

# Sabah TLAS Audit Report

## Sabah Legality Standard Principles 1 – 4

<b>Licensee</b>	Gerak Saga Sdn. Bhd. (1098208-V)	<b>Reference #</b>	GFSSBH 003-020a
<b>Contact Person</b>	Thondik Venantius (Project Director)	<b>Date of Report</b> <b>Date of close out</b>	19/05/2019 25/06/2019
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		<b>Approved By</b>	Dr. Kevin T. Grace

### Statements

Audit Statement	GFS 134 LVS		
Issuance Date	26 June 2019	Expiration Date	31 May 2020

### Assessment Details

Assessment Dates	13 <sup>th</sup> – 17 <sup>th</sup> May 2019
Scope of Assessment	SFMLA 01/2015 – FMU 2
Species	<i>Acacia spp.</i>
Lead Assessor	Franklin Emang
Assessor(s)	Priera Bagang, Cynthia D. John
FDS Staff	Edmund William (DFO Pitas), Unus Ampang (ADFO Pitas), PH Roslan Osman (PPD Pitas), PH Peter Sumpit (PPD Pitas), PH Kinidih Ludin (PPD Pitas)

### 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 (**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 Sabah State Government has allocated both the Bengkoka Forest Reserve and Tambalugu Forest Reserve, a combined of 6,467 ha to Gerak Saga Sdn. Bhd. (Gerak Saga) for the purpose of industrial tree plantation development. Both forest reserves will be managed as a single FMU and divided into 4 Coupes. The licensed area will be planted mainly with *Eucalyptus* species following by *Acacia* spp. with a rotation period of 10 years. The net plantable area is approximately 5,625 ha.
- SFMLA 01/2015 was signed on 26<sup>th</sup> October 2016 for 100 years and expires on 31<sup>st</sup> December 2115.
- Gerak Saga has an approved 10-year FMP from 1<sup>st</sup> January 2017 – 31<sup>st</sup> December 2026 of SFMLA 01/2015 – FMU 2 Bengkoka Forest Reserve & Tambalugu Forest Reserve.
- Gerak Saga appointed Farmglow Sdn. Bhd., Kinshope Trading Sdn. Bhd. and JW Merit Sdn. Bhd. as their logging contractors.
- Gerak Saga has submitted an application to register one additional logging contractor, Jun Kian Enterprise with FDS (Ref. #: GS/KM19/05/066 dated 7<sup>th</sup> May 2019).
- The previous assessment was conducted in May 2018 that resulted in 1 gap(s) and 2 observation(s) (report #: G161-237).
- Land use classification:

Land Use	FMP Area (ha)	Coupe Development Plan area (ha)	
Natural Forest Management (NFM)	0	65.0	
Plantation Forest (ITP)	5,625	5,424.9	
		Planted	270.3
		Infrastructure	9.9
		Land	5,124.3
		Land dispute (Temporarily excluded from forest operation)	20.4
Conservation Reserves	369.9	948.0	
		Conservation	1.5
		Mangrove forest	26.9
		Rehabilitation	3.7
		River buffer	468.2
		Water catchment	327.5
		Water reservoir	120.2
Riparian Buffers	296.0		
Mangrove Forest	12.1		
Infrastructure, Roads, Buildings, etc.	25.0		
Roadways	76	43.8	
Water Reservoirs	72.0		
<b>Total</b>	<b>6,467</b>	<b>6,481.7</b>	

Note: Several changes have been made to the zoning area. It was observed that there is discrepancy of 14.7 ha between the land use areas in FMP against the Coupe Development Plan. According to the company, this is due to the delayed of submission of the original land and survey map from FDS (after the approval of FMP). The land use table in the approved FMP will be updated during the 1<sup>st</sup> FMP revision that is scheduled in 2020.

No areas subject to native customary rights were identified within the licensed area. However, there is a dispute of 20.4 ha located in an ITP compartments area. Since there was no final decision from FDS, the company has temporarily excluded this area from the forest operations.

## Environmental Context:

- Forest type and history of management
  - The Bengkoka Forest Reserve and Tambalugu Forest Reserve are Class II Forest Reserves covering an area of approximately 6,270 ha and 197 ha respectively, within Pitas District in Sabah.
  - The Bengkoka Peninsula was originally covered in tropical rainforest, however forest clearing for agricultural crops cultivation started over 80 years ago. Approximately 30 years ago, clearing commenced for the purpose of plantation establishment. Only scattered remnants can be seen of the original forest although the coastal area remains fringed with mangrove forest.
  - The FMU is predominantly covered by *Acacia mangium* forests of a mixed ages and densities. There have also been many wild fires leaving areas barren of trees, vegetated only with grasses and ferns. Finally, there are also small patches of natural indigenous forest most found in the riverine areas.
- Principal commercial species
  - The natural vegetation has given way to invasive *Acacia mangium* and other *Acacia* spp., which is dominating the large area. In some areas, the *Acacia* has been attacked by a fungus (*Ceratocystis* spp.) and also subjected to several fires. The area is therefore at risk from the invasion of *Imperata* grass.
  - In line with the requirements of the SFMLA, Gerak Saga will convert the majority of the project site to productive stands as *Eucalyptus* spp., while simultaneously re-establishing riparian reserves and conservation areas.
- Specific biological values (e.g. rare or endangered species)
  - Although the forests described as degraded, flora studies were carried out in the area, which concluded the riparian reserve area that has an endemic species of *Shorea kudatensis* (Yellow seraya) and identified as critically endangered. Some endangered faunal and protected species also identified such as pangolin, Sun-bear, Pig-tailed macaque, Red giant-flying squirrel, Malay Civet, White-chested babbler, Long-tailed macaque, small-toothed palm civet, Grey capped Emerald Dove, Monitor Lizard, and Rajah Brooke's Birdwing.
- Environmental services (e.g. critical watersheds, wildlife corridor, etc.) provided by the forest
  - Areas containing High Conservation Values (HCV) were identified during the preliminary assessments. The approved EIA describes conservation areas are as follows:

Conservation Area	Total Area (ha)	Location
Riparian Reserves	30m (285 ha)	Bengkoka and Tambalugu Forest Reserves
Water Catchment	371 ha	Bengkoka Forest Reserve
Mangrove Forest	12 ha	Tambalugu Forest Reserve
Water Reservoir	72 ha	Bengkoka Forest Reserve

- Existing EIA report
  - Gerak Saga holds an approved EIA report for its project area (Ref. #: JPAS/PP/15/600-1/01/3/60(46) dated 14<sup>th</sup> December 2017).

## Social Context:

- Social assessment summary
  - Based on the FMP and EIA report, there are no settlements within the project area in both Bengkoka Forest Reserve and Tambalugu Forest Reserve (EIA, page C3-48 to page C3-49).
  - Villages identified in the vicinity of the licensed area are as stated in the EIA report.

Division / Area	Location/ Village	Distance from Project Area Boundary (m)	Direction from Project Site Boundary
Bengkoka Forest Reserve	Kg. Seropil	200	West/House
	Kg. Kakarangan	200	East
	Kg. Kapok	300	West

	Kg. Gumpa	400	South
	Kg. Radap	400	South
	Kg. Kandang	500	North
	Kg. Kipahung	600	North
	Kg. Kodong	650	North
	Kg. Bongkol	700	South
	Kg. Jambu	700	South
	Kg. Unkup	1,100	South
Tambalugu Forest Reserve	Kg. Suang Duyung	500	North/North-west
		2,000	East
	Kg. Maringgalan	1,600	North-west

- Native Customary Rights
  - No areas subject to native customary rights were identified within the licensed area.
  - Gerak Saga recognizes the concerns and rights of the communities living adjacent to the Project Area and is dedicated to minimizing and offsetting any social and environmental impacts of the project on their livelihoods.
- Identified communities associated to the FMU
  - In the FMP, Gerak Saga identified 7 villages nearby the project area namely Kg. Kapok, Kg. Kodong, Kg. Kandang, Kg. Jambu, Kg. Gumpa, Kg. Radap and Kg. Kakarangan. All villages are located within the boundary of the Acacia Forest Industries Sdn. Bhd. estate. In collaboration with the managers of neighbouring plantation estates, a detailed socio-economic survey on these villagers had been carried out to determine the needs of the local communities. Gerak Saga recognises that these communities could benefit from the project; thus, the company had taken initiative to establish a Community Development Master Plan (CDMP) that outline the strategy, operational guidelines and framework of the Community Development Program for addressing the social and development issues as well as to improve the quality of rural communities living in the vicinity of the project area. However, the CDMP has yet to be completed.
- Community Forestry Projects
  - As of the current audit, a CDMP is being developed to outline the strategy, operational guidelines and framework of a Community Development Program to address social and development issues affecting the communities nearby the licensed area.
  - There was no NCR claim in the licensed area. However, there were land disputes identified in the licensed area. The villagers have been planted the area with crops (palm oil tree, fruits tree, and rubber tree). Based on the Coupe Development Plan, an approximate total area that affected are 20.4 ha. Currently, the land is temporarily excluded from the forest operation (Refer to the new zoning area).
  - Gerak Saga has continuously giving assistance and resolving issues that affected the communities through meetings and consultation. The company maintained the records of minute of meeting in 2018 till April 2019.

### Scope of Assessment

- The scope of the evaluation is to verify compliance of Gerak Saga Sdn. Bhd. with the Sabah Forest Management License Agreement (SFMLA 01/2015) for FMU 2.
- 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 (FDS-TLAS-002).
- Site evaluation to verify and report the level of compliance by Gerak Saga Sdn. Bhd. and contractors to the standard in respect to each of the criteria within this report.
- Compliance is defined when the company 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 company does not demonstrate adequate compliance to a criterion.

Itinerary & Mandays: FMU 2 / Gerak Saga Sdn. Bhd. / Pitas 13<sup>th</sup> – 17<sup>th</sup> May 2019 (Total Mandays = 17)

Date	Activity	GFS Staff	Mandays
13 May 2019 Monday	Travelling to Pitas. Opening meeting at PPD Pitas.	Franklin Emang, Piera Bagang, Cynthia D. John	3
14 May 2019 Tuesday	Field visit to licensed area / coupe / block boundaries, harvesting block (Coupe 1; Block 53), Riparian reserve (Sg. Liu), Seraya Basecamp, Fertiliser store, chemical storage, genset house, lubricant store, diesel depot (recently completed and no diesel content yet), nursery Block B, dumping pit, Coupe 3 (Block 36); Planting, Block 34 & Block 45 (maintenance), Contractor's campsite (Jun Kian Enterprise), Gate 6 (Gate between Gerak Saga/AFI), Bambang Log Pond, etc.	Franklin Emang, Piera Bagang, Cynthia D. John	3
15 May 2019 Wednesday	Community visit to Kg. Bawing, Pitas. Document review at Gerak Saga Sdn. Bhd.'s Office (Kota Marudu).	Franklin Emang, Piera Bagang, Cynthia D. John	3
16 May 2019 Thursday	Document review at Gerak Saga Sdn. Bhd.'s Office (Kota Marudu).	Franklin Emang, Piera Bagang, Cynthia D. John	3
17 May 2019 Friday	Closing meeting at PPD Pitas. Travel to Kota Kinabalu.	Franklin Emang, Piera Bagang, Cynthia D. John	3
18-19 May 2019	Reporting GFSSBH 003-020	Dr. Kevin T. Grace, Franklin Emang	2
<b>Total</b>			<b>17</b>

### Highlights of Assessment

**May 2019: (Major Gaps = 1; Minor Gaps = 0; Observations = 0)**

**June 2019: (Major Gaps = 0; Minor Gaps = 0; Observations = 0)**

Gerak Saga Sdn. Bhd. has not complied with the Sabah Legality Standard (**FDS-TLAS-002**) as non-compliance was identified for criterion 3.1 during the assessment on 13<sup>th</sup> – 17<sup>th</sup> May 2019.

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

#### **Principle 1.**

Gerak Saga demonstrated compliance with the license requirements, management planning, and submission of required documents or reports to the relevant authorities. Gerak Saga has an approved Forest Management Plan (FMP), which is also defined as the Plantation Development Plan (PDP). The company has an approved Annual Work Plan 2019 from FDS to operate in the FMU.

#### **Principle 2.**

Gerak Saga demonstrated compliance with the license requirements, which includes demarcation of licensed boundary and stream / riparian reserve, registration of logging contractor and harvesting machinery, payment for occupation permits and Property Hammer Mark.

Notification letter to Wildlife Department was submitted prior to the commencement of harvesting operations.

Planted trees in ITP compartments are yet to reach their harvesting rotation. Currently, the logging is carried out to extract wild *Acacia mangium* for saw logs and chip logs before the ITP development.

Gerak Saga has yet to harvest the planted trees from their ITP compartments. Therefore, no planted trees are available for felling and extraction. The oldest planted trees were in compartments 2 and 4 of Coupe 1.

### Highlights of Assessment

Trees species of *Eucalyptus pelita* in compartment 2 while *Eucalyptus pelita* and *Acacia crassicaarpa* in compartment 4 were planted in October 2018.

**May 2018: Observation 001-2018 – Checklist 2.1.11b**

The patrolling was not documented and maintained.

**May 2019: Observation 001-2018 – Addressed**

Gerak Saga has carried out the field patrolling in their licensed area in 2018 and 2019. The field patrolling records were documented and maintained.

**May 2018: Gap 001/2018 (Minor) – Checklist 2.6.2, 2.6.7**

The operation started in December 2017 but the company had not conducted any safety & health training for the workers.

