

# Sabah TLAS Audit Report

## Sabah Legality Standard Principles 1 – 4

|                       |  |                          |                 |
|-----------------------|--|--------------------------|-----------------|
| <b>Licensee</b>       | Hasil Bumimakmur Sdn. Bhd.<br>201701005219 (1219384-D)   | <b>Reference #</b>       | GFSSBH 003-248  |
| <b>Contact Person</b> | Jamaludin Bin Minitji (Manager)  | <b>Date of Report</b>    | 28/03/2024      |
| <b>Office Address</b> | TB19299, 1 <sup>st</sup> Floor, Pusat Komersial Kubota Bintang, Jalan Chong Thien Vun, 91000 Tawau, Sabah, Malaysia. | <b>Date of close out</b> | -               |
|                       |  | <b>Telephone</b>         | +6089 762 777   |
| <b>Email</b>          | hasilbm18@gmail.com<br>DFO Serudong: AgkuEffendy.PgMahmud@sabah.gov.my<br>PPW Tawau: MohdArapa.Lamuda@sabah.gov.my   | <b>Fax</b>               | +6089 762 717   |
|                       |  | <b>Approved By</b>       | Dr. Kevin Grace |

### Statements

|                 |               |                 |               |
|-----------------|---------------|-----------------|---------------|
| Audit Statement | GFS 173 LVS   |                 |               |
| Issuance Date   | 01 April 2024 | Expiration Date | 31 March 2025 |

### Assessment Details

|                     |  |
|---------------------|--|
| Assessment Dates    | 25 - 29 March 2024   |
| Scope of Assessment | Sabah TLAS P1-4: SFMLA 03/2018 FMU 25 (partly)   |
| Species             | Not applicable ( <i>No harvesting yet</i> )  |
| Lead Assessor       | Glory Linggou  |
| Assessor(s)         | Priera Bagang, Brandon James, Tommy Olui   |
| SFD Staff           | Awangku Effendy Pg Mahmud (DFO Serudong), Jory Julhani (ADFO Serudong), Wilfred Pius (PPM Serudong), Boneventure Marimin (PPM Serudong), Zainal (PPM 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 Bumimakmur Sdn. Bhd. (Hasil Bumimakmur) 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 Bumimakmur 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.
- The management of Hasil Bumimakmur is associated with Pelana Bumi Sdn. Bhd., which is also a harvesting contractor under Rakyat Berjaya Sdn. Bhd. within Block YT 05/2020 (FMU 25).
- As of the assessment, Hasil Bumimakmur does not engage any other contractors to conduct harvesting or planting within the licensed area.
- The previous assessment was conducted in March 2023 that resulted in 1 gap(s) and 3 observation(s) (Report #: GFSSBH003-187).

### Current Operations:

- In June 2023, the SFD granted a coupe permit (TWU.04/2023) under NFM-Full RIL/CHP for areas zoned into NFM land use. However, as of the assessment, no CHP has been developed within the NFM compartment.
- No coupe permit has been issued for ITP compartment yet.
- As of the March 2024 assessment, no harvesting and planting activities have been conducted inside the licensed area. Hasil Bumimakmur is currently focusing on forest security and maintaining common boundaries such as licensed boundaries and protected areas.
- The licensed area is divided into 12 compartments. 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      | 317       | 10      | NFM      | 309       |
| 5       | ITP      | 246       | 11      | NFM      | 623       |
| 6       | ITP      | 464       | 12      | NFM      | 548       |

- Land use classification:

| Land classification                      | FMP Area (ha) | Current Status (ha), March 2024 |
|--|---------------|---------------------------------|
| 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            | <i>Yet to be developed</i>      |
| Base camp & other facilities             | 15            | <i>Yet to be developed</i>      |

### 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 more than 10 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 Serudung. 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 titled “Proposed Forestry operation within SFMLA 03/2018 (5,310 ha) under FMU 25 of Kalabakan Forest Reserve in District of Nabawan, Sabah.” was prepared and approved by the EPD (Ref. #: JPAS/PP/NBN/600-1/01/3/65 (6) dated 18/10/2018).

**Social Context:**

- Based on the EIA, 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   |  |
|---|--|
| <ul style="list-style-type: none"> <li>• The scope of the evaluation is to verify compliance of Hasil Bumimakmur Sdn. Bhd. with the Sustainable Forest Management License Agreement 03/2018 for FMU 25 (partly).</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 Hasil Bumimakmur 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: FMU 25 (partly) / Hasil Bumimakmur Sdn. Bhd. / Close-out: Rakyat Berjaya Sdn. Bhd. (Indah Serimas Sdn. Bhd.) & Form IIB Pemegang Amanah Tanah Rezab Tapak Kediaman Anak Negeri Kampung Puda Penulangan (Paramount Lumber Sdn. Bhd.) / Serudong District / 25 – 29 March 2024 / Total Mandays = 24**

