

# Sabah TLAS Audit Report

## Sabah Legality Standard Principles 1 – 4

<b>Licensee</b>	M&M Plantation Sdn. Bhd. 200801007191 (808475-P)	<b>Reference #</b>	GFSSBH 003-252
<b>Contact Person</b>	Mathew Shim Siew Fah (Director)	<b>Date of Report</b>	19/04/2024
<b>Office Address</b>	No. C-24-1, 1 <sup>st</sup> Floor The Apollo Atrium, Jalan Bariawa Laut, 89000 Keningau, Sabah, Malaysia.	<b>Date of close out</b>	-
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		<b>Approved By</b>	Dr. Kevin Grace

### Statements

Audit Statement	GFS 202 LVS		
Issuance Date	22 April 2024	Expiration Date	21 April 2025

### Assessment Details

Assessment Dates	15 – 19 April 2024
Scope of Assessment	Sabah TLAS P1-4: JP(NNN)004/2023(F1)
Species	<i>Dipterocarp spp.</i> (Keruing), <i>Parashorea spp.</i> (White seraya), <i>Shorea spp.</i> (Red seraya, Yellow seraya, Melapi, Selangan batu), <i>Neolamarckia cadamba</i> (Laran), <i>Dyera spp.</i> (Jelutong), <i>Sindora beccariana</i> (Sepetir), Lithocarpus & Quercus (Mempening), <i>Shorea pauciflora</i> (Oba suluk), <i>Litsea spp.</i> (Magas), Lauraceae (Medang), <i>Anisoptera spp.</i> (Pengiran), <i>Vatica sp.</i> (Resak), <i>Palaquium sp.</i> (Nyatoh), <i>Scaphium longiflorum</i> (Kembang semangkok), <i>Alstonia marophyll</i> (Pulai), <i>Crytoxylum sp.</i> (Geronggang), Myristicaceae (Darah-darah).
Lead Assessor	Brandon James
Assessor(s)	Vanessa Abin
SFD Staff	Edmund William (DFO Nabawan), Magandi Junaid (PPW Keningau), Deiras Join @ Juin (ADFO Nabawan), Rhymie Abd. Rahman (ADFO Nabawan) Leroy Gaidim (PPD Nabawan), Faverrizeo Joel (PPD Nabawan)

### 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:

- The State Government of Sabah, through the Land and Survey Department has approved the issuance of Temporary Occupation License (TOL) registered under PT 20-18150172, approximately 942.86 ha, located in Nabawan, Sabah. The approval of the TOL was granted to M&M Plantation Sdn. Bhd. (M&M Plantation) via letter [Ref. #: L.S 1501.4.237(39)(GG/aa) dated 04/07/2022] for the purpose of salvage logging. The TOL area is split into 3 separated blocks and identified as Block 1, Block 2 and Block 3.
- Since the tenure is short-term and temporary, the Sabah Forestry Department (SFD) issued an approval (Ref. #: JPHTN/FRM 700-2/3/151/14 dated 17/04/2023) to harvest the area under the Form 1 logging license, which ceased on 23/11/2025.
- M&M Plantation initiated salvage logging operations in December 2023.
- The logging operation within the licensed area will progress in stages, starting from Block 2, then moving to Block 1, and ultimately to Block 3.
- The harvesting method is a non-RIL system.
- The licensed area is under the jurisdiction of the Nabawan District Forestry Office.
- M&M Plantation does not engage any other subcontractor to conduct the logging inside the licensed area.