**May 2019: Gap 001/2018 (Minor) - Closed**

Gerak Saga conducted the safety and health training in 2018 and 2019 to their workers and contractors. Records are kept and maintained.

**Principle 3.**

Gerak Saga has paid the licensing fees and other charges to Pitas District Forestry Office and the records were available and maintained.

**May 2019: Gap 002/2019 (Major) – Checklist 3.1.4**

Inconsistency of marking of FDS Royalty Hammer Mark on logs was observed at Bambang Logpond. (Refer SFMLA 01/2015, Part 3: Royalty Matters, Penalties and Other Contractual Provisions, Clause 104 (i) on page 47).

**June 2019: Gap 002/2019 (Major) – Closed**

The forestry officer from Pitas District has checked and marked logs with FDS Royalty hammer mark for royalty paid logs (Ref. #: JPHTN/SFM(FLEGT) 800-1/7/7/52/8 dated 10<sup>th</sup> September 2019).

**May 2018: Observation 002-2018 – Checklist 3.1.5**

It is observed that Gerak Saga did not maintain a complete record on Removal Pass issued for log transportations in 2017. Only partial Removal Passes were retrieved during the document review.

**May 2019: Observation 002-2018 - Addressed**

Gerak Saga maintains record of the Removal Passes issued for each transportation and sales of logs.

**Principle 4.**

There are no villages or human settlements within or claiming areas within the project area. Gerak Saga maintains all documents of meetings and discussion with the villages.

During the recent assessment, the assessing team has visited Kg. Bawing, Pitas (GPS Coordinate: RX 822915; BOR 769008).

### Summary Results:

**May 2019: (Major gap = 1, Minor gap = 0, Observation = 0)**

**June 2019: (Major gap = 0, Minor gap = 0, Observation = 0)**

Gap raised against indicators & criteria during the May, 2019 assessment.

GAP	Type	Checklist	Status	Description
001/2018	Minor	2.6.2 2.6.7	Closed	<p><b>May 2018:</b> The company started the operation in December 2017 but had not conducted any safety &amp; health training for the workers.</p> <p><b>May 2019:</b> Gerak Saga conducted the safety and health training in 2018 and 2019 to their workers and contractors. Records are kept and maintained.</p>

GAP	Type	Checklist	Status	Description
002/2019	Major	3.1.4	Closed	<p><b>May 2019:</b> Inconsistency of marking of FDS Royalty Hammer Mark on logs was observed at Bambang Logpond. (Refer SFMLA 01/2015, Part 3: Royalty Matters, Penalties and Other Contractual Provisions, Clause 104 (i) on page 47).</p> <p><b>June 2019:</b> The forestry officer from Pitas District has checked and marked logs with FDS Royalty hammer mark for royalty paid logs (Ref. #: JPHTN/SFM(FLEGT) 800-1/7/7/52/8 dated 10<sup>th</sup> September 2019).</p>

Observation raised against indicators & criteria during the May, 2019 assessment

Obs #	Checklist	Description
001-2018 Addressed	2.1.11b	<p><b>May 2018:</b> The patrolling was not documented and maintained.</p> <p><b>May 2019:</b> Gerak Saga has carried out the field patrolling in their licensed area in 2018 and 2019. The field patrolling records were documented and maintained.</p>
002-2018 Addressed	3.1.5	<p><b>May 2018:</b> It is observed that Gerak Saga did not maintain a complete record on Removal Pass issued for log transportations in 2017. Only partial Removal Passes were retrieved during the document review.</p> <p><b>May 2019:</b> Gerak Saga maintains record of the Removal Passes issued for each transportation and sales of logs.</p>

Highlights of Close Out Visit (if applicable)	Dates	25 June 2019
<p><b>Gap 002/2019 (Major)</b> now is closed based on Ref. #: JPHTN/SFM(FLEGT) 800-1/7/7/52/8 dated 10<sup>th</sup> September 2019. The forestry officer from Pitas District has checked and marked logs with FDS Royalty hammer mark for royalty paid logs.</p>		

Recommendations
<p><b>Gerak Saga Sdn. Bhd.</b> has now demonstrated compliance with the Sabah Legality Standard (<b>FDS-TLAS-002</b>) as Gao 002 has been addressed and is now eligible to receive a GFS Audit Statement and STCC from FDS.</p> <p>The next surveillance audit will be scheduled in March 2020.</p>

## End of Summary Report

Principle 1. Right to Harvest																	
<b>Criterion 1.1: Approval of Harvesting Area</b>	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> Non-Compliance																
1.1.1 The Organisation shall hold approval of harvest rights for the specified area.																	
<b>FINDINGS:</b>  1.1.1.1 Signed License Agreement <ul style="list-style-type: none"> <li>SFMLA 01/2015 was signed on 26<sup>th</sup> October 2016 and expires on 31<sup>st</sup> December 2115.</li> </ul> 1.1.1.2 Coupe Permit # & 1.1.1.3 Expiry date <ul style="list-style-type: none"> <li>ITP coupe permits were issued by FDS.</li> </ul> <table border="1"> <thead> <tr> <th>Coupe permit #</th> <th>Coupe #</th> <th>Area (ha)</th> <th>Expiry</th> </tr> </thead> <tbody> <tr> <td>KDT 06/17</td> <td>1</td> <td>155.00</td> <td>22/08/2032</td> </tr> <tr> <td>KDT 03/17</td> <td>3</td> <td>500.00</td> <td>02/05/2032</td> </tr> <tr> <td>KDT 03/18</td> <td>Final Coupe</td> <td>4,964.00</td> <td>03/04/2033</td> </tr> </tbody> </table>	Coupe permit #	Coupe #	Area (ha)	Expiry	KDT 06/17	1	155.00	22/08/2032	KDT 03/17	3	500.00	02/05/2032	KDT 03/18	Final Coupe	4,964.00	03/04/2033	GAP #
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KDT 03/18	Final Coupe	4,964.00	03/04/2033														
1.1.2 Areas gazetted for specific purposes, including Native Customary Right (NCR) land (SL only) shall be excluded from the area to be approved for harvesting.																	
<b>FINDINGS:</b>  Bengkoka Forest Reserve and Tambalugu Forest Reserve do not fall inside the native customary rights areas. There is very little encroachment with the reserves as recorded in the FMP (January 1 <sup>st</sup> 2017 to December 31 <sup>st</sup> 2026), section 2.9.5.9 Legal Status and Land Tenure, page 27.  Social Baseline assessment <ul style="list-style-type: none"> <li>For this social baseline assessment, Environmental Impact Assessment (EIA) for Forest Management of Bengkoka and Tambalugu Forest Reserves (6,467 hectares), Pitas, Sabah by Chemsain Konsultant Sdn Bhd dated in January 2017 was referred. Matter on socio-economic was also incorporated in the EIA.</li> <li>Based on the EIA report, there is no settlement within the project site. There is however a number of settlements located in the vicinity of the licensed area.</li> <li>No areas subject to native customary rights were identified within the licensed area.</li> </ul>	GAP #																
<b>Criterion 1.2: Harvesting license and / or coupe permit</b>	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> Non-Compliance																
1.2.1 The NRO shall hold a letter of approval of harvesting licence.																	
<b>FINDINGS:</b>  Harvesting license is issued upon the approval of the Coupe Permit by FDS.	GAP #																
1.2.2 The Organisation shall have a valid harvesting licence/coupe permit.																	
<b>FINDINGS:</b>  ITP coupe permits were issued by FDS. <table border="1"> <thead> <tr> <th>Coupe permit #</th> <th>Coupe #</th> <th>Area (ha)</th> <th>Expiry</th> </tr> </thead> <tbody> <tr> <td>KDT 06/17</td> <td>1</td> <td>155.00</td> <td>22/08/2032</td> </tr> <tr> <td>KDT 03/17</td> <td>3</td> <td>500.00</td> <td>02/05/2032</td> </tr> </tbody> </table>	Coupe permit #	Coupe #	Area (ha)	Expiry	KDT 06/17	1	155.00	22/08/2032	KDT 03/17	3	500.00	02/05/2032	GAP #				
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KDT 03/18	Final Coupe	4,964.00	03/04/2033	
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Criterion 1.3: EIA requirement			<input checked="" type="checkbox"/> Compliance	<input type="checkbox"/> Non-Compliance
1.3.1 For areas of more than 500 ha the Organisation/Land Owner shall have an EIA Report approved by the Director of EPD).				
FINDINGS:			GAP #	
Gerak Saga has an approved Environmental Impact Assessment by the EPD for FMU 2.				
Title		Approval reference #		Consultant
Forest Management of Bengkoka and Tambalugu Forest Reserves (6,467 hectares), Pitas, Sabah		JPAS/PP/15/600-1/01/3/60(46) dated 14 <sup>th</sup> December 2017		Chemsain Konsultant Sdn. Bhd.
1.3.2 For areas between 100 and 500 ha the Organisation/Land Owner shall have a PMM approved by the Director of EPD.				
FINDINGS:			GAP #	
Not applicable.				
1.3.3 For areas of 100 ha or more bordering any protected areas, the Organisation / Land Owner have an EIA approved by the Director of EPD.				
FINDINGS:			GAP #	
Not applicable.				

1.3.4 The EIA/PMM shall be developed and submitted to EPD by a qualified environmental consultant.											
<b>FINDINGS:</b>  The Environmental Impact Assessment was prepared by a registered environment consultant. <table border="1"> <thead> <tr> <th>No.</th><th>Title</th><th>EIA Consultant Registration</th><th>EIA Consultant</th></tr> </thead> <tbody> <tr> <td>1</td><td>Forest Management of Bengkoka and Tambalugu Forest Reserves (6,467 hectares), Pitas, Sabah.</td><td>F001 (30/09/2020)</td><td>Chemsain Konsultant Sdn. Bhd.</td></tr> </tbody> </table>			No.	Title	EIA Consultant Registration	EIA Consultant	1	Forest Management of Bengkoka and Tambalugu Forest Reserves (6,467 hectares), Pitas, Sabah.	F001 (30/09/2020)	Chemsain Konsultant Sdn. Bhd.	<b>GAP #</b>
No.	Title	EIA Consultant Registration	EIA Consultant								
1	Forest Management of Bengkoka and Tambalugu Forest Reserves (6,467 hectares), Pitas, Sabah.	F001 (30/09/2020)	Chemsain Konsultant Sdn. Bhd.								

Criterion 1.4: Forest Management Plan			<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> Non-Compliance
1.4.1 The Organisation shall develop a 10-year Forest Management Plan (FMP) approved by FDS.			
<b>FINDINGS:</b>  Gerak Saga has an approved 10-year FMP from 1 <sup>st</sup> January 2017 – 31 <sup>st</sup> December 2026) of SFMLA 01/2015 – FMU 2 Bengkoka Forest Reserve & Tambalugu Forest Reserve.			<b>GAP #</b>
1.4.2 The FMP shall describe the policy, management systems, forest resources, environmental and social elements associated with the SFMLA.			

**FINDINGS:****GAP #**

## 1.4.2.1 Policy Statement

- As per stated in the approved FMP, Gerak Saga is committed to the basic principles of well-managed forest, by ensuring that activities in the licensed area are environmentally appropriate, socially beneficial and economically viable.

## 1.4.2.2 Inventory results defining forest conditions

- The current timber stock in Bengkoka Forest Reserve and Tambalugu Forest Reserve are relatively poor due to the previous commercial exploitation, which was understood to have started as early as the 1970's, lack of management, forest fire, and prolong droughts and disease. Both areas are dominated by variable stands of *Acacia mangium* and open grassland. Natural forest is less than 2% of the area while *Acacia mangium* makes up 80% of the forest strata, 18% of the area is non-forested due to fires. The undamaged *Acacia mangium* is under fungal attack and as much as 40% of the trees have died. It is almost certain that the balance of trees is also infected.

## 1.4.2.3 ESIA Assessment

- Since there is no settlement within FMU 2, a social impact assessment was not conducted. However, EIA did list out potential impacts arises from the operation of the project area. Please refer to Checklist 4.1.1c.

## 1.4.2.4 Zoning of forest area into Production, Conservation, Social, etc.

- Gerak Saga has zoned the gross area into, Natural Forest Management (NFM), Industrial Tree Plantation (ITP), conservation reserves, riparian buffers, mangrove forest, infrastructures, roadways and water reservoirs, as shown in the table below:

Land Use	FMP Area (ha)	Coupe Development Plan area (ha)	
Natural Forest Management (NFM)	0	65.0	
Plantation Forest (ITP)	5,625	5,424.9	
		Crop	270.3
		Infrastructure	9.9
		Land	5,124.3
		Land dispute (Temporarily excluded from forest operation)	20.4
Conservation Reserves	369.9	948.0	
		Conservation	1.5
		Mangrove forest	26.9
		Rehabilitation	3.7
		River buffer	468.2
		Water catchment	327.5
		Water reservoir	120.2
Riparian Buffers	296.0		
Mangrove Forest	12.1		
Infrastructure, Roads, Buildings, etc.	25.0		
Roadways	76		
Water Reservoirs	72.0		
<b>Total</b>	<b>6,467</b>	<b>6,481.7</b>	

Note: Several changes have been made to the zoning area. It was observed that there is

discrepancy of 14.7 ha between the land use area in FMP against the Coupe Development Plan. According to the company, this is due to the delayed submission of the original land and survey map from FDS (after the approval of FMP). The land use table in the approved FMP will be updated during the 1<sup>st</sup> FMP revision that is scheduled in 2020.

