the Forestry Department of Sabah (FDS) to harvest the licensed area until December 2015.
- **Jawala Plantation Industries Sdn. Bhd. (Jawala)** is a fully owned subsidiary of Jawala Corporation Sdn. Bhd. and incorporated with the State Government of Sabah for a long-term agreement.
- Tenure is based on **SFMLA 02/15** that starts on 12th August 2015 and expires on 31st December 2115 (100 years agreement) to develop an “industrial tree plantation” within the **FMU 14** concession, comprising 11,043ha.
- **Jawala** engages Perusahaan J&T Sdn. Bhd. to carry out salvage logging at the ITP area.
- Below is the land use zoning based on the approved FMP:

Land classification	FMP Area (ha)
Total Concession Area	11,043
Production Area	8,930
<i>Industrial Tree Plantation (ITP)</i>	8,442
<i>Industrial Tree Plantation (RIL Harvesting)</i>	488
Non- Production Area	1,364
• <i>Roads & Clearings</i>	84
• <i>Stream, ponds & riparian reserves</i>	1,192
• <i>Steep areas</i>	868
• <i>Infrastructures</i>	20
Conservation Area	749

Environmental context

- It was recorded that this area was first logged in the late 1980s. Poor logging practices had resulted poor forest structure with extensive pioneer trees cover, and heavy vine loads. Sapulut Forest Development conducted RIL harvesting system in this area from year 2011 to 2013 under the SFMLA04/97 and subsequently rehabilitated the area with native dipterocarp species and fast growing species.

- The SFMLA area comprises 3 forest types: Lowland Mixed Dipterocarp Forest (LMDF), Upland Mixed Dipterocarp Forest (UMDF) and Limestone Vegetation (LV). LMDF comprises approximately 8,121 ha (72.9%) of the licensed area where the common tree species belongs to the Dipterocarp genera of Shorea, Parashorea, Dryobalanops and Dipterocarpus. Unfortunately, this forest type has been logged heavily in the past. UMDF covers an area of approximately 2,987 ha (26.8%) of the total licensed area.
- A rapid assessment wildlife survey was conducted within the licensed area. A total of 24 mammal species (i.e. *sus barbatus*, *cervus unicolor*, *helarctos malayanus*, and *prinailurus bengalensis*), 1 reptile species, and 106 bird species
- The Environmental Impact Assessment for **Jawala** was prepared by registered EIA consultants and approved by the Environment Protection Department (EPD) (JPAS/PP/NDN/600-1/01/3/62 (35); dated 16th May 2017).

Social context

- There are no communities living in within the licensed area.
- The surrounding villages are: Kg. Simatuoh, Kg. Sebuloh, Kg. Samuran, Kg. Tataluan and Kg. Salung. The local communities are mainly from the Murut Tagol ethnic group. The communities are sedentary agriculturists, who do not have to use the resources in the SFMLA area because Stateland forest resources are sufficient to meet the local needs.

Scope of Assessment	
<ul style="list-style-type: none"> • The scope of the evaluation is to verify compliance of Jawala Plantation Industries Sdn.Bhd. with the Sabah Forest Management License Agreement (SFMLA 02/15) for FMU 14. • The assessment is in accordance on the terms of the agreement for the “Sabah Legality Standard Principles 1 - 4 dated 01st January 2015 (FDS-TLAS-002). • Site evaluation to verify and report the level of compliance by Jawala Plantation Industries 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 of Assessment	
Date	Activity
22 May 2017 Mon	Travel to Keningau and opening meeting at FDS Keningau office.
23 May 2017 Tue	Field visit to Area A (Stumping, J & T base camp, harvesting area – Cpt. 7 & Cpt 8, concession boundaries, riparian reserves and stream buffer zones).
24 May 2017 Wed	Field visit to Area B (Jawala temporary base camp, Kg. Simatuoh, concession boundaries, riparian reserves and stream buffer zones).
25 May 2017 Thu	Document review at FDS Keningau
26 May 2017 Fri	Closing meeting at FDS Keningau office and travelling back to Sandakan.

Highlights of Assessment

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

26th May 2017 (Major Gaps = 0; Minor Gaps = 0; Observations = 3)

Jawala Plantation Industries Sdn. Bhd. has complied with the Sabah Legality Standard (**FDS-TLAS-002**) as no non-compliance that was identified during the assessment on 22 – 26 May 2017.

