

Sabah TLAS Audit Report

Sabah Legality Standard Principles 1 – 4

Licensee	Satria Eramaju Sdn. Bhd. 200701021373 (779388-K)	Reference #	GFSSBH 003-327
Contact Person	Mr. Ali Asman @ Edit Bin Jailani (Estate Manager)	Date of Report	17/01/2025
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		Approved By	Dr. Kevin Grace

Statements			
Statement of Compliance	GFS 105 LVS		
Issuance Date	20 January 2025	Expiration Date	19 January 2026

Assessment Details	
Assessment Dates	13-17 January 2025
Scope of Assessment	Sabah TLAS P1-4: Agro-Forestry Management License Agreement No. JP(SBN)02/2011(CO)
Species	Plantation: Oil Palm (<i>Elaeis guineensis</i>)
Lead Assessor	Brandon James
Assessor(s)	Teddy Quintin, Keith Sintang
SFD Staff	Bulkiah Sherif Hassan (SFM Beluran), Mohd. Roslan (KPPM Bonggaya Timur), Muhd Alyusuf (PPD Beluran)

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:

On 27/01/2011, Satria Eramaju Sdn. Bhd. (Satria Eramaju) was granted an area of approximately 4,000 ha (more or less) for FMU 18 in part of Bonggaya Forest Reserve (Licensed Area) by the State Government under the Agroforestry Management License Agreement #: JP(SBN)02/2011(CO).

Satria Eramaju has permissions 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 for the period of 60 years, commencing on 27/01/2011 and ending on 31/12/20271.

Before any activities are allowed to commence in the Licensed Area, Satria Eramaju has to prepare a 10-year Plantation and/or ADP, which is required under Clause 79 of the License Agreement. Since 80% of the Licensed Area is to be planted with oil palm, it is only appropriate that the plan to be called ADP.

Satria Eramaju does not engage any subcontractors for oil palm harvesting and maintenance activities. Satria Eramaju is certified under the Malaysian Sustainable Palm Oil (MSPO) certification system, with certificate number MSPO-243/20, for the production of sustainable fresh fruit bunches (FFB), valid until 02/02/2025.

Land use classification:

Land classification	2 nd ADP Area (ha)	Current status as of Dec 2024 (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	Planted = 2,245 ha Unplanted areas: Coupe SDK.07/19 = 409.30 ha Others: 777.44 ha
Total area	4,109.67	4,109.67

Current Operations:

Satria Eramaju only focuses on harvesting Fresh Fruit Bunch (FFB). The oil palm planting has been completed in 2020. As of the assessment, no new development in the licensed area.

Currently no salvage logging has begun in the undeveloped Coupe SDK.07/19 as the Draft AWP has yet to be approved and the CPP has yet to be developed.

Coupe #	Land Use	Status	Area (ha)	Geo-location data
SDK.14/13	Oil Palm	Sabah TLAS EUDR	527.67	E 117°26'43.944" N 6°9'55.512" E 117°26'43.404" N 6°8'35.736" E 117°28'3.648" N 6°9'54.936" E 117°28'3.072" N 6°8'35.196"
SDK.08/15	Oil Palm	Sabah TLAS EUDR	748.19	E 117°26'44.772" N 6°11'55.14" E 117°26'43.944" N 6°9'55.512" E 117°28'4.476" N 6°11'54.564" E 117°28'3.648" N 6°9'54.936"
SDK.04/16	Oil Palm	Sabah TLAS EUDR	834.80	E 117°26'45.132" N 6°12'45" E 117°28'3.9" N 6°10'35.292" E 117°29'27.204" N 6°11'38.184" E 117°30'1.08" N 6°10'33.996"
SDK.11/18	Oil Palm	Sabah TLAS EUDR	911.60	E 117°28'3.9" N 6°10'35.292" E 117°28'3.36" N 6°9'15.084" E 117°30'1.08" N 6°10'33.996"

				E 117°30'5.184" N 6°9'6.156"
SDK.07/19	Not developed yet	Not developed yet	409.30	E 117°28'3.36" N 6°9'15.084" E 117°28'3.072" N 6°8'35.196" E 117°30'5.184" N 6°9'6.156" E 117°29'40.812" N 6°8'34.512"

Environmental Context:

The licensed area was originally covered by six distinct 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.

