

Sabah TLAS Audit Report

Sabah Legality Standard Principles 1 – 4

Licensee	Aspirasi Kristal (M) Sdn. Bhd. 199301022101 (276839-M)	Reference #	GFSSBH 003-244
Contact Person	Jielion Mokuntil (Estate Manager)	Date of Report	01/03/2024
Office Address	Lot 74, 1 st Floor, Prima Square, Phase 1, Batu 4, Jalan Utara, 90000 Sandakan, Sabah, Malaysia.	Date of close out	-
Email	gabunganbayu@gmail.com DFO Beluran: MohdAdzrul.Ahmad@sabah.gov.my PPW SDK:Janius.ebin@sabah.gov.my	Telephone	+6089 210 086
		Fax	-
		Approved By	Dr. Kevin Grace

Statements

Audit Statement	GFS 067 LVS		
Issuance Date	04 March 2024	Expiration Date	03 March 2025

Assessment Details

Assessment Dates	26 February – 01 March 2024
Scope of Assessment	Sabah TLAS P1-4: Agro-Forestry Management License Agreement No. JP(SBN)01/2011(CO)
Species	Salvage logging: Not applicable Planted species: Oil Palm
Lead Assessor	Priera Bagang
Assessor(s)	Glory Linggou, Aleeza Ho, Tommy Olui
SFD Staff	Bulkiah Sherif (ADFO Beluran), Mohd Rozlan (PPM Bonggaya Timur), Mohd Saini Kiju (PPM Bonggaya Timur)

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 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:

- Aspirasi Kristal (M) Sdn. Bhd. [Aspirasi Kristal (M)] was granted an area of approximately 5,033 ha in Bonggaya Forest Reserve by the State Government of Sabah under the Agro-Forestry Management Licence Agreement JP(SBN)01/2011(CO) for 60 years, commencing from 27/01/2011 to 31/12/2071.
- The licensed area is located partly in Bonggaya Forest Reserve, FMU 18. Aspirasi Kristal (M) is permitted to plant, establish, harvest forest products and agroforestry crops under the principles of sustainable environmental management and conservation for economic, environmental and social purposes.
- Aspirasi Kristal (M) is certified under the Malaysian Sustainable Oil Palm Part 3: General principles for Oil Palm Plantation and organized smallholders' management system standards valid until 02/02/2025 (Certificate #: MSPO-244/20).
- The management is associated with and supported by Satria Eramaju Sdn. Bhd., Ultra Surge Sdn. Bhd. and KK Advantage Sdn. Bhd.
- The previous assessment was conducted in February 2023 that resulted in 2 gap(s) and 1 observation(s) (Report #: GFSSBH 003-182).

Current Operations:

- As of the assessment, there was no new logging area/clearing site inside the licensed area. Aspirasi Kristal (M) has temporarily stopped the site preparation for Phase 5 in 2020 due to the NGO's complaint about land-use conversion. The company is finding a way to address the complaint from the NGO without affecting their supply chain, i.e., selling the FFB to buyers.
- Aspirasi Kristal (M) is currently focusing on oil palm harvesting and maintenance, forest security, and road maintenance.
- Land use classification:

Land classification	2 nd ADP Area (ha)	Current Status as of January 2024 (ha)
Total Concession Area	5,033.09	5,033.09
Agroforestry (Oil Palm)	4,176.18	Total logged area (as of Dec 2023): 4,107.1ha Unplanted area: 605.35 ha Total planted area: 2,944.82 ha
Conservation (Riparian reserve, freshwater swamp, and mangrove forest)	856.91	856.91

Environmental Context:

- The project site was initially covered by five forest types, Lowland Mixed Dipterocarp Forest, Heath Forest, Seasonal Freshwater Swamp Forest, Lowland Kerangas Forest and Mangrove Forest.
- Repeated logging activities have severely disturbed nearly all the natural vegetation within the licensed area.
- Several rivers were identified within the project site, namely Sg. Bonggaya, Sg. Makopaku, Sg. Klagan and its tributaries.
- The wildlife population was declining from its original levels due to changes in vegetation types.
- At least 15 mammals have been detected, including the pig-tailed macaque, borneon gibbon, wild boar, sambar deer and bats. Various types of birds also can be founded. Saltwater crocodiles are commonly sighted in Sg. Bonggaya, Sg. Makopako, and Sg. Klagan.
- The EIA study titled "Environmental Impact Assessment for Proposed Oil Palm Plantation (OPP) in Lot 4, Bonggaya Forest Reserve, District of Beluran, Sabah" was approved by the EPD on 29/01/2013 (Ref. #: JPAS/PP/02/600-1/11/1/158).

Social Context:

- Based on the 2nd ADP, no community has settled inside the licensed area. The nearest village was located 2 KM away from the licensed area, which is Kg. Biangkang. There is no evidence that the forestry operation directly affects the villager. Aspirasi Kristal (M) is committed to continue corporate social responsibility through charity donation to nearby village as and when needed.

Scope of Assessment	
<ul style="list-style-type: none"> The scope of the evaluation is to verify compliance of Aspirasi Kristal (M) Sdn. Bhd. with the Agro-Forestry Management Licence Agreement No. JP(SBN)01/2011(CO) for FMU 18 (partly). The assessment is in accordance on the terms of the agreement for the “Sabah Legality Standard Principles 1 - 4 dated November 2020 (SFD-TLAS-002). Site evaluation to verify and report the level of compliance by Aspirasi Kristal (M) Sdn. Bhd. 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 18 (partly) / Aspirasi Kristal (M) Sdn. Bhd. / Beluran District / 26 February – 01 March 2024 (Total Mandays = 22)

Date	Activity	GFS Staff	Mandays
26 February 2024 Monday	Travel to Pamol guesthouse and overnight.	Priera Bagang, Glory Linggou, Aleeza Ho, Tommy Olui	4
27 February 2024 Tuesday	Opening meeting at Aspirasi Kristal (M) estate office. Field assessment to Phase 1 - 3: Licensed boundary, riparian reserve, workshop, workers' quarters, office camp, generator house, fertilizer store, water pump treatment, FFB harvesting area. Document review and compiling report.	Priera Bagang, Glory Linggou, Aleeza Ho, Tommy Olui	4
28 February 2024 Wednesday	Field assessment to Phase 4 - 5: Licensed boundary, riparian reserve, workers' quarters, office camp, generator house, water pump treatment, FFB harvesting area. Document review and compiling report.	Priera Bagang, Glory Linggou, Aleeza Ho, Tommy Olui	4
29 February 2024 Thursday	Document review and closing meeting at PPD Beluran.	Priera Bagang, Glory Linggou, Aleeza Ho, Tommy Olui	4
01 March 2024 Friday	Finalizing report and submission. Travel to Kota Kinabalu.	Priera Bagang, Glory Linggou, Aleeza Ho, Tommy Olui	4
02-03 March 2024	Reporting GFSSBH 003-244	Dr. Kevin Grace, Priera Bagang	2
Total			22

Highlights of Assessment
<p>(Major Gaps = 0; Minor Gaps = 3; Observations = 1) Aspirasi Kristal (M) Sdn. Bhd. has complied with the Sabah Legality Standard (SFD-TLAS-002) as no non-compliance was identified during the assessment on 26 February-01 March 2024.</p> <p>Summary of status of operations by Principle:</p> <p>Principle 1. Aspirasi Kristal (M) demonstrated compliance with the license requirement. Agro-Forestry Management License Agreement was issued by the SFD and is valid for 60 years. Aspirasi Kristal (M) is permitted to conduct forestry activities based on the Coupe Permits requirements. The EIA study was also developed for the area that outlined sensitive areas designated for protection and</p>

Highlights of Assessment

environmental mitigation measures that were subsequently approved by the EPD on 29/01/2013 (Ref.#: JPAS/PP/02/6 00-1/11/1/158). No evidence of encroachment to the protected areas during the assessment.

