

Sabah TLAS Audit Report

Sabah Legality Standard Principles 1 – 4

Licensee	Licensee: Pemegang Amanah Tanah Rizab Kediaman Anak Negeri Kg. Ogan, Labuk Sugut, Beluran Contractor: Krismega Sdn. Bhd. (480733-A) Logging contractor: Milik Ria Sdn. Bhd. (247568-T)	Reference #	GFSSBH 003-151a
Contact Person	Yew Ing Ching (Milik Ria Sdn. Bhd.)	Date of Report Date of close out	15/09/2022 17/11/2022
Office Address	<u>Krismega Sdn. Bhd.</u> Lot 9 & 10, Level 1 & 2, Block 40, Bandar Indah, Batu 4, Jalan Utama, P.O Box 1429, 90715 Sandakan, Sabah, Malaysia. <u>Milik Ria Sdn. Bhd.</u> Block 5, Lot 8, 2 nd floor, Bandar Indah, 90000 Sandakan, Sabah, Malaysia.	Telephone	+6013 888 9993
Email	andamygroup@yahoo.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 – 15 September 2022
Scope of Assessment	TLAS P1-4: JP(SBN)008/2021(F1)
Species	Salvage logging: Mixed natural forest species
Lead Assessor	Glory Linggou
Assessor(s)	Varenus Untomon, Sandra George
SFD Staff	Bulkiah Sherif Hassan (ADFO Beluran), Bigu Madi (KPPM Ulu Tongod), Hirwan Mohd Amai (KPPM Ulu Tongod), Muhammad Zulsyazwan Bin Mohd Arif (Unit FIT Beluran)

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 declared this project area as the Tanah Rizab for all the communities in Kampung Ogan under Land Ordinance (Chapter.68) that was signed on 22/09/1986 in Kota Kinabalu, published under Government Gazette Number GN. 482/86. The area is located in the Beluran District, comprising a total area of 830 ha.
- On 02/09/2008, a Joint Venture agreement between Pemegang Amanah Tanah Rizab Kediaman Anak Negeri Kg. Ogan, Labuk Sugut, Beluran and Krismega Sdn. Bhd. (480733-A) was made. The agreement stated that all applications, payments, meetings and discussions related to the Form 1 timber license agreement are under the responsibility of Krismega Sdn. Bhd.
- Krismega Sdn. Bhd. has appointed Milik Ria Sdn. Bhd. (247568-T) to carry out logging activities. The previous Form 1 approval was valid from 20/11/2015 to 19/11/2017. No logging operation was conducted since the end of 2017.
- The Form 1 license was renewed and approved by SFD on 30/03/2022 and valid from 16/03/2022 to 15/03/2023 (Ref.#: JPHTN/BN700-2/3/2/11/44) to continue the remaining unlogged area.
- The main objective of this operation is to extract all merchantable logs available from the area for oil palm planting purposes.
- Land use classification:

Land classification	Form 1 Area (ha)	Current Status (ha)
Total Licensed Area	830	830
Production Area	466.32	Total production area = 466.32 Total production as of 4 th quarter 2017 = 271.61 ha (6452.58 m ³) Unlogged area: 194.71
Existing Oil Palm	363.68	363.68

Environmental Context:

- No evidence of an approved EIA for the 830ha project area.
- The project area is located on undulating terrain. The altitudes of the project area range from 30m to 450m above mean sea level (AMSL). The highest peak is situated at the southern boundary of the project site.
- Vegetation at the project site mostly comprises of shrubs, grasses and ferns in the development area and logged over forest of dipterocarp *Shorea spp.* and pioneer species in undeveloped areas.
- Class 1 Timimbang Forest Reserved area borders the project site.
- The nearest river, Sungai Sugut is located approximately 2 km from the boundary.

Social Context:

- The nearest human settlement Kampung Monopod is located 2 km from the project boundary.
- There is no NCR claim area inside the project area.

Scope of Assessment

- The scope of the evaluation is to verify compliance of **Pemegang Amanah Tanah Rizab Kediaman Anak Negeri Kg. Ogan, Labuk Sugut, Beluran** with the Form 1 license JP(SBN)008/2021(F1) for the area.
- 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 by **Pemegang Amanah Tanah Rizab Kediaman Anak Negeri Kg. Ogan, Labuk Sugut, Beluran** and contractors to the standard in respect to each of the criteria within this report.