The natural vegetation within the project area has been extensively impacted by repeated logging activities, resulting in highly disturbed areas that now feature young secondary forests in various stages of regrowth, with only a few mature individuals interspersed throughout.

Four major rivers have been identified within the licensed area: Sg. Bongaya, Sg. Pagata, Sg. Tangga-Tangga, and Sg. Makopako.

At least 15 mammal species have been recorded in the licensed area, including the long-tailed macaque (*Macaca fascicularis*), pig-tailed macaque (*Macaca nemestrina*), Bornean gibbon (*Hylobates mulleri*), giant squirrel (*Sundasciurus temminckii*), wild boar (*Sus barbatus*), sambar deer (*Cervus unicolor*), red muntjac (*Muntiacus muntjak*), mouse deer (*Tragulus spp.*), sun bear (*Helarctos malayanus*), civet (*Viverra zangalunga*), leopard (*Prionailurus planiceps*), marble cat (*Felis marmorata*), short-nosed fruit bat (*Cynopterus brachotis*), and long-tongued nectar bat (*Macroglossus minimus*). The most commonly sighted mammals include wild boar, deer, and civet. A diverse range of bird species also inhabit the area, such as the white-crowned shama (*Copsychus stricklandi*), yellow-rumped flowerpecker (*Prionochillus xanthopygius*), black-throated barbet (*Megalaima eximia*), and white-fronted falconet (*Microhierax latifrons*). Additionally, three species of hornbills have been observed: rhinoceros, bushy, and wreathed hornbills. Crocodiles are frequently sighted in the 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) 28/06/2012 [Ref. #: JPAS/PP/02/600-1/11/1/159(5)].

Social Context:

There are no villages associated with the licensed area. Based on the ADP and EIA, the land use within a 3 KM 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

- 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) for FMU 18 (partly).
- 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 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 comply adequately with a criterion.

Itinerary & Mandays: 13-17 January 2025 / FMU 18 (partly): Satria Eramaju Sdn. Bhd. / Beluran District

Date	Activity	GFS Staff	Mandays
13 January 2025 Monday	Travel to IPS Telupid Resthouse and overnight. Requesting documents for close-out for TSH	Brandon James Teddy Quintin	3

	Resoures Berhad.	Keith Sintar	
14 January 2025 Tuesday	Travel to Satria Eramaju basecamp and opening meeting. Field visit to Satria Eramaju basecamp, workshops, and main office. Overnight at IPS Telupid resthouse.	Brandon James Teddy Quintin Keith Sintar	3
15 January 2025 Wednesday	Field assessment to the licensed boundary, nursery, and protected area. Document review at Satria Eramaju basecamp office and overnight.	Brandon James Teddy Quintin Keith Sintar	3
16 January 2025 Thursday	Document review at Satria Eramaju basecamp office and overnight.	Brandon James Teddy Quintin Keith Sintar	3
17 January 2025 Friday	Document review at Satria Eramaju basecamp office. Finalizing report. Overnight at campsite due to flood.	Brandon James Teddy Quintin Keith Sintar	3
18-19 January 2025	Reporting/Administration: GFSSBH003-327 Reporting/Administration: GFSSBH003-320a	Dr. Kevin Grace Brandon James	3
Total			18

Highlights of Assessment

(Major Gaps = 0; Minor Gaps = 4; Observations = 0)

Satria Eramaju Sdn. Bhd. has complied with the Sabah TLAS requirements (FDS TLAS-006) as no non-compliance was identified during the assessment on 13-17 January 2025.

