

Sabah TLAS Audit Report

Sabah Legality Standard Principles 1 – 4

Licensee	Jawala Plantation Industries Sdn. Bhd. (819712-W)	Reference #	GFSSBH 003-109
Contact Person	Maxy Self (General Manager) Bernan Ibanez Billones (Forest Manager)	Date of Report	21/01/2022
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		Approved By	Dr. Kevin Grace

Statements			
Audit Statement	GFS 100 LVS		
Issuance Date	24 January 2022	Expiration Date	23 January 2023

Assessment Details	
Assessment Dates	17 – 21 January 2022
Scope of Assessment	TLAS Principle 1-4: ITP development, FMU 14 SFMLA 02/15
Species	<i>Drybalanops</i> spp. (Kapur), <i>Dipterocarp</i> spp. (Keruing), <i>Shorea inappendiculata</i> (Selangan batu), <i>Koompassia malaccensis</i> (Impas), <i>Parashorea</i> spp. (White seraya), <i>Shorea</i> spp. (Red seraya, Yellow seraya, Melapi), <i>Heritiera simplicifolia</i> (Kembang), <i>Scaphium</i> spp. (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</i> spp. (Pulai), <i>Nauclea</i> spp./ <i>Neonauclea</i> spp. (Bangkal), <i>Annonaceae</i> spp. (Karai), <i>Eugenia</i> spp. (Obah), <i>Sindora beccariana</i> (Sepetir), Lauraceae (Medang), <i>Planchonia valida</i> (Putat), <i>Lophopetalum</i> spp. (Perupok), <i>Terminalia subspathulata</i> (Talisai), Lithocarpus & Quercus (Mempening), Myristicaceae (Darah-darah), <i>Dillenia</i> spp. (Simpur), <i>Cotylelobium</i> spp. (Resak batu), <i>Cratoxylum arborescens</i> (Serungan), <i>Pentace</i> spp. (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, OT (Other timber)
Lead Assessor	Varenus V Untomon
Assessor(s)	Peter Lagan
SFD Staff	Jaime Gampawi (DFO Tibow), Julius Janusip (PPW Keningau), PH Jen Ladon (KPPM 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:

- On 12/08/2015, a long-term License Agreement (SFMLA 02/15) was inked between the State Government of Sabah (Sabah Forestry Department) and Jawala Plantation Industries Sdn. Bhd. (Jawala Plantation Industries) for forest logging and establishment of an Industrial Tree Plantation (ITP) on an area of 11,043 hectares in a sustainable manner that does not impair the environment and is socially acceptable. Tenure for the licensed area is for 100 years and expires on 31/12/2115.
- The licensed area was formerly managed by Sapulut Forest Development Sdn. Bhd. under the Sustainable Forest Management License Agreement, SFMLA 04/97 and is part of FMU 14 within the Sapulut Forest Reserve (Class II – Production). Prior to the official handing over of this area to Jawala Plantation Industries, Sapulut Forest Development Sdn. Bhd., the FMU holder was given a dispensation by the Sabah Forestry Department to harvest the licensed area until December 2015.
- A 10-year Forest Management Plan (FMP) from 01/01/2017 to 31/12/2026 was developed and approved by the Chief Conservator of Forests (CCF) and is currently being implemented. During the current planning period, two (2) amendments were made and approved by the CCF and incorporated into the FMP.
 - Amendment No. 1/2019 – To reschedule the site preparation and planting activities.
 - Amendment No. 1/2021 – Silviculture treatment on Natural Forests I FMP.
- Jawala Plantation Industries engages Perusahaan J & T Sdn. Bhd. as their main contractor for site preparation (clearing, crushing and spreading) for the establishment of ITPs.
- The previous assessment was conducted in January 2021 that resulted in 0 gap(s) and 0 observation(s) (Report #: GFSSBH003-069a).
- Land use classification:

Land classification	FMP Area (ha)	Current Status (ha)
Total Concession Area	11,043	11,043
Production Area	8,930	8,930
<i>i. Industrial Tree Plantation (ITP)</i>	8,442	As of December 2021: 2,082.88 ha Laran: 1,479.31 ha Albizia: 500.70 ha Khaya ivorensis: 10.25 ha Laran Merah: 92.62 ha
<i>ii. Industrial Tree Plantation (RIL Harvesting)</i>	488	<i>yet to commence.</i>
Non-Production Area	1,364	1,364
<i>i. Roads & clearings</i>	84	84
<i>ii. Streams, ponds & riparian reserves</i>	1,192	1,192
<i>iii. Steep areas & inoperable areas</i>	68	68
<i>iv. Infrastructure</i>	20	20
Conservation Area	749	749

Land Use	FMP Area (ha)	Current Planting Status as of December 2021			
		Cmpt #	Species	Tree #	Planted (ha)
<i>Industrial Tree Plantation (ITP)</i>	8,442	7	Laran	39,659	189.06
			Albizia	28,810	
		8	Laran	69,588	282.96
			Albizia	51,154	
		9	Laran	56,685	187.97
			Albizia	33,158	
1	Laran	32,875	192.00		

			Albizia	58,000	
			Khaya ivorensis	5,125	
		15	Laran	29,420	196.80
			Albizia	68,980	
		16	Laran	54,040	117.01
			Laran Merah	4,230	
		17	Laran	45,752	149.94
			Laran Merah	18,529	
		13	Laran	19,360	58.65
		29	Laran	70,682	189.24
			Laran Merah	12,171	
		32	Laran	131,073	340.49
			Laran Merah	3,927	
		31	Laran	25,032	75.84
38	Laran	32,580	102.92		
	Laran Merah	1,460			
Total			892,290.00	2,082.88	

Land Use	FMP Area (ha)	Current logged area / log from site preparation status (As of December 2021)			
		Coupe #	Logged area / Log from site preparation (ha)	Production in 2021, m ³	Cumulative production, m ³
<i>Industrial Tree Plantation (ITP)</i>	8,442	KGU 06/17	1,576.60	705.78	6,221.60
		KGU 07/17	226.12	0	3,485.95
		KGU 01/18	1,523.53	0	20,932.00
		KGU 01/19	1,571.17	3,384.83	38,051.46
		KGU 06/20	912.95	103.76	27,246.53
		KGU 10/16	951.86	0	2,044.66
		Totals	6,762.23	4,194.37	97,982.20

Environmental Context:

- The past management practises in the 1980s resulted in a patchwork of forest stand conditions with extensive pioneer trees cover and heavily infested with woody vines. Between 2011 to 2013, Sapulut Forest Development carried out RIL harvesting in the licensed area under SFMLA 04/97 (logging license).
- The licensed area comprises of 3 forests type, which are Lowland Mixed Dipterocarp Forest (LMDF), Upland Mixed Dipterocarp Forest (UMDF) and Limestone Vegetation (LV). LMDF makes up the biggest chunk of approximately 8,121 ha (72.9%) of the licensed area and followed by UMDF covering an area of about 2,987 ha (26.8%). Most of the tree species belongs to the Dipterocarpaceae family of the Shorea, Parashorea, Dryobalanops and Dipterocarpus genera.
- The licensed area is not one of the contiguous forest concessions but is divided into two (2) areas, Area 'A' (4,887 ha) and Area 'B' (6,156 ha) totalling 11,043 hectares.
- The licensed area is for the establishment of an Industrial Tree Plantation involving salvage logging. Approximately 6,762.23 ha have already been logged (salvage) to make ways for ITP. As of December 2021, about 2,082.88 ha have been planted with Laran, Laran Merah, Khaya Ivorensis and Albizzia.
- Five (5) rivers (Sg. Beliar, Sg. Sablangan, Sg. Sabunutan, Sg. Salung and Sg. Sapulut) drains the licensed area. The biggest drainage system is Sg. Salung which covers most of the western

portion (some 6,000 hectares) followed by Sg. Sablangan (about 2,600 hectares) in the north. Both of these rivers converge into the Sg. Sapulut beyond the licensed area.

