

Sabah TLAS Audit Report

Sabah Legality Standard Principles 1 – 4

Licensee	Joaz Enterprise Sdn. Bhd. (1315402-U)	Reference #	GFSSBH 003-224
Contact Person	YC Leong (Chief Operating Officer)	Date of Report	13/10/2023
Office Address	Unit No.J 60-5, Block J, Phase 1, KK Times Square Off Coastal Highway, 88100, Kota Kinabalu, Sabah, Malaysia.	Date of close out	-
Email	Joazsdnbhd@gmail.com DFO Tongod: AbdJamal.Ibrahim@sabah.gov.my	Telephone	+6010 239 3301
		Fax	-
		Approved By	Dr. Kevin Grace

Statements

Audit Statement	GFS 200 LVS		
Issuance Date	16 October 2023	Expiration Date	15 October 2024

Assessment Details

Assessment Dates	09 – 13 October 2023
Scope of Assessment	Sabah TLAS P1-4: Form 1 - JP(STG)003/2022(F1)
Species	<i>Drybalanops</i> spp. (Kapur), <i>Dipterocarpus</i> spp. (Keruing), <i>Koompassia malaccensis</i> (Impas), <i>Parashorea</i> spp. (White seraya), <i>Shorea</i> spp. (Red seraya, Yellow seraya, Melapi, Selangan batu), Sapotaceae (Nyatoh), <i>Eugenia</i> spp. (Obah), Lithocarpus & Quercus (Mempening), <i>Hopea sangal</i> (Gagil), <i>Tristaniopsis merguensis</i> (Pelawan-pelawan), <i>Cotylelobium</i> spp. (Resak batu), <i>Dialium indum</i> (KerANJI), <i>Castanopsis motleyana</i> (Berangan)
Lead Assessor	Priera Bagang
Assessor(s)	Glory Linggou, Brandon James, Aleeza Ho
SFD Staff	Jamal Ibrahim (DFO Tongod), James Torimoh (ADFO Tongod), Kim Ann Kim Yong (KPPM Mangkawagu)

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:

- The Sabah State Government, through the *Pejabat Hasil Bumi*, has granted Joaz Enterprise Sdn. Bhd. (Joaz Enterprise) a Temporary Occupational Lease (TOL) No. 22-250001 inside Land Application (LA) No. 20-18250059 for logging purposes in Ulu Sg. Meliau, Tongod. The lease covers an approximate area of 365 ha and valid from 16/08/2022 to 15/08/2025 (Ref. #: JKM.PHB.700-2/478(26) dated 03/06/2022).
- The Director of the Land & Survey Department released a copy of the TOL document to the Assistant Collector of Land Revenue Tongod to collect the TOL fees from Joaz Enterprise (Ref. #: L.S.2501.4.10/48 GG/rje dated 16/08/2022)
- The SFD approved the Form 1 license for Joaz Enterprise on 09/09/2022 and valid until 15/08/2025, covering an approximate area of 302.50 ha located at Ulu Sg. Meliau, Tongod (Ref. #: JPHTN/FRM 700-2/3/148/8).
- According to the Form 1 license, Joaz Enterprise is permitted to carry out conventional logging and selling of merchantable trees, subject to royalty assessment.
- Joaz Enterprise did not engage any subcontractor to conduct log harvesting inside the TOL area.

Current Operations:

- The logging operations commenced on 05/04/2023. As of September 2023, the total logged area is 89.28 ha, with a cumulative total log production of 2,941.02 m³ (1,494 pcs).
- The project area is divided into 24 Blocks, each with a block area ranging from 9 to 15 ha.
- As of the assessment, the logging operations are still ongoing within Block 1 to 12.
- Land use classification:

Land classification	Form 1 Area (ha)	Current Status (ha)
Total concession Area	302.50	302.50
Production Area	302.50	PMM production area = 263.43 ha
Protected Forest & Conservation	Not specified	<u>PMM protected area:</u> Steep Area = 19.72 ha Riparian reserve = 17.35 ha <u>PMM other area:</u> Road = 1 ha Basecamp = 1 ha

Environmental Context:

- The project area is a logged-over area dominated by Lowland Mixed Dipterocarp and Highland Mixed Dipterocarp tree species. The dominant species group includes the *Dipterocarpus*, *Fabaceae*, *Parashorea*, *Dryobalanops* and *Shorea* species. Other than that, pioneer species thrive abundantly along the project area. These pioneer species are known as secondary growth species which consist of *Macaranga*, *Dillenia*, *Anthocephalus*, *Nauclea* and *Pterospermum*. Based on the Proposed Mitigation Measure (PMM) study, there is no protected flora species reported to be present or within the project area.
- The terrestrial fauna species known to the area are wild boar, sambar deer, pig-tail macaque, and long-tail macaque. Endangered and protected animal identified are Gibbons, clouded leopard, and Orang Utans.
- The project is located along a valley terrain with elevation ranging from 420m to 1,020m *a.s.l.* The main river, Ulu Sg. Meliau runs within the center of the project area forming a valley which is an elongated depression in the landscape.
- Slope classification based on the PMM study:
 - 0° - 15° = 215.13 ha
 - 15° - 25° = 67.65 ha
 - > 25° = 19.72 ha

- Joaz Enterprise has an approved Proposed Mitigation Measure (PMM) study titled ‘The Proposed Forest Harvesting of 302.50 hectares at PT.20-18250059, Ulu Sungai Meliau, Tongod District, Sabah’ from the EPD on 28/03/2023 [Ref. #: JPAS/PP/TGD/600-1/01/3/77(27)].

