

Sabah TLAS Audit Report

Sabah Legality Standard Principles 1 – 4

Licensee	Licensee: Francis Bin Madangan & 40 Peserta Contractor: Sahabat Jayasama Sdn. Bhd. (1216138-W)	Reference #	GFSSBH003-171a
Contact Person	Lim Yaw Meng (Director)	Date of Report	06/01/2023
Office Address	Lot 18, 1 st Floor Suria Shopping Centre, 89008 Keningau, Sabah, Malaysia.	Date of close out	10/03/2023
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		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	02 – 06 January 2023
Scope of Assessment	Sabah TLAS P1-4: Form 1 No. JP(STG)006/2021(F1)
Species	Mixed species
Lead Assessor	Priera Bagang
Assessor(s)	Ivy Justin
SFD Staff	Abd. Jamal Ibrahim (DFO Tongod), Richard Madanan (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 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, approved the land applications for Francis Bin Madangan & 40 Peserta on 05/06/2020, allowing the beneficiaries to develop the said land comprised of 496.33 ha (41 lots) subject to the Sabah Land Ordinance regulations. The Sabah Forestry Department issued a Form 1 logging license to harvest the area for 1 year, which will cease on 16/01/2023.
- Initially, on 02/05/2012, Francis Bin Madangan & 40 Peserta appointed True Greenland Sdn. Bhd. and Best Archivers Sdn. Bhd. as their developers and handling of government matters to the said land. On 26/11/2020, True Greenland Sdn. Bhd. and Best Archivers Sdn. Bhd. appointed Syabas Hasil Sdn. Bhd. as a contractor to develop the area. Subsequently, on 12/04/2021, another Power of Attorney was given from Syabas Hasil Sdn. Bhd. to Sahabat Jayasama Sdn. Bhd. (Sahabat Jayasama) as a responsible subcontractor to conduct logging operations and land development inside the title lands.
- The licensed area is under the jurisdiction of the Tongod District Forestry Office and harvested based on salvage logging by Sahabat Jayasama, which is a registered contractor with the SFD, KON(STG)004/2022(KM).
- Land use classification:

Land classification	Form 1 Area (ha)	Current Status (ha)
Survey Plan (SP) #: P25124627-P25124635	496.33	496.33 Logged area as of September 2022 (3 rd Quarter): 198.52 ha Total production as of September 2022 (3 rd Quarter): 2,046 pcs (2,980.69m ³)

Environmental Context:

- The project area is located within state land under Survey Plan #: P25124627 to P25124635 adjacent to Lalampas FR Class I and Ulu Sg. Milian FR Class II, located at the western boundary of the project area. The topographic pattern is relatively undulating ground with an altitude from 400 m to 600 m above sea level.
- Dipterocarp diversity is low and non-dipterocarps become more dominant. Based on records, trees above 25 cm DBH growth size have been identified and recorded within the project site. The common trees found within the project area are Macaranga, Seraya, Mempening, Binuang, Keruing, Darah-Darah, Melapi and Laran.
- Terrestrial mammals commonly sighted are Sambar deer, Borneon yellow muntjac, Bearded pig, Malay civet, Common palm civet, and Long-tailed macaque.
- The soil is made up mostly of Crocker Association under Mountains landform with main soil units of Orthic Acrisol, Chromic & Dystric Cambisols and Lithosols. The parent materials of these associations are sandstone and mudstone.
- Based on the Survey Plan and Form 1 license, no sensitive or protected areas was identified within this project area.
- No evidence of a Proposal for Mitigation Measures has been developed for this project area.

Social Context:

- There is no human settlement within the project site. There is only one village, Kg. Maliau, is located 5 km from the northeast boundary of the project site.

Scope of Assessment

- The scope of the evaluation is to verify compliance of **Francis Bin Madangan & 40 Peserta (Sahabat Jayasama Sdn. Bhd.)** with the Form 1 logging license No. JP(STG)006/2021(F1).
- 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).

Scope of Assessment

- Site evaluation to verify and report the level of compliance by of **Francis Bin Madangan & 40 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: Francis Bin Madangan & 40 Peserta (Sahabat Jayasama Sdn. Bhd.)/ Close-out: Form IIB Nik Mohd Nadzri bin Nik Zawawi & 35 Peserta (Hartawan Dimaju Sdn. Bhd.) & Kejora Majuria Sdn. Bhd. (GP Jutamas Sdn. Bhd.) / Tongod / 02 – 06 January 2023 (Total Mandays = 14)

Date	Activity	GFS Staff	Mandays
02 January 2023 Monday	Public Holiday – New Year’s Day (Replacement)	Priera Bagang Ivy Justin	2
03 January 2023 Tuesday	Travel to IPS Telupid and overnight. Close-out for Form IIB: Nik Mohd Nadzri & Kejora Majuria.	Priera Bagang Ivy Justin	2
04 January 2023 Wednesday	Opening meeting at Sahabat Jayasama’s campsite and field visit to licensed area.	Priera Bagang Ivy Justin	2
05 January 2023 Thursday	Document review.	Priera Bagang Ivy Justin	2
06 January 2023 Friday	Closing meeting at PPD Telupid. Travel to home base.	Priera Bagang Ivy Justin	2
07-08 January 2023	Reporting GFSSBH 003-171 Reporting GFSSBH 003-161a Reporting GFSSBH 003-163a	Dr. Kevin Grace Priera Bagang	4
Total			14

Highlights of Assessment

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

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

Francis Bin Madangan & 40 Peserta (Sahabat Jayasama Sdn. Bhd.) has not complied with the Sabah Legality Standard (**SFD-TLAS-002**) as non-compliance was identified for criteria 1.2 & 2.1 during the assessment on 03-06 January 2023.

