

# Sabah TLAS Audit Report

## Sabah Legality Standard Principles 1 – 4

<b>Licensee</b>	Licensee: Pemegang Amanah Tanah Rezab Tapak Kediaman Anak Negeri Kampung Puda Penulangun Contractor: Paramount Lumber Sdn. Bhd. 201201035842 (1020324-M)	<b>Reference #</b>	GFSSBH 003-241a
<b>Contact Person</b>	Reday Dualis	<b>Date of Report</b>	02/02/2024
<b>Office Address</b>	<u>Paramount Lumber Sdn. Bhd.</u> Bangunan Foochow, B2-2, 1 <sup>st</sup> Floor, 3.5 KM, Jalan Kolam, Luyang, 88100 Kota Kinabalu, Sabah, Malaysia. <u>Kontraktor Alam Jadi</u> Peti Surat 2612, 90729 Sandakan, Sabah, Malaysia.	<b>Date of close out</b>	28/03/2024
		<b>Telephone</b>	+6017 821 1844
<b>Email</b>	reday.sherry@yahoo.com DFO Ranau: Suib.Basri@sabah.gov.my PPW KK: MohdNasir.Agsuman@sabah.gov.my	<b>Fax</b>	-
		<b>Approved By</b>	Dr. Kevin Grace

### Statements

Audit Statement	NC: Non-Compliance – Criteria 1.2 & 2.1 (Outstanding)		
Issuance Date	Not applicable	Expiration Date	Not applicable

### Assessment Details

Assessment Dates	29 January – 02 February 2024
Scope of Assessment	Sabah TLAS P1-4: Form IIB permit JPHTN/FRM 700-2/4/1/161/JILID.2/59, JPHTN(FIIB)KRN-2023/01 and JPHTN(FIIB)KRN-2023/04
Species	<i>Parashorea spp.</i> (White Seraya), <i>Octomeles sumatrana</i> (Binuang), Lauraceae (Medang), <i>Shorea spp.</i> (Red Seraya), <i>Neolamarkia cadamba</i> (Laran), <i>Sapotaceae spp.</i> (Nyatoh), <i>Dyera spp.</i> (Jelutong)
Lead Assessor	Glory Linggou
Assessor(s)	Aleeza Ho
SFD Staff	Suib Basri (DFO Ranau), Sheldon Julius (SFD Ranau), Hanafie Bin Kimin (SFD Ranau), Norman Bedi (SFD Ranau)

### 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:

- On 07/05/2019, The Yang di-Pertua Negeri declared a State Land as a Native Reserve No. 136 (Ref.#: No. JKM. PHB. 600-4/1/456/(15)) for the sole use of the Native of Kampung Puda Penulangun, Ranau, Sabah. The District Chief of Ranau, the Native Chief of Ranau and the Village Head of Kampung Puda Penulangun, are hereby appointed as Trustees for the Native, subject to the directions of the Assistance Collector of Land Revenue, Ranau, Sabah. Residents of Kampung Puda Penulangun may be permitted to practise traditional kampung industries, rearing of fowls, domestic animals and cash crops farming within the Native Reserve.
- The Native Reserve will be developed into a rubber plantation under the Lembaga Industri Getah Sabah (LIGS) program known as “*Projek Penanaman Getah Berkelompok.*”
- Before developing the rubber plantation, site preparation is needed. Therefore, the Power of Attorney was granted by Pemegang Amanah Tanah Rezab Tapak Kediaman Anak Negeri Kampung Puda Penulangun to Paramount Lumber Sdn. Bhd. (Paramount Lumber) for the purpose of land development for the LIGS program. The area for the development is 200.07 ha.
- On 10/06/2022, Paramount Lumber subcontracted Kontraktor Alam Jadi as a logging subcontractor to extract logs, conduct terracing, install spiral culverts, and erect project signage within the licensed area.

### Current Operations:

- Based on records, 1,105 logs (2,273.03 m<sup>3</sup>) have been harvested from the licensed area.
- As of the assessment, three (3) FIIB permits have been approved by the SFD.
- The total logged area is approximately 100 ha.
- Land use classification:

Land classification	Total Area (ha)	Current Status (ha) as of Jan 2024
Total Concession Area	200.07	200.07
Production Area	200.07	1 <sup>st</sup> Form IIB application: <ul style="list-style-type: none"> <li>- Total log production = 985</li> <li>- Total volume production = 1,875.61 m<sup>3</sup></li> </ul> 2 <sup>nd</sup> Form IIB application: <ul style="list-style-type: none"> <li>- Total log production = 38</li> <li>- Total volume production = 188.23 m<sup>3</sup></li> </ul> 3 <sup>rd</sup> Form IIB application: <ul style="list-style-type: none"> <li>- Total log production = 82</li> <li>- Total volume production = 209.18 m<sup>3</sup></li> </ul>

### Environmental Context:

- The Form IIB area is located at Kg. Puda Penulangun, Ranau, Sabah.
- The Form IIB area shares a common boundary with a Class II Trus Madi Forest Reserve.
- Based on the field visit, the topography area is relatively hilly and has undulating terrain.
- For areas of 100 ha or more but less than 500 ha, the landowner shall have a Proposed Mitigation Measure report (PMM) developed by a qualified environmental consultant and approved by the Director of EPD. As of the assessment, PMM has yet to be developed for Pemegang Amanah Tanah Rezab Tapak Kediaman Anak Negeri Kampung Puda Penulangun area.