The land dispute was located in ITP compartments area. Since there was no final decision from FDS, the company had temporarily excluded this area from the forest operation.

#### 1.4.2.5 Delineations of compartments

- The FMU is divided into 4 Coupes with internal coupe boundaries based on natural barriers such as watersheds and roads. Coupes are further divided into Compartments of 200 ha to 600 ha each. Compartments are also further divided into Blocks averaging at 25 ha per block.

#### 1.4.2.6 Net production area

- The total net production ITP area is estimated to be 5,625 ha:

Area type	Net Area (ha)
Natural Forest Management Area	0
Plantation Forest (ITP)	5,625
Conservation Reserves	369.9
Riparian Buffers	296.0
Mangrove Forest	12.1
Infrastructure, Roads, Buildings, etc.	25.0
Roadways	76
Water Reservoirs	72.0
<b>Total</b>	<b>6,467</b>

#### 1.4.2.7 Sustainable yield & AAC

- Natural Forest Management & Restoration
  - Not applicable** – The licensed area is designated for ITP development where logging of wild *Acacia mangium* is carried out prior to plantation establishment.
- ITP & Agroforestry
  - The first harvest is planned for year 10 (in year 2026). *Eucalyptus pelita* is expected to yield 140,000 m<sup>3</sup> annually on a 10-year rotation and off a planted area of 5,525 ha. This implies an average MAI of 25 m<sup>3</sup> / ha / year.
  - The oldest planted trees were in compartments 2 and 4 of Coupe 1. Trees species of *Eucalyptus pelita* in compartment 2 while *Eucalyptus pelita* and *Acacia crassiparva* in compartment 4 were planted in October 2018.

#### 1.4.2.8 Plans for restoration & ITP

Summary of planting:

Summary of planting:				
Coupe #	01	Coupe Area (ha)	2,122.8	
ITP Compartment	2	Compt Area (ha)	324.3	
Species Planted	Area Planted	Trees planted	Vol/ha	Total Vol
<i>Acacia auriculiformis</i>	2.30 ha	2,555.30		
<i>Eucalyptus pelita</i>	40.70 ha	45,217.70		
<b>Totals</b>	43.00 ha	47 773.00		

Coupe #	01	Coupe Area (ha)	2,122.8	
ITP Compartments	4	Cmpt Area (ha)	299.7	
Species Planted	Area Planted	Trees planted	Vol/ha	Total Vol

<i>Acacia crassicaarpa</i>	14.20 ha	23,671.40		
<i>Eucalyptus pelita</i>	65.30 ha	87,337.90		
<b>Totals</b>	79.50 ha	111,009.30		

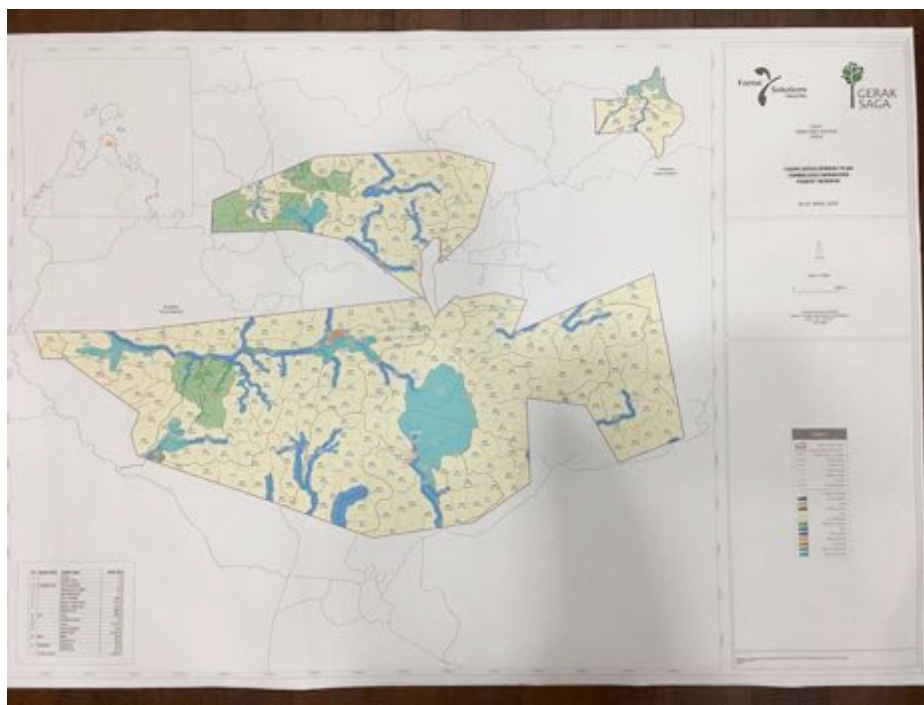
Coupe #	01	Coupe Area (ha)	2,122.8	
ITP Compartments	7	Cmpt Area (ha)	233.4	
Species Planted	Area Planted	Trees planted	Vol/ha	Total Vol
<i>Acacia crassicaarpa</i>	1.10 ha	1,222.10		
<i>Eucalyptus pelita</i>	1.20 ha	1,333.20		
R&D Taxa	0.90 ha	999.90		
<b>Totals</b>	3.20 ha	3,555.20		

Coupe #	03	Coupe Area (ha)	1,166.7	
ITP Compartments	19	Cmpt Area (ha)	240	
Species Planted	Area Planted	Trees planted	Vol/ha	Total Vol
<i>Acacia auriculiformis</i>	0.60 ha	1,000.20		
<i>Acacia crassicaarpa</i>	48.40 ha	80,682.80		
<i>Eucalyptus pelita</i>	70.10 ha	116,856.70		
R&D Taxa	2.00 ha	3,334.00		
<b>Totals</b>	121.10 ha	201,873.70		

Coupe #	03	Coupe Area (ha)	1,166.7	
ITP Compartments	20	Cmpt Area (ha)	289.9	
Species Planted	Area Planted	Trees planted	Vol/ha	Total Vol
<i>Eucalyptus pelita</i>	65.80 ha	109,688.60		
<b>Totals</b>	65.80 ha	109,688.60		

#### 1.4.2.9 FMU / Land use map (agriculture, community settlement, production, conservation and non-forested areas)

- Gerak Saga has a Coupe Development Plan map that also zoned the area into Natural Forest Management (NFM), Industrial Tree Plantation (ITP), conservation reserves, riparian buffers, mangrove forest, infrastructures, roadways and water reservoirs at the scale of 1: 25,000.



1.4.3 The FMP shall be revised every 5 years as defined in the SFMLA.

<b>FINDINGS:</b>	<b>GAP #</b>
FMP mid-term review is scheduled in 2020.	

<b>Criterion 1.5: Annual Work Plan</b>			<input checked="" type="checkbox"/> <b>Compliance</b> <input type="checkbox"/> <b>Non-Compliance</b>
1.5.1 The Organisation (SFMLA/LTL) shall have an approved Annual Work Plan (AWP) containing detailed maps and description of areas and types of operations to be carried out during the year and approved by FDS.			
<b>FINDINGS:</b>			<b>GAP #</b>
The draft of 2019 AWP has been submitted to the DFO Pitag for verification (Ref.#: GS/KM/19/01/006 dated 28/01/2019). However, it is still pending for approval from FDS. The summary of the AWP as below:			
<b>Particular</b>	<b>Target</b>	<b>Remarks</b>	
Road Construction & Upgrade	10,524.2 m	Coupe 1 (C2 – 4), 8,760.2 m for new feeder roads and 1,764.0 m for upgrading feeder road.	
Boundary Demarcation	61,605.0 m	Coupe 1 (Compartment 4 – 7) Coupe 2 (Compartment 12 – 16) Coupe 3 (Compartment 17 – 20) Coupe 4 (Compartment 21)	
Salvage logging	702.3 ha	Planned operation at Coupe 1: Compartment 2: 224.37 ha Compartment 3: 326.04 ha Compartment 4: 129.29 ha Compartment 5: 22.59 ha	
ITP Establishment	609.7 ha	Planting planned at Coupe 1 and 3: <b>Coupe 1;</b> Compartment 2: 224.2ha Compartment 3: 130.4 ha Compartment 4: 37.1 ha <b>Coupe 3;</b> Compartment 19: 37.0 ha Compartment 20: 180.8 ha	
ITP Maintenance (Weed 1)	565.1 ha	<b>New plantation by Coupe:</b> Coupe 1; Target for Compartment 2 (109.0ha). Target for Compartment 3 (130.4ha). Coupe 3; Target for Compartment 19 (37.0ha). Target for Compartment 20 (180.8ha). <b>Existing plantation by Coupe:</b> Coupe 1; Target for Compartment 4 (40.2ha). Coupe 3; Target for Compartment 19 (67.7ha)	
ITP Maintenance (Weed 2)	463.5 ha	<b>New plantation by Coupe:</b> Coupe 1; Target for Compartment 2 (7.2ha). Target for Compartment 3 (130.4ha). Coupe 3; Target for Compartment 19 (37.0ha). Target for Compartment 20 (180.8ha) <b>Existing plantation by Coupe:</b> Coupe 1; Target for Compartment 4 (40.2ha) Coupe 3; Target for Compartment 19 (67.7ha)	
ITP Maintenance (Weed 3)	342.7 ha	<b>New plantation by Coupe:</b> Coupe 3; Target for Compartment 19 (37.0ha). Target for Compartment 20 (115.4ha) <b>Existing plantation by Coupe:</b> Coupe 1; Target for Compartment 2 (43.0ha). Target for Compartment 4 (79.6ha)	

		Coupe 3; Target for Compartment 19 (67.7ha)	
ITP Maintenance (Weed 4)	190.3 ha	<b>Existing plantation by Coupe:</b> Coupe 1; Target for Compartment 2 (43.0ha). Target for Compartment 4 (79.6ha) Coupe 3; Target for Compartment 19 (67.7ha)	
CSR Project: Community	6 projects	Project 1: Dialogue with communities Project 2: Community Census Project 3: Water supply infrastructure (Depending on needs) Project 4: Road maintenance/construction (Depending on needs) Project 5: Special project – Rubber plantation Project 6: Repairing village's building hall (Depending on needs)	
CSR Project: Conservation	4 projects	Project 1: Monitoring of large mammals in Conservation Area by camera trapping Project 2: Environmental Audit and Monitoring Project 3: Rehabilitation project Project 4: Wildlife Awareness Workshop with Community and Roadblock with Honorary Wildlife Warder and Wildlife Department in Gerak Saga.	

1.5.2 The Organisation shall have a Comprehensive Harvest Plan (CHP) containing total and net production areas, particulars of licensee, description of areas, harvesting prescription, estimated log production, list of roads and skid trails, list of trees to be harvested, harvesting volume, diameter limits, species and protected areas that are approved by FDS.

**FINDINGS:**

**Not applicable** – Gerak Saga has not carried out any RIL harvesting activities within the licensed area.

**GAP #**

1.5.3 CHP shall comply with Reduced Impact Logging (RIL) Operation Guide Book requirements for harvesting and operations (roads, skid trails and log landings density and location, harvestable tree marking and stream buffer zone(s) identification.

**FINDINGS:**

**Not applicable** – Gerak Saga has not carried out any RIL harvesting activities within the licensed area.

**GAP #**

1.5.4 The CHP shall be developed by a registered CHP contractor.

**FINDINGS:**

**Not applicable** – Gerak Saga has not carried out any RIL harvesting activities within the licensed area.

**GAP #**

**Criterion 1.6: Plantation Development Plan**

☒ **Compliance**  
☐ **Non-Compliance**

1.6.1 The Organisation shall have a 10 year PDP that is approved by FDS.

**FINDINGS:**

**GAP #**

Gerak Saga has an approved FMP, which is also defined as the Plantation Development Plan (PDP).	
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Criterion 1.7: PDP Annual Work Plan			<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> Non-Compliance
1.7.1 The Organisation shall have an approved Annual Work Plan (AWP) consisting of harvesting components based on the 10-year PDP.			
<b>FINDINGS:</b>  The draft of 2019 AWP has been submitted to the DFO Pitag for verification (Ref. #: GS/KM/19/01/006 dated 28/01/2019). However, it is still pending for approval by FDS. The summary of the AWP as stated below:			<b>GAP #</b>
Particular	Target	Remarks	
Road Construction & Upgrade	10,524.2 m	Coupe 1 (C2 – 4), 8,760.2 m for new feeder roads and 1,764.0 m for upgrading feeder road.	
Boundary Demarcation	61,605.0 m	Coupe 1 (Compartment 4 – 7) Coupe 2 (Compartment 12 – 16) Coupe 3 (Compartment 17 – 20) Coupe 4 (Compartment 21)	
Salvage logging	702.3 ha	Planned operation at Coupe 1: Compartment 2: 224.37 ha Compartment 3: 326.04 ha Compartment 4: 129.29 ha Compartment 5: 22.59 ha	
ITP Establishment	609.7 ha	Planting planned at Coupe 1 and 3: <b>Coupe 1;</b> Compartment 2: 224.2ha Compartment 3: 130.4 ha Compartment 4: 37.1 ha <b>Coupe 3;</b> Compartment 19: 37.0 ha Compartment 20: 180.8 ha	
ITP Maintenance (Weed 1)	565.1 ha	<b>New plantation by Coupe:</b> Coupe 1; Target for Compartment 2 (109.0ha). Target for Compartment 3 (130.4ha). Coupe 3; Target for Compartment 19 (37.0ha). Target for Compartment 20 (180.8ha). <b>Existing plantation by Coupe:</b> Coupe 1; Target for Compartment 4 (40.2ha). Coupe 3; Target for Compartment 19 (67.7ha)	
ITP Maintenance (Weed 2)	463.5 ha	<b>New plantation by Coupe:</b> Coupe 1; Target for Compartment 2 (7.2ha). Target for Compartment 3 (130.4ha). Coupe 3; Target for Compartment 19 (37.0ha). Target for Compartment 20 (180.8ha) <b>Existing plantation by Coupe:</b> Coupe 1; Target for Compartment 4 (40.2ha) Coupe 3; Target for Compartment 19 (67.7ha)	
ITP Maintenance (Weed 3)	342.7 ha	<b>New plantation by Coupe:</b> Coupe 3; Target for Compartment 19 (37.0ha). Target for Compartment 20 (115.4ha) <b>Existing plantation by Coupe:</b> Coupe 1; Target for Compartment 2 (43.0ha). Target for Compartment 4 (79.6ha) Coupe 3; Target for Compartment 19 (67.7ha)	
ITP Maintenance	190.3 ha	<b>Existing plantation by Coupe:</b>	

