

Sabah TLAS Audit Report

Sabah Legality Standard Principles 1 – 4

Licensee	Licensee: Sabah Land Development Board (Lembaga Kemajuan Tanah Negeri Sabah) Contractor: Iburu Timber Enterprise (F-869489)	Reference #	GFSSBH 003-169a
Contact Person	Salam Ngilo (Manager)	Date of Report	16/12/2022
Office Address	<u>Sabah Land Development Board:</u> Wisma SLDB, Jalan Kelapa Sawit, Off KM 4, Jalan Tuaran, 88300 Kota Kinabalu, Sabah, Malaysia. <u>Iburu Timber Enterprise:</u> Mile 4, Jalan Sindumin, Kg Merintaman, 89857 Sipitang, Sabah, Malaysia.	Date of close out	16/02/2023
		Telephone	+6011 5115 5353
Email	salamngilo3@gmail.com	Fax	-
		Approved By	Dr. Kevin Grace

Statements

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

Assessment Details

Assessment Dates	12 – 16 December 2022
Scope of Assessment	Sabah TLAS P1-4: Form IIB permit (JPHTN/FRM 700-2/4/1/299(c)/37)
Species	Mixed species
Lead Assessor	Sandra George
Assessor(s)	Brandon James
SFD Staff	George Angampun (DFO Sipitang), De-Almeida Galima Yukong (ADFO Sipitang), Yunus Mutalip (KPPM Sipitang), Jamhari Asli (PPD Sipitang), Muhammad Helmi Agustinus (PPD Sipitang)

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 01st January 2015 (**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 State Government of Sabah, through the Land and Survey Department of Sabah, has awarded the Alienate Land (AL) as Land Application (LA) to Sabah Land Development Board (Lembaga Kemajuan Tanah Negeri Sabah) in Kampung Iburu, Sipitang for agriculture development purposes.
- The lease period is valid for 99 years, from 01/01/2022 until 31/12/2120.
- In 2013, Power of Attorney was given by Sabah Land Development Board (Lembaga Kemajuan Tanah Negeri Sabah) to Iburu Timber Enterprise as a contractor to remove merchantable logs.
- The licensed area is divided into six (6) blocks, totaling of approximately 1,167 ha.
- The area is under the jurisdiction of the Sipitang District Forestry Officer.
- Land use classification:

Land classification	Total Area (ha)	Current Status (ha)
Total Concession Area		1,167.80
Production Area	1,167.80	1 st Form IIB application: <ul style="list-style-type: none"> - Total log production = 662 pieces - Total volume production = 1,031.99 m³ 2 nd Form IIB application: <ul style="list-style-type: none"> - Total log production = 997 pieces - Total volume production = 1,604.66 m³

Environmental Context:

- The Form IIB area is located at Kampung Iburu, Sipitang, Sabah.
- The nearest forest reserve is Maligan Forest Reserve and Sungai Tagol Forest Reserve.
- Based on the field visit, the area's topography is hilly and has undulating terrain.
- Based on the production record, the area predominantly has mixed lowland dipterocarp species.
- An Environmental Impact Assessment was conducted and approved by the Environment Protection Department (EPD).

Title	EPD Approval Letter #	EIA Consultant
The Proposed Forest Logging of 1,216.2 Ha on Lot PT. 201090324 (R.S.P 2014199001) at Kg. Iburu, Sipitang, Sabah.	JPAS/PP/19/600-1/01/1/292(25) dated 26/09/2014	Lakimson Consultancy Group Sdn. Bhd.

Social Context:

- The area is awarded to Sabah Land Development Board (Lembaga Kemajuan Tanah Negeri Sabah), allowing the company to manage and develop for agricultural purposes.
- Based on the title land, no area is subject to the NCR inside the licensed area.

Scope of Assessment

- The scope of the evaluation is to verify compliance of **Sabah Land Development Board (Iburu Timber Enterprise)** with the Form IIB permit (**JPHTN/FRM 700-2/4/1/299(c)/37**).
- The assessment is in accordance on the terms of the agreement for the "Sabah Legality Standard Principles 1 - 4 dated 01st January 2015 (**SFD-TLAS-002**).
- Site evaluation to verify and report the level of compliance Sabah Land Development Board 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: Sabah Land Development Board (Iburu Timber Enterprise) / Sipitang District / 12 – 16 Dec 2022 (Total Mandays = 12)

Date	Activity	GFS Staff	Mandays
12 December 2022 Monday	Travel to Sipitang and opening meeting at PPD Sipitang. Document review.	Sandra George Brandon James	2
13 December 2022 Tuesday	Field visit to licensed boundary, operation, and stumping area.	Sandra George Brandon James	2
14 December 2022 Wednesday	Document review at PPD Sipitang.	Sandra George Brandon James	2
15 December 2022 Thursday	Document review and closing meeting at PPD Sipitang. Travel to home base.	Sandra George Brandon James	2
16 December 2022 Friday	Finalizing report.	Sandra George Brandon James	2
17 - 18 December 2022	Reporting GFSSBH 003-169	Dr. Kevin Grace Sandra George	2
Total			12