| Date                       | Activity   | GFS Staff  | Mandays |
|----------------------------|--|--|---------|
| 25 March 2024<br>Monday    | Travel to Tawau and overnight.   | Glory Linggou<br>Piera Bagang<br>Brandon James<br>Tommy Olui | 4       |
| 26 March 2024<br>Tuesday   | Opening meeting at Pelana Bumi Sdn. Bhd. stumping. Field visit to Hasil Bumimakmur Compartment 4, 5 & 6: licensed boundary, and protected areas. Document review and compiling report. | Glory Linggou<br>Piera Bagang<br>Brandon James<br>Tommy Olui | 4       |
| 27 March 2024<br>Wednesday | Document review and compiling report. Closing meeting at PPD Tawau.  | Glory Linggou<br>Piera Bagang<br>Brandon James<br>Tommy Olui | 4       |
| 28 March 2024<br>Thursday  | Travel back to homebase. Finalizing reports and submission.  | Glory Linggou<br>Piera Bagang<br>Brandon James<br>Tommy Olui | 4       |
| 29 March 2024<br>Friday    | Public Holiday – Good Friday   | Glory Linggou<br>Piera Bagang<br>Brandon James<br>Tommy Olui | 4       |

|                  |   |                                  |           |
|------------------|---|----------------------------------|-----------|
| 30-31 March 2024 | Reporting: GFSSBH 003-248<br>Reporting: GFSSBH 003-239a<br>Reporting: GFSSBH 003-241a | Dr. Kevin Grace<br>Glory Linggou | 4         |
| <b>Total</b>     |   |                                  | <b>24</b> |

### Highlights of Assessment

**(Major Gaps = 0; minor Gaps = 1; Observations = 2)**

**Hasil Bumimakmur Sdn. Bhd.** has complied with the Sabah Legality Standard (**SFD-TLAS-002**) as no non-compliance was identified during the assessment on 25 – 29 March 2024.

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

**Principle 1.**

Forest Management Plan (FMP) is valid from 01/01/2021 to 31/12/2030 and approved by the Chief Conservator of Forests on 21/04/2021. The Environmental Impact Assessment was conducted by Ekohandal Sdn. Bhd. and approved by Environment Protection Department (EPD)

**March 2023: Observation 001-2023 - Checklist 1.4.1**

The AWP does not include the development of the CPP for ITP compartments.

**March 2024: Observation 001-2023 (Outstanding)**

The AWP does not include the development of the CPP for ITP compartments.

**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.

**March 2024: Gap 001/2023 (minor) – Outstanding**

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

Based on the FMP, a combination of aerial survey and ground verification inventories has been conducted to determine the forest quality strata. The aerial stratification map shows that most of the good forest are located inside the NFM couped areas, whereas poor forest inside the ITP compartments.

**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.

**March 2024: Observation 002-2023 (Addressed)**

The inventory records have been analysed correctly to determine the forest quality strata that comply with the SFMLA conditions.

**Principle 2.**

As of the assessment, Hasil Bumimakmur has yet to start 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 Bumimakmur is in the process of developing the Forest Fire Management Plan (FFMP).

**March 2024: Observation 003-2023 (Outstanding)**

Hasil Bumimakmur has not developed the Forest Fire Management Plan (FFMP).

**Principle 3.**

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

**Principle 4.**

**Not applicable** – Based on the EIA, there is no village and human settlement located within 10KM 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.

**Summary Results:****(Major gap = 0, minor gap = 1, Observation = 2)**

Gap raised against indicators &amp; criteria during the March 2024 assessment.

| GAP      | Type  | Checklist | Status      | Description   |
|----------|-------|-----------|-------------|---|
| 001/2023 | minor | 1.6.1     | Outstanding | <p><b>March 2023:</b><br/>The planned harvesting and planting schedules in the FMP/PDP have not been revised to reflect current activities.</p> <p><b>March 2024:</b><br/>The planned harvesting and planting schedules in the FMP/PDP have not been revised to reflect current activities.</p> |

Observation raised against indicators &amp; criteria during the March 2024 assessment.

| Obs #                   | Checklist | Description  |
|-------------------------|-----------|--|
| 001-2023<br>Outstanding | 1.4.1     | <p><b>March 2023:</b><br/>The AWP does not include the development of the CPP for ITP compartments.</p> <p><b>March 2024:</b><br/>The AWP does not include the development of the CPP for ITP compartments.</p>  |
| 002-2023<br>Addressed   | 1.8.1     | <p><b>March 2023:</b><br/>The inventory data was not analysed to reflect the quality status between ITP and NFM zoned Compartments.</p> <p><b>March 2024:</b><br/>The inventory records have been analysed correctly to determine the forest quality strata that comply with the SFMLA conditions.</p> |
| 003-2023<br>Outstanding | 2.3.7     | <p><b>March 2023:</b><br/>Hasil Bumimakmur is in the process of developing the Forest Fire Management Plan (FFMP).</p> <p><b>March 2024:</b><br/>Hasil Bumimakmur has not developed the Forest Fire Management Plan (FFMP).</p>  |

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

**Recommendations**

**Hasil Bumimakmur 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 001/2023 (minor) Outstanding – Checklist 1.6.1:** Hasil Bumimakmur shall revise the planned harvesting and planting schedules to reflect the current activities.

**Observation 001-2023 (Outstanding) – Checklist 1.4.1:** Hasil Bumimakmur should include the development of the CPP for ITP compartment in the AWP.

**Observation 003-2023 (Outstanding) – Checklist 2.3.7:** Hasil Bumimakmur should develop Forest Fire Management Plan (FFMP) and submit it to the SFD for approval.

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

**End of Summary Report**