(Weed 4)		Coupe 1; Target for Compartment 2 (43.0ha). Target for Compartment 4 (79.6ha) Coupe 3; Target for Compartment 19 (67.7ha)	
CSR Project: Community	6 projects	Project 1: Dialogue with communities Project 2: Community Census Project 3: Water supply infrastructure (Depending on needs) Project 4: Road maintenance/construction (Depending on needs) Project 5: Special project – Rubber plantation Project 6: Repairing village's building hall (Depending on needs)	
CSR Project: Conservation	4 projects	Project 1: Monitoring of large mammals in Conservation Area by camera trapping Project 2: Environmental Audit and Monitoring Project 3: Rehabilitation project Project 4: Wildlife Awareness Workshop with Community and Roadblock with Honorary Wildlife Warder and Wildlife Department in Gerak Saga.	

1.7.2 The Annual Work Plan shall contain maps and description of areas and types of operations to be carried out during the year and approved by FDS.

**FINDINGS:**

The AWP 2019 draft has been submitted to the DFO Pitas for verification (Ref.#: GS/KM/19/01/006 dated 28/01/2019). However, it is still pending for approval by FDS. The AWP contains maps for planned activities to be conducted in 2019 at a scale of 1:50,000.

**GAP #**

**Criterion 1.8: Area Demarcation and Mapping**

☒ **Compliance**  
☐ **Non-Compliance**

1.8.1 The organisation shall identify and demarcate on the ground, the boundary of the licensed area according to regulations.

**FINDINGS:**

Boundaries were consistently marked and maintained on the ground.

#	Location	GPS Coordinates	Remark(s)
1	Gerak Saga / Acacia Forest Industries Sdn. Bhd.	RX 826277; BOR 758997	Identifiable with signboard and red paint stake
2	Gerak Saga / Kg. Serupil (State Land)	RX 829817; BOR 765089	Identifiable with signboard and red paint stake
3	Coupe 1 / Coupe 2	RX 826277; BOR 758997	Identifiable with signboard
4	Block 30 / Block 31 (Compartments 1 & 2)	RX 825493; BOR 761257	Identifiable with signboard and yellow paint stake
5	Block 53 / Block 30 (Coupe 1)	RX 825349; BOR 761421	Identifiable with signboard and yellow paint stake
6	Block 01 / Block 02	RX 829817;	Identifiable with signboard

**GAP #**



	(Coupe 3)	BOR 765089	and yellow paint stake	
7	Block 39 / Block 36 (Coupe 3)	RX 827270; BOR 766167	Identifiable with signboard and yellow paint stake	
8	Block 38 / Block 42 (Coupe 3)	RX 826774; BOR 766084	Identifiable with signboard and yellow paint stake	
9	Block 41 / Block 45 (Coupe 3)	RX 826459; BOR 766111	Identifiable with signboard and yellow paint stake	

1.8.2 The Organisation shall have an updated and approved Map(s) of Coupe Permit / Harvest area at the required scale and level of detail.

**FINDINGS:**

Map for the Final Coupe which comprises coupes 1, 2, 3 and 4 is attached together with the approved coupe permit at a scale of 1: 25,000.

**GAP #**

1.8.3 Areas prohibited from harvesting such as riparian zones, buffer zones, steep slopes, etc., are mapped in NFM areas.

**FINDINGS:**

No evidence of disturbance was observed along the riparian reserve during the assessment.

**GAP #**

#	Features	GPS Coordinate(s)	Remarks
1	Riparian Reserve – Sg. Liu (Coupe 1 / Compartment 1 / Block 53)	RX 825493; BOR 761421	Marked with signboard and blue paint stakes.

**Criterion 1.9: Forest Inventory**
☒ **Compliance**  
☐ **Non-Compliance**

1.9.1 The Organisation shall conduct a systematic plot sampling inventory according to Director's Circular: FDS 26/2009.

**FINDINGS:****GAP #****Permanent Sample Plot (PSP)**

- The function of PSP is to allow the formulation of growth models in order to predict yield in a future period.
- The company will establish a network of a minimum of 50-100 PSP and sufficient only for growth model testing and if necessary, will be re-measured on annual basis for development. The data is collected and processed through PSP management software.

**Cruising**

- The function of cruising is to estimate the true yield of plantation stands at a given point in time. A cruise will sample the entire stand and reflect to a statically significant level, stand growth and mortality as driven by genetics and site-specific conditions.
- The company will perform a mid-rotation cruise (age 5 years) and pre-harvest cruise of all stands to evaluate actual versus predicted growth. The collected data would be used to inform management scheduling, wood-flow planning and research process.

<p>- Point Sampling Plots and Bounded Plots will be located on randomized, systematic grids to ensure unbiased samples and processed through the company's cruising management software.</p> <p>A systematic plot-sampling inventory has yet to be established. The oldest planted trees were in compartments 2 and 4 of Coupe 1. Trees species of <i>Eucalyptus pelita</i> in compartment 2 while <i>Eucalyptus pelita</i> and <i>Acacia crasscarpa</i> in compartment 4 were planted in October 2018.</p>	
<p>1.9.2 The Organisation shall maintain records, which shall contain information on volume of trees to be harvested and resulting volume of logs within the area in accordance with CHP and license requirements (monthly summary records and compartment felling records).</p>	
<p><b>FINDINGS:</b></p> <p><b>Not applicable</b> – Gerak Saga has not carried out any RIL harvesting activities within the licensed area.</p>	<p><b>GAP #</b></p>

Principle 2. Forest Operation	
Criterion 2.1: Harvesting Operations	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> Non-Compliance
<p>2.1.1 The Organisation shall adhere to the harvesting licence condition/coupe permit for RIL (PF).</p> <p>a. Organisation shall ensure that harvest practices meet all relevant operational elements of RIL Code of Practice (such as road alignment and construction, directional felling, log extraction, etc.).</p> <p>b. Organisation shall ensure that contractors are registered to carry out RIL.</p> <p>c. Organisation shall ensure that workers and contractors are properly trained to carry out RIL.</p> <p>d. Organisation shall prepare Daily Felling Records.</p>	
<p><b>FINDINGS:</b></p> <p>a. Organisation shall ensure that harvest practices meet all relevant operational elements of RIL Code of Practice (such as road alignment and construction, directional felling, log extraction, etc.).</p> <ul style="list-style-type: none"> <li><b>Not applicable</b> – Gerak Saga has not carried out any RIL harvesting activities within the licensed area.</li> </ul> <p>b. Organisation shall ensure that contractors are registered to carry out RIL.</p> <ul style="list-style-type: none"> <li><b>Not applicable</b> – Gerak Saga has not carried out any RIL harvesting activities within the licensed area.</li> </ul> <p>c. Organisation shall ensure that workers and contractors are properly trained to carry out RIL.</p> <ul style="list-style-type: none"> <li><b>Not applicable</b> – Gerak Saga has not carried out any RIL harvesting activities within the licensed area.</li> </ul> <p>d. Organisation shall prepare Daily Felling Records</p> <ul style="list-style-type: none"> <li><b>Not applicable</b> – Gerak Saga has not carried out any RIL harvesting activities within the licensed area.</li> </ul>	<p><b>GAP #</b></p>
<p>2.1.2 Non-RIL (SL &amp; AL) –The Organisation shall use a registered logging contractor.</p>	
<p><b>FINDINGS:</b></p> <p><b>Not applicable.</b></p>	<p><b>GAP #</b></p>

2.1.3 The Organisation shall implement relevant mitigation measures according to requirements of

AEC/MD and submit Environmental Compliance Report (ECR) as required.

**FINDINGS:**

In 2018, the EIA consultant only provided one Environmental Compliance Report, which was conducted in November 2018 (Refer to 1<sup>st</sup> Report in 2018 # CK/MO411/1197-1/18). No non-compliance was reported.

The field assessment to Seraya basecamp (Coupe 1/ Compartment 7/ Block 75) of Gerak Saga and their contractor's camp was conducted.

**GAP #**

#	Facility / Infrastructure(s)	GPS Coordinate	Finding(s)
1	Dumping Pit	RX 827695; BOR 762894	<ul style="list-style-type: none"> <li>Identifiable with signboard.</li> <li>The area was fenced.</li> <li>Wastes were originated from the basecamp.</li> <li>Only domestic wastes were sighted.</li> </ul>
2	Diesel Skid Tank	RX 827460; BOR 762857	<ul style="list-style-type: none"> <li>Cemented floor and bunded (with sufficient size of secondary containment).</li> <li>Roof was available for the facility.</li> <li>Fire extinguisher expiry date on 21.12.2019.</li> </ul>
3	Genset Room		<ul style="list-style-type: none"> <li>Cemented floor and bunded.</li> <li>Oil spillage kits such as sand, broom and shovel were provided.</li> <li>Fire extinguisher expiry date on 21.12.2019.</li> </ul>
4	Nursery		<ul style="list-style-type: none"> <li>Chemicals and fertilizers are kept in a separate designated store (metal container)</li> <li>Safety Data Sheet was available for herbicides Ally 20DF (a.i. <i>Metsulfuron-methyl</i> 20.0% w/w; CAS #: 74223-64-6) and Roundup Transorb (a.i. <i>glyphosate-isopropylammonium</i> 41.0% w/w; CAS #: 70901-12-1)</li> </ul>
5	Lubricant Store		<ul style="list-style-type: none"> <li>Adequate prevention of spillage observed – the store has a cemented floor and bunded.</li> <li>Fire extinguisher expiry date on 21.12.2019.</li> </ul>
6	Basecamp		<ul style="list-style-type: none"> <li>Wastes are segregated before disposal.</li> <li>Fire extinguisher expiry date on 21.12.2019.</li> </ul>
7	Jun Kian Enterprise campsite	RX 826774; BOR 766084	<ul style="list-style-type: none"> <li>It is a temporary camp set up for Jun Kian's workers, which engaged with maintenance/ planting</li> </ul>

			activity. • Sanitary facility was provided. • Rubbish bin was provided. • Fire extinguishers (1 unit) expiry date on 21.12.2019. • First aid kits contents were adequate.	
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2.1.4 The Organisation shall notify the Director of Wildlife Department one month before commencing harvesting operation for any area to be harvested.

**FINDINGS:**

Gerak Saga has submitted a notification letter to the Wildlife Department prior to the commencement of operations in Coupe 1, 2, 3 and 4 (Ref. #: GS/KM/18/04/057 dated 26<sup>th</sup> April 2018).

**GAP #**

2.1.5 Areas prohibited from harvesting such as steep slopes, riparian reserve and buffer zones shall be protected and excluded from harvesting.

**FINDINGS:**

No evidence of disturbance was observed along the riparian reserve during the assessment.

#	Features	GPS Coordinate(s)	Remarks
1	Riparian Reserve – Sg. Liu (Coupe 1 / Compartment 1 / Block 53)	RX 825493; BOR 761421	Marked with signboard and blue paint stakes.

**GAP #**

2.1.6 The Organisation shall maintain records of all trees felled and extracted that include species, diameters & volume traceable to the tree (Compartment felling records and monthly summary).

**FINDINGS:**

Monthly Production Records of saw logs and chip logs in 2018 and 2019 for Coupe 3:

a. Chip logs

Month/Year	Volume (m <sup>3</sup> )
Jul 18	
Aug 18	
Sep 18	6,659.19
Oct 18	6,494.86
Nov 18	
Dec 18	
Jan 19	
Feb 19	212.81
Mar 19	5,010.78
Apr 19	4,834.05
<b>Total</b>	<b>23,211.69</b>

b. Saw logs

**GAP #**

Month/Year	Total of logs	Volume (m <sup>3</sup> )
Jul 18	567	250.24
Aug 18	1,449	752.24
Sep 18	1,236	700.74
Oct 18	2,612	1,736.66
Nov 18	766	505.67
Dec 18		
Jan 19		
Feb 19		
Mar 19	782	477.52
Apr 19		
<b>Total</b>	<b>7,412</b>	<b>4,423.07</b>

2.1.7 The Organization shall demonstrate compliance to tree marking and felling regulations regarding diameter limits, species and slope limits.

