

Sabah TLAS Audit Report

Sabah Legality Standard Principles 1 – 4

Licensee	Satria Eramaju Sdn. Bhd. (779388-K)	Reference #	GFSSBH 003-211
Contact Person	Ali Asman @ Edit Bin Jailani (Estate Manager)	Date of Report	11/08/2023
Office Address	Lot 73, Block 6, 1 st Floor, Prima Square, Phase 1 Batu 4, Jalan Utara, 90000 Sandakan, Sabah, Malaysia.	Date of close out	-
		Telephone	+6089 210 086
Email	gabungan.estate@gmail.com satria1.bonggaya@gmail.com	Fax	+6089 212 042
		Approved By	Dr. Kevin Grace

Statements			
Audit Statement	GFS 105 LVS		
Issuance Date	14 August 2023	Expiration Date	13 August 2024

Assessment Details	
Assessment Dates	07 – 11 August 2023
Scope of Assessment	Sabah TLAS P1-4: Agro-Forestry Management License Agreement No. JP(SBN)02/2011(CO)
Species	Plantation: Oil Palm
Lead Assessor	Brandon James
Assessor(s)	Priera Bagang, Glory Linggou
SFD Staff	Abu Bakar Bin Usin (SFM Beluran), Ahmad Jimadi (KPPM Bonggaya Timur), Mohd Roslie (ADFO Beluran), Bulkiah Sherif Hassan (SFM Beluran), Saimi Kiju (PPM Bonggaya Timur), Muhammad Zulsyazwan Mohd Arif (FIT Beluran), Hj. Julkifli (PPW Sandakan), Maulana (PPW Sandakan)

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:

- Satria Eramaju Sdn. Bhd. (Satria Eramaju) was granted a licensed area of 4,109.70 ha in parts of Bonggaya Forest Reserve (FMU 18) by the State Government under the Agro-Forestry Management License Agreement No. JP(SBN)02/2011(CO).
- Satria Eramaju is permitted to plant, establish and harvest forest products and agroforestry crops under the principles of sustainable forest management and conservation for economic, environmental, and social purposes from 27/01/2011 to 31/12/2071. The oldest plantations were established in 2013.
- Satria Eramaju does not engage any subcontractor for oil palm harvesting and maintenance.
- Satria Eramaju is a MSPO certified company, with certificate number: MSPO-243/20, for their Production of Sustainable Fresh Fruit Bunches (FFB), valid through 02/02/2025.
- The previous assessment was conducted in August 2022 that resulted in 2 gap(s) and 1 observation(s) (Report #: GFSSBH003-143).

Current Operations:

- The current operations are according to ADP and AWP schedules.
- Oil Palm Plantation: No new planting from 2022 to 2023.
- No new development in the area.

Summary planting by coupe:

Coupe/Phase	Production area (ha)	Area planted (ha)	Total seedlings planted
1	527.67	355	49,236
2	748.19	481	65,104
3	834.80	616	73,275
4	911.60	790	106,919
5	409.30	0	0
Grand total	3,431.56	2,242	294,534

- Land use classification:

Land classification	2 nd ADP Area (ha)	Current Status (ha)
Conservation (Riparian Reserves, in the Heart of Borneo: 100m on each side), Freshwater Swamp Forest, Kerangas Forest, Peat Swamp Forest and Mangrove Forest)	677.93	677.93
Agroforestry Plantation	3,431.74	3,431.74
Total area	4,109.70	4,109.70

Environmental Context:

- Six forest types, Lowland Mixed Dipterocarp and Kerangas Forest, Lowland Kerangas Forest, Lowland Freshwater Swamp Forest, Lowland Mixed Dipterocarp Forest, Lowland Peat Swamp Forest and Mangrove Forest, initially covered the licensed area.
- Nearly all the natural vegetation within the project area has been severely disturbed by repeated logging activities. Therefore, the highly disturbed areas consist of a young, establishing a secondary forest of various stages with a small number of interspersed, mature individuals.
- Four main rivers identified in the licensed area, namely, Sg. Bongaya, Sg. Pagata, Sg. Tangga-Tangga and Sg. Makopako.
- At least 15 species of mammals have been detected present in the licensed area, including the long-tailed macaque (*Macaca fascicularis*), Pig-tailed macaque (*Macaca nemestrina*), Bornean gibbon (*Hylobates mulleri*), Giant squirrel (*Sundascu temuis*), Wild boar (*Sus barbatus*), Sambar deer (*Cervus unicolor*), Red muntjak (*Muntiacus muntjak*), Mouse deer (*Tragurus spp.*), Sun bear (*Helarctos malayanus*), Civet (*Viverra zangalunga*), Leopard (*Prionailurus planiceps*), Marble cat

(*Felis marmorata*), Short nose fruit bat (*Cynopterus brachotis*) and Long-tongued nectar bat (*Macroglossus minimus*). The most common mammals sighted are wild boar, deer, and civet.

- Birds of various species are also found, such as White crown shama (*Copsychus stricklandi*), Yellow-rumped flowerpecker (*Prionochillus xanthopygius*), Black throated Barbet (*Megalaima eaeximia*) and White-fronted falconet (*Microhierrax latifrons*). Three species of hornbills that were observed are Rhinoceros, Bushy and Wreathed Hornbills. Besides the above-mentioned species, crocodiles are also commonly sighted in Makopako and Tungud Rivers.
- An Environmental Impact Assessment for the proposed oil palm plantation (OPP) in Lots 4, 5, 6 and 7, Bonggaya Forest Reserve, District of Beluran, Sabah, was conducted and approved by the Environment Protection Department (EPD) on 29/01/2013 [Ref.#: JPAS/PP/02/600-1/11/1 /159(32)].

Social Context:

- There are no villages associated with the licensed area. Based on the ADP and EIA, the land use within a 3km radius of the project area consists mainly of oil palm plantations, with Silam Forest Products Sdn. Bhd. (Ikatan Kayangan Sdn. Bhd.) in the west, Aspirasi Kristal (M) Sdn. Bhd. (same owner as Satria Eramaju) in the south, Lembaga Tabung Haji (partly also (untapped) rubber plantations) in the southeast and IJM Plantation in the north.

Scope of Assessment	
<ul style="list-style-type: none"> • The scope of the evaluation is to verify compliance of Satria Eramaju Sdn. Bhd. with the Agro-Forestry Management License Agreement number JP(SBN)02/2011(CO) part of FMU 18. • 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 Satria Eramaju 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 18 (partly) / Satria Eramaju Sdn. Bhd. / Beluran District / 07 – 11 August 2023 (Total Mandays = 17)

Date	Activity	GFS Staff	Mandays
07 August 2023 Monday	Travel to PPD Beluran office and opening meeting. Overnight at Pamol.	Brandon James Priera Bagang Glory Linggou	3
08 August 2023 Tuesday	Field assessment to the licensed boundary, nursery, and protected area. Compiling report.	Brandon James Priera Bagang Glory Linggou	3
09 August 2023 Wednesday	Field visit to Satria Eramaju basecamp, workshops, and main office. Compiling report.	Brandon James Priera Bagang Glory Linggou	3
10 August 2023 Thursday	Document review at PPD Beluran & compiling report.	Brandon James Priera Bagang Glory Linggou	3
11 August 2023 Friday	Closing meeting at PPD Beluran. Travel to home base.	Brandon James Priera Bagang Glory Linggou	3
12-13 August 2023	Reporting GFSSBH 003-211	Dr. Kevin Grace Brandon James	2
Total			17

Highlights of Assessment

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

Satria Eramaju Sdn. Bhd. has complied with the Sabah Legality Standard (**SFD-TLAS-002**) as no non-compliance was identified during the assessment on 07 – 11 August 2023.

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

Principle 1.

The Agro-forestry Management License Agreement No. JP(SBN)02/2011(CO) was signed on 27/01/2011, which is valid until 31/12/2071. Satria Eramaju demonstrated compliance with the license requirements, management planning, EIA and submission of documents.