- The main soil unit is the nutrient-poor Orthic Acrisols that are highly susceptible to soil erosion. Elevation extends from about 190m asl to its apex at about 790m asl. Only one percent of the Licensed Area comprises slopes greater than 25° and, an estimated 84% falls in the 0° – 15° slope range and is suitable for ITP establishment.
- A rapid wildlife assessment survey was conducted within the licensed area. A total of 24 mammal species was recorded including 1 reptile species and 106 bird species (Appendix 1-1st FMP). During the GFS-TLAS field audit, 3 mammalian species (Bornean gibbon, Long-tailed macaque and Malay civet) and 3 avian species (Great argus pheasant, Plaintive cuckoo and White-crowned shama) were identified through calls and accidental sightings by P. Lagan.
- A registered EIA consultant was hired to prepare an Environmental Impact Assessment (EIA) of the licensed area. An EIA report entitled “Forest Logging and Plantation of 11,043 hectares on Part of Forest Management Unit (FMU) 14 Sapulut, Sabah” was documented and approved by The Environment Protection Department (EPD) (Ref.#: JPAS/PP/NDN/600-1/01/3/62 (35); dated 16/05/2017).

Social Context:

- No communities live within the licensed area and neither were there any claims made by local communities on lands within the licensed area.
- Villages identified on the periphery of the licensed area 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 use the resources in the SFMLA area because the State land forest resources are sufficient to meet local needs. Generally, they have a favourable perception of implementing the forest plantation project since it is seen as a potential for job creation.
- Periodic community engagements have been conducted 3 times yearly since 2017. A summary (documented in the Community Forestry & Community Services 2017-2021 report by Jawala Plantation Industries) of the outcome of these engagements are as follows:
 - **Providing jobs:** 95 people from the local communities employed to work in Jawala Plantation Industries.
 - **Donations in kind for:**
 - Building of a school canteen, maintenance of school boarding rooms for students from remote village, construction of multi-purpose sports court and minor repairs to living quarter of SFM Officer of DFO-Tibow (Sum donated: RM25,000).
 - Installation of a gravity fed potable water delivery system to villages of the local communities and the District Forestry Office of Tibow of Sabah Forestry Department (Sum donated: RM100,000).
 - Makeover of one longhouse (7 families) by providing corrugated galvanised iron roofing sheets, plywood and paint (Sum donated: RM38,000).
 - Purchasing one (1) Outboard 15hp engine for use in transportation using river boats (Sum donated: RM5,000).
 - Providing food baskets to 218 household during lockdowns imposed by the government due to the C19-pandemic (Sum donated: RM30,000).
 - Upgrading of road network (22km) covering Kg. Sasandukon, Kg. Simatalum, Kg. Sibuah and the Pegalungan mini township (Sum donated: RM70,000).
 - Harvest Festival celebration (Sum donated: RM10,000).
- Another social responsibility undertaken by Jawala Plantation Industries is the harvesting of Compartment 2A, which is located adjacent to a watershed area that contributes to the supply of potable water to the local communities living beyond the licensed area. Harvesting is according to

the RIL guideline. A Comprehensive Harvesting Plan has been developed and awaiting approval from the CCF of the Sabah Forestry Department.