**FINDINGS:**

**Not applicable** – Gerak Saga has not carried out any RIL harvesting activities within the licensed area.

**GAP #**

2.1.8 The Organisation shall not harvest any species or trees prohibited from harvesting or otherwise protected.

**FINDINGS:**

Based on the TDP records, no prohibited trees have been felled. Currently, only wild *Acacia mangium* trees were felled.

**GAP #**

2.1.9 The Organisation shall not harvest any CITES listed species without license.

**FINDINGS:**

Based on the TDP records, none of the harvested trees were listed under CITES. Currently, only wild *Acacia mangium* trees were felled.

**GAP #**

2.1.10 The Organisation shall demonstrate implementation of elements listed in the Annual Work Plan.

**FINDINGS:**

The company has submitted their 2018 AWP Compliance Report to DFO Pitag for verification. The summary of 2018 AWP achievements as stated below:

Subjects	2018 target	Achievement
Road construction and maintenance	Construct 8,192.60 m of main road at Coupe 2 Compartment 10 (1,873.6m) and 13 (6,319.0m)	A total 4,049.0m constructed at C10 (1,373.43m) and C13 (2,675.6m)
	Upgrade a total of 18,225.0m feeder road at; Coupe 1 – C1 (3,293.6m), C3 (1,871.2m), C6 (3,266.2m) Coupe 2 – C15 (2,342.6m), C16 (3,617.8m) Coupe 3 – C17 (3,833.7m)	A total of 15,374 m constructed at; Coupe 1 – C1 (3,293.6m), C3 (1,871.2m), C6 (3,266.2m) Coupe 3 – C17 (6,944.0m)
	Construction of 5,115.9m	A total of 13,295m has

**GAP #**

	feeder road at; Coupe 1 – C2 (2,121.4m) Coupe 2 – C10 (1,971.3m) Coupe 3 – C17 (1,023.2m)	been constructed at; Coupe 1 – C2 (2,121.4m) Coupe 2 – C10 (8,734.7m) Coupe 3 – C17 (2,440.3m)
Boundary demarcation	Re-marking of SFMLA boundary at Coupe 1 (16,530.3m) and Coupe 3 (6,570.3m)	Achievement for Coupe 1 is 9,913m whereas Coupe 3 is 4,686m
	Re-marking compartment boundary at Coupe 1 (16,040.2m) and Coupe 3 (5,368.3m)	Achievement for Coupe 1 is 11,396m whereas Coupe 3 is 4,640m
Salvage Logging	Coupe 1: C1 – 196.6ha C2 – 175.4ha C3 – 106.2ha C4 – 17.3ha Coupe 3: C19 – 146.8ha C20 – 210.9ha	Achievement by coupe: Coupe 1 – NIL Coupe 3: C19 – 164.8ha C20 – 179.1ha
ITP establishment	Coupe 1: C1 – 196.0ha C2 – 175.4ha C3 – 106.2ha C4 – 17.3ha Coupe 3: C19 – 146.8ha C20 – 210.9ha	Achievement by coupe; Coupe 1: C1 – NIL C2 – 43ha C3 – NIL C4 – 79.5ha Coupe 3: C19 – 67.7ha C20 – 19.2ha
ITP maintenance round 1	Coupe 1: C2 – 43ha C4 – 79.7ha C7 – 0 ha	Achievement at Coupe 1; C2 – 43ha C4 – 79.7ha C7 – 1.2ha

Records of Community projects/engagements are as follows:

Activity	Location	Date of implementation	Remarks
Dialogue with community	Kg. Kapok	11/04/2018	Crop that affected by road construction at Coupe 3. Negotiation was successful between parties.
Memorandum of Understanding between community	Kg. Bambang	13/04/2018	Memorandum of Understanding between the community and company to extract soil and gravel for road maintenance at Kg. Bawing and Kg. Bambang
Community project phase 1	Kg. Bawing	25/05/2018	Field survey for gravity water construction at Kg. Bawing.
Forest fire accident at Coupe 1	Kg. Bodu	16 – 17/06/2018	Helping the community to extinguish a forest fire that sourced from Asian Forest Industries Sdn. Bhd. licensed area.
Community meeting	Kg. Bawing	05/07/2018	Discussion of community projects.
Signboard instalment	Bambangan Log yard	12/07/2018	Install a signboard "Beware of Crocodiles" at Sg. Bawing and Bambang Log yard.

Community project	Kg. Bawing	21/07/2018	Field survey lead by village's head.
Signboard instalment	Graveyard Kg. Bawing	02/08/2018	Install graveyard's signboard at Kg. Bawing.
Community project	Kg. Bawing	09/08/2018	To assess the site of recreational field requested by Kg. Bawing.
Forest Fire accident	Coupe 1	17 – 18/08/2018	Control the forest fire accident.
Boundary visit	Coupe 2	24/08/2018	Check for encroachment and licensed boundary patrolling.
Project site visit	Kg. Bawing	02 – 03/10/2018	Field visit to the log pond's access road (prior to the road construction's work).
Community meetings	Kg. Bawing	4 – 20/10/2018	Consultation to the community for an alternative road construction.
Community meetings	Kota Marudu	19/10/2018	Discussion with the community for the affected land that involve in road construction.
Project site visit	Kg. Bawing	23/10/2018	Confirmation on the crops that was affected by the road construction.
Land and Survey Department meeting	Kota Kinabalu	30/10/2018	Discussion to the boundary stone for Kg. Bawing
Community meeting	Log pond	11/08/2018	Discussion on the encroached land that was affected by the log pond establishment.
Project site visit	Kg. Suang Duyung	24/11/2018	Field visit with MERCY Malaysia to assess the needs for that village.
Supervising the road construction	Kg. Bawing	26 – 30/11/2018	CDP team supervising the road construction progress.
Supervising the road construction	Kg. Bawing	3 – 7/12/2018	Discussed the status of road construction through community meeting.
Reparation payment to the affected crop for road construction	Kg. Bawing	19/12/2018	Compensation on the affected crop to the community.

2.1.11 The Organisation shall develop and implement systems to protect forest from illegal exploitation and/or encroachment such as:

- Systems for entry and access control to concession - (e.g. entry gate registry)
- Forest security and patrolling measures for encroachment, illegal logging and/or poaching - (monitoring schedule, personnel and training records)
- Identification of illegal activities & reporting to authorities - (security records)

**FINDINGS:**

- Systems for entry and access control to concession - (e.g. entry gate registry)
  - One manned gate (Gate #: 6) was visited during the assessment. Entry and exit registry records are available. Details such as driver's name, driver's identity card number, vehicle registration number, entry/ exit date and time, signature as well as the purpose of entry were updated and maintained.

**GAP #**

Gate #	Location	GPS Coordinates
6	Coupe 3 (Compartment 20; Block 45)	RX 826043 BOR 766514

b. Forest security and patrolling measures for encroachment, illegal logging, and/or poaching - (monitoring schedule, personnel, training records)

- **May 2018: Observation 001-2018**

Gerak Saga carried out field patrolling in accordance with 2017 patrolling schedule. However, the patrolling was not documented and maintained.

- **May 2019: Observation 001-2018 – Addressed**

Gerak Saga has carried out the field patrolling in their licensed area in 2018 and 2019. The field records of patrolling activity were documented and maintained.

#	Patrolling Date	Location	Remark(s)
1	11.05.2019	Coupes 1, 2 & 3	No sign of encroachment/ fire outbreak was detected.
2	12.02.2019	Coupes 1, 2 & 3	No fire outbreak was detected.
3	08.02.2019	Coupe 4	
4	07.02.2019	Coupes 1, 2 & 3	Note: Patrolling was carried out for a precaution to detect any sign of fire outbreak after a prolong draught and subsequently to check on any sign of encroachment into the licensed area.
5	09.01.2019	Coupe 4	No sign of encroachment was detected.
6	21.11.2018	Coupes 1, 3 & 4	Illegal felling activity of wild acacia trees in the licensed area was detected. GSSB has reported the matter to Pitas Forestry District for further action.
7	17.10.2018	Coupes 1, 2, 3 & 4 as well as log pond	No sign of encroachment/ fire outbreak was detected.
8	07.07.2018	Coupe 4	No sign of encroachment was detected.
9	05.07.2018	Coupes 1, 2 & 3	No sign of encroachment/ fire outbreak was detected.
10	19.05.2019	Coupe 2	No sign of encroachment was detected.

c. Identification of illegal activities & reporting to authorities - (security records)

- Gerak Saga has taken action to control the encroachment by conducting regular patrolling and monitoring activities. To date, no encroachment was detected.



Criterion 2.2: Industrial Tree Plantations (ITP)						<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> Non-Compliance
2.2.1 ITP (PF) Organisation shall only extract planted trees from compartments approved in the AWP.						
<b>FINDINGS:</b>  <b>Not applicable</b> – Gerak saga has yet to harvest the planted trees from their ITP compartments. Therefore, no planted trees are available for felling and extraction.  The oldest planted trees were in compartments 2 and 4 of Coupe 1. Trees species of <i>Eucalyptus pelita</i> in compartment 2 while <i>Eucalyptus pelita</i> and <i>Acacia crassicaarpa</i> in compartment 4 were planted in October 2018.						<b>GAP #</b>
2.2.2 ITP (PF) The Organisation shall record all production of logs from plantation areas based on volume or weight and submit monthly production report to the DFO.						
<b>FINDINGS:</b>  Production records of wild <i>Acacia mangium</i> (Coupe 3) in 2018/2019 for saw logs and chip logs.  <u>Saw Logs</u> a. 2018						<b>GAP #</b>
Parcel #	TDP #	Logs # (Pieces)	Volume (m <sup>3</sup> )	Scaling Order (SO)	Royalty Receipt #	Royalty Payment (RM)
P1	533251-533280	567	250.24	PS201800 1P	RH203966	3,433.74
P2	533281-533300 & 533651-533657	488	250.60	PS201800 2P	RH203971	3,837.54
P3	533601-533613, 533615-533629	525	250.30	PS201800 3P	RH203972	3,833.22
P4	533630-533650 & 533658-533659	436	251.34	PS201800 4P	RH203994	3,830.58
P5	569051-569074	446	250.12	PS201800 5P	RH204015	3,924.18
P6	569075-569087	183	100.21	PS201800 6P	RH204016	1,581.66
P7	569088-569190	428	250.21	PS201800 7P	RH204024	3,894.30
P8	569161-569171	179	100.20	PS201800 8P	RH204018	1,595.28
P9	569251-569273	427	250.13	PS201800 9P	RH204035	3,985.74
P10	569274-569294	366	250.72	PS201800 10P	RH204036	4,229.10
P11	569295-569315	359	250.58	PS201800 11P	RH204037	4,548.24
P12	569318-569336	352	250.36	PS201800 12P	RH204040	4,195.20
P13	569337-569339, 569345-569399	1,108	734.87	PS201800 13P	RH204050	11,205.00
P14	569173-	766	505.67	PS201800	RH204058	8,090.46

	569200, 569401- 569413			14P		
b. 2019						
Parcel #	TDP #	Logs # (Pieces)	Volume (m <sup>3</sup> )	Scaling Order (SO)	Royalty Receipt #	Royalty Payment (RM)
P15	569416- 569436, 570001- 570020	782	477.52	PS201800 15P	RH204122	8,002.92
Chip log: Records of Chip Log Royalty (RM5/m <sup>3</sup> )						
a. 2018						
TDP #		Volume (m <sup>3</sup> )	Royalty Receipt/ FIIB #	Royalty Payment (RM)		
569172		6,494.19	2B202636	33,295.95		
569400		6,494.86	2B202642	32,474.30		
b. 2019						
TDP #		Volume (m <sup>3</sup> )	Royalty Receipt/ FIIB #	Royalty Payment (RM)		
569415		212.81	2B202646	1,064.05		
569438		5,010.78	2B202654	25,053.90		
2.2.3 ITP (PF) The Organisation shall adhere to the harvesting license condition/coupe permit.						
FINDINGS:						GAP #
Gerak Saga has followed the harvesting license conditions, which are stipulated in both SFMLA 01/2015 and approved coupe permit.						

2.2.4 ITP (PF) The Organisation shall ensure that the logging contractor is registered with FDS.		
<b>FINDINGS:</b>		<b>GAP #</b>
Gerak Saga has appointed three companies namely Farmglow Sdn. Bhd., Kinshope Trading Sdn. Bhd. and JW Merit Sdn. Bhd. as their logging contractor.		
Contractor	Farmglow Sdn. Bhd.	
Registration #	KON(PTS)008/2018(KM)	
Location	Bengkoka Forest Reserve and Tambalugu Forest Reserve	
Coupe #	SFMLA 01/2015	
Area (ha)	6,467.00	
Validity	03.05.2018 – 02.05.2019	
Note: Gerak Saga is in the process of preparing the documents to be submitted to FDS for renewal application of the contractor's registration.		
Contractor	Kinshope Trading Sdn. Bhd.	
Registration #	KON(PTS)013/2018(KM)	
Location	Bengkoka Forest Reserve and Tambalugu Forest Reserve	

Coupe #	SFMLA 01/2015
Area (ha)	6,467.00
Validity	18.07.2018 – 17.07.2019
Contractor	JW Merit Sdn. Bhd.
Registration #	KON(PTS)017/2018(KM)
Location	Bengkoka Forest Reserve and Tambalugu Forest Reserve
Coupe #	SFMLA 01/2015
Area (ha)	6,467.00
Validity	28.12.2018 – 27.12.2019

Note: Gerak Saga has submitted an application to register one additional logging contractor, Jun Kian Enterprise with FDS (Ref. #: GS/KM19/05/066 dated 7<sup>th</sup> May 2019).

