

# Sabah TLAS Audit Report

## Sabah Legality Standard Principles 1 – 4

<b>Licensee</b>	Hasil Bumi Makmur Sdn. Bhd. (1219384-D)	<b>Reference #</b>	GFSSBH 003-187
<b>Contact Person</b>	Jamaludin Bin Minitji	<b>Date of Report</b>	17/03/2023
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		<b>Approved By</b>	Dr. Kevin Grace

### Statements

Audit Statement	GFS 173 LVS		
Issuance Date	20 March 2023	Expiration Date	19 March 2024

### Assessment Details

Assessment Dates	13-17 March 2023
Scope of Assessment	Sabah TLAS P1-4: SFMLA 03/2018 FMU 25 (partly)
Species	Not applicable ( <i>No harvesting yet</i> )
Lead Assessor	Varenius Untomon
Assessor(s)	Asraf Mahmud
SFD Staff	Awangku Effendy Pg Mahmud (DFO Serudong), Johnny Laminggu (ADFO Serudong)

### 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:

- Hasil Bumi Makmur Sdn. Bhd. (1219384-D) (Hasil Bumi Makmur) was granted a licensed area of 5,310 ha located within Kalabakan Forest Reserve (partly of FMU 25) by the Sabah State Government under the Sustainable Forest Management License Agreement (SFMLA 03/2018).
- Hasil Bumi Makmur is permitted to carry out the activity of tree harvesting, tree planting, silvicultural treatment, and enrichment planting from 20/04/2018 to 30/06/2059 (50 years). Previously, the area was licensed under SFMLA 02/97 to Bugaya Forests Sdn. Bhd. The area was last logged between 1987 and 1997.
- Hasil Bumi Makmur is under the jurisdiction of Serudong District Forestry Office.
- The previous assessment was conducted in March 2022 that resulted in 0 gap(s) and 0 observation(s) (Report #: GFSSBH003-121).

### Current Operations:

- No coupe permit has been issued by SFD yet.
- No forest activity as of the assessment. This shall be verified in the next assessment.
- The project area is divided into 12 compartments ranging in size from 246 ha to 622 ha. The average compartment size is 442 ha. NFM: 5 compartments, ITP: 7 Compartments

Compt #	Land Use	Area (ha)	Compt #	Land Use	Area (ha)
1	NFM	371	7	ITP	346
2	ITP	614	8	ITP	393
3	ITP	578	9	NFM	491
4	ITP	318	10	NFM	309
5	ITP	246	11	NFM	623
6	ITP	464	12	NFM	548

- The planned harvesting and planting schedule in the FMP are yet to be revised to reflect the current planning in AWP 2023.
- Land use classification:

Land classification	FMP Area (ha)	Current Status (ha) (As of March 2023)
Total Concession Area	5,300	5,300
Production Area (NFM & ITP)	4,803	4,803
Riparian buffers (incl. streams & ponds)	96	96
Steep Area	296	296
Road & clearings	90	Yet to be developed
Base camp & other facilities	15	Yet to be developed

### Environmental Context:

- The SFMLA area is classified as Class II Commercial Forest Reserve reserved for supplying timber and other produce.
- The natural vegetation of the licensed area can be classified into the Lowland Mixed Dipterocarp Forest, Upland Mixed Dipterocarp Forest and Kerangas Forest. In the past, extensive and poor logging practices have reduced the vegetation to a secondary forest dominated by *Macaranga spp.* and other tree species.
- Steeper areas above 25°, in general, still support intact forests. Vine loads, particularly climbing bamboo, are high and seriously impede forest regeneration.
- In general, the current SFMLA area is a poor habitat for wildlife. The current forest structure, such as a broken canopy, large gaps and open conditions due to past conventional logging practices, resulted in many arboreal animals being scarce as they moved away from the area. Although the last logging activities were 15 years ago, the forest structure has yet to recover. Wildlife habitat is expected to improve as the forest recovers over time.

- The area is drained by one (1) main river, the Sungai Tambulanan. All rivers and streams within the SFMLA area flow into the main river and then towards the southeast to join Sungai Serudong. The water catchment area is also covered by the main river catchment. The nearest protection area is Mangilan Forest Reserve (Class I). The SFMLA area shared a common boundary with the protection area. Another protection area located 4 km to the north is the Nurod-Urod Forest Reserve (Class VI) and located 20 km northeast is the Maliau Basin Conservation Area (Class I).
- The EIA study was prepared and approved by the EPD (Ref #: ESB/EIA/129/18), dated 06/12/2018.

#	Title	EPD Approval Letter #	EIA Consultant
1	Proposed Forestry operation within SFMLA 03/2018 (5,310 ha) under FMU 25 of Kalabakan Forest Reserve in District of Nabawan, Sabah.	JPAS/PP/NBN/600-1/01/3/65 (6); dated 18/10/2018	Ekohandal Sdn. Bhd.

### Social Context:

- There are no villages located within 10 km of the SFMLA boundary. Therefore, the dependence of local communities and villagers on the SFMLA area for their daily livelihood does not arise as they are not living nearby.

