

Sabah TLAS Audit Report

Sabah Legality Standard Principles 1 – 4

Licensee	First Greenworld Sdn. Bhd. (852048-U)	Reference #	GFSSBH 003-022
Contact Person	Awang Zaidun Awang Taip	Date of Report	19/05/2019
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		Approved By	Dr. Kevin T. Grace

Statements

Audit Statement	GFS 074 LVS		
Issuance Date	01 June 2019	Expiration Date	31 May 2020

Assessment Details

Assessment Dates	13 th - 17 th May 2019
Scope of Assessment	TLAS Principle 1 – 4: SFMLA 02/2009; TWU.15/17 - Sapulut Forest Reserve, FMU 25 [Industrial Tree Plantation (ITP)]
Species	<i>Salvage logging operation yet to commence.</i>
Lead Assessor	Mohd Akram Mansur
Assessor(s)	Walter Marcus
FDS Staff	Mohd Arapa Lamuda (DFO Serudong), Jory Julhani (ADFO Serudong), PH. Jamin Kuraput (KPPM Naundong).

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:

- The management of FMU 25 was previously licensed to Bugaya Forests Sdn. Bhd. (SFMLA 02/97) with a total of 133,435 ha for a 100-year license period. However, the license has been terminated and First Greenworld Sdn Bhd has been awarded the license to manage a portion of 15,000 ha of the total FMU area. First Greenworld has assigned Syarikat Saliha Sdn. Bhd. as the contractor for managing the planting, silvicultural treatment of the Natural Forest Management (NFM) and Industrial Tree Plantation (ITP) forest area as well as harvesting activities.
- The tenure is based on SFMLA 02/2009 commencing on 15th June 2009 and expires on 30th June 2059 for a period of 50 years. Under the agreement, First Greenworld is given a right to develop and manage up to 15,678 ha of forest reserve land (licensed area) for the purpose of sustainable timber production from forest plantations.
- In 2017, the management of First Greenworld has changed but still retain the Company as First Greenworld. First Greenworld Sdn. Bhd. is directly associated with Rakan Rimba, Zillion Fortune Sdn. Bhd. & Top Quantum Sdn. Bhd as they share common management and board of directors.
- Under the new management, a new FMP was approved by FDS on 06th December 2017 and the coupe permit has been issued by FDS, valid until 17th December 2047.
- First Greenworld Sdn. Bhd. (First Greenworld) is registered in Kuala Lumpur (852048-U), with an office in Tawau. First Greenworld is a registered logging contractor with Forestry Department of Sabah (FDS) with registration # KON (TSR) 015/2018(KM).
- Land use classification:

Land Use	FMP / PDP Area (ha)	Current Status (planted areas)
Total licensed area	15,678	15,678
Production Area	15,640	15,640
<i>i. Industrial Tree Plantation (ITP)</i>	13,887	0
<i>ii. Mosaic Areas</i>	1,753	0
Non-Production Area	2033.8	2033.8
<i>i. Roads & clearings</i>	70	70
<i>ii. Streams, ponds & riparian reserves</i>	490	490
<i>iii. Steep areas & inoperable areas</i>	307.4	307.4
<i>iv. Infrastructure</i>	30	30
Conservation Areas (NF & Class 1 buffers)	1136.4	1136.4

Environmental Context:

- First Greenworld area is part of the Sapulut Forest Reserve (Class II Commercial), which includes a mix of commercial species, including the genera of Parashorea, Shorea, Dryobalanops, Dipterocarpus, Anisoptera and Hopea.
- Sapulut Forest Reserve lies in the most remote region of the Tawau District, before a road was constructed in 1982. Sapulut Forest Reserve was gazetted as a commercial forest reserve on 18th January 1979. Prior to SFM, logging operations in Sapulut FR were divided into working blocks of various sizes and shapes and issues with short-term licenses, which comprise Special License (usually more than 5 years) and Form 1 License using conventional method with the cutting diameter limit >60cm DBH.
- Based on the previous wildlife and faunal studies conducted in FMU 25 by the Wildlife Department, a total of 50 species mammals and 179 species of birds were recorded e.g. several herds of elephant, minimum two herds of Sumatran rhinoceros, proboscis monkeys. Other major primates include the gibbon, long-tail macaque, pigtail macaque, silver-leaf monkey; as well as protected bird specie such as the hornbill.