2.2.5 ITP (PF) The DFO shall develop the Quarterly Logging Progress Report.

**FINDINGS:**

Gerak Saga has developed the Quarterly Progress Report (1<sup>st</sup> Quarter: January – March 2019).

Activity(s)	Target	Achievement	
		Total	%
ITP Salvage Logging	702.3 ha	0.0 ha	0
ITP Establishment (Planted)	609.7 ha	70.4 ha	11.5
ITP Maintenance			
Round 1	565.1 ha	117.7 ha	20.8
Round 2	463.5 ha	67.6 ha	14.6
Round 3	342.7 ha	1.3 ha	0.4
Round 4	190.3 ha	1.3 ha	0.7

Note: (Ref. #: GS/KM/19/04/057 dated 25<sup>th</sup> April 2019).

**GAP #**

2.2.6 ITP (PF) The Organisation shall register Property Hammer Mark for sawmill/ply mill processing.

**FINDINGS:**

Gerak Saga has registered four (4) Property Hammer Marks.

#	Property Hammer Mark	Validity		Reference #	Receipt # (Date)
		From	To		
1	GS SFMLA 1/2015 C1	23.08.2018	22.08.2019	JPHTN/FRM 700-2/1/39/1/13 dated 25.08.2018	AM221510 (25.04.2019)
2	GS SFMLA 1/2015 C2	04.04.2019	03.04.2020	JPHTN/FRM 700-2/1/39/2/5 dated 04.04.2018	AM221151 (25.04.2019)
3	GS SFMLA 1/2015 C3	03.05.2018	02.05.2019*	JPHTN/FRM 700-2/1/39/3/3 dated 03.05.2017	AM219974 (15.05.2018)
4	GS SFMLA 1/2015 C4	04.04.2019	03.04.2020	JPHTN/FRM 700-2/1/39/2/5 dated 04.04.2018	AM221512 (25.04.2019)

Note: Gerak Saga has submitted an application to renew their property hammer mark of GS SFMLA 1/2015 C3 (Ref. #: GS/KM/19/04/060 dated 29<sup>th</sup> April 2019) that is pending approval from FDS.

**GAP #**

2.2.7 ITP (PF) The Organisation shall incise a serial number (or paint the serial number on all logs, with permission from the DoF.) on all logs for sawmill and plywood processing. (Note: for small diameter logs it is permitted to use paint instead of incision.)

**FINDINGS:****GAP #**

3 piles of chip logs (wild *Acacia mangium*) were sampled at Bambang Log Pond are as follows:

Pile 1 Block 4C		W/B Ticket #	Transit Pass #
Total (MT)	439.49	G000510	809947
Total trips	14	G000511	809948
Date Start	13.3.2019	G000512	809950
Date End	15.3.2019	G000513	809949
		G000514	809951
		G000515	809952
		G000516	809953
		G000517	809954
		G000518	809955
		G000519	809956
		G000520	809957
		G000521	809958
		G000522	809959
		G000523	809960
		G000524	809961

Pile 2 Block 4C		W/B Ticket #	Transit Pass #
Total (MT)	574.78	G000525	809962
Total trips	18	G000526	809964
Date Start	15.3.2019	G000527	809963
Date End	18.3.2019	G000528	809965
		G000529	809966
		G000530	809968
		G000531	809969
		G000532	809967
		G000533	809970
		G000534	809971
		G000535	809972
		G000536	809973
		G000537	809974
		G000538	809975
		G000539	809976
		G000540	809977
		G000541	809978
		G000542	809979

Pile 8 Block 4B		W/B Ticket #	Transit Pass #
Total (MT)	735.49	G000679	817252
Total trips	22	G000680	817251
Date Start	10.4.2019	G000681	817250
Date End	15.4.2019	G000682	817249
		G000683	817248

		G000684	817247		
		G000685	817246		
		G000686	817245		
		G000687	817244		
		G000688	817243		
		G000689	817242		
		G000690	817241		
		G000691	817240		
		G000692	817239		
		G000693	817238		
		G000694	817237		
		G000695	817236		
		G000696	817235		
		G000697	817234		
		G000698	817233		
		G000699	817232		
		G000700	817231		
		G000701	817230		
2.2.8 ITP (PF) The Organisation shall have an occupation permit for all stumping areas inside the forest reserve.					
<b>FINDINGS:</b>  <u>Bambangan Log Pond</u> (GFS Coordinates: RX 822605; BOR 770116)  Gerak Saga has a rental agreement to use Bambangan log pond that is located outside the licensed area.  The agreement between Gerak Saga and the landowner dated 22 <sup>nd</sup> November 2017 was sighted. The validity of this agreement is from 1 <sup>st</sup> November 2017 to 31 <sup>st</sup> October 2037 (20 years).					<b>GAP #</b>
2.2.9 ITP (PF) The Organisation and/or appointed contractors shall comply with AEC and MD.					
<b>FINDINGS:</b>  Based on the Environment Compliance Report (November 2018), Gerak Saga and its contractors complied with the Agreement on Environment Condition (AEC).					<b>GAP #</b>
2.2.10 ITP (SL/AL) The Land owner and developer shall have all harvested trees inspected by the DFO prior to removal.					
<b>FINDINGS:</b>  <b>Not applicable.</b>					<b>GAP #</b>
2.2.11 ITP (SL/AL) Plantation logs shall only be removed upon issuance of a Removal Pass (exception exists in Kota Kinabalu)					
<b>FINDINGS:</b>  <b>Not applicable.</b>					<b>GAP #</b>
2.2.12 ITP (SL/AL) The Organisation shall comply with EIA/PMM requirements.					
<b>FINDINGS:</b>					<b>GAP #</b>

Based on the Environment Compliance Report (November 2018), Gerak Saga and its contractors complied with the Agreement on Environment Condition (AEC).

### Criterion 2.3: Log Transportation

☒ Compliance  
☐ Non-Compliance

2.3.1 The Organisation shall incise each extracted log with a serial number traceable to the harvest tree number in the CHP for NFM logs; or to the coupe permit number for ITP logs. Paint can be used for small ITP logs as appropriate.

#### FINDINGS:

3 piles of chip logs (wild *Acacia mangium*) were sampled at Bambang Log Pond are as follows:

GAP #

Pile 1 Block 4C		W/B Ticket #	Transit Pass #
Total (MT)	439.49	G000510	809947
Total trips	14	G000511	809948
Date Start	13.3.2019	G000512	809950
Date End	15.3.2019	G000513	809949
		G000514	809951
		G000515	809952
		G000516	809953
		G000517	809954
		G000518	809955
		G000519	809956
		G000520	809957
		G000521	809958
		G000522	809959
		G000523	809960
		G000524	809961

Pile 2 Block 4C		W/B Ticket #	Transit Pass #
Total (MT)	574.78	G000525	809962
Total trips	18	G000526	809964
Date Start	15.3.2019	G000527	809963
Date End	18.3.2019	G000528	809965
		G000529	809966
		G000530	809968
		G000531	809969
		G000532	809967
		G000533	809970
		G000534	809971
		G000535	809972
		G000536	809973
		G000537	809974
		G000538	809975
		G000539	809976
		G000540	809977
		G000541	809978
		G000542	809979

Pile 8 Block 4B		W/B Ticket #	Transit Pass #
Total (MT)	735.49	G000679	817252
Total trips	22	G000680	817251
Date Start	10.4.2019	G000681	817250
Date End	15.4.2019	G000682	817249
		G000683	817248
		G000684	817247
		G000685	817246
		G000686	817245
		G000687	817244
		G000688	817243
		G000689	817242
		G000690	817241
		G000691	817240
		G000692	817239
		G000693	817238
		G000694	817237
		G000695	817236
		G000696	817235
		G000697	817234
		G000698	817233
		G000699	817232
		G000700	817231
		G000701	817230

2.3.2 The Organisation shall transport marked logs to an approved stumping area that has an occupation permit for areas inside PF or TOL for areas inside SL.

**FINDINGS:**

Bambangan Log Pond (GFS Coordinates: RX 822605; BOR 770116)

Gerak Saga has a rental agreement to use Bambangan log pond that is located outside the licensed area.

The agreement between Gerak Saga and the landowner dated 22<sup>nd</sup> November 2017 was sighted. The validity of this agreement is from 1<sup>st</sup> November 2017 to 31<sup>st</sup> October 2037 (20 years).

**GAP #**

2.3.3 The Form IIB license holder shall have a valid land title/or letter of confirmation of land applicant from Assistant Collector of Land Revenue on the land status and receipt of payment of land premium.

**FINDINGS:**

**Not applicable.**

**GAP #**

2.3.4 The Form IIB / ITP (SL/AL) land owner shall have a letter/agreement/contract/Power of Attorney with the contractor to remove logs and wood residues.

**FINDINGS:**

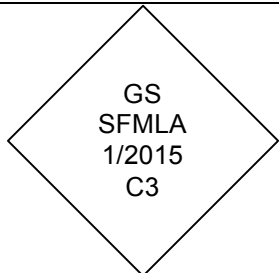
**Not applicable.**

**GAP #**

2.3.5 All logs to be transported shall have a Property Hammer Mark; FDS Inspection Hammer Mark / FDS Royalty Hammer Mark as appropriate.

**FINDINGS:**

All logs sampled at Bambangan Log Pond stamped with Property Hammer Mark and FD Inspection Mark.

Property Hammer Mark	FDS Inspection Hammer Mark
	FD644, FD1073

**GAP #**

2.3.6 Transported logs shall be accompanied with a Transit Pass / CS Form; Removal Pass and Timber Disposal Permit as required that corresponds the logs being transported (species, log numbers, quality, volume and dimensions).

**FINDINGS:**

Logs were transported with Removal Passes & TDP as required.  
Samples of extraction records (saw logs/pulp logs) of Coupe 3 in SFMLA 01/2015.

**1. October 2018**

<b>Date</b>	25/10/2018
<b>Scaling orders</b>	PS20180004-P to PS20180013-P
<b>TDP #</b>	533630-650, 533658-659, 569051-074, 569075-087, 569088-100, 569151-160, 569161-171, 569251-273, 569274-294, 569295-315, 569318-336, 569337-399
<b>Logs #</b>	4,185
<b>Volume (m<sup>3</sup>)</b>	2,652.93
<b>Removal pass</b>	A991802
<b>Royalty receipt</b>	RH203994, RH204015, RH204016, RH204024, RH204018, RH204035, RH204036, RH204037, RH204040, RH204050
<b>Destination</b>	Rajang Plywood Sdn. Bhd., Tawau

**2. October 2018**

<b>Date</b>	18/10/2018
<b>Scaling order</b>	Not required – pulp logs
<b>TDP #</b>	569172
<b>Quantity Draught Survey, Volume (m<sup>3</sup>)</b>	2,797.57
<b>Removal pass</b>	A991801
<b>Royalty receipt</b>	2B202636
<b>Destination</b>	Ikut Maju Sdn. Bhd., Kalabakan

**GAP #**



<b>3. August 2018</b> <table border="1"> <tr> <td><b>Date</b></td> <td>08/08/2018</td> </tr> <tr> <td><b>Scaling order</b></td> <td>PS 2018000-2P; PS 2018000-3P</td> </tr> <tr> <td><b>TDP #</b></td> <td>533281-300, 533651-657 &amp; 533601-613, 533615-629</td> </tr> <tr> <td><b>Logs #</b></td> <td>1,013 (saw logs)</td> </tr> <tr> <td><b>Volume (m<sup>3</sup>)</b></td> <td>500.90</td> </tr> <tr> <td><b>Removal pass</b></td> <td>A991651-670, A991705</td> </tr> <tr> <td><b>Royalty receipt</b></td> <td>RH203972, RH203971</td> </tr> <tr> <td><b>Destination</b></td> <td>Kilang Papan KK Assan, Kota Marudu</td> </tr> </table>		<b>Date</b>	08/08/2018	<b>Scaling order</b>	PS 2018000-2P; PS 2018000-3P	<b>TDP #</b>	533281-300, 533651-657 & 533601-613, 533615-629	<b>Logs #</b>	1,013 (saw logs)	<b>Volume (m<sup>3</sup>)</b>	500.90	<b>Removal pass</b>	A991651-670, A991705	<b>Royalty receipt</b>	RH203972, RH203971	<b>Destination</b>	Kilang Papan KK Assan, Kota Marudu	
<b>Date</b>	08/08/2018																	
<b>Scaling order</b>	PS 2018000-2P; PS 2018000-3P																	
<b>TDP #</b>	533281-300, 533651-657 & 533601-613, 533615-629																	
<b>Logs #</b>	1,013 (saw logs)																	
<b>Volume (m<sup>3</sup>)</b>	500.90																	
<b>Removal pass</b>	A991651-670, A991705																	
<b>Royalty receipt</b>	RH203972, RH203971																	
<b>Destination</b>	Kilang Papan KK Assan, Kota Marudu																	
2.3.7 Logs from Sabah TLAS compliant forest licenced areas shall be identified on the transportation permits as appropriate.																		
<b>FINDINGS:</b>  All transportation document i.e. Timber Disposal Permits and removal passes were identified with 'Sabah TLAS Compliant' stamp as required in the circular #: FD 36/2016.		<b>GAP #</b>																
2.3.8 Logs transported from a one area to another shall only take place between 07:00am to 07:00pm, unless the DoF approves transport outside the stipulated time period.																		
<b>FINDINGS:</b>  In 2018/2019, Gerak Saga held a permit to transport logs from 7.00 pm to 12.00 am as per observed during the document review. Gerak Saga only performs one time of log transportation that take place between 07:00am to 07:00pm. <ul style="list-style-type: none"> <li>a. Permit to transport logs from 7.00 pm to 7.00 am in May 2019. (Ref. #: JPHTN/KM 700-3/7/JLD.4/61 dated 03/05/2019).</li> </ul> <table border="1"> <tr> <td><b>Date</b></td> <td>03/05/2019</td> </tr> <tr> <td><b>License #</b></td> <td>SFMLA 01/2015 (KDT.03/17-COUPE 3)</td> </tr> <tr> <td><b>Quantity</b></td> <td>2,339.023 TON (2,643.096 m<sup>3</sup>)</td> </tr> <tr> <td><b>Species</b></td> <td>Acacia (Pulp log)</td> </tr> <tr> <td><b>Destination</b></td> <td>From: Bambangan Log Pond, Pitas</td> </tr> <tr> <td></td> <td>To: Stumping Point Midsea, Kudat</td> </tr> <tr> <td><b>Validity</b></td> <td>03/05/2019 – 18/05/2019</td> </tr> </table>		<b>Date</b>	03/05/2019	<b>License #</b>	SFMLA 01/2015 (KDT.03/17-COUPE 3)	<b>Quantity</b>	2,339.023 TON (2,643.096 m <sup>3</sup> )	<b>Species</b>	Acacia (Pulp log)	<b>Destination</b>	From: Bambangan Log Pond, Pitas		To: Stumping Point Midsea, Kudat	<b>Validity</b>	03/05/2019 – 18/05/2019	<b>GAP #</b>		
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2.3.9 Logs and timber transported between mills shall be accompanied with a valid Removal Pass. (Note: Exemption exists within Kota Kinabalu).																		
<b>FINDINGS:</b>  <b>Not Applicable</b> - Material is not transported between mills.		<b>GAP #</b>																
<b>Criterion 2.4: Log Transportation (Form IIB)</b>		<input checked="" type="checkbox"/> <b>Compliance</b> <input type="checkbox"/> <b>Non-Compliance</b>																
2.4.1 The Organisation shall have a valid land title and receipt of payment of land premium.																		
<b>FINDINGS:</b>		<b>GAP #</b>																

