

Sabah TLAS Audit Report

Sabah Legality Standard Principles 1 – 4

Licensee	Licensee: Andaun Bin Tangkap & 11 Peserta Contractor: CH Mars Solutions Sdn. Bhd. (1223440-K)	Reference #	GFSSBH 003-148
Contact Person	Ninney Ng (CH Mars Solutions)	Date of Report	02/09/2022
Office Address	Andaun Bin Tangkap: Kg. Lima, Peti Surat Bil. 22, 89957, Nabawan, Sabah, Malaysia. CH Mars Solutions Sdn. Bhd.: Mile 3, Jalan Masak, Kg. Ulu Patikang, P.O.Box 1738, 89007 Keningau, Sabah, Malaysia.	Date of close out	-
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		Approved By	Dr. Kevin T. Grace

Statements

Audit Statement	GFS 161 LVS		
Issuance Date	05 September 2022	Expiration Date	09 September 2023

Assessment Details

Assessment Dates	29 August – 02 September 2022
Scope of Assessment	TLAS P1-4: JP(NTM)003/2020(F1)
Species	Mixed species
Lead Assessor	Priera Bagang, (Acting) Ivy Justin
Assessor(s)	Varenius Untomon
SFD Staff	Harry Francis Ikok (DFO Tenom), Joachim J. Japil (ADFO Tenom), Mazlan Azman (PPW Keningau), Ricky Sharif (KPPM Rundum), Ruzini Kasim (PPM Rundum)

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 (**FDS-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 licensed area was initially a “Temporary Occupation License” or TOL awarded by the Lands & Resources Department under the Sabah Chief Minister’s Office to Andaun Bin Tangkap and 11 others for logging.
- Since the tenure is short-term and temporary, the Sabah Forestry Department issued approval to harvest the area for 2 years under the “Form 1” logging license, from 01/11/2020 to 31/10/2022. The company received an extension (Ref.#: JKM.PHB. (S)700-2/1/9 (238) dated 18/08/2022) for harvesting until 31/10/2023.
- The Form 1 logging license consists of 1,000 ha, located inside Kuala Tomani FR, parcelled out into 2 areas: Area A: 538.41 ha and Area B: 461.59 ha. The licensed area is under the jurisdiction of the Tenom District Forestry Office.
- Following the government’s decision to enforce Reduce Impact Logging (RIL) in all NFM forest reserves in 2010, the licensee must prepare a Comprehensive Harvesting Plan (CHP) prior to harvesting and employ harvesting methods that conform to the RIL guidelines.
- CH Mars Solutions Sdn. Bhd. appointed Gasing Selatan Sdn. Bhd. as the RIL logging contractor.

Logging Contractor	Gasing Selatan Sdn. Bhd.
RIL Contractor Certificate	FD/CON/RIL(25)2021
Expiry Date	15/12/2022

- Teknikal Ukur Sabah was appointed to prepare the CHP.

CHP Contractor	Teknikal Ukur Sabah
Contractor Certificate	FD/CON/CHP (21) 2020
Expiry Date	30/06/2021*

*Note: The contractor registration was valid during the CHP preparation.

- The previous assessment was conducted in September 2021, which resulted in 0 Gap(s) and 1 observation(s) (Report #: GFSSBH 003-087).

Land use classification:

Land classification	Form 1 Area (ha)	Current Status (ha)
Total Concession Area	1000	1000
Production Area	916.0	916.0
- Form 1	Area A: 538.41 ha Area B: 461.59 ha	Area A (2nd Quarter 2022): Logged area: 323.07 ha Unlogged area: 215.34 ha Total Volume(m ³): 5,698.97 m ³ Area B (2nd Quarter 2022): Unlogged area: 461.59 ha
Riparian Reserve & slope $\geq 25^\circ$	76.74	CHP A: Not stated CHP B: Not stated
Planned infrastructure / Logging Road	7.27	7.27

Environmental Context:

- An Environmental Impact Assessment was conducted and approved by the Environment Protection Department (EPD).

Title	EPD Approval Letter #	EIA Consultant
EIA proposed logging activities of 1,000 ha by Andaun Bin Tangkap & 11 peserta at Kuala Tomani Forest Reserve, Tenom, Sabah.	JPAS/PP/TNM 600-1/01/1/309 (40) dated 12/04/2019	Lakimson Consultancy Group Sdn. Bhd.

- The area is logged over, mixed highland dipterocarp forest consisting of Shorea sp., Dipterocarpus sp., Hopea sp., Dryoblanops sp. and other lesser-known species such as Resak, Pengiran, Medang, Katong-Katong, etc.
- Polod (*Avenga undulatifolia*), a protected floral specie, is found thriving within the licensed area (EIA study, 2019).
- Kuala Tomani Forest Reserve has 2 rivers; Sg. Kapula and Sg. Sungih which drain into Sg. Padas.
- Terrestrial mammals commonly sighted are Borneon yellow muntjac, Bearded pig and Banded palm civet. The biggest threat to wildlife in the licensed area is poaching.

