

# 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 003-345
<b>Contact Person</b>	Mathew Shim Siew Fah (Director)	<b>Date of Report</b>	02/05/2025
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		<b>Approved By</b>	Dr. Kevin Grace

### Statements

Statement of Compliance	GFS 202 LVS		
Issuance Date	05 May 2025	Expiration Date	04 May 2026

### Assessment Details

Assessment Dates	28 April-02 May 2025
Scope of Assessment	Sabah TLAS P1-4: Form 1 - JP(NNN)004/2023(F1)
Species	Dipterocarp spp. (Keruing), Parashorea spp. (White seraya), Shorea spp. (Red seraya, Yellow seraya, Melapi, Selangan batu), Neolamarckia cadamba (Laran), Dyera spp. (Jelutong), Sindora beccariana (Sepetir), Lithocarpus & Quercus (Mempening), Shorea pauciflora (Oba suluk), Litsea spp. (Magas), Lauraceae (Medang), Anisoptera spp. (Pengiran), Vatica spp. (Resak), Palaquium spp. (Nyatoh), Scaphium longiflorum (Kembang semangkok), Alstonia marophyll (Pulai), Crytoxylum spp. (Geronggang), Myristicaceae (Darah-darah)
Lead Assessor	Brandon James
Assessor(s)	Teddy Quintin, Merlyne Gerard, Riczuan Richard
SFD Staff	Edmund William (DFO Nabawan), Rhymie Abd. Rahman (ADFO Nabawan), Ismail Hj. Aluwisos (PPW Keningau), Mazlan Azman (PPW Keningau), Leroy Gaidim (PPD Nabawan), Eddy Anthonius Johanes (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 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 State Government of Sabah, through the Land and Survey Department has approved the issuance of Temporary Occupation License (TOL) registered under PT.20-18150172 of 942.86 ha via the letter L.S 1501.4.237/(39)(GG/aa) dated 04/07/2022, for the purpose of logging operations. This TOL area is located in Sg. Seaban Talangkai, Nabawan and under the administration of the Nabawan district, Sabah.

The purpose of this project is to carry out logging operations and extract all commercial timber from the TOL area. The TOL area is split into 3 separated blocks and identified as Block 1, Block 2 and Block 3. The distance between blocks is within 3 KM radius.

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, from 17/04/2023 to 23/11/2025.

M&M Plantation initiated salvage logging operations in December 2023. The harvesting method is a non-RIL system. M&M Plantation does not engage any other subcontractor to conduct the logging inside the licensed area.

Land use classification:

Land classification	Form 1 License Area (ha)	Current Status (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

### 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 total cumulative log production as of April 2025 is 17,389.49 m<sup>3</sup> (8,572 pcs).

There are no NFM area inside the licensed area.

There are no planting activities conducted by M&M Plantation.

Block #	NFM / ITP	Status	Area (ha)	Geo-location data
Block 1	Form 1	Sabah TLAS	317.97	NE: 04°54'40.531" N, 116°17'59.116" E SE: 04°54'39.610" N, 116°19'39.298" E SW: 04°54'13.187" N, 116°19'46.000" E NW: 04°53'57.439" N, 116°19'21.538" E
Block 2	Form 1	Sabah TLAS	284.21	NE: 04°5'54.524" N, 116°18'41.113" E SE: 04°52'56.692" N, 116°19'31.081" E SW: 04°51'51.176" N, 116°19'30.552" E NW: 04°51'48.918" N, 116°18'49.543" E
Block 3	Form 1	Sabah TLAS	339.92	NE: 04°52'39.836" N, 116°19'55.848" E SE: 04°51'05.809" N, 116°20'44.876" E SW: 04°51'08.354" N, 116°20'16.251" E NW: 04°51'12.261" N, 116°19'55.008" E

### Environmental Context:

The existing land use of the project area is dominated with secondary forest of logged over area alienated under Temporary Occupation Licence (TOL). The boundaries of Pensiangan Forest Reserve (PFR) a Class I Forest Reserve and the TOL area are parallel and separated with 50 metres gap at the east part of Block 1 and north part of Block 3 of the TOL area. The gap provides buffer zone between two

boundaries on the ground. Other land use features in the surrounding area are oil palm plantation operated by private companies and small holders.

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. Seaban 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 by Ekohandal Sdn. Bhd. 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 is no gazetted village or human settlement found within the TOL area. There are 2 villages found outside the 3 KM radius zone of impact from the TOL area, named Kg. Ponontomon (4.5 KM West) and Kg. Layun (5.2 KM West).