Highlights of Assessment

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

February 2023: (Major Gaps = 1; Minor Gaps = 2; Observations = 0)

Sabah Land Development Board (Iburu Timber Enterprise) has not complied with the Sabah Legality Standard (**SFD-TLAS-002**) as non-compliance was not yet addressed under Criterion 1.2 during the assessment in February 2023.

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

Principle 1.

Based on the approval, the Form IIB permit will expire after one month from the approval date.

Phase	Applications	Total logs, pcs	Total vol, m ³	Royalty receipt
1	JPHTN/FRM 700-2/4/1/850/3, dated 30/08/2022	662	1,031.99	2B520034
2	JPHTN/FRM 700-2/4/1/299(c)/37, dated 15/11/2022	997	1,604.66	*

Note*: The Form IIB permit is pending payment as the application has just been approved by the SFD (Ref.#: JPHTN/SPG 700-2/4/25/JILID.1/(41), dated 12/12/2022) and payment is still in the process.

December 2022: Gap 001/2022 (Minor) – Checklist 1.2.1

The EIA report was unable to be provided during the assessment.

December 2022: Gap 002/2022 (Major) – Checklist 1.2.3

No evidence of an ECR was conducted quarterly since the first application in 2017 as required.

February 2023: Gap 002/2022 (Major) – Outstanding

Iburu Timber Enterprise appointed Lakimson Sdn. Bhd. to conduct Environmental Compliance Reports (ECR) quarterly; however, the ECR report has yet to be completed or submitted to EPD.

Principle 2.

No evidence of unauthorized operation inside the licensed area or an operation outside of the licensed area based on the assessment.

Riparian reserves were identified on the titled land map and observed protected on the ground.

December 2022: Gap 003/2022 (Minor) – Checklist 2.3.2, 2.3.7

No evidence of safety and fire prevention training was conducted for forest workers.

Principle 3.

Fees and logs royalty associated with forest operations for Phase 1 has been paid to the SFD. Records of payment are maintained.

The Form IIB permit for Phase 2 has just been approved (Ref.#: JPHTN/SPG 700-2/4/25/JILID.1/(41), dated 12/12/2022) and Iburu Timber Enterprise is in the process of paying the log royalty.

Highlights of Assessment

Principle 4.

There is no village or local settlement located within the licensed area. Therefore, the State Government awarded the land titles to the beneficiaries for agricultural purposes.

Summary Results:

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

February 2023: (Major gap = 1, Minor gap = 2, Observation = 0)

Gap raised against indicators & criteria during the December, 2022 assessment.

GAP	Type	Checklist	Status	Description
001/2022	Minor	1.2.1	New	December 2022: The EIA report was unable to be provided during the assessment.
002/2022	Major	1.2.3	Outstanding	December 2022: No evidence that Environmental Compliance Reports (ECR) were conducted quarterly since the first application in 2017 as required. February 2023: Iburu Timber Enterprise appointed Lakimson Sdn. Bhd. to conduct Environmental Compliance Reports (ECR) quarterly, however the ECR report has yet to be completed or submitted to EPD.
003/2022	Minor	2.3.2 2.3.7	New	December 2022: No evidence of safety and fire prevention training was conducted for forest workers.

Observation raised against indicators & criteria during the December, 2022 assessment.

Obs #	Checklist	Description
-	-	-

Highlights of Close Out Visit (if applicable)	Dates
	16 February 2023
Major Gap 002/2022 remains outstanding as the ECR has not been developed and submitted to EPD.	

Recommendations

Sabah Land Development Board (Iburu Timber Enterprise) has not demonstrated compliance with the Sabah Legality Standard (**SFD-TLAS-002**) as non-compliance was identified in Criterion 1.2 and is NOT eligible to receive a GFS Statement of Compliance or a Sabah TLAS Compliance Certificate from SFD.

The Major Gap shall be addressed within two months by **February 2023**.

Gap 002/2022 (Major) Outstanding – Checklist 1.2.3: ECR monitoring reports have yet to be developed and submitted to the EPD.

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 001/2022 (Minor) – Checklist 1.2.1: The EIA report shall be maintained and used as a guide for operational compliance.

Gap 003/2022 (Minor) – Checklist 2.3.2, 2.3.7: The contractor shall conduct safety and fire training before to the operation.

The next surveillance audit will be scheduled for **December 2023** (if applicable).

End of Summary Report