Principle 1: Previously, **Jawala** was allowed (under the decision of Chief Conservator of Forests) to commence the plantation development that involves timber harvesting for an area of less than 1,000ha prior to the approval of FMP and correspondent AWP (Refer JPHTN/PP 100-15/28/76; dated 11th February 2016). A coupe permit was issued on 26th May 2016 in regards to the said operation (Refer JPHTN/FRM 700-2/1/17/1/3). The allowable harvest area was reduced to 500ha as due to the requirement of preparing a new EIA for the license area; formerly covered under the EIA managed by Sapulut Forest Development (Refer JPHTN/PP 100-15/28/Klt.2 (43); Dated 29th December 2016).

The Environmental Impact Assessment for **Jawala** was prepared by registered EIA consultants and approved by the Environment Protection Department (EPD) (JPAS/PP/NDN/600-1/01/3/62 (35); dated 16th May 2017).

Principle 2: Throughout the audit, inadequate implementations of environmental mitigation measures were identified at the base camp and other facilities. **GAP 001/2017 (minor)**

This minor gap has been rectified immediately and closed.

The licensee also did not record adequate information of the transported logs in the issued transit pass.

Gap 002/2017 (minor).

This minor gap also has been rectified immediately as the licensee shown evidence that all logs transport were accompanied with transit pass and hauling sheet.

The identification of “Sabah TLAS Compliant” on the transportation permits/documents has yet to be implemented. **(Observation 001)**

Besides, no first aid kit and fire extinguisher were provided at two manned gates. **(Observation 002)**

Principle 3: The licensee also did not maintain the copy of removal passes issued during transporting out logs. **(Observation 003)**

Principle 4: Jawala keeps all record of any claim/compensation/disputed raised by the adjacent local communities.

Results:

(Compliance = 16; Non-Compliance = 0)

Three minor gaps were raised against indicators & criteria during the May 2017 assessment.

GAP	Type	Checklist	Description
001/2017	Minor	2.1.3	Inadequate implementation of relevant environmental mitigation measures as stipulated in the approved EIA report.
002/217	Minor	2.3.6	All 10 sampled logs were listed in the check scaling (CS) forms. Transit passes were available during the audit but no information of the logs transported was stated for traceability.

Status of previous outstanding Gaps.

GAP	Type	Checklist	Status	Description of Close Out
001/2017	Minor	2.1.3	Closed	Inadequate implementation of relevant environmental mitigation measures as stipulated in the approved EIA report

GAP	Type	Checklist	Status	Description of Close Out
				Actions Taken (26/05/2017): The company has taken actions to mitigate issues raised on 23 May 2017.
002/217	Minor	2.3.6	Closed	All 10 sampled logs were listed in the check scaling (CS) forms. Transit passes were available during the audit but no information of the logs transported was stated for traceability. Action Taken (26/05/2017): All logs sampled were able to be traced based on the hauling sheet attached to the transit pass during transportation of logs from harvesting area to stumping.

Highlights of Close Out Visit (if applicable)	Dates
NA	

Three observations were highlighted during the **May 2017** assessment.

Obs	Checklist	Description
001	2.3.7	It was observed that the identification of "Sabah TLAS Compliant" on the transportation permits/documents has yet to be implemented in this assessment as this new requirement has just officially begun in September 2016. According to FD 36/2016, the stamping of "Sabah TLAS Compliant" on all related FDS documents commences on 1 st January 2017. Currently, FDS is in the transition period of preparing stamp. The assessing team shall verify this in the next surveillance audit
002	2.6.10	No Emergency First Aid Kit and Fire Extinguisher at both manned security gates, scaling room and Jawala temporary base camp.
003	2.5.12 3.1.5	Jawala maintained the records of Timber Disposal Permit, Scaling Order and royalty payment receipts. However, removal pass for 1 out of 3 logs sales were not maintained as required in the license condition.

Recommendations

Jawala Plantation Industries Sdn. Bhd. has demonstrated compliance with the Sabah Legality Standard (FDS-TLAS-002) for its designated area and is recommended to receive a GFS Audit Statement and STCC from FDS.

Recommendations are listed below in regards to the remaining gaps/observations raised in this audit:

Observation 001 - Checklist 2.3.7: Ensure that all transportation permits/documents is stamped with "Sabah TLAS Compliant" once the requirement is fully enforced and stamps are available.

Observation 002 - Checklist 2.6.10: To provide adequate first aid kit and fire extinguisher at both manned gates.

Observation 003 - Checklist 3.1.5: To maintain the copy of removal passes issued during the transportation of logs.

The next surveillance audit will be scheduled in May 2018.

End of Summary Report