

Sabah TLAS Audit Report

Sabah Legality Standard Principles 1 – 4

Licensee	Gerak Saga Sdn. Bhd. 201401022122 (1098208-V)	Reference #	GFSSBH 003-313a
Contact Person	Thondik Venantius (Projects Director)	Date of Report	11/10/2024
		Date of close out	-
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		Approved By	Dr. Kevin Grace

Statements

Statement of Compliance	GFS 134 LVS		
Issuance Date	14 October 2024	Expiration Date	13 October 2025

Assessment Details

Assessment Dates	07-11 October 2024
Scope of Assessment	Sabah TLAS P1-4: SFMLA 01/2015 (FMU 2)
Species	Salvage logging: <i>Acacia spp. Mangium & crassicarpa</i> Planted species: <i>Eucalyptus pelita</i> , <i>Eucalyptus deglupta</i> , <i>Acacia crassicarpa</i> , <i>Eucalyptus Hybrid</i>
Lead Assessor	Glory Linggou
Assessor(s)	Priera Bagang, Brandon James, Sheanna Kehong
SFD Staff	Fadzil D. Moksini (ADFO Pitas), Rayner Marcello (SFM Pitas), Peter Sumpit (KPPM Tangkarason)

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:

The Sabah State Government has awarded both the Bengkoka Forest Reserve and Tambalugu Forest Reserve (FMU 2), with a combined hectarage of 6,467 ha to Gerak Saga Sdn. Bhd. (Gerak Saga) for industrial tree plantation development. Both forest reserves are managed as a single entity supplemented by 4 Coupes.

The licensed area is being planted with *Eucalyptus pelita*, *Eucalyptus* hybrid and *Acacia crassicarpa* based on a harvest cycle of 10 years. Based on the FMP, the net plantable area is approximately 5,625 ha.

A Sustainable Forest License Agreement (SFMLA), SFMLA 01/2015, was signed on 26th October 2016 for 100 years which expires on 31st December 2115.

As prescribed in the SFMLA 01/2015, Gerak Saga has an approved 1st 10-year FMP from 1st January 2017 – 31st December 2026 for Bengkoka Forest Reserve & Tambalugu Forest Reserve - FMU 2.

Gerak Saga has an FSC license #: FSC-C167381, with code #: CU-FM/COC-873356, valid until 30/05/2026.

Gerak Saga has 4 contractors to carry out land preparation (spreading), silviculture and planting within the licensed area.

Contractor	Remarks
Gadaya Company	Land preparation (Spreading)
Jabir Enterprise	Silviculture
Forest Solutions Services Sdn. Bhd.	Silviculture
Marhen Enterprise	Planting

Land use classification:

Land classification	FMP Area (ha)	Current Status as of Sep 2024 (ha)
Total Concession Area	6,476	6,467
Plantation Forest (ITP)	5,625	Area planted = 3,613.30 Eucalyptus spp = 3,572.10 Acacia spp = 41.20
Conservation Reserves	369.90	369.90
Riparian Buffers	296.00	296
Mangrove Forest	12.10	12.10
Infrastructure, Roads, Buildings, etc	25.00	25
Roadways	76	76
Water reservoirs	72	72
Temporary unplanted area	0	(17.10)

Note: The temporary unplanted area is the area occupied/encroached by locals and temporarily excluded from forestry operation.

Current Operations:

The last logging activities were conducted in December 2023.

Gerak Saga is currently focusing on land preparation for Industrial Tree Plantations establishment.

As of September 2024, the planted area recorded is 3,613.30 ha with a total planted tree of 5,645,086, whereas the salvaged logged area recorded is 3,890.70 ha

The current operations are according to FMP/PDP/AWP schedules.

Coupe #	NFM / ITP	Status	Area (ha)	Geo-location data
KDT 06/17	ITP	Sabah TLAS EUDR	155	NE: RO830000 BOR763000 SE: RO826000 BOR759000 SW: RO823000 BOR760000 NW: RO820500 BOR763000
KDT 03/17	ITP	Sabah TLAS EUDR	500	NE: RO835000 BOR764000 SE: RO835500 BOR760500 SW: RO826000 BOR759000 NW: RO830000 BOR763000
KDT 03/18	ITP	Sabah TLAS EUDR	4,964	NE: RO831000 BOR767000

				SE: RO830000 BOR764500 SW: RO765100 BOR824800 NE: RO876600 BOR824800
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Environmental Context:

Forest Type and History of Management

- The licensed area consists of the Bengkoka & Tambalugu Class II (Commercial) Forest Reserves with an approximate hectareage of 6,270 ha and 197 ha respectively and lies within Pitas District in Sabah.
- The licensed area was originally covered in tropical rainforest constituting mainly of the Dipterocarpaceae family. Past management of slash and burn agriculture, coupled with the establishment of tree plantations, has resulted in a patchwork or mosaic of vegetation cover where remnants of the original forest can only be seen on the coastal areas fringed with mangrove forests.
- The FMU is predominantly covered by *Acacia mangium* forests of mixed ages and densities. Many wildfires also affect the licensed area, leaving areas barren of trees and covered in Lalang and Brackens. There are also small patches of natural forest found in the riverine areas.