February 2023: Gap 001/2023 (minor) – Checklist 1.8.1

The 2nd ADP lacks defining of forest condition or inventory data concerning the undeveloped coupe area (Phase 5) of 246.23 ha for establishing an oil palm plantation.

February 2024: Gap 001/2023 (minor) – Outstanding

Aspirasi Kristal (M) has yet to conduct a forest inventory to document the forest status inside the undeveloped coupe area (Phase 5).

February 2024: Observation 001-2024 – Checklist 1.2.3

Littering and open burning were observed near the workers' quarters.

Principle 2.

As of the assessment, there was no new logging area/clearing site inside the licensed area. Aspirasi Kristal (M) has temporarily stopped the site preparation due to the NGO's complaint about land-use conversion.

Workers are legally employed and SOCSO contributions are up to date. Aspirasi Kristal (M) conducted safety and fire control training for forest workers.

February 2024: Gap 001/2024 (minor) - Checklist 2.3.4

No evidence of JKPP Form 8 2023 submission to DOSH.

February 2023: Observation 002-2022 – Outstanding

Aspirasi Kristal (M) submitted a revised Forest Fire Management Plan on 09/08/2022 that is pending approval from the Chief Conservator of Forest.

February 2024: Gap 002/2024 (Raised to minor)

The FFMP is pending approval from SFD.

Principle 3.

Aspirasi Kristal (M) paid all applicable charges to the SFD as required.

Principle 4.

Based on the 2nd ADP, the nearest village, Kg. Biangkang is located 2 KM away from the licensed area. There is no evidence that the village is directly affected by the plantation activities. Aspirasi Kristal (M) is committed to continue corporate social responsibility through charity donation to nearby village as and when needed.

Summary Results:

(Major gap = 0, Minor gap = 3, Observation = 1)

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

GAP	Type	Checklist	Status	Description
001/2023	minor	1.8.1	Outstanding	<p>February 2023: The 2nd ADP lacks defining of the forest condition or inventory data concerning the undeveloped coupe area (Phase 5) of 246.23 ha for establishing an oil palm plantation.</p> <p>February 2024: Aspirasi Kristal (M) has yet to conduct a forest inventory to document the forest status inside the undeveloped coupe area (Phase 5).</p>
001/2024	minor	2.3.4	New	<p>February 2024: No evidence of JKPP Form 8 2023 submission to DOSH by Aspirasi Kristal (M).</p>
002/2024	Obs 002-	2.3.7	Raised to	<p>February 2022:</p>

GAP	Type	Checklist	Status	Description
	2022		minor	The Forest Fire Management Plan was submitted on 01/09/2020 that is pending approval by the SFD. February 2023: Aspirasi Kristal (M) submitted a revised Forest Fire Management Plan on 09/08/2022 that is pending approval from the Chief Conservator of Forest. February 2024: The FFMP is pending approval from SFD.

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

Obs #	Checklist	Description
001-2024	1.2.3	February 2024: Littering and open burning were observed near the workers' quarters.

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

Recommendations
<p>Aspirasi Kristal (M) 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.</p> <p>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:</p> <p>Gap 001/2023 (minor) Outstanding - Checklist 1.8.1: Aspirasi Kristal (M) shall conduct an inventory to document forest status based on the SFD forest stratification standards and compliance with the SFMLA condition.</p> <p>Gap 001/2024 (minor) - Checklist 2.3.4: Aspirasi Kristal (M) shall submit JKPP Form 8 to DOSH annually before the 31st of January of the following year.</p> <p>Gap 002/2024 (Raised to minor) - Checklist 2.3.7: Aspirasi Kristal (M) shall follow up on the Forest Fire Management status with the SFD.</p> <p>Observation 001-2024 – Checklist 1.2.3: Aspirasi Kristal (M) shall not engage in open burning activity and maintain cleanliness.</p> <p>The next annual surveillance audit will be scheduled for February 2025.</p>

End of Summary Report