August 2022: Gap 001/2022 (minor) – Checklist 1.2.3

Inadequate control against oil spillage, segregation of contaminated material and used tyres left out in the open which can provide breeding places for mosquitos and potential malaria.

August 2023: Gap 001/2022 (minor) – Closed

Satria Eramaju has fixed the oil traps for oil spillage control, segregated scheduled contaminated material, and stored all used tires in a covered area.

August 2022: Gap 002/2022 (minor) – Checklist 1.8.1

The ADP lacks defining forest condition or inventory data concerning the undeveloped couped area (Phase 5) of 409.34 ha for the establishment of an oil palm plantation.

August 2023: Gap 002/2022 (minor) – Outstanding

No evidence of inventory data to define forest condition based on the SFD standards of forest stratification for Phase 5.

Principle 2.

Satria Eramaju demonstrated compliance with the forest operation and protection of areas.

August 2023: Gap 001/2023 (minor) – Checklist 2.3.7

Several fire extinguishers were observed without pressure at the workers' quarters and some rows of quarters were not equipped with fire extinguishers.

Principle 3.

Royalty fees for palm oil full fruit bunches (FFB) have been paid by Satria Eramaju.

Renewal of permits and associated fees are not completely up to date.

August 2022: Observation 001-2022 – Checklist 3.1.1

Three (3) sampled heavy machinery expired on 26/07/2022. The company submitted the renewal to SFD Beluran which is pending payment.

August 2023: Gap 002/2023 (Raised to minor)

Two heavy machineries were expired.

Principle 4.

Not applicable – There are no villages associated with the licensed area. Based on the ADP and EIA, the land use within a 3km radius of the project area consists mainly of oil palm plantations, with Silam Forest Products Sdn. Bhd. (Ikatan Kayangan Sdn. Bhd.) in the west, Aspirasi Kristal (M) Sdn. Bhd. (same owner as Satria Eramaju) in the south, Lembaga Tabung Haji (partly also (untapped) rubber plantations) in the southeast and IJM Plantation in the north.

Summary Results:

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

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

GAP	Type	Checklist	Status	Description
001/2022	minor	1.2.3	Closed	August 2022: Inadequate control against oil spillage, segregation of contaminated material and used

GAP	Type	Checklist	Status	Description
				tyres left out in the open which can provide breeding places for mosquitos and potential malaria. August 2023: Satria Eramaju has fixed the oil traps for oil spillage control, segregated scheduled contaminated material, and stored all used tires in a covered area.
002/2022	minor	1.8.1	Outstanding	August 2022: The ADP lacks defining forest condition or inventory data concerning the undeveloped couped area (Phase 5) of 409.34 ha for the establishment of an oil palm plantation. August 2023: No evidence of inventory data to define forest condition based on the SFD standards of forest stratification for Phase 5.
001/2023	minor	2.3.7	New	August 2023: Several fire extinguishers were observed without pressure at the workers' quarters and some rows of quarters were not equipped with fire extinguishers.
002/2023	Obs 001-2022	3.1.1	Raised to minor	August 2022: Three (3) sampled heavy machinery expired on 26/07/2022. The company submitted the renewal to SFD Beluran which is pending payment. August 2023: Two heavy machineries were expired.

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

Obs #	Checklist	Description
-	-	-

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

Recommendations
<p>Satria Eramaju 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 002/2022 (minor) Outstanding – Checklist 1.8.1: Satria Eramaju shall include the inventory data inside the ADP to define forest conditions based on the SFD standards of forest stratification and compliance with SFMLA conditions.</p> <p>Gap 001/2023 (minor) – Checklist 2.3.7: Satria Eramaju shall ensure all fire extinguishers have adequate pressure and provide sufficient fire extinguishers at workers' quarters.</p> <p>Gap 002/2023 (Raised to minor) - Checklist 3.1.1: Satria Eramaju shall ensure a valid FD registration for all heavy machinery used/working inside the licensed area.</p> <p>The next annual surveillance audit will be scheduled for August 2024.</p>

End of Summary Report