Principal Commercial Species

- *Acacia mangium*, considered to be invasive and has dominated the licensed area landscape. As of late, *Acacia mangium* is susceptible to fungal (Ceratocystis) attacks and fire outbreaks during pronounced drought.
- In line with the requirements of the SFMLA, Gerak Saga will convert the project site to productive stands of *Eucalyptus spp.* and *Acacia crassiparva* while maintaining, riparian reserves and conservation areas through enrichment planting with native tree species.

Specific Biological Values (e.g. rare or endangered species)

- Although the concession area is in a degraded state, with little floral diversity, there are still several wildlife species found in the area, which include the Malayan sun bear, sambar deer, pig tailed macaque, bearded pigs, Tabon scrub fowl and a few birds, amphibian, and reptile species. The Malayan sun bear is Totally Protected under Schedule 1 of the Sabah Wildlife Enactment (WCE) 1997; meanwhile, the pig-tailed macaque, bearded pig and sambar deer are protected under Schedule 2 of the enactment, Environmental Services (e.g., critical watersheds, wildlife corridor, etc.) provided by the forest.

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- Areas containing High Conservation Values (HCV) were identified during the preliminary assessments. The conservation areas approved by the EIA are as follows:

Conservation Area	Total Area (ha)	Location
Riparian Reserves	30 m (285 ha)	Bengkoka and Tambalugu Forest Reserves
Water Catchment	371 ha	Bengkoka Forest Reserve
Mangrove Forest	12 ha	Tambalugu Forest Reserve
Water Reservoir	72 ha	Bengkoka Forest Reserve

The EIA study titled "Forest Management of Bengkoka and Tambalugu Forest Reserves (6,467 hectares), Pitas, Sabah." was prepared and approved by the EPD [Ref. #: JPAS/PP/15/600 1/01/3/60(46) dated 14/12/2017].

Social Context:

Social Assessment Summary

- Based on the FMP and EIA report, there are no settlements within the project area in both Bengkoka Forest Reserve and Tambalugu Forest Reserve.
- Villages identified in the peripheral of the licensed area are stated in the EIA report.

#	Name of village	Forest Reserve	Number of houses	Population	Ethnicity	Direction from Project site boundary
1	Kg. Kakarangan	Bengkoka	35	240	Rungus	East
2	Kg. Bongkol	Bengkoka	500	1,517	Rungus & Sungai	South
3	Kg. Ungkup	Bengkoka	34	189	Rungus	South
4	Kg. Radap	Bengkoka	18	35	Rungus	South

5	Kg. Gumpa	Bengkoka	36	167	Rungus	South
6	Kg. Jambu	Bengkoka	12	43	Rungus	South
7	Kg. Kodong	Bengkoka	33	169	Rungus	North
8	Kg. Kandang	Bengkoka	41	312	Rungus	North
9	Kg. Kapok	Bengkoka	25	180	Rungus	West
10	Kg. Kipahung	Bengkoka	58	326	Rungus	North
11	Kg. Serupil	Bengkoka	21	175	Dusun & Rungus	West/House
12	Kg. Suang Duyung	Tambalugu	38	230	Rungus	North/North-west

Native Customary Rights

- No areas subject to native customary rights were identified within the licensed area.
- However, the company has identified approximately 0.10 ha of burial site inside Coupe 4 claimed by Kg. Suang Duyung. The location was mapped and excluded it from the operation.
- Gerak Saga recognizes the concerns and rights of the communities living adjacent to the Project Area and is dedicated to minimizing and offsetting any social and environmental impacts of the project on their livelihoods.

Identified communities associated to the FMU

- No local community settlements are situated within the licensed area. There are twelve formal settlements, namely Kg. Kapok, Kg. Kodong, Kg. Kandang, Kg. Jambu, Kg. Gumpa, Kg. Radap, Kg. Kipahung, Kg. Bongkol, Kg. Suang Duyung, Kg. Serupil, Kg. Ungkup and Kg. Kakarangan, found adjacent to the license area. Through a detailed socio-economic study, Gerak Saga has accommodated the local communities that can benefit from this project and has taken the initiative of establishing a Community Development Master Plan to address the social development and to improve the quality of the local communities.