Social Context:

- There are no local communities associated with the licensed area. The nearest settlement is Kg. Kapulu (45 houses/Population: 226) is located approximately 3 km from the licensed area.
- A Gravity Water Feed System water intake point is located at the tributary of Sg. Kapulu (700m west of licensed area) and not affected by RIL of Area A and B as reported by EIA study in 2019.

Scope of Assessment	
<ul style="list-style-type: none"> • The scope of the evaluation is to verify compliance of Andaun Bin Tangkap & 11 Peserta with the Form 1 logging license Agreement [JP(NTM) 003/2020 (F1)] • The assessment is in accordance on the terms of the agreement for the “Sabah Legality Standard Principles 1 – 4 dated 01st January 2015 (FDS-TLAS-002). • Site evaluation to verify and report the level of compliance by Andaun Bin Tangkap & 11 Peserta 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 1: Andaun Bin Tangkap & 11 Peserta / Form IIB permits: Dymnah Jubile & 18 Peserta / Tenom & Tambunan District / 29 Aug – 02 Sep 2022 (Total Mandays = 19)

Date	Activity	GFS Staff	Mandays
29 August 2022 Monday	Traveling to Tenom for Form 1: Andaun Bin Tangkap & 11 Peserta. Opening Meeting at PPD Tenom. Document Review at PPD Tenom.	Ivy Justin Piera Bagang Varenus Untomon	3
30 August 2021 Tuesday	Traveling to Kuala Tomani Forest Reserve. Field assessment and Document review.	Ivy Justin Piera Bagang Varenus Untomon	3
31 August 2022 Wednesday	Public Holiday – Malaysia Independence Day	Ivy Justin Piera Bagang Varenus Untomon	3
01 September 2022 Thursday	Traveling to PPD Tambunan for Form IIB: Dymnah Jubile & 18 Peserta. Opening meeting, field assessment and Document Review.	Ivy Justin Piera Bagang Varenus Untomon	3
02 September 2022 Friday	Closing meeting at PPD Keningau. Travel to home base.	Ivy Justin Piera Bagang Varenus Untomon	3
03-04 September 2022	Reporting GFSSBH 003-148 Reporting GFSSBH 003-149	Dr. Kevin Grace Ivy Justin	4
Total			19

Highlights of Assessment

(Major Gaps = 0; Minor Gaps = 5; Observations = 1)

Andaun Bin Tangkap & 11 Peserta (CH Mars Solutions Sdn. Bhd.) has complied with the Sabah Legality Standard (**SFD-TLAS-002**) as no non-compliance was identified during the assessment on 29 August to 02 September 2022.

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

Principle 1.

Andaun Bin Tangkap & 11 Peserta demonstrated compliance with the Form 1 license conditions.

The company received an extension (Ref.#: JKM.PHB. (S)700-2/1/9 (238) dated 18/08/2022) for harvesting until 31/10/2023.

Licensee	Andaun Bin Tangkap dan 11 peserta
Licensee #	JP(NTM) 003/2020 (F1)
Boundaries of Area	As delineated by a red outline on the plan in Schedule A and registered FD No: JP85/160.
Size of the Area	Approximately 999.02 ha
Type of Land	Forest Reserve
Locality	Kuala Tomani Forest Reserve
Forest Region / District	Keningau / Tenom
Effective Date	01/11/2022
Expiry date	31/10/2023

Licensed boundaries are identified on the ground, marked with signboards and yellow paint and visible.

An Environmental Impact Assessment was conducted by Lakimson Consultancy Group Sdn. Bhd. and approved by the Environment Protection Department (EPD) (Ref.#: JPAS/PP/TNM 600-1/01/1/309 (40), dated 12/04/2019). ECR report was generated by the EPD consultant to verify compliance with the regulations. Currently, the scope of ECR is limited only to Area A and ECR reports for Area B shall be generated when logging is commenced.

Based on the 1st Quarter 2022 ECR report, the company has failed to comply with several criteria stipulated in the EIA requirement. The road system has not been adequately maintained and there is lack of evidence that the company rectified the issues raised.

August 2022: Gap 001/2022 (Minor) – Checklist 1.2.3, 2.1.11

Inadequate maintenance of forest roads and lack of evidence to rectify issues raised by the EPD consultant during the 1st Quarter 2022 ECR visit.

Based on the EIA map, protected areas such as riparian reserves and steep slopes are identified on the map. The EIA has identified 76.74ha of protected areas in the licensed area. The CHP lacked identification steep slopes and buffer zone as recorded in the approved EIA.

August 2022: Gap 002/2022 (Minor) - Checklist 1.5.1, 1.7.3

The CHP for areas A & B did not identify areas for protection in relation to the approved EIA.

No Annual Work Plan (AWP) is required for a Form 1 logging license. However, the conditions to harvest are spelled out in the Form 1 logging license agreement.

