

Sabah TLAS Audit Report

Sabah Legality Standard Principles 1 – 4

| | | | |
|-----------------------|--|--------------------------|-----------------|
| Licensee | Licensee: Kejora Majuria Sdn. Bhd. (1078972-X) Contractor: GP Jutamas Sdn. Bhd. (1123583-H) | Reference # | GFSSBH 003-231a |
| Contact Person | Willie Wong (Sinaborneo) | Date of Report | 24/11/2023 |
| Office Address | <u>GP Jutamas Sdn. Bhd.:</u> P.O. Box No. 1500, 89008 Keningau, Sabah, Malaysia. | Date of close out | 26/01/2024 |
| Email | sinaborneo@gmail.com DFO Keningau: Narbert.Nasly@sabah.gov.my | Telephone | +6087 334 902 |
| | | Fax | +6087 334 902 |
| | | Approved By | 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 | 20 – 24 November 2023 |
| Scope of Assessment | Sabah TLAS P1-4: JPHTN/FRM 700-2/4/2/3/JILID.2/29, JPHTN/FRM 700-2/4/2/3/JILID.2/26 and JPHTN/FRM 700-2/4/2/3/JILID.2/22 |
| Species | <i>Drybalanops spp.</i> (Kapur), <i>Dipterocarpus spp.</i> (Keruing), <i>Parashorea spp.</i> (White seraya), <i>Shorea spp.</i> (Red seraya, Yellow seraya, Melapi, Selangan batu), Sapotaceae (Nyatoh), <i>Eugenia spp.</i> (Obah), Lauraceae (Medang), Lithocarpus & Quercus (Mempening), <i>Hopea sangal</i> (Gagil), <i>Tristaniopsis merguensis</i> (Pelawan-pelawan), <i>Cotylelobium spp.</i> (Resak batu), <i>Dialium indum</i> (KerANJI), <i>Castanopsis motleyana</i> (Berangan), <i>Macaranga spp.</i> (Sedaman), <i>Ocotmeles sumatrana</i> (Binuang), <i>Neolarmakia cadamba</i> (Laran) other timber (OT) |
| Lead Assessor | Priera Bagang, Aleeza Ho (Acting) |
| Assessor(s) | Sandra George |
| SFD Staff | Narbert Nasly (DFO Keningau), Clarice V. Alliuon (ADFO Keningau), David Diosing (ADFO Keningau), Peter Abdullah (KPPM Ansip/Dalit), Welbert Betty (PPM Ansip/Dalit), Herold Petrus (PPM Ansip/Dalit) |

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 State Government of Sabah, through the Land and Survey Department of Sabah, has approved the Provisional Lease (PL) land title for Kejora Majuria Sdn. Bhd. in Kampung Mandalom, Sook, Keningau, for agriculture development. The lease period is valid for 99 years.
- In 2018, Power of Attorney was given by Kejora Majuria to GP Jutamas Sdn. Bhd. as a developer of the titled land area, allow GP Jutamas to plant oil palm. Subsequently, GP Jutamas appointed Sinaborneo Sdn. Bhd. (Sinaborneo) as a subcontractor to collect and sell the mixed species logs left behind during the land clearing.
- The previous assessment was conducted in November 2022 that resulted in 4 gap(s) and 0 observation(s) (Report #: GFSSBH003-163a).

Current Operations:

- The Form IIB permit approvals did not specify the total logged area.
- Based on records from December 2022 to October 2023, 19 Form IIB permit applications have been approved by SFD for the licensed area. The extracted merchantable logs are further divided into 2 categories: sawlogs and chip logs.
- Land use classification:

| Land classification | PL area (ha) | Current Status (ha) |
|--------------------------------|--------------|---|
| Provisional Lease #: 136291659 | 1,753 | As of October 2023: Production area = 1,753 ha Total saw log productions = 3,922.36m ³ Total chip log productions = 4,085.65 m ³ |

Environmental Context:

- The project area is located within the state land adjacent to Mt. Mendalom FR, Dalit FR and Sungai Talangkai FR. The topographic pattern is relatively undulating ground with an altitude of 200 and 400 m above sea level.
- Dipterocarp diversity is low and non-dipterocarps become more dominant. Based on records, trees above 30 cm DBH growth size have been identified and recorded within the project site. The common trees in the project area are Macaranga, Seraya, Mempening, Binuang, Keruing, Darah-Darah, Melapi and Laran.
- Based on the field observation, the soil is mostly of Crocker Association under Mountains landform with main units of Orthic Acrisol, Chromic & Dystric Cambisols and Lithosols. The parent materials of these associations are sandstone and mudstone.
- Based on the title land map, no sensitive or protected area is identified within this project area. The nearest protection area (Class I) is Mt. Mendalom FR (West), Dalit FR (West) and Sungai Talangkai FR (East).
- GP Jutamas Sdn. Bhd. has developed the EIA study titled "Proposed Oil Palm Plantation on PL.136291659 (1,753 hectares) at Kg. Mandalom, Keningau, Sabah" and has been approved by the Environment Protection Department (EPD) (Ref. #: JPAS/PP/KGU/600-1/11/1/493(31), dated 01/12/2023).