### Current Operations:

- Based on the Form 1 license, the harvesting method adopts conventional logging with no diameter cutting limit and species restriction. However, all logging activities must be below 25° slopes.
- The licensed area consists of Block 1 (317.97 ha), Block 2 (284.21 ha) and Block 3 (339.92 ha). The current active harvesting operation is in Block 2 and Block 1, with a total cumulative log production as of April 2024 is 7,359.19 m<sup>3</sup> (3,372 pcs).
- There are no NFM area inside the licensed area.
- There are no planting activities conducted by M&M Plantation.
- Land use classification:

Land classification	Form 1 License Area (ha)	EIA area (ha)
Total Concession Area	942.10	942.86
Production Area	942.10	770.25
Protected Forest & Conservation	Not stated	Steep area (> 25°) = 172.61 Riparian reserve = Not stated

### Environmental Context:

- The topographical pattern within the licensed area is elevated between 550 metres to 975 metres above average mean sea level (AMSL).
- There are four (4) contributed river flow within the licensed area known as Sg. Panarakan (Block 1), Sg. Kahimpangoh (Block 2), tributary of Sg. Talankai (Block 3) and tributaries of Sg. Sebanan flowing within Block 1, 2 and 3. All these rivers and tributaries will flow to the main river of Sg. Talankai. There are other rivers identified within the Zone of Impact (ZOI) which are Sg. Tatalunan, Sg. Talankai, Sg. Balatikun and Sg. Penantaman.
- The total area is dominated by secondary forest of logged over area under Mixed Dipterocarp Forest. The eastern part of Block 1 and north part of Block 3 of the licensed area is bordering with Pensiangan Forest Reserve (Class I Forest Reserve). There are no protected species identified within the licensed area. The standing trees species existed in the licensed area are Seraya (*Shorea spp.*), Keruing (*Dipterocarpus spp.*), Selangan Batu (*Hopea semicuneata*) and Kapur Panji (*Dryobalanops lanceolata*). Other trees found within the licensed area include Mempening (*Lithocarpus spp.*), Pulai (*Alstonia marophyll*), Laran (*Neolamarckia cadamba*), Binuang (*Octomeles sumatrana*), and *Macaranga sp.*

- The fauna species within the licensed area is poor and its populations have declined from their original state due to adverse effect of logging in the past. There were no signs of elephants (*Elphas maximus*), and orangutan (*Pongo pygmaeus*) within the licensed area. Among the fauna species identified in the licensed area are long tailed monkey (*Macaca fascicularis*), deer (*Cervus unicolor*), monitor lizard (*Varanus salvator*), wild boar (*Sus barbatus*), and other species. There is no endangered species or protected species known to exist within the licensed area and nearby the Pensiangan Forest Reserve.
- The EIA study titled “Proposed Logging Operation in 942.86 hectares within Temporary Occupation License (TOL) Under PT 20-18150172 in Nabawan, Sabah” was prepared and approved by the EPD [Ref. #: JPAS/PP/NBN/600-1/01/1/335(25) dated 09/02/2023].

**Social Context:**

- Based on the EIA, there are no gazetted village or human settlement found within the licensed area. However, 2 villages within a 3 km radius were identified that include Kg. Ponontomon and Kg. Layun.

Scope of Assessment
<ul style="list-style-type: none"> <li>• The scope of the evaluation is to verify compliance of M&amp;M Plantation Sdn. Bhd. under the Form 1 License #: JP(NNN)004/2023(F1) for TOL #: 15950126.</li> <li>• 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).</li> <li>• Site evaluation to verify and report the level of compliance by M&amp;M Plantation Sdn. Bhd. and contractors to the standard in respect to each of the criteria within this report.</li> <li>• 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.</li> </ul>

**Itinerary & Mandays: Form 1: M&M Plantation Sdn. Bhd. / Nabawan District / 15 – 19 April 2024 (Total Mandays = 12)**

Date	Activity	GFS Staff	Mandays
15 April 2024 Monday	Travelling to Nabawan. Opening meeting and document review at PPD Nabawan.	Brandon James Vanessa Abin	2
16 April 2024 Tuesday	Travel to M&M Plantation. Field visit to campsite, workers quarters, store, diesel depot, dumping pit, steep area, riparian reserve and stumping. Document review at M&M Plantation campsite.	Brandon James Vanessa Abin	2
17 April 2024 Wednesday	Document review at PPD Nabawan. Compiling report.	Brandon James Vanessa Abin	2
18 April 2024 Thursday	Closing meeting at PPD Keningau. Travel to home base.	Brandon James Vanessa Abin	2
19 April 2024 Friday	Finalizing and report submission.	Brandon James Vanessa Abin	2
20-21 April 2024	Reporting GFSSBH 003-252	Dr. Kevin Grace Brandon James	2
<b>Total</b>			<b>12</b>