The Chief Conservator of Forest approved the Comprehensive Harvesting Plan for Area A (Ref.#: JPHTN/TNM 700-2/3/16/Jilid.1(64), dated 20 April 2021). The company has an approved Comprehensive Harvesting Plan extension letter for Area A from SFD, valid until 31/10/2022 (Ref.#: JPHTN/FRM-CHP: 700-3/9/30-5/JLD.1/7) dated 23/08/2022).

The Comprehensive Harvesting Plan for Area B has been submitted and approved by the SFD (Ref.#: JPHTN/TNM 700-2/3/16/JILID.2(66)) dated 05/05/2022).

September 2021: Observation 001-2021 – Checklist 1.5.1

The CHP draft for Area B has not been submitted to SFD for assessment and approval.

Highlights of Assessment

August 2022: Observation 001-2021 (Addressed)

The CHP for Area B has been submitted and approved by SFD.

Principle 2.

Harvesting operation has started in Area A. No harvesting operation has commenced yet at Area B.

Gasing Selatan Sdn. Bhd. was appointed to conduct RIL logging and registered with SFD.

Logging Contractor	Gasing Selatan Sdn. Bhd.
RIL Contractor Certificate	FD/CON/RIL(25)2021
Expiry Date	15/12/2022

Harvesting combines the use of crawler tractors and log fishers.

CH Mars Solution is allowed to transport logs from the licensed area to the leased land owned by Foo Tan Soong (CL.16509088) and must comply with all the conditions stipulated in the SFD approval letter (Ref.#: JPHTN/TNM 700-2/3/16/JILID.2/32, dated 19/08/2021).

August 2022: Observation 001-2022 – Checklist 2.1.1

Lack of climber cutting inside the logging area

Based on ECR findings, the company did not maintain identification of buffer zones and evidence of tree crowns felled into the buffer zone. The company paid a penalty to the SFD on 16/08/2022 (Receipt: AM764327).

August 2022: Gap 003/2022 (Minor) - Checklist 2.1.13

Based on ECR issued for 1st quarter 2022, there was evidence of tree crowns felled into the buffer zone.

August 2022: Gap 004/2022 (Minor) – Checklist 2.3.1

No evidence of COI registration for Gasing Selatan's workers.

August 2022: Gap 005/2022 (Minor) – Checklist 2.3.2, 2.3.7

No evidence of recent training on safety and fire conducted.

Principle 3.

The company has paid all the applicable licensing fees and other charges to SFD.

Principle 4.

Based on the EIA study, no local communities are associated with the licensed area. The nearest settlement is Kg. Kapulu (45 houses. Pop.: 226) is located approximately 3 km from the licensed area.

A Gravity Water Feed System water intake point is located at the tributary of Sg. Kapulu (700m west of licensed area) and not affected by RIL of Area A and B as reported by EIA study in 2019.

Summary Results:

(Major gap = 0, Minor gap = 5, Observation = 1)

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

GAP	Type	Checklist	Status	Description
001/2022	Minor	1.2.3 2.1.11	New	August 2022: Inadequate maintenance of forest roads and lack of evidence to rectify issues raised by the EPD consultant during the 1 st Quarter 2022 ECR visit.
002/2022	Minor	1.5.1 1.7.3	New	August 2022: The CHP for areas A & B did not identify areas for protection in relation to the approved EIA.
003/2022	Minor	2.1.13	New	August 2022: Based on ECR issued for 1 st quarter 2022, there was evidence of tree crowns felled into the buffer zone.
004/2022	Minor	2.3.1	New	August 2022: No evidence of COI registration for Gasing Selatan's workers.

GAP	Type	Checklist	Status	Description
005/2022	Minor	2.3.2 2.3.7	New	August 2022: No evidence of recent training on safety and fire conducted.

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

Obs #	Checklist	Description
001-2021 Addressed	1.5.1	September 2021: The CHP draft for Area B has not been submitted to SFD for assessment and approval. August 2022: The CHP for Area B has been submitted and approved by SFD.
001-2022	2.1.1	August 2022: Lack of climber cutting inside the logging area.

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

Recommendations
<p>Andaun Bin Tangkap & 11 Peserta (CH Mars Solutions Sdn. Bhd.) has 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 001/2022 (Minor) – Checklist 1.2.3, 2.1.11: The company shall maintain forest roads and rectify issues raised by the EPD consultant and maintain records of rectification accordingly.</p> <p>Gap 002/2022 (Minor) - Checklist 1.5.1, 1.7.3: Update the CHP map and mark the area for protection on the ground.</p> <p>Gap 003/2022 (Minor) - Checklist 2.1.13: Ensure no disturbance of buffer zones for forest operations.</p> <p>Gap 004/2022 (Minor) – Checklist 2.3.1: Register all workers under COI with SFD.</p> <p>Gap 005/2022 (Minor) – Checklist 2.3.2, 2.37: Conduct training on safety and fire suppression for all forest workers annually.</p> <p>Observation 001-2022 - Checklist 2.1.1: Climber cutting should be done at least 6 months before logging.</p> <p>The next surveillance audit will be scheduled for September 2023.</p>

End of Summary Report