### Scope of Assessment

- The scope of the evaluation is to verify compliance of **Hasil Bumi Makmur Sdn. Bhd.** with the Sustainable Forest Management License Agreement 03/2018 for FMU 25 (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 Hasil Bumi Makmur 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 (partly) / Hasil Bumi Makmur Sdn. Bhd. / Serudong District / 13 – 17 March 2023 / (Total Mandays = 12)**

Date	Activity	GFS Staff	Mandays
13 March 2023 Monday	Travel to Tawau. Drafting report for Hasil Bumi Makmur Sdn. Bhd. report.	Varenus Untomon Asraf Mahmud	2
14 March 2023 Tuesday	Opening meeting at Pelana Bumi Sdn. Bhd. Camp site. Site visit: Licensed Boundaries and riparian reserve.	Varenus Untomon Asraf Mahmud	2
15 March 2023 Wednesday	Document Review.	Varenus Untomon Asraf Mahmud	2
16 March 2023 Thursday	Finalising report for Hasil Bumi Makmur Sdn. Bhd.	Varenus Untomon Asraf Mahmud	2
17 March 2023 Friday	Closing meeting at PPD Tawau. Travel to Kota Kinabalu.	Varenus Untomon Asraf Mahmud	2
18-19 March 2023	Reporting GFSSBH 003-187	Dr. Kevin Grace Varenus Untomon	2
<b>Total</b>			<b>12</b>

### Highlights of Assessment

**(Major Gaps = 0; Minor Gaps =1; Observations = 3)**

Hasil Bumi Makmur Sdn. Bhd. has complied with the Sabah Legality Standard (SFD-TLAS-002) as no non-compliance was identified during the assessment on 13 – 17 March 2023.

Summary of status of operations by **Principle:**  
**Principle 1.**

### Highlights of Assessment

Hasil Bumi Makmur was granted a licensed area under SFMLA 03/2018 to carry out the harvesting activity from 20/04/2018 to 30/06/2059.

The Environmental Impact Assessment was conducted Ekohandal Sdn. Bhd. and approved by Environment Protection Department (EPD). (JPAS/PP/NBN/600-1/01/3/65 (6); dated 18/10/2018)

A 10-year Management Plan was developed and approved by the Chief Conservator of Forest on 21/04/2021. The 2023 Annual Work Plan has been developed and submitted to SFD for approval.

Schedules for salvage logging and planation development listed in the PDP start in 2021 that do not reflect the current status of activities.

#### March 2023: Gap 001/2023 (Minor) Checklist 1.6.1

The planned harvesting and planting schedules in the FMP/PDP have not been revised to reflect current activities.

Inventory data was collected for ITP compartments C3, C4, C7 and NFM compartment C11. The analysis did not adequately define the current forest quality strata within ITP zoned areas to justify conversion based on SFMLA conditions, separately from NFM areas.

#### March 2023: Observation 002-2023 - Checklist 1.8.1

The inventory data was not analysed to reflect the quality status between ITP and NFM zoned Compartments.

#### Principle 2.

As of the assessment, Hasil Bumi Makmur has yet started forest operations or hired forest workers. Moreover, the main access road inside the licensed area has yet to be developed.

#### March 2023: Observation 003-2023 – Checklist 2.3.7

Hasil Bumi Makmur is in the process of developing the Forest Fire Management Plan (FFMP).

#### Principle 3.

Hasil Bumi Makmur has no Occupational Permit and heavy machinery as of the assessment.

#### Principle 4.

**Not applicable** - No village depends on the concession area as it is located over 10 km from the SFMLA boundary.

### Summary Results:

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

Gap raised against indicators & criteria during the March, 2023 assessment.

GAP	Type	Checklist	Status	Description
001/2023	Minor	1.6.1	New	<b>Gap 001/2023 (Minor)</b> The planned harvesting and planting schedules in the FMP/PDP have not been revised to reflect current activities.

Observation raised against indicators & criteria during the March, 2023 assessment.

Obs #	Checklist	Description
001-2023	1.4.1	<b>March 2023:</b> AWP does not include development of CPP for ITP compartments
002-2023	1.8.1	<b>March 2023:</b> The inventory data was not analysed to reflect the quality status between ITP and NFM zoned Compartments.
003-2023	2.3.7	<b>March 2023:</b> Hasil Bumi Makmur is in the process of developing the Forest Fire Management Plan (FFMP).

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

Recommendations
<p><b>Hasil Bumi Makmur Sdn. Bhd.</b> demonstrated compliance with the Sabah Legality Standard (<b>SFD-TLAS-002</b>) 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 001/2023 (Minor) – Checklist 1.6.1:</b> Hasil Bumi Makmur shall revise the planned harvesting and planting schedules to reflect the current planning in AWP 2023.</p> <p><b>Observation 001-2023 – Checklist 1.4.1:</b> Hasil Bumi Makmur shall include the development of CPP for ITP compartment in the AWP 2023.</p> <p><b>Observation 002-2023 – Checklist 1.8.1:</b> The inventory data needs to be analysed to reflect the forest quality status between ITP and NFM zoned Compartments.</p> <p><b>Observation 003-2023 – Checklist 2.3.7:</b> Hasil Bumi Makmur shall develop Forest Fire Management Plan (FFMP) and submit it to SFD for approval.</p> <p>The next annual surveillance audit will be scheduled for March 2024.</p>

## End of Summary Report