Scope of Assessment

- 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 / Pemegang Amanah Tanah Rizab Kediaman Anak Negeri Kg. Ogan, Labuk Sugut, Beluran / Beluran District 12 – 16 September 2022 (Total Mandays = 17)

Date	Activity	GFS Staff	Mandays
12 September 2022 Monday	Travelling to Beluran.	Glory Linggou, Varenus Untomon, Sandra George	3
13 September 2022 Tuesday	Opening meeting at PPD Beluran. Document review.	Glory Linggou, Varenus Untomon, Sandra George	3
14 September 2022 Wednesday	Field visit to the licensed area. Document review.	Glory Linggou, Varenus Untomon, Sandra George	3
15 September 2022 Thursday	Closing meeting at PPD Beluran.	Glory Linggou, Varenus Untomon, Sandra George	3
16 September 2022 Friday	Public Holiday - Hari Malaysia	Glory Linggou, Varenus Untomon, Sandra George	3
17-18 September 2022	Reporting GFSSBH 003-151	Dr. Kevin Grace Glory Linggou	2
Total			17

Highlights of Assessment

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

November 2022: (Major Gaps = 1; Minor Gaps = 1; Observations = 0)

Pemegang Amanah Tanah Rizab Kediaman Anak Negeri Kg. Ogan, Labuk Sugut, Beluran has not complied with the Sabah Legality Standard (**SFD-TLAS-002**) as non-compliance was identified under Criterion 1.2 during the assessment on 12-15 September 2022.

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

Principle 1.

The Sabah Forestry Department (SFD) issued approval (Ref.#: JPHTN/BN700-2/3/2/11/44, dated 30/03/2022) to harvest 830 ha for 1 year under the "Form 1" logging license, which will cease on 15/03/2023.

Licensee	Form 1 License	Total Area, ha	Expiry Date
Pemegang Amanah Tanah Rizab Kediaman Anak Negeri Kg. Ogan, Labuk Sugut, Beluran	JP(SBN)008/2021(F1)	830	15/03/2023

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

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

No evidence of an approved Environmental Impact Assessment (EIA) during the assessment.

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

No evidence that an EIA has been conducted to cover the entire project area and approved by EPD.

September 2022: Gap 002/2022 (Minor) – Checklist 1.2.3 & 2.1.11

The licensee has yet to conduct ECR in 2022 as required.

Principle 2.

As of the assessment, there was no salvage logging or log extraction.

Krismega Sdn. Bhd. has appointed Milik Ria Sdn. Bhd. to conduct Salvage logging operations and registered with Sabah Forestry Department.

Logging Contractor	Milik Ria Sdn. Bhd.
SFD Contractor Registration	KON(SBN) 015/2015(KM)
Expiry Date	15/03/2023

Highlights of Assessment

Principle 3.

The licensee has paid the licensing fees to SFD. The records were available and maintained.

Principle 4.

There is no village or local settlement located within the licensed area.

Summary Results:

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

November 2022: (Major gap = 1, Minor gap = 1, Observation = 0)

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

GAP	Type	Checklist	Status	Description
001/2022	Major	1.2.1	Outstanding	<p>September 2022: No evidence of an approved Environmental Impact Assessment (EIA) during the assessment.</p> <p>November 2022: No evidence that an EIA has been conducted to cover the entire project area and approved by EPD.</p>
002/2022	Minor	1.2.3 2.1.11	New	<p>September 2022: The licensee has yet to conduct ECR in 2022 as required.</p>

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

Obs #	Checklist	Description
-	-	-

Highlights of Close Out Visit (if applicable)

Dates

17 November 2022

The Major Gap shall be addressed within 2 months by November 2022 and remains Outstanding. The licensee proposed an EIA to EPD, no assessment has been conducted by a registered EIA consultant to cover the entire project area.

Recommendations

Pemegang Amanah Tanah Rizab Kediaman Anak Negeri Kg. Ogan, Labuk Sugut, Beluran has not demonstrated compliance with the Sabah Legality Standard (SFD-TLAS-002) as non-compliance was identified under Criterion 1.2, thus is not eligible to receive a GFS Statement of Compliance and Sabah Timber Legality Assurance System Compliance Certificate (TLAS-CC) from SFD.

The Major Gap shall be addressed within two months by **November 2022**.

Gap 001/2022 (Major) Outstanding – Checklist 1.2.1: Provide evidence of an approved Environmental Impact Assessment (EIA) for the entire project area.

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 002/2022 (Minor) – Checklist 1.2.3, 2.1.11: Conduct ECR as required by EPD.

The next surveillance audit will be scheduled for September 2023.

End of Summary Report