Social Context:

- First Greenworld does not have human settlements within the licensed area. The only settlement is found outside the concession at KM 8, 24 and 29 of Serudong Road, which is estimated some 60 km away from the licensed area.

Scope of Assessment

- The scope of the evaluation is to verify compliance of **First Greenworld Sdn. Bhd.** with the Sabah Forest Management License Agreement (SFMLA 02/2009) for FMU 25.
- 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 **First Greenworld 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 25/ First Greenworld Sdn. Bhd./ Serudong/ 13th - 17th May 2019/ (Total Mandays = 12)

Date	Activity	GFS Staff	Mandays
13 May 2019 Monday	Travelling to Tawau. Opening meeting at PPD Tawau.	Mohd Akram Mansur Walter Marcus	2
14 May 2019 Tuesday	Field visit to Top Quantum Sdn. Bhd.: Licensed boundary, Stream Buffer Zones, Stumping, Compartment A2.	Mohd Akram Mansur Walter Marcus	2
15 May 2019 Wednesday	Field visit to First Greenworld Sdn. Bhd.: Licensed boundary, Stream Buffer Zones, Stumping, Compartment B1.	Mohd Akram Mansur Walter Marcus	2
16 May 2019 Thursday	Document review at Top Quantum & First Greenworld Tawau Office.	Mohd Akram Mansur Walter Marcus	2
17 May 2019 Friday	Closing meeting at PPD Tawau. Travel to Sandakan.	Mohd Akram Mansur Walter Marcus	2
18-19 May 2019	Reporting GFSSBH 003-021 Reporting GFSSBH 003-022	Dr Kevin Grace Mohd Akram Mansur	2
Total			12

Highlights of Assessment

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

First Greenworld Sdn. Bhd. has complied with the Sabah Legality Standard (**FDS-TLAS-002**) as no non-compliance was identified during the assessment on 13th - 17th May 2019.

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

Principle 1.

First Greenworld demonstrated compliance with the license requirements, management planning, and submission of documents or reports such as the EIA monitoring report to the relevant authorities. The FMP was approved on 06th December 2017 covering the period from 1st January 2018 to 31st December 2027.

Gap 001/2019 (Minor) - Checklist 1.4.2.2:

The forest quality strata calculation included trees below the standard 60+cm/DBH, which yields incorrect Quality Strata.

Gap 002/2019 (Minor) - Checklist 1.4.2.4:

Areas reported for conservation along with production areas exceeds the total licensed area.

The company has an approved 2019 AWP by the Chief Conservator of Forests on 03rd May 2019. Currently, the licensee holds an approved Compartment Planting Plan (CPP) for four compartments; Compartment B01, B02, B03 and B04. During the assessment, it was observed that salvage logging

Highlights of Assessment

operations has yet to start.

Principle 2.

First Greenworld demonstrated compliance with the Environmental Impact Assessment requirements based on quarterly ECR and field observations. Demarcation of riparian reserves was observed clearly and without disturbance. During the assessment, salvage logging operations has not started. No infrastructure was constructed as of the assessment.

Principle 3.

The company has paid the licensing fees and other charges to the Serudong District Forestry office. No royalty payment recorded to date as the salvage logging operations has yet to commence.

Principle 4.

No village or human settlement associated to the licensed area. **Not applicable.**

Summary Results:

(Major gap = 0, Minor gap = 2, Observation = 0)

Gap raised against indicators & criteria during the May, 2019 assessment.

GAP	Type	Checklist	Status	Description
001/2019	Minor	1.4.2.2	New	The forest quality strata calculation included trees below the standard 60+cm/DBH which yields incorrect Quality Strata.
002/2019	Minor	1.4.2.4	New	Areas reported for conservation along with production areas exceeds the total licensed area.

Observation raised against indicators & criteria during the May, 2019 assessment

Obs #	Checklist	Description
-	-	-

Highlights of Close Out Visit (if applicable)

Dates

-

Not Applicable

Recommendations

First Greenworld 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. Gaps & Observations raised in the report shall be addressed by the next surveillance visit:

Gap 001/2019 (Minor) - Checklist 1.4.2.2: The forest quality strata calculation should reflect the FDS standard 60+cm/DBH. The company can report expected extraction volumes from Salvage Logging for ITP areas as potential yield but not as forest quality strata.

Gap 002/2019 (Minor) - Checklist 1.4.2.4: Areas reported for conservation along with production areas should be revised to equal the total licensed area not exceed it.

The next surveillance audit will be scheduled in March 2020.

End of Summary Report