

# Sabah TLAS Audit Report

## Sabah Legality Standard Principles 1 – 4

<b>Licensee</b>	Licensee: Collector As Trustee Contractor: Sentotimber Sdn. Bhd. 201701018594 (1232759-K)	<b>Reference #</b>	GFSSBH 003-242
<b>Contact Person</b>	Kevin Halup (Management representative)	<b>Date of Report</b>	09/02/2024
<b>Office Address</b>	Lot 2, Ground Floor, Block A, Adika Commercial Shopping Complex, 89008 Keningau, Sabah, Malaysia.	<b>Date of close out</b>	-
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		<b>Approved By</b>	Dr. Kevin Grace

### Statements

Audit Statement	GFS 165 LVS		
Issuance Date	12 February 2024	Expiration Date	11 February 2025

### Assessment Details

Assessment Dates	05 – 09 February 2024
Scope of Assessment	Sabah TLAS P1-4: Form 1 #: JP(NNN)002/2021(F1)
Species	Salvage logged: <i>Shorea inappendiculate</i> (Selangan Batu), <i>Shorea spp.</i> (Obah Suluk), <i>Myristicaceae</i> (Darah-Darah), <i>Parashorea spp.</i> (White Seraya), <i>Shorea spp.</i> (Red Seraya, Yellow Seraya, Melapi), <i>Neolamarckia cadamba</i> (Laran), <i>Drybalanops spp.</i> (Kapur), <i>Dipterocarpus spp.</i> (Keruing), <i>Duabanga moluccana</i> (Magas), <i>Dillenia spp.</i> (Simpoh), <i>Crytoxylum spp.</i> (Serungan), OT (other timber).
Lead Assessor	Priera Bagang
Assessor(s)	Vanessa Abin, Aleeza Ho
SFD Staff	Robert Mijol (SFM-FLEGT), Jaime Gampawi (PPW Keningau), Mazlan Azman (PPW Keningau), Edmund Wiliam (DFO Nabawan), Rhymie Abd Rahman (ADFO Nabawan), Yassin J. (KPPM Pensiangan).

### 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 01<sup>st</sup> 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 Sabah State Government, through the Land and Survey Department, has granted Collector As Trustee the Field Register (FR) land title #: 154000674 to manage the area. Sentotimber Sdn. Bhd. (Sentotimber) was appointed as a contractor to conduct salvage logging and subdivision survey to issue a land title (Native Title) to all beneficiaries. Currently, there are 174 beneficiaries associated with the area.
- Logging operations will be carried out according to the requirements and conditions issued by the SFD. The project area was previously part of Pensiangan Forest Reserve (Class I) and was excised in 2015.
- The area is intended to be developed into agricultural production. SFD issued an approval (Ref. #: JPHTN/FRM 700-2/3/132(a)/8 dated 14/01/2021) to harvest the area under the Form 1 logging license. In 2023, the SFD granted a 1-year extension for the Form 1 license, effective until 13/04/2024 (Ref. #: JPHTN/FRM 700-2/3/132(a)40 dated 01/05/2023).
- Sentotimber is the appointed contractor to carry out salvage logging and is registered with the SFD (Ref. #: KON(NNN)003/2021(KM) valid until 13/04/2024).
- Sentotimber does not engage any other subcontractor to conduct the logging inside the licensed area.
- Sentorama Sdn. Bhd. and Lee Kian Seng@Lee Chen Seng provided manpower to Sentotimber.
- The previous assessment was conducted in November 2022 that resulted in 1 gap(s) and 1 observation(s) (Report #: GFSSBH003-164). The SFD did not schedule Collector As Trustee (Sentotimber) for the Sabah TLAS P1-4 assessment in 2023.

### Current Operations:

- Based on the Form 1 license, the harvesting method is adopting a conventional logging with no diameter cutting limit and species restriction. However, all logging activities must be below 25° slopes.
- The total area comprises 1,200 hectares and is subdivided into 26 blocks, with each block ranging from 25 to 52 hectares in size.
- Logging operations were halted in September 2022 due to unfavorable weather conditions and market demand. However, logging operations recently resumed in October 2023.
- The current operational is in Block 12, with a total cumulative royalty paid log production of 5,827.87 m<sup>3</sup> (3,407 pieces) as of January 2024.
- Land use classification:

Land classification	Form 1 License Area (ha)	Status as of January 2024 (ha)
Total Concession Area	1,200	1,200
Production Area	1,079.18	Net production = 1,079.18 ha Logged = 320 ha Balance area = 759.18 ha Royalty-paid Logs = 3,407 pcs Volume = 5,827.87 m <sup>3</sup>
Riparian reserve	11.53	
Existing Access Road	7.69	
Slope >25°	101.60	

### Environmental Context:

- The project area generally has hilly and undulating terrain formed by the 3 ridges descending from the forest reserves in the southern region. The highest point of the project area is at 850m a.s.l. situated at the southwest corner, whereas the lowest point is at 500m a.s.l. located at the eastern corner and the northern mid-boundary.
- A Tagal area of Sg. Talangkai, which is registered under the Sabah Fisheries Department, is located 2.5 KM north at Kg. Layon.

- The project site is mainly covered with mixed dipterocarp forest and undergrowth vegetation and situated between 2 Forest Reserves, namely, Pensiangan Forest Reserve (Class I) and Sg. Tagul Forest Reserve (Class II).
- The EIA recorded 17 fauna species within the vicinity of the licensed area. 3 species were listed under Schedule II. 2 species were listed in Schedule III based on the Sabah Wildlife Department 1997 Schedule.
- The EIA study was approved by the EPD in August 2020.