Highlights of Assessment
<p><b>(Major Gaps = 0; Minor Gaps = 1; Observations = 3)</b>  <b>M&amp;M Plantation Sdn. Bhd.</b> has complied with the Sabah Legality Standard (SFD-TLAS-002) as no non-compliance was identified during the assessment on 15 - 19 April 2024.</p> <p>Summary of status of operations by <b>Principle:</b>  <b>Principle 1.</b>                      The Form 1 license JP(NNN)004/2023(F1) has been approved for the TOL area to conduct salvage logging, which will expire on 23/11/2025. The project site consists of Block 1, 2, and 3. The current active harvesting operation is in Block 2 and Block 3. The EIA report for the TOL area was developed and approved by the Environmental Protection Department (EPD).</p>

### Highlights of Assessment

**Principle 2.**

M&M Plantation demonstrated compliance with the demarcation of common boundaries. The ECR report was submitted quarterly to the EPD. M&M Plantation demonstrated compliance with regulatory requirement for workers.

**April 2024: Observation 001-2024 – Checklist 2.1.6**

Logging contractor registration has yet to be renewed by the SFD.

**April 2024: Observation 002-2024 – Checklist 2.1.7**

Property Hammer Mark has yet to be renewed by the SFD.

**April 2024: Observation 003-2024 – Checklist 2.3.1**

Pending registration and renewal of COI for workers by the SFD.

**April 2024: Gap 001/2024 (minor) – Checklist 2.3.2, 2.3.7**

No work safety training was conducted for workers and incomplete records of fire training.

**Principle 3.**

All associated fees have been paid by M&M Plantation. Records of royalty payment are maintained.

**Principle 4.**

Based on the EIA report, there are no gazetted village or human settlement found within the licensed area. However, 2 villages within a 3 km radius were identified that include Kg. Ponontomon and Kg. Layun.

### Summary Results:

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

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

GAP	Type	Checklist	Status	Description
001/2024	minor	2.3.2 2.3.7	New	<b>April 2024:</b> No work safety training was conducted for workers and incomplete records of fire training.

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

Obs #	Checklist	Description
001-2024	2.1.6	<b>April 2024:</b> Logging contractor registration has yet to be renewed by the SFD.
002-2024	2.1.7	<b>April 2024:</b> Property Hammer Mark has yet to be renewed by the SFD.
003-2024	2.3.1	<b>April 2024:</b> Pending registration and renewal of COI for workers by the SFD.

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

### Recommendations

**M&M Plantation 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.

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:

**Gap 001/2024 (minor) – Checklist 2.3.2, 2.3.7:** M&M Plantation shall conduct work safety training for forest workers annually and maintain all training records such as training agenda, date of training and list

of participants.

**Observation 001-2024 – Checklist 2.1.6:** M&M Plantation shall submit the letter of application of renewal of logging contractor registration 3 months prior to the expiry and SFD shall expedite the renewal of logging contractor registration.

**Observation 002-2024 – Checklist 2.1.7:** M&M Plantation shall submit the letter of application for renewal of property hammer mark 3 months prior to expiry, and SFD shall expedite the renewal process for property hammer mark.

**Observation 003-2024 – Checklist 2.3.1:** M&M Plantation shall submit the letter of application of renewal of COI for workers 3 months prior to the expiry and register COI for all forest workers.

The next annual surveillance audit will be scheduled for April 2025.

**End of Summary Report**