<b>Not applicable.</b>	
2.4.2 The land owner shall have a letter/agreement/contract/ [Power of Attorney] with the contractor to remove logs and wood residues.	
<b>FINDINGS:</b>  <b>Not applicable.</b>	<b>GAP #</b>
2.4.3 Applicable only to title lands, the transport of logs shall only be done with a valid: <ul style="list-style-type: none"> <li>• Form IIB Permit</li> <li>• Timber Disposal Permit</li> <li>• Removal Pass</li> </ul>	
<b>FINDINGS:</b>  <b>Not applicable.</b>	<b>GAP #</b>
2.4.4 The Organisation shall ensure and document that the TDP and Removal Pass corresponds to the logs transported (species, log numbers, quality, volume and dimensions).	
<b>FINDINGS:</b>  <b>Not applicable.</b>	<b>GAP #</b>

Criterion 2.5: Log Transportation (ITP)		<input type="checkbox"/> Compliance <input type="checkbox"/> Non-Compliance
2.5.1 For ITP Logs (PF)  a. All plantation logs transported from the harvesting area to an approved weigh bridge for royalty assessment shall have the Property Hammer mark and FDS inspection Hammer Mark (Marked randomly).		
FINDINGS:  Not applicable – Planted trees in ITP compartments are yet to reach their harvesting rotation. Currently the logging is carried out to extract wild <i>Acacia mangium</i> for saw logs and chip logs prior to the ITP development.		GAP #
2.5.2 For ITP Logs (PF):  b. All plantation logs shall be accompanied with a Transit Pass.		
FINDINGS:  Not applicable – Planted trees in ITP compartments are yet to reach their harvesting rotation. Currently the logging is carried out to extract wild <i>Acacia mangium</i> for saw logs and chip logs prior to the ITP development.		GAP #
2.5.3 For ITP Logs (PF):  c. All plantation logs transported from the weigh bridge to the Port of loading/mill shall have the FDS Royalty Hammer Mark (marked randomly).		
FINDINGS:  Not applicable – Planted trees in ITP compartments are yet to reach their harvesting rotation. Currently the logging is carried out to extract wild <i>Acacia mangium</i> for saw logs and chip logs prior to the ITP development.		GAP #

2.5.4 For ITP Logs (PF): d. All plantation logs shall be accompanied with Removal Passes upon payment of royalty.	
<b>FINDINGS:</b>  <b>Not applicable</b> – Planted trees in ITP compartments are yet to reach their harvesting rotation. Currently the logging is carried out to extract wild <i>Acacia mangium</i> for saw logs and chip logs prior to the ITP development.	<b>GAP #</b>
2.5.5 For ITP Logs With No Royalty (SL/AL, Including rubber wood from small holders)s a. The land owner shall have a letter/agreement/contract/ [Power of Attorney (PA)] with the contractor to remove logs.	
<b>FINDINGS:</b>  <b>Not applicable.</b>	<b>GAP #</b>
2.5.6 For ITP Logs With No Royalty (SL/AL, Including rubber wood from small holders) b. Organisation/authorized contractor shall have approval to transport plantation logs to an approved weigh bridge from the DoF (SL) or the District Forestry Officer (AL).	
<b>FINDINGS:</b>  <b>Not applicable.</b>	<b>GAP #</b>
2.5.7 For ITP Logs With No Royalty (SL/AL, Including rubber wood from small holders) c. Logs shall bear Property Hammer Mark and FDS Inspection Hammer Mark (marked randomly).	
<b>FINDINGS:</b>  <b>Not applicable.</b>	<b>GAP #</b>
2.5.8 For ITP Logs With No Royalty (SL/AL, Including rubber wood from small holders) d. All logs transported from the weigh bridge to the Port of loading/mill shall be accompanied by Removal Passes upon recording of volume (weighed volume).	
<b>FINDINGS:</b>  <b>Not applicable.</b>	<b>GAP #</b>
2.5.9 For ITP Logs With Royalty – For Export (SL/AL, including rubber wood from small holders) i. The land owner has a letter / agreement / contract / [Power of Attorney (PA)] with the contractor to remove logs. ii. Land owner/authorized contractor obtains approval to transport plantation logs to an approved weigh bridge from the DoF (SL) or the District Forestry Officer (AL). Logs must bear Property Hammer Mark and FDS Inspection Hammer Mark (marked or painted randomly). iii. Land owner/authorized contractor transports all logs from the weigh bridge to the Port of loading must be accompanied with Removal Passes upon recording of volume (weighed volume).	
<b>FINDINGS:</b>  <b>Not applicable.</b>	<b>GAP #</b>
2.5.10 Logs and timber transported between mills shall be accompanied by valid Removal Passes. Note: Exemption exists within Kota Kinabalu	

<b>FINDINGS:</b>  <b>Not applicable.</b>	<b>GAP #</b>
2.5.11 The Organisation shall only transport logs from a one area to another between 7.00am to 7.00pm, unless the DoF approves transportation outside the stipulated time period	
<b>FINDINGS:</b>  <b>Not applicable.</b>	<b>GAP #</b>
2.5.12 The Organisation shall ensure and document that the TDP and Removal Pass corresponds to the logs transported (species, log numbers, quality, volume and dimensions).	
<b>FINDINGS:</b>  <b>Not applicable.</b>	<b>GAP #</b>

**Criterion 2.6: Worker Safety & Health**
☒ **Compliance**  
☐ **Non-Compliance**

2.6.1 The Organisation shall pay insurance premium/contribution for all workers.

Findings:

GAP #

Forest Solution Services Sdn. Bhd. is the contractor for Gerak Saga and has an active license from Labour Department to hire 20 Indonesian workers under the license #: JTK.H.KM:600-4/1/02105/000307 valid from 29<sup>th</sup> November 2018 to 28<sup>th</sup> November 2019 issued on 5<sup>th</sup> November 2018.

#	Name	COI & expiry	IC / Passport / IMM #	Insurance policy # & Expiry
1	Isuin Samail	282405 (02.10.2019)	971125-12-6189	
2	Jovaindye Joseph	282406 (02.10.2019)	970319-12-5217	
3	Achai Ayunchai	282407 (02.10.2019)	950107-12-6375	
4	Hermon Tiga	282408 (02.10.2019)	911229-12-5889	
5	Herik Baso	269398 (02.07.2019)	AT461217 (19.03.2023)	CSW-S5009997-L1 (25.02.2020) covered under Etiqa General Insurance Berhad
6	Benhur Yohanis Toding	269397 (02.07.2019)	AT461218 (19.03.2023)	
7	Mamesa Dongdang	269399 (02.07.2019)	AT461219 (19.03.2023)	
8	Antomina Benyamin	267021 (07.10.2019)	A7403822 (29.01.2024)	

2.6.2 The Organisation shall provide adequate training on safety measures/personnel protective equipment.

<b>FINDINGS:</b>  <b>May 2018: Gap 001/2018 (Minor)</b> The company started their operation in December 2017, but had not conducted any safety & health training for the workers.  <b>May 2019: Gap 001/2018 (Minor) – Closed</b>	<b>GAP #</b>  <b>001/2018 (Minor) Closed</b>
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Gerak Saga has conducted safety and health training to the workers in 2018 and 2019. The training records were documented and kept in the office.

Date	Topic	Remarks
03.04.2019	Safety and Health in Logging Operation	In-house training for all workers and contractors
26.03.2019	Safety Guidelines in tree felling and chainsaw handling	In-house training for all workers and contractors
28.02.2019	Safety and Health in Logging Operation	In-house training for All workers and contractors
26.02.2019	Company related policies	In-house training for staff
22.02.2019	Establishment of Safety & Health Committee Member	In-house training for contractors
21.02.2019	Chemical Hazards	In-house training for workers
21.02.2019	Act 514 – Employer (Sec. 15) & Employee (Sec. 24) Responsibility and Penalty	In-house training for workers
14.01.2019	Act 514 – Employer (Sec. 15) & Employee (Sec. 24) Responsibility and Penalty	In-house training for contractors
01.10.2018	Fire Prevention	Conducted by external trainer for staff
13.09.2018	Safe Work at Log Yard	In-house training for Workers and Contractors
09.08.2018	Emergency Preparedness and Response in Case of Forest Fire	In-house training for staff
08.08.2018	Safety Operation – Loading/ Unloading for Harvesting and Log Yard	In-house training for staff and workers
12.05.2018	Safety on Specification of Work Felling and Extraction	In-house training for contractors

Personal Protective Equipment (PPE) such as helmets, safety shoes and safety vests were distributed to all workers. Records of PPE distribution as of April 2019 were sighted and maintained.

First Aid Box was distributed to a workplace based on the necessity. Records were available and maintained.

2.6.3 The Organisation shall undertake remedial measures as directed by relevant authorities (DOSHS and FDS) following their inspection.

**FINDINGS:**

**GAP #**

**Not applicable** – As of the recent assessment, no DOSHS inspection was conducted

in the licensed area.																																																					
2.6.4 The Organisation shall submit appropriate report to DOSH / Department of Labour in a timely manner as required.																																																					
<b>FINDINGS:</b>  Gerak Saga has recently registered with DOSH via MyJKKP system in March 2019. No inspection has been conducted by DOSH or FDS in 2018.		<b>GAP #</b>																																																			
2.6.5 The Organisation shall report to: SOCSCO, DOSH and Department of Labour on accidents related to employment immediately.																																																					
<b>FINDINGS:</b>  Gerak Saga has recently registered with DOSH via MyJKKP system in March 2019. No major accident reported at the workplace in 2018.		<b>GAP #</b>																																																			
2.6.6 The Organisation shall maintain monthly records of contribution to SOCSCO.																																																					
<b>FINDINGS:</b>  Records of monthly contributions to SOCSCO (Employer code: F9700010320X) were available from January 2018 to April 2019. <table border="1"> <thead> <tr> <th>Mth/Year</th><th>Total Employees</th><th>Contribution (MYR)</th></tr> </thead> <tbody> <tr><td>Jan 2018</td><td>93</td><td>3,706.20</td></tr> <tr><td>Feb 2018</td><td>92</td><td>4,015.50</td></tr> <tr><td>Mar 2018</td><td>93</td><td>3,484.90</td></tr> <tr><td>Apr 2018</td><td>91</td><td>3,743.00</td></tr> <tr><td>May 2018</td><td>94</td><td>3,929.80</td></tr> <tr><td>Jun 2018</td><td>97</td><td>3,915.20</td></tr> <tr><td>Jul 2018</td><td>99</td><td>3,981.60</td></tr> <tr><td>Aug 2018</td><td>107</td><td>4,348.60</td></tr> <tr><td>Sep 2018</td><td>108</td><td>4,466.40</td></tr> <tr><td>Oct 2018</td><td>110</td><td>5,076.40</td></tr> <tr><td>Nov 2018</td><td>110</td><td>4,664.80</td></tr> <tr><td>Dec 2018</td><td>110</td><td>4,716.20</td></tr> <tr><td>Jan 2019</td><td>111</td><td>4,658.30</td></tr> <tr><td>Feb 2019</td><td>115</td><td>5,077.70</td></tr> <tr><td>Mar 2019</td><td>120</td><td>5,206.20</td></tr> <tr><td>Apr 2019</td><td>127</td><td>4,333.50</td></tr> </tbody> </table>		Mth/Year	Total Employees	Contribution (MYR)	Jan 2018	93	3,706.20	Feb 2018	92	4,015.50	Mar 2018	93	3,484.90	Apr 2018	91	3,743.00	May 2018	94	3,929.80	Jun 2018	97	3,915.20	Jul 2018	99	3,981.60	Aug 2018	107	4,348.60	Sep 2018	108	4,466.40	Oct 2018	110	5,076.40	Nov 2018	110	4,664.80	Dec 2018	110	4,716.20	Jan 2019	111	4,658.30	Feb 2019	115	5,077.70	Mar 2019	120	5,206.20	Apr 2019	127	4,333.50	<b>GAP #</b>
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2.6.7 The Organisation shall maintain records of worker's training on safety and health showing what training was conducted, who attended and any certificates that were awarded.																																																					
<b>FINDINGS:</b>  <b>May 2018: Gap 001/2018 (Minor)</b> The company started their operation in December 2017, but had not conducted any safety & health training for the workers.  <b>May 2019: Gap 001/2018 (Minor) – Closed</b> Gerak Saga has conducted safety and health training to the workers in 2018 and 2019. The training records were documented and kept in the office. <table border="1"> <thead> <tr> <th>Date</th><th>Topic</th><th>Remarks</th></tr> </thead> <tbody> <tr> <td>03.04.2019</td><td>Safety and Health in Logging Operation</td><td>In-house training for workers and contractors</td></tr> </tbody> </table>		Date	Topic	Remarks	03.04.2019	Safety and Health in Logging Operation	In-house training for workers and contractors	<b>GAP #</b>  <b>001/2018 (Minor) Closed</b>																																													
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08.08.2018	Safety Operation – Loading/ Unloading for Harvesting and Log Yard	In-house training for staff and workers		
12.05.2018	Safety on Specification of Work Felling and Extraction	In-house training for contractors		