### Scope of Assessment

- The scope of the evaluation is to verify compliance of M & M Plantation Sdn. Bhd. under the Form 1 License #: JP(NNN)004/2023(F1) for TOL #: 15950126.
- 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 M & M Plantation 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: 28 April-02 May 2025 / Form 1: M & M Plantation Sdn. Bhd. / Nabawan District

Date	Activity	GFS Staff	Mandays
28 April 2025 Monday	Travel to Keningau and opening meeting at PPD Keningau.	Brandon James, Teddy Quintin, Merlyne Gerard, Riczuan Richard	4
29 April 2025 Tuesday	Travel to M&M Plantation. Field visit to temporary campsite, store, diesel depot, dumping pit, steep area (Block 2), riparian reserve (Block 1), and stumping.	Brandon James, Teddy Quintin, Merlyne Gerard, Riczuan Richard	4
30 April 2025 Wednesday	Document review at PPD Nabawan.	Brandon James, Teddy Quintin, Merlyne Gerard, Riczuan Richard	4
01 May 2025 Thursday	Public Holiday - Labour Day	Brandon James, Teddy Quintin, Merlyne Gerard, Riczuan Richard	4

02 May 2025 Friday	Closing meeting at PPD Keningau. Travel to home base.	Brandon James, Teddy Quintin, Merlyne Gerard, Riczuan Richard	4
03-04 May 2024	Reporting/Administration: GFSSBH004-345	Dr. Kevin Grace Brandon James	2
<b>Total</b>			<b>22</b>

### Highlights of Assessment

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

**M&M Plantation Sdn. Bhd.** has complied with the Sabah TLAS requirements (FDS TLAS-006) as no non-compliance was identified during the assessment on 28 April-02 May 2025.

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

#### Principle 1. Right to Harvest

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, from 17/04/2023 to 23/11/2025.

The TOL area is split into 3 separated blocks and identified as Block 1, Block 2 and Block 3. The distance between blocks is within 3 KM radius. An Environmental Impact Assessment (EIA) report for the TOL area was prepared and subsequently approved by the Environmental Protection Department (EPD) [Ref. #: JPAS/PP/NBN/600-1/01/1/335(25) dated 09/02/2023].

#### Principle 2. Forest Operations

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 2025: Gap 001/2025 (minor) – Checklist 2.4.1, 2.4.2

No formal employment agreement was issued for top management personnel, work permit was not available and COI registration for four (4) workers is still pending from SFD.

#### April 2025: Observation 001-2025 – Checklist 2.4.5

Record of training lacks agenda of training and list of participants.

#### April 2025: Observation 002-2025 – Checklist 2.4.6

No documented evidence of PPE distribution to workers.

#### April 2025: Gap 002/2025 (minor) – Checklist 2.4.8

Inconsistent in SOCSO and EPF registration and monthly contribution for workers.

#### Principle 3. Statutory Charges

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

#### Principle 4. Other User Rights

Based on the EIA, there is no gazetted village or human settlement associated with the TOL area. There are 2 villages found outside the 3 KM radius zone of impact from the TOL area, named Kg. Ponontomon (4.5 KM West) and Kg. Layun (5.2 KM West).

### Summary Results:

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

Gap raised against indicators & criteria during the April 2025 assessment.

GAP	Type	Checklist	Status	Description
001/2025	minor	2.4.1, 2.4.2	New	<b>April 2025:</b> No formal employment agreement was issued for top management personnel, work permit was not available and COI registration for four (4) workers is

GAP	Type	Checklist	Status	Description
				still pending from SFD.
002/2025	minor	2.4.8	New	<b>April 2025:</b> Inconsistent in SOCSO and EPF registration and monthly contribution for workers.

Observation raised against indicators & criteria during the April 2025 assessment.

Obs #	Checklist	Description
001-2025	2.4.5	<b>April 2025:</b> Record of training lacks agenda of training and list of participants.
002-2025	2.4.6	<b>April 2025:</b> No documented evidence of PPE distribution to workers.

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

Recommendations
<p><b>M &amp; M Plantation Sdn. Bhd.</b> 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.</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><b>Gap 001/2025 (minor) – Checklist 2.4.1, 2.4.2:</b> M &amp; M Plantation shall issue employment agreement to its top management workers, provide &amp; renew work permit and SFD shall expedite the COI registration.</p> <p><b>Gap 002/2025 (minor) – Checklist 2.4.8:</b> M &amp; M Plantation shall follow up with SOCSO and EPF regarding the contribution status of the respective workers. All eligible workers should be registered and contributed under SOCSO and EPF.</p> <p><b>Observation 001-2025 - Checklist 2.4.5:</b> M &amp; M Plantation shall ensure records of training are complete with agenda and list of participants.</p> <p><b>Observation 002-2025 - Checklist 2.4.6:</b> M &amp; M Plantation shall document evidence of PPE distribution to workers.</p> <p>The next annual surveillance audit will be scheduled for <b>May 2026</b>.</p>

**End of Summary Report**