**Social Context:**

- There is no settlement identified within the project area. The nearest settlements are Kg. Nimbalai, Kg. Tubau and Kg. Nahaba, located approximately within a radius of 1 km from the project area.
- There is no other Native Customary Right (NCR) claim area inside the project area.

**Scope of Assessment**

- The scope of the evaluation is to verify compliance of Pemegang Amanah Tanah Rezab Tapak Kediaman Anak Negeri Kampung Puda Penulangun (Paramount Lumber Sdn. Bhd.) with the Form IIB permit #: JPHTN/FRM 700-2/4/1/161/JILID.2/59, JPHTN(FIIB)KRN-2023/01 and JPHTN(FIIB)KRN-2023/04.
- 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 Pemegang Amanah Tanah Rezab Tapak Kediaman Anak Negeri Kampung Puda Penulangun 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: Form IIB: Pemegang Amanah Tanah Rezab Tapak Kediaman Anak Negeri Kampung Puda Penulangun (Paramount Lumber Sdn. Bhd.) / Ranau District / 29 January – 02 February 2024 (Total Mandays = 12)**

Date	Activity	GFS Staff	Mandays
29 January 2024 Monday	Travelling to Ranau. Opening meeting at SFD Ranau office. Document review.	Glory Linggou Aleeza Ho	2
30 January 2024 Tuesday	Field visit to licensed boundary, campsite and log yard. Document review and compiling report.	Glory Linggou Aleeza Ho	2
31 January 2024 Wednesday	Document review at SFD Ranau office. Compiling report.	Glory Linggou Aleeza Ho	2
01 February 2024 Thursday	Closing meeting at SFD Ranau. Traveling back to Kota Kinabalu.	Glory Linggou Aleeza Ho	2
02 February 2024 Friday	Finalizing report.	Glory Linggou Aleeza Ho	2
03-04 February 2024	Reporting GFSSBH 003-241	Dr. Kevin Grace Glory Linggou	2
<b>Total</b>			<b>12</b>

**Highlights of Assessment**

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

**March 2024: (Major Gaps = 2; minor Gaps = 1; Observations = 1)**

Pemegang Amanah Tanah Rezab Tapak Kediaman Anak Negeri Kampung Puda Penulangun (Paramount Lumber Sdn. Bhd.) has not complied with the Sabah Legality Standard (SFD-TLAS-002) as non-compliance was identified under Criteria 1.2 & 2.1 during the assessment on 29 January - 02 February 2024.

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

**Principle 1.**

On 07/05/2019, The Yang di-Pertua Negeri declared a State Land as a Native Reserve No. 136 [Ref. #: No. JKM. PHB. 600-4/1/456/(15)] for the sole use of the Native of Kampung Puda Penulangun, Ranau, Sabah. The District Chief of Ranau, Native Chief of Ranau and the Village Head of Kampung Puda Penulangun, are hereby appointed as Trustees for the Native, subject to the directions of the Assistance Collector of Land Revenue, Ranau. Residents of Kampung Puda Penulangun may be permitted to practise traditional kampung industries, rearing of fowls, domestic animals and cash crops farming within the Native Reserve.

### Highlights of Assessment

A Proposed Mitigation Measure report (PMM) is required for areas over 100 ha, which has yet to be developed for the licensed area.

**January 2024: Gap 001/2024 (Major) – Checklist 1.2.2**

There is no evidence that the Proposal Mitigation Measures was developed for the 200.07 ha as required.

**March 2024: Gap 001/2024 (Major) – Outstanding**

No action to develop the Proposal Mitigation Measures for the 200.07 ha as required.

**January 2024: Gap 002/2024 (Major) – Checklist 1.2.3**

ECR monitoring reports were not submitted since the PMM was not developed.

**March 2024: Gap 002/2024 (Major) – Outstanding**

No action to develop the Proposal Mitigation Measures for the 200.07 ha. Thus, the ECR monitoring reports were not submitted.

**Principle 2.**

Based on the survey plan map from the Land & Survey Department and Form IIB permit approval, there are no areas subject to protection.

The logging activity is based on clear cutting for conversion to agriculture.