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

Principle 1.

The State Government of Sabah, through the Land and Survey Department, approved the land application for Francis Bin Madangan & 40 Peserta on 05/06/2020 under the approved Survey Plan #: P25124627 to P25124635.

Currently, the Land and Survey Department is in the midst of developing the Country Lease (CL) land title to the beneficiaries.

The SFD has granted the Form 1 logging license to Sahabat Jayasama that valid from 17/01/2022 to 16/01/2023 (Ref.#: JPHTN/FRM 700-2/3/143/16 dated 24/08/2021).

A Proposal for Mitigation Measures is required to be developed for the 496.33 ha licensed area.

January 2023: Gap 001/2023 (Major) - Checklist 1.2.2

No evidence of the Proposal for Mitigation Measures was developed and approved by EPD for the 496.33ha (41 lots) with respect to land conversion.

March 2023: Gap 001/2023 (Major) – Outstanding

Sahabat Jayasama appointed Prisma Adventure Sdn. Bhd. to develop and conduct PMM for the 496.33 ha with respect to land conversion; however, the PMM has yet to be developed or submitted to EPD.

January 2023: Gap 002/2023 (Major) - Checklist 1.2.3, 2.1.11

ECR monitoring reports were not developed as the PMM was not submitted to the EPD as required.

March 2023: Gap 002/2023 (Major) – Outstanding

Sahabat Jayasama appointed Prisma Adventure Sdn. Bhd. to develop the PMM; however, the PMM will

Highlights of Assessment

only commence stage by stage [Ref. #: PASB/EIA/SJSB(12)].

Principle 2.

Francis Bin Madangan & 40 Peserta (Sahabat Jayasama) demonstrated compliance with the forest operation. No evidence of unauthorized operation outside the licensed area during the assessment.

The logging operation commenced in July 2022. The quarter logging progress is required and reported to DFO Tongod (Ref.#: JPHTN:TG:M(MGU)700-2/3/5(JILID.1)02 dated 03/10/2022). The status of the logged area and total production as of September 2022 is as follows:

Logged area 3 rd Quarter 2022	198.52ha
Total logged area (1 st - 2 nd Quarter 2022)	198.52ha
Unlogged area	297.81ha
Production of 3 rd Quarter 2022	2,046 pcs (2,980.69m ³)
Previous production (1 st - 2 nd Quarter 2022)	0
Total production as of 3 rd Quarter 2022	2,046 pcs (2,980.69m ³)

Principle 3.

No occupational permit registration is required.

Sahabat Jayasama has paid all associated fees. Records were available and maintained.

Principle 4.

Not applicable - There is no human settlement within the project site. There is only one village, Kg. Maliau, is located 5 km from the northeast boundary of the project site.

Summary Results:

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

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

Gap raised against indicators & criteria during the January, 2023 assessment.

GAP	Type	Checklist	Status	Description
001/2023	Major	1.2.2	Outstanding	<p>January 2023: No evidence of the Proposal for Mitigation Measures was developed and approved by EPD for the 496.33ha (41 lots) with respect to land conversion.</p> <p>March 2023: Sahabat Jayasama appointed Prisma Adventure Sdn. Bhd. to develop and conduct PMM for the 496.33 ha with respect to land conversion; however, the PMM has yet to be developed or submitted to EPD.</p>
002/2023	Major	1.2.3 2.1.11	Outstanding	<p>January 2023: ECR monitoring reports were not developed as the PMM was not submitted to the EPD as required.</p> <p>March 2023: Sahabat Jayasama appointed Prisma Adventure Sdn. Bhd. to develop the PMM; however, the PMM will only commence stage by stage [Ref. #: PASB/EIA/SJSB(12)].</p>

Observation raised against indicators & criteria during the January, 2023 assessment.

Obs #	Checklist	Description
-	-	-

Highlights of Close Out Visit (if applicable)	Dates	10 March 2023
The Major Gap 001/2023 & 002/2023 shall be addressed within 2 months by March 2023. Major Gaps remain outstanding since the PMM has not been developed and submitted to the EPD.		

Recommendations

Francis Bin Madangan & 40 Peserta (Sahabat Majusama Sdn. Bhd.) has not demonstrated compliance with the Sabah Legality Standard (**SFD-TLAS-002**) as non-compliance was identified in Criteria 1.2 & 2.1 and is NOT eligible to receive a GFS Statement of Compliance or a Sabah TLAS Compliance Certificate from SFD.

The Major Gaps shall be addressed within two months by **March 2023**.

Gap 001/2023 (Major) Outstanding – Checklist 1.2.2: Sahabat Jayasama shall prepare a Proposal for Mitigation Measures for the conversion of the 496.33 ha area to agriculture and submit it to the EPD for approval.

Gap 002/2023 (Major) Outstanding - Checklist 1.2.3, 2.1.11: ECR monitoring reports are required to be developed and submitted to the EPD.

The next surveillance audit will be scheduled for **January 2024**.

End of Summary Report