Title	EPD Approval Letter #	EIA Consultant
Proposed Logging and Land Clearing Activities of FR.154000674 (1,200 hectares) at Kg. Tatalaan 1 Joint Venture between the Beneficiaries of Communal Grant of Kg. Tatalaan 1 with Sentotimber Sdn. Bhd., Pensiangan, District of Nabawan, Sabah.	JPAS/PP/NBN/600-1/01/1/320(26) dated 11/08/2020	Envsolve Sdn. Bhd.

**Social Context:**

- The area is intended for agricultural production to benefit the residents of Kg. Tatalaan 1, with a subdivision survey planned to issue land titles (Native Title) to all beneficiaries. Currently, there are 174 beneficiaries associated with the area.
- There is no separate SBS or SIA study documented for the Form 1 licensed area. However, the EPD consultant has conducted a social baseline survey in 2019, and the findings were incorporated into the EIA report. Based on the EIA report, there are no local communities residing in the licensed area. The nearest human settlements are Kg. Nangkawangan and Kg. Layon located 2 km away from the licensed area. No evidence that the logging operation inside the project area would adversely affect nearby communities.

Scope of Assessment
<ul style="list-style-type: none"> <li>• The scope of the evaluation is to verify compliance of Collector As Trustee (Sentotimber Sdn. Bhd.) with the Form 1 license no. JP(NNN)002/2021(F1) under the Field Register no. 154000674.</li> <li>• The assessment is in accordance on the terms of the agreement for the “Sabah Legality Standard Principles 1 - 4 dated 01<sup>st</sup> January 2015 (SFD-TLAS-002).</li> <li>• Site evaluation to verify and report the level of compliance by Collector As Trustee (Sentotimber Sdn. Bhd.) and contractors to the standard in respect to each of the criteria within this report.</li> <li>• 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.</li> </ul>

**Itinerary & Mandays: Form 1 / Collector As Trustee (Sentotimber Sdn. Bhd.)/Close-out: Maxland Sdn. Bhd. / Nabawan District / 05 – 09 February 2024 (Total Mandays = 19)**

Date	Activity	GFS Staff	Mandays
05 February 2024 Monday	Travel to Keningau. Opening meeting at PPD Keningau. Document review & compiling report.	Priera Bagang Vanessa Abin Aleeza Ho	3
06 February 2024 Tuesday	Field assessment: Licensed boundary, harvesting areas, protection areas. Close-out Maxland Sdn. Bhd. Document review & compiling report.	Priera Bagang Vanessa Abin Aleeza Ho Brandon James	4
07 February 2024 Wednesday	Field assessment: Stumping area, basecamp. Document review & compiling report.	Priera Bagang Vanessa Abin Aleeza Ho	3
08 February 2024 Thursday	Document review and closing meeting at Sento Hotel Conference room.	Priera Bagang Vanessa Abin Aleeza Ho	3
09 February 2024 Friday	Finalizing report and travel to Kota Kinabalu.	Priera Bagang Vanessa Abin Aleeza Ho	3

10-11 February 2024	Reporting GFSSBH 003-242 Reporting GFSSBH 003-233a	Dr. Kevin Grace, Piera Bagang Brandon James	3
<b>Total</b>			<b>19</b>

Highlights of Assessment
<p><b>(Major Gaps = 0; minor Gaps = 1; Observations = 0)</b> Collector As Trustee (Sentotimber Sdn. Bhd.) has complied with the Sabah Legality Standard (<b>SFD-TLAS-002</b>) as no non-compliance was identified during the assessment on 05 – 09 February 2024.</p> <p>Summary of status of operations by <b>Principle</b>:</p> <p><b>Principle 1.</b> Sentotimber has demonstrated compliance with the Form 1 license issued by the SFD and the EIA study from the EPD. In addition, the contractor implemented adequate boundary demarcation and maintenance of the licensed area. The SFD did not require the submission of the Forest Management Plan and Annual Work Plan. Sentotimber has conducted the ECR monitoring and submitted the quarterly reports to EPD as required. Sentotimber maintained boundary demarcation by slashing, marked with red paint and displaying signage as required.</p> <p><b>Principle 2.</b> The Form 1 license is based on salvage logging for conversion of the logged over forest to agriculture. Sentotimber is compliant with the timber transportation regulated under the SFD.</p> <p><b>February 2024: Gap 001/2024 (minor) – Checklist 2.3.2</b> Sentotimber did not conduct work safety training for workers.</p> <p><b>Principle 3.</b> All statutory charges have been paid by the Sentotimber.</p> <p><b>Principle 4.</b> <b>Not applicable</b> – There is no separate SBS or SIA study documented for the Form 1 licensed area. However, the EPD consultant has conducted a social baseline survey in 2019, and the findings was incorporated into the EIA report. Based on the EIA report, there are no local communities residing in the licensed area. The nearest human settlements are Kg. Nangkawangan and Kg. Layon located 2 km away from the licensed area. No evidence that the logging operation inside the project area would adversely affect nearby communities.</p>

**Summary Results:**

**(Major gap = 0, minor gap = 1, Observation = 0)**

Gap raised against indicators & criteria during the February 2024 assessment.

GAP	Type	Checklist	Status	Description
001/2024	minor	2.3.2	New	<b>February 2024:</b> Sentotimber did not conduct work safety training for workers.

Observation raised against indicators & criteria during the February 2024 assessment.

Obs #	Checklist	Description
-	-	-

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

**Recommendations**

**Collector As Trustee (Sentotimber 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 001/2024 (minor) – Checklist 2.3.2:** Sentotimber shall conduct work safety training for workers.

The next surveillance audit will be scheduled for February 2025.

**End of Summary Report**