Social Context:

- The area is awarded to Kejora Majuria, allowing the company to manage and develop for agricultural purposes.
- Based on the land title, there is no area designated for NCR.

Scope of Assessment

- The scope of the evaluation is to verify compliance of **Kejora Majuria Sdn. Bhd. (GP Jutamas Sdn. Bhd.)** with the Form IIB permit No. **JPHTN/FRM 700-2/4/2/3/JILID.2/29, JPHTN/FRM 700-2/4/2/3/JILID.2/26 and JPHTN/FRM 700-2/4/2/3/JILID.2/22.**
- 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 **Kejora Majuria 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 demonstrate adequate compliance to a criterion.

Itinerary & Mandays: Form IIB: Kejora Majuria Sdn. Bhd. (GP Jutamas Sdn. Bhd.) / Close-out: Form IIB Chong Nyet Thiam @ John Chong (Win Win Contractor) / Keningau / 20 - 24 November 2023 (Total Mandays = 18)

| Date | Activity | GFS Staff | Mandays |
|-------------------------------|---|---|-----------|
| 20 November 2023 Monday | Travelling and overnight in Keningau. Opening meeting and document review at SFD Keningau. | Aleeza Ho Priera Bagang Sandra George | 3 |
| 21 November 2023 Tuesday | Field assessment to licensed area: licensed boundary, development area, logging area and campsite. | Aleeza Ho Priera Bagang Sandra George | 3 |
| 22 November 2023 Wednesday | Document review and compiling report. | Aleeza Ho Priera Bagang Sandra George | 3 |
| 23 November 2023 Thursday | Document review and closing meeting at SFD Keningau. Close-out for FIIB: Chong Nyet Thiam@John Chong (Win Win Contractor) | Aleeza Ho Priera Bagang Sandra George | 3 |
| 24 November 2023 Friday | Finalizing reports. Travel to home base. | Aleeza Ho Priera Bagang Sandra George | 3 |
| 25-26 November 2023 | Reporting: GFSSBH 003-231 Reporting: GFSSBH 003-218a | Dr. Kevin Grace Priera Bagang | 3 |
| Total | | | 18 |

Highlights of Assessment

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

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

Kejora Majuria Sdn. Bhd. (GP Jutamas 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 20 - 24 November 2023.

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

Principle 1.

The Sabah Government, through the Land and Survey Department has granted Kejora Majuria Sdn. Bhd. the Provisional Lease (PL) title land for the purpose of agriculture. The lease period is valid for 99 years subject to the Sabah Land Ordinance regulations.

From December 2022 to October 2023, 19 Form IIB permits have been approved by SFD. The extracted merchantable logs are further divided into 2 categories: sawlogs and chip logs.

GP Jutamas Sdn. Bhd. has an EIA draft study that is pending submission to EPD for approval.

November 2022: Gap 001/2022 (Major) – Checklist 1.2.1

No evidence that the EIA was developed and approved by EPD for the 1,753 ha with respect to land conversion.

January 2023: Gap 001/2022 (Major) – Outstanding

GP Jutamas has yet to prepare and submit an EIA to EPD for the licensed area as required.

Highlights of Assessment

November 2023: Gap 001/2022 (Major) – Outstanding

Lack of evidence that the EIA study was submitted and approved by the EPD.

January 2024: Gap 001/2022 (Major) – Closed

The EIA study has been submitted and approved by the EPD.

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

ECR monitoring reports were not submitted to the EPD for conversion of the 1,753 ha to agricultural land use as required.

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

ECR monitoring reports have yet to be developed and submitted to EPD as required.

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

ECR monitoring reports have yet to be developed and submitted to EPD as required.

January 2024: Gap 002/2022 (Major) – Outstanding

ECR monitoring reports have yet to be developed and submitted to EPD as required.

Principle 2.

Demarcation of areas prohibited from harvesting and forest operations, such as riparian reserve, were identified on the ground. No evidence of disturbance observed during the assessment.

Kejora Majuria Sdn. Bhd. has a Sub-Lease agreement with GP Jutamas Sdn. Bhd. to conduct land clearing for the licensed area. GP Jutamas Sdn. Bhd. appointed Sinaborneo to collect and sells the mixed species logs left behind during the land clearing.

November 2022: Gap 002/2022 (Major) – Checklist 2.1.11

ECR monitoring reports were not submitted to the EPD for conversion of the 1,753 ha to agricultural land use as required.

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

ECR monitoring reports have yet to be developed and submitted to EPD as required.

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

ECR monitoring reports have yet to be developed and submitted to EPD as required.

January 2024: Gap 002/2022 (Major) – Outstanding

ECR monitoring reports have yet to be developed and submitted to EPD as required.