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

Principle 1. Right to Harvest

The Agro-forestry Management License Agreement No. JP(SBN)02/2011(CO) was made on 27/01/2011, which is valid until 31/12/2071. Satria Eramaju has demonstrated compliance with the terms of the license, including adherence with management planning requirements, Environmental Impact Assessment (EIA) protocols, and the submission of requisite documentation.

January 2025: Gap 001/2025 (minor) – Checklist 1.3.2.2

Inadequate ground data to verify the aerial survey of forest conditions in respect to SFMLA conditions for salvage logging and development of 409.34 hectares under coupe SDK 07/19.

January 2025: Gap 002/2025 (minor) – Checklist 1.5.1

AWP 2025 has yet to be approved by the SFD.

January 2025: Gap 003/2025 (minor) – Checklist 1.6.4, 1.6.5, 1.6.6

No evidence of a CPP for salvage logging and planting of the 409 ha including net planting and protected areas.

Principle 2. Forest Operations

Satria Eramaju has demonstrated compliance with regulations concerning workers' safety and health, the security of the licensed area, the maintenance of license boundaries, and the protection of designated protected areas.

January 2025: Gap 003/2025 (minor) – Checklist 2.3.5, 2.4.5

Satria Eramaju has yet to conduct forest fire awareness and training for their workers.

Principle 3. Statutory Charges

Satria Eramaju demonstrated compliance with the statutory charges. Fresh Fruit Bunch (FFB) royalty is paid and maintained.

Principle 4. Other User Rights

Not applicable – Based on the 2nd ADP, there are no villages or officially recognized villages in the Licenced Area. Even though there are no villages in the Licenced Area, Satria Eramaju has been practicing corporate social responsibility by participating in annual charity donation visits to villages in

Highlights of Assessment

surrounding areas such as Kg. Bukit Besi.

Based on the EIA, the nearest plantation is Silam Forest Products Sdn. Bhd. (lot 1,2 & 3) on the west and IJM Plantation on the north boundary of the project site. Jati/Teak wood & rubber plantation belongs to Lembaga Tabung Haji (immediate lower south eastern boundary). Class V mangrove Forest Reserve (Kuala Labuk Forest Reserve) is on the immediate upper south eastern boundary of the project site.

Summary Results:

(Major gap = 0, Minor gap = 4, Observation = 0)

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

GAP	Type	Checklist	Status	Description
001/2025	minor	1.3.2.2	New	January 2025: Inadequate ground data to verify the aerial survey of forest quality in respect to SFMLA conditions for salvage logging and development of 409.34 hectares under coupe SDK 07/19.
002/2025	minor	1.5.1	New	January 2025: AWP 2025 has yet to be approved by the SFD.
003/2025	minor	1.6.4 1.6.5 1.6.6	New	January 2025: No evidence of a CPP for salvage logging and planting of the 409ha including net planting and protected areas.
004/2025	minor	2.3.5, 2.4.5	New	January 2025: Satria Eramaju has yet to conduct forest fire awareness and training for their workers.

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

Obs #	Checklist	Description
-	-	-

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

Recommendations

Satria Eramaju Sdn. Bhd. 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.

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 001/2025 (minor) – Checklist 1.3.2.2: 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.

Gap 002/2025 (minor) – Checklist 1.5.1: Satria Eramaju shall follow-up on the status of the AWP 2025 and SFD shall expedite the approval of the AWP 2025.

Gap 003/2025 (minor) Checklist 1.6.4, 1.6.5, 1.6.6: Satria Eramaju shall establish a CPP for salvage logging and planting of undeveloped coupe area including the net planting and protected areas.

Gap 004/2025 (minor) – Checklist 2.3.5, 2.4.5: Satria Eramaju shall conduct forest fire or fire training to workers annually.

The next annual surveillance audit will be scheduled for **January 2026**.

End of Summary Report