Community Forestry Projects

- Implementation of the Community Development Master Plan has become an avenue for employment and a platform to settle grievances and conflict resolution (land claims) among the local communities.
- There was no NCR claim in the licensed area, however, there were several land disputes identified. The villagers have planted several areas with crops (palm oil, fruits trees and rubber trees). Based on the Coupe Development Plan, approximately 17.10 ha of the disputed area was identified and is now temporarily excluded from forest operations.
- Gerak Saga is continuously giving assistance and resolving issues that affects the communities through engagements and consultations.

Scope of Assessment

- The scope of the evaluation is to verify compliance of Gerak Saga Sdn. Bhd. with the Sustainable Forest Management License Agreement (SFMLA 01/2015) for FMU 2.
- 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 Gerak Saga 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: 07-11 Oct 2024 / FMU 2: Gerak Saga Sdn. Bhd. & Asian Forestry Company (Sabah) Sdn. Bhd. / Kota Marudu & Pitas District

Date	Activity	GFS Staff	Mandays
07 October 2024 Monday	Travel to Kota Marudu. Opening meeting at Forest Solutions Malaysia office, document review & compiling report.	Glory Linggou Piera Bagang Brandon James Sheanna Kehong	4
08 October 2024 Tuesday	Document review at Forest Solutions Malaysia office.	Glory Linggou Piera Bagang Brandon James Sheanna Kehong	4
09 October 2024 Wednesday	Document review at Forest Solutions Malaysia office.	Glory Linggou Piera Bagang Brandon James Sheanna Kehong	4
10 October 2024 Thursday	Gerak Saga (FMU 2): Field visit to licensed boundary, planting area, protected areas, campsite, nursery. Community visit at Kg. Bongkol and Kg. Bawing. Document review & compiling report. Overnight at campsite.	Glory Linggou Piera Bagang Brandon James Sheanna Kehong	4
11 October 2024 Friday	Asian Forestry Company (Sabah) (FMU 2) in Paitan: Field visit to licensed boundary, planting area, protected areas, campsite, nursery, log yard. Community visit at Kg. Alungai. Travel back to homebase.	Glory Linggou Piera Bagang Brandon James Sheanna Kehong	4
12-13 October 2024	Reporting/Administration: GFSSBH003-313 Reporting/Administration: GFSSBH003-314	Dr. Kevin Grace Glory Linggou	4
Total			24

Highlights of Assessment
<p>(Major Gaps = 0; Minor Gaps = 0; Observations = 2)</p> <p>Gerak Saga Sdn. Bhd. has complied with the Sabah TLAS requirements (FDS TLAS-006) as no non-compliance was identified during the assessment on 07-11 October 2024.</p> <p>Summary of status of operations by Principle:</p> <p>Principle 1. Right to Harvest Gerak Saga demonstrated compliance with the license requirements, management planning, and submission of documents and ECR reports to the relevant authorities. A Sustainable Forest License Agreement (SFMLA), SFMLA 01/2015, was signed on 26th October 2016 for 100 years which expires on 31st December 2115.</p> <p>Principle 2. Forest Operations Gerak Saga demonstrated compliance with the licensed area security, maintenance of the licensed boundary, and protection of the riparian reserve. Gerak Saga has also implemented their system to monitor planted trees and ensure compliance with the regulatory requirements for workers.</p> <p>October 2024: Observation 001-2024 - Checklist 2.3.5 Gerak Saga has yet to conduct the forest fire awareness training as required in the FFMP.</p> <p>Principle 3. Statutory Charges Gerak Saga has paid licensing fees and other charges to the SFD.</p> <p>Principle 4. Other User Rights No local community settlements are situated within the licensed area. There are twelve formal settlements, namely Kg. Kapok, Kg. Kodong, Kg. Kandang, Kg. Jambu, Kg. Gumpa, Kg. Radap, Kg. Kipahung, Kg. Bongkol, Kg. Suang Duyung, Kg. Serupil, Kg. Ungkup and Kg. Kakarangan, found adjacent to the license area. The impacts have been identified for this project, including air noise pollution, traffic and transportation impacts, waste generation and management, and fire hazard. The mitigation measure</p>

Highlights of Assessment

includes managing the vehicle speeds, avoiding traffic hours, protection of streams/buffer zones from biomass disposal and logging operation, and implementation of Forest Fire Management Plan.

Summary Results:

(Major gap = 0, Minor gap = 0, Observation = 1)

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

GAP	Type	Checklist	Status	Description
-	-	-	-	-

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

Obs #	Checklist	Description
001-2024	2.3.5	October 2024: Gerak Saga has yet to conduct the forest fire awareness training as required in the FFMP.

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

Recommendations

Gerak Saga 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:

Observation 001-2024 - Checklist 2.3.5: Gerak Saga should conduct the forest fire awareness campaign as required.

The next annual surveillance audit will be scheduled for **October 2025**.

End of Summary Report