November 2022: Gap 003/2022 (minor) – Checklist 2.2.3

The receipts of land premiums are unavailable during the assessment.

November 2023: Gap 003/2022 (minor) – Outstanding

No records of land premium receipts provided by GP Jutamas Sdn. Bhd.

November 2022: Gap 004/2022 (minor) – Checklist 2.3.2, 2.3.7

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

November 2023: Gap 004/2022 (minor) – Closed

Sinaborneo has conducted the workers safety and fire safety training for forest workers.

November 2023: Observation 001-2023 – Checklist 2.3.1, 2.3.5

Workers were not registered or contributed under SOCSO.

Principle 3.

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

SFD approval reference for the logs royalty payment by weighing and scaling:

Sawlogs by Scaling (>30cm) and Chip logs by Weighing (<29cm) = JPHTN/FRM 700-2/4/2/3/39 dated 02/09/2022.

Low grade sawlogs by Weighing (>30cm) = JPHTN/FIT 900-1/3/1/JLD.5(5) dated 28/04/2023.

November 2023: Observation 001-2023 – Checklist 3.1.1

FD plates for heavy machineries were not displayed as required.

Principle 4.

Highlights of Assessment

Not applicable – There is no village or local settlement located within the licensed area. Therefore, the State Government has awarded the land title to Kejora Majuria and subject to Sabah Land Ordinance Regulations.

Summary Results:

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

January 2024: (Major gap = 1, minor gap = 1, Observation = 2)

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

| GAP | Type | Checklist | Status | Description |
|----------|-------|-----------------|-------------|---|
| 001/2022 | Major | 1.2.1 | Closed | <p>November 2022: No evidence of EIA was developed and approved by EPD for the 1,753 ha with respect to land conversion.</p> <p>January 2023: GP Jutamas has yet to prepare and submit an EIA to EPD for the licensed area as required.</p> <p>November 2023: Lack of evidence that the EIA study was submitted and approved by the EPD.</p> <p>January 2024: The EIA study has been submitted and approved by the EPD.</p> |
| 002/2022 | Major | 1.2.3 2.1.11 | Outstanding | <p>November 2022: ECR monitoring reports were not submitted to the EPD for conversion of the 1,753 ha to agricultural land use as required.</p> <p>January 2023: ECR monitoring reports have yet to be developed and submitted to EPD as required.</p> <p>November 2023: ECR monitoring reports have yet to be developed and submitted to EPD as required.</p> <p>January 2024: ECR monitoring reports have yet to be developed and submitted to EPD as required.</p> |
| 003/2022 | minor | 2.2.3 | Outstanding | <p>November 2022: The receipts of land premiums are unavailable during the assessment.</p> <p>November 2023: No records of land premium receipts provided by GP Jutamas Sdn. Bhd.</p> |
| 004/2022 | minor | 2.3.2 2.3.7 | Closed | <p>November 2022: No evidence of safety and fire prevention training conducted for forest workers.</p> <p>November 2023: Sinaborneo has conducted the workers safety and fire safety training for forest workers.</p> |

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

| Obs # | Checklist | Description |
|----------|----------------|---|
| 001-2023 | 2.3.1 2.3.5 | <p>November 2023: Workers were not registered or contributed under SOCSO. Requirements for temporary workers are included under Perkeso Social Security Scheme</p> |
| 002-2023 | 3.1.1 | <p>November 2023: FD plates for heavy machineries were not displayed as required.</p> |

| Highlights of Close Out Visit (if applicable) | Dates | 26 January 2024 |
|---|-------|-----------------|
| <p>The Major Gaps 001/2022 and Gap 002/2022 shall be addressed within 2 months by January 2024. The Major Gap 001/2022 has been closed following the submission and approval of the EIA by the EPD. However, the ECR monitoring has yet to be developed and submitted to EPD as required; thus, the Major Gap 002/2022 remains outstanding.</p> | | |

| Recommendations |
|--|
| <p>Kejora Majuria Sdn. Bhd. (GP Jutamas Sdn. Bhd.) has not demonstrated compliance with the Sabah Legality Standard (SFD-TLAS-002) as non-compliance was identified under Criteria 1.2 & 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 January 2024.</p> <p>Gap 002/2022 (Major) Outstanding - Checklist 1.2.3, 2.1.11: ECR monitoring reports are required to be developed and submitted to the EPD for conversion of the 1,753 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>Gap 003/2022 (minor) Outstanding – Checklist 2.2.3: GP Jutamas Sdn. Bhd. & SFD should maintain a copy of land premium for the licensed area.</p> <p>Observation 001-2023 – Checklist 2.3.1, 2.3.5: Sinaborneo shall register and contribute SOCSO for temporary workers as listed under Perkeso Social Security Scheme as required.</p> <p>Observation 002-2023 – Checklist 3.1.1: Sinaborneo shall display the FD plate number for heavy machineries as required.</p> <p>The next surveillance audit will be scheduled for November 2024 (as applicable).</p> |

End of Summary Report