Pemegang Amanah Tanah Rezab Tapak Kediaman Anak Negeri Kampung Puda Penulungan has appointed Paramount Lumber as the land developer. The Power of Attorney was given to Paramount Lumber on 31/10/2019. The agreement was witnessed by Mr. Jino Allion @ Peter Allion, Advocate and Solicitor in Kota Kinabalu, Sabah (Ref. #: Roll no. 292).

**January 2024: Gap 002/2024 (Major) – Checklist 2.1.11**

ECR monitoring reports were not submitted since the PMM was not developed.

**March 2024: Gap 002/2024 (Major) – Outstanding**

No action to develop the Proposal Mitigation Measures for the 200.07 ha. Thus, the ECR monitoring reports were not submitted.

**January 2024: Gap 003/2024 (minor) – Checklist 2.3.2, 2.3.6, 2.3.7**

No evidence of safety and fire training conducted for workers, no first aid kits and fire extinguishers at the campsite compound, and no records of PPE distribution for workers.

**January 2024: Observation 001-2024 – Checklist 2.3.1, 2.3.5**

Temporary workers were not registered or contributed under SOCSO.

**Principle 3.**

The SFD did not require Occupational Permits to be registered inside the project area. All applicable licensing fees and other charges were paid to the SFD.

**Principle 4.**

**Not applicable** - There is no settlement identified within the project area. The nearest settlements are Kg. Nimbalai, Kg. Tubau and Kg. Nahaba, located approximately within a radius of 1 km from the project area. There is no other Native Customary Right (NCR) claim area inside the project area.

### Summary Results:

**(Major gap = 2, minor gap = 1, Observation = 1)**

**March 2024: (Major Gaps = 2; minor Gaps = 1; Observations = 1)**

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

GAP	Type	Checklist	Status	Description
001/2024	Major	1.2.2	Outstanding	<p><b>January 2024:</b> There is no evidence that the Proposal Mitigation Measures was developed and approved by the EPD for the 200.07 ha as required.</p> <p><b>March 2024:</b></p>

GAP	Type	Checklist	Status	Description
				No action to develop the Proposal Mitigation Measures for the 200.07 ha as required.
002/2024	Major	1.2.3 2.1.11	Outstanding	<b>January 2024:</b> ECR monitoring reports were not submitted since the PMM was not developed as required. <b>March 2024:</b> No action to develop the Proposal Mitigation Measures for the 200.07 ha. Thus, the ECR monitoring reports were not submitted.
003/2024	minor	2.3.2 2.3.6 2.3.7	New	<b>January 2024:</b> No evidence of safety and fire training conducted for workers, no first aid kits and fire extinguishers at the campsite compound, and no records of PPE distribution for workers.

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

Obs #	Checklist	Description
001-2024	2.3.1 2.3.5	<b>January 2024:</b> Temporary workers were not registered or contributed under SOCSO.

Highlights of Close Out Visit (if applicable)	Dates	28 March 2024
The <b>Major Gaps 001/2024</b> and <b>002/2024</b> shall be addressed within 2 months by March 2024. The Major gaps remain outstanding since the licensee & contractor have not taken action to develop the PPM.		

Recommendations
<p><b>Pemegang Amanah Tanah Rezab Tapak Kediaman Anak Negeri Kampung Puda Penulangun (Paramount Lumber Sdn. Bhd.)</b> has not demonstrated compliance with the Sabah Legality Standard (<b>SFD-TLAS-002</b>) as non-compliance was identified under Criteria 1.2 &amp; 2.1 and is NOT eligible to receive a GFS Statement of Compliance or a Sabah TLAS Compliance Certificate from SFD.</p> <p>The Major Gap shall be addressed within two months by <b>March 2024</b>.</p> <p><b>Gap 001/2024 (Major) Outstanding – Checklist 1.2.2:</b> Pemegang Amanah Tanah Rezab Tapak Kediaman Anak Negeri Kampung Puda Penulangun shall develop a Proposal Mitigation Measures for the project area and submit it to the EPD.</p> <p><b>Gap 002/2024 (Major) Outstanding – Checklist 1.2.3, 2.1.11:</b> ECR monitoring reports shall be developed and submitted to the EPD to convert the 200.07 ha to agricultural land use.</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 003/2024 (minor) – Checklist 2.3.2, 2.3.6, 2.3.7:</b> Kontraktor Alam Jadi shall conduct safety and fire training prior to the logging operations, provide adequate first aid kits and fire extinguishers at the campsite compound, provide PPE to workers and maintain the records of PPE distribution.</p> <p><b>Observation 001-2024 – Checklist 2.3.1, 2.3.5:</b> Kontraktor Alam Jadi shall get confirmation from SOCSO, register and contribute SOCSO for temporary workers as listed under Perkeso Social Security Scheme as required.</p> <p>The next annual surveillance audit will be scheduled for January 2025.</p>

**End of Summary Report**