Social Context:

- The Form 1 license did not specify the community living within or adjacent to the licensed area. However, based on the PMM study, it was noted that there is no human settlement identified within a 3 km radius of the project area. The nearest settlement, Kg. Maliau, is located 3.20 km away from the project boundary.
- No NCR areas were identified in the Form 1 license or under the PMM.

Scope of Assessment
<ul style="list-style-type: none"> The scope of the evaluation is to verify compliance of Joaz Enterprise Sdn. Bhd. with the Form 1 license No. JP(STG)003/2022(F1) for TOL No. 22-250001. 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 Joaz Enterprise Sdn. Bhd. 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 1: Joaz Enterprise Sdn. Bhd. / Tongod District / 09 – 13 October 2023 (Total Mandays = 22)

Date	Activity	GFS Staff	Mandays
09 October 2023 Monday	Travelling to Telupid and overnight.	Priera Bagang, Glory Linggou, Brandon James, Aleeza Ho	4
10 October 2023 Tuesday	Opening meeting at Joaz Enterprise Sdn. Bhd. campsite. Field assessment to licensed area, Licensed boundary, protected area, campsite and logging areas (Block 12, Block 10, Block 7, Block 1, Block 24, Block 8, and Block 5). Compiling report.	Priera Bagang, Glory Linggou, Brandon James, Aleeza Ho	4
11 October 2023 Wednesday	Field assessment; Stumping Kg. Titimbang. Document review at SFD Telupid office. Compiling report.	Priera Bagang, Glory Linggou, Brandon James, Aleeza Ho	4
12 October 2023 Thursday	Document review at SFD Telupid office. Compiling report.	Priera Bagang, Glory Linggou, Brandon James, Aleeza Ho	4
13 October 2023 Friday	Closing meeting at SFD Telupid office. Travel to home base.	Priera Bagang, Glory Linggou, Brandon James, Aleeza Ho	4
14-15 October 2023	Reporting GFSSBH 003-224	Dr. Kevin Grace Priera Bagang	2
Total			22

Highlights of Assessment

(Major Gaps = 0; Minor Gaps = 2; Observations = 1)

Joaz Enterprise Sdn. Bhd. has complied with the Sabah Legality Standard (**SFD-TLAS-002**) as no non-compliance was identified during the assessment on 09 - 13 October 2023.

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

Principle 1.

Joaz Enterprise demonstrated compliance with the license requirements and has developed a PMM study for the Form 1 license area [Ref. #: JPAS/PP/TGD/600-1/01/3/77(27) dated 28/03/2023].

October 2023: Observation 001-2023 – Checklist 1.2.3

Minor spillage observed at the diesel tank fuel station.

October 2023: Gap 001/2023 (minor) – Checklist 1.7.3

Areas for protection are not specified inside the Form 1 license approval.

Principle 2.

Protected areas, such as riparian reserve, steep area, and buffer zones, are marked and excluded from the operation. No evidence of encroachment inside the protected areas was observed during the assessment.

October 2023: Gap 001/2023 (minor) – Checklist 2.1.13

Areas for protection are not specified inside the Form 1 license approval.

October 2023: Gap 002/2023 (minor) – Checklist 2.3.2, 2.3.7

There is no evidence of safety and fire safety training conducted for forest workers.

Principle 3.

Joaz Enterprise has paid the licensing fees and other charges to Tongod Forestry Office.

Principle 4.

Not applicable - The Form 1 license did not specify the community living within or adjacent to the licensed area. The PMM study identified the nearest settlement, Kg. Maliau, is located over 3 km away from the project boundary, which has no significant impact.

Summary Results:

(Major gap = 0, Minor gap = 2, Observation = 1)

Gap raised against indicators & criteria during the October 2023 assessment.

GAP	Type	Checklist	Status	Description
001/2023	minor	1.7.3 2.1.13	New	October 2023: Areas for protection are not specified inside the Form 1 license approval.
002/2023	minor	2.3.2 2.3.7	New	October 2023: There is no evidence of safety and fire safety training conducted for forest workers.

Observation raised against indicators & criteria during the October 2023 assessment.

Obs #	Checklist	Description
001-2023	1.2.3	October 2023: Minor spillage observed at the diesel tank fuel station.

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

Recommendations

Joaz Enterprise 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) – Checklist 1.7.3, 2.1.13: The approval of the Form 1 license shall specify the total protection area based on the approved PMM study.

Gap 002/2023 (minor) – Checklist 2.3.2, 2.3.7: Joaz Enterprise shall conduct safety and fire safety training for forest workers.

Observation 001-2023 – Checklist 1.2.3: Joaz Enterprise shall clean and dispose of the contaminated soil according to the EPD regulation. The fuel spillage container should be appropriately designed to contain diesel droplets.

The next annual surveillance audit will be scheduled for October 2024.

End of Summary Report