Scope of Assessment

- The scope of the evaluation is to verify compliance of **Jawala Plantation Industries Sdn. Bhd.** with the Sabah Forest Management License Agreement (SFMLA 02/2015) 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 & Mandays: FMU 14 / Jawala Plantation Industries Sdn. Bhd. / Tibow 17 – 21 January 2021 (Total Mandays = 12)

Date	Activity	GFS Staff	Mandays
17 January 2022 Monday	Travelling to Tibow. Opening meeting at Tibow Forestry office. Document review at Jawala Plantation Industries camp office.	Varenus Untomon, Peter Lagan	2
18 January 2022 Tuesday	Field visit to plantation area, maintenance, riparian reserves, stream buffer zones, nursery, steep area, conservation area and boundaries (licensed area, compartment, coupe), manned gate, basecamp, landing site. Document review at Jawala Plantation Industries camp office.	Varenus Untomon, Peter Lagan	2
19 January 2022 Wednesday	Field visit to RIL compartment 2A. Document review at Jawala Plantation Industries camp office. Travel to Keningau.	Varenus Untomon, Peter Lagan	2
20 January 2022 Thursday	Close out and document review for Sentotimber Sdn. Bhd.	Varenus Untomon, Peter Lagan	2
21 January 2022 Friday	Closing meeting at PPD Keningau. Travel to Sandakan.	Varenus Untomon, Peter Lagan	2
22 January 2022	Reporting GFSSBH 003-109	Dr Kevin Grace, Varenus Untomon	2
Total			12

Highlights of Assessment

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

Jawala Plantation Industries Sdn. Bhd. has complied with the Sabah Legality Standard (**SFD-TLAS-002**) as no non-compliance was identified during the assessment on 17 - 21 January 2022.

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

Principle 1.

Forestry Department of Sabah and Jawala Plantation Industries have signed an agreement (SFMLA 02/15); a total of 11,043 ha of the Sapulut Forest Reserve were placed under the management of Jawala Plantation Industries and expired on 31/12/2115. A 10-year Forest Management Plan (FMP) – 01/01/2017 to 31/12/2026 was developed and approved by the Chief Conservator of Forests and is currently being implemented. During the current planning period, two (2) amendments were made and approved by the CCF and incorporated into the FMP.

- Amendment No. 1/2019 – To reschedule the site preparation and planting activities.
- Amendment No. 1/2021 – Silviculture treatment on Natural Forests I FMP.

Harvesting operations in the licensed area were based on Coupe permit issued by SFD.

Highlights of Assessment

Jawala Plantation Industries demonstrated compliance with the license requirements, management planning, and submission of documents or reports such as the EIA monitoring report to the relevant authorities.

Principle 2.

Jawala Plantation Industries has adequately implemented mitigation measures to protect the environment based on the Environmental Compliance Reports (ECR) for 2021 prepared quarterly by an appointed EIA consultant. The company demonstrated compliance with the Environmental Impact Assessment requirements. Demarcation of areas prohibited from harvesting such as steep slopes, riparian reserve and buffer zones were identifiable on the ground. No evidence of disturbance observed during the field assessment.

Jawala Plantation Industries submitted Notification letter to Wildlife Department before the commencement of harvesting operations.

Related documents such as TDP, Scaling Order, Transit Pass, Removal Pass and royalty receipts were available.

Jawala Plantation Industries has yet to harvest planted trees from their planting coupes. The oldest planting area is in compartment 7 (date of planting: April 2018) with planted tree species of Laran and Albizia.

The company has an approved Forest Fire Management Plan (FFMP) by SFD dated 25/07/2018.

Principle 3.

Jawala Plantation Industries has paid the licensing fees to Tibow District Forestry office. Royalty fees for logs has been paid and records were available for inspection.

Principle 4.

There are no communities living or claim areas within the SFMLA licensed concession.

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 use the resources in the SFMLA area because local Stateland forest resources are sufficient to meet the local needs. Jawala Plantation keeps and maintains all records of meetings with adjacent local communities.

Summary Results:

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

Gap raised against indicators & criteria during the January, 2022 assessment.

GAP	Type	Checklist	Status	Description
-	-	-	-	-

Observation raised against indicators & criteria during the January, 2022 assessment.

Obs #	Checklist	Description
-	-	-

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

Recommendations

Jawala Plantation Industries 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.

The next surveillance audit will be scheduled for **January 2023**.

End of Summary Report