2.6.8 The Organisation shall provide protective clothing and safety equipment required in accordance to the RIL Operation Guide Book.

**FINDINGS:**

During the field visit, it was observed that the workers were equipped with a proper PPE.

**GAP #**

2.6.9 The Organisation shall insure compliance with directional felling techniques.

**FINDINGS:**

**Not applicable** – Gerak Saga does not apply RIL operation in salvage logging.

**GAP #**

2.6.10 The Organisation shall ensure adequate precaution for workers' safety in the event of fire or other accidents.

**FINDINGS:**

**GAP #**

Trainings related to the event of fire were conducted in 2018.

Date	Topic	Remarks
01.10.2018	Fire Prevention	Conducted by external trainer.
09.08.2018	Emergency Preparedness and Response in Case of Forest Fire	In-house training.

Gerak Saga has also constructed a Fire Depot building at Seraya Basecamp (RX 827460; BOR 762857, which are equipped with fire-fighting equipment such as knapsack sprayers, shovels, heavy-duty hard metal rake head, mobile water pumps and heavy-duty hose reels.

8 units of fire extinguisher were sampled at Seraya Camp and Bambang Log Pond and observed to be in a good condition with an expiry date of 21.12.2019.

Gerak Saga has a draft of Forest Fire Management Plan (FFMP) that was submitted to FDS on 03/07/2018 (Ref. #: GS/KM/18/07/075) for review and feedback. On 08/05/2019 another follow-up letter attached with FFMP were re-submitted to FDS for their review and feedback (Ref. #: GS/KM/19/05/067). The FFMP is pending for approval by FDS.

The summary of FFMP are as follows:

1. Fire Management Zoning:

- Since 86.9% of the total gross area of 6,476 ha will be managed as an ITP with the balance falls under roadways and conservation reserves, water reservoirs and riparian buffer zones.

Land Use zoning	Area (ha)	Percent (%)
Managed ITP	5,625.0	86.9
Conservation Reserves	369.9	5.7
Riparian Buffers	296.0	4.6
Infrastructure	25	0.4
Mangrove Forest	12.1	0.2
Roadways	76.0	1.2
Water Reservoirs	72.0	1.1

2. Fire Break:

- Firebreak was identified in the map at the scale of 1:50,000.

3. Observation Site:

- A wide range of fire detection options exists, including lookout towers, ground patrols, satellites, and information provided by the general public.
- When a fire has been detected all staff must be notified immediately through radio or at checkpoints.

4. Fire Danger Rating System:

- Based on the Fire Danger Rating determined by Forest Fire Officer, the prevention activities shall be implemented effectively. The Fire Danger Rating System as below.

Fire Danger Rating System	Prevention activities
Low	Enhance staff / public awareness
Moderate	Notify village / staff / contractors regarding fire danger
High	Ban all fires, notice to be given to all communities to discourage any burning. Patrol to enforce.
Extreme	Consider shutting down all activities in project area. All places on standby.



<p>5. Accessibility:</p> <ul style="list-style-type: none"> <li>- Establishing security checkpoints in strategic locations as the primary access to the Bengkoka Peninsular is via the main highway connecting Kota Marudu and Pitas. Consequently, in places where the marked boundary is readily accessible, encroachment is more likely. Thus, regular patrols will be carried out in order to detect early encroachment.</li> </ul> <p>6. Identification of permanent water bodies:</p> <ul style="list-style-type: none"> <li>- The main source of water is from nearby river such as Sg. Kandang, Sg. Liu, Sg. Malubang, Sg. Kisorong, Sg. Bongkol, Sg. Kakarangan.</li> </ul> <p>7. Fire Equipment and Tools:</p> <ul style="list-style-type: none"> <li>- Fire tools and equipment must be constantly check and maintained to ensure in good condition at all times.</li> <li>- A complete testing, maintenance, repair and replacement for firefighting equipment should be carried out in November / December of each year. Hoses and mechanical equipment/tools should be cleaned, repaired and tested after use.</li> </ul> <p>8. Fire Preparedness:</p> <ul style="list-style-type: none"> <li>- The main objective of preparedness is to anticipate and prepare for successful prevention and attack on fires threatening the project area during the dry season.</li> <li>- There are three levels of preparations, annual preparations, daily activities and special preparations.</li> <li>- In the forest plantation, buffers, green belt and plantation roads are located strategically within the blocks and project boundary to serve as firebreaks.</li> <li>- All-natural water bodies located within the project area will be identified and water fill points will be constructed and some permanent streams dammed up.</li> </ul> <p>9. Awareness programme:</p> <ul style="list-style-type: none"> <li>- Dialogue with local communities</li> <li>- Distribution of brochures, posters, and stickers</li> <li>- Installation of Forest Fire Indicator sing in strategic location</li> </ul> <p>10. Fire Prevention and Control Strategy:</p> <ul style="list-style-type: none"> <li>- Fire preparedness measures</li> <li>- Fire prevention</li> <li>- Early fire detection and reporting</li> <li>- Fast comprehensive fire attack</li> <li>- Fire crews and organization charts</li> </ul> <p>11. Fire report:</p> <ul style="list-style-type: none"> <li>- After successfully extinguished a fire outbreak, a Fire Post Mortem form will be filled to records the time and cause of fire.</li> </ul> <p>12. Contact details:</p> <ul style="list-style-type: none"> <li>- Emergency contact details are provided in case of serious cases (e.g. Police, Kota Marudu hospital, Fire fighter and rescue team).</li> </ul>	
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Principle 3. Statutory Charges																																		
Criterion 3.1: Royalty & Fees				<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> Non-Compliance																														
3.1.1 Organisation shall pay all applicable license fees upon issuance of a license and other charges prior to issuance of harvesting licence.																																		
<b>FINDINGS:</b>  Gerak Saga has paid the licensing fees and other charges to the District Forestry Office of Pitas.  <b>Occupational Permits:</b> <table border="1"> <thead> <tr> <th>#</th> <th>Description</th> <th>Receipt #</th> <th>Date of Payment</th> <th>Remark (s)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>JP (PTS) OP 07/2017 (OP: Road)</td> <td></td> <td></td> <td> <i>Road OP validity: 31/03/2019</i>   <i>OP was cancelled as Gerak Saga obtained an approved coupe permit (Permit No. KDT 03/17) by FDS (Ref.#: JPHTN/PTS 700-2/1/4/34 dated 3<sup>rd</sup> October 2017).</i>   <i>Road OP cancellation official letter from Gerak Saga was submitted to FDS dated 11<sup>th</sup> February 2019 (Ref.#: GS/KM/19/02/013).</i> </td> </tr> <tr> <td>2</td> <td>JP (PTS) OP 03/2016 (OP: Campsite)</td> <td></td> <td>Still in a renewal process by FDS as the OP was expired on 15/03/2019</td> <td> <i>Submission letter of OP renewal and permission to increase campsite size by 0.20 ha (originally 1.97 ha) to FDS Pitas (Ref#:. GS/KM/19/03/034 dated 14<sup>th</sup> March 2019). According to the licensee representative, no feedback from FDS in regards to the renewal and approval application to date.</i> </td> </tr> <tr> <td>3</td> <td>JP (PTS) OP 04/2016 (OP: Nursery)</td> <td>AM221397</td> <td>08/04/2019</td> <td>Expiry date: 15/03/2020</td> </tr> <tr> <td>4</td> <td>JP (PTS) OP 08/2016 (OP: Nursery (B))</td> <td>AM220330</td> <td>24/07/2018</td> <td>Expiry date: 13/07/2019</td> </tr> <tr> <td>5</td> <td>JP (PTS) OP 09/2016 (OP: Dumping)</td> <td>AM220329</td> <td>24/07/2018</td> <td>Expiry date: 13/07/2019</td> </tr> </tbody> </table>				#	Description	Receipt #	Date of Payment	Remark (s)	1	JP (PTS) OP 07/2017 (OP: Road)			<i>Road OP validity: 31/03/2019</i>  <i>OP was cancelled as Gerak Saga obtained an approved coupe permit (Permit No. KDT 03/17) by FDS (Ref.#: JPHTN/PTS 700-2/1/4/34 dated 3<sup>rd</sup> October 2017).</i>  <i>Road OP cancellation official letter from Gerak Saga was submitted to FDS dated 11<sup>th</sup> February 2019 (Ref.#: GS/KM/19/02/013).</i>	2	JP (PTS) OP 03/2016 (OP: Campsite)		Still in a renewal process by FDS as the OP was expired on 15/03/2019	<i>Submission letter of OP renewal and permission to increase campsite size by 0.20 ha (originally 1.97 ha) to FDS Pitas (Ref#:. GS/KM/19/03/034 dated 14<sup>th</sup> March 2019). According to the licensee representative, no feedback from FDS in regards to the renewal and approval application to date.</i>	3	JP (PTS) OP 04/2016 (OP: Nursery)	AM221397	08/04/2019	Expiry date: 15/03/2020	4	JP (PTS) OP 08/2016 (OP: Nursery (B))	AM220330	24/07/2018	Expiry date: 13/07/2019	5	JP (PTS) OP 09/2016 (OP: Dumping)	AM220329	24/07/2018	Expiry date: 13/07/2019	GAP #
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5	JP (PTS) OP 09/2016 (OP: Dumping)	AM220329	24/07/2018	Expiry date: 13/07/2019																														

	Pit)				
6	JP (PTS) OP 01/2017 (OP: Access Road to Dam 1)		Still in a renewal process by FDS as the OP expired on 20/02/2019	Submission letter of OP renewal to FDS Pitas (Ref. #: GS/KM/19/01/005) dated 15 <sup>th</sup> January 2019). According to the licensee representative, no feedback from FDS in regards to the renewal application to date and original OP was still in FDS HQ.	
	JP (PTS) OP 02/2017 (OP: Dam 1)				
7	JP (PTS) OP 05/2017 (OP: Road to Coupe 3)		Still in a renewal process by FDS as the OP was expired on 30/01/2019	Submission letter of OP renewal to FDS Pitas (Ref. #: GS/KM/18/12/188) dated 21 <sup>st</sup> December 2018). According to the licensee representative, no feedback from FDS in regards to the renewal application to date and original OP was still in FDS HQ.	
8	JP (PTS) OP 05/2018 (OP: Black Soil, Site A)		Still in a renewal process by FDS as the OP was expired on 09/04/2019	Submission letter of OP renewal to FDS Pitas (Ref. #: GS/KM/19/04/048) dated 9 <sup>th</sup> April 2019). According to the licensee representative, no feedback from FDS in regards to the renewal application to date and original OP was still in FDS HQ.	
9	JP (PTS) OP 06/2018 (OP: Black Soil, Site B)				
10	JP (PTS) OP 07/2018 (OP: Black Soil, Site C)				
11	JP (PTS) OP 04/2019 (OP: Log Yard)		Still in a renewal process by FDS as the OP was expired on 12/03/2019		
<b>Other receipts:</b>					
#	Description	Receipt #	Date of Payment	Validity Period	

1	Transit Pass (10 Books; 817101-817600)	AM221500	25/04/2019	
2	Transit Pass (10 Books; 809051-809300, 809551-809600, 809801-81000)	AM220833	29/10/2018	
3	Removal Pass (991700-991850)	AM220347	27/07/2018	
4	COI renewal	AM221299	15/03/2019	1 year; 6 months
		AM221183	18/02/2019	1 year; 6 months
		AM221040	18/12/2018	1 year; 6 months
		AM220888	14/11/2018	1 year; 6 months
		AM220749	10/10/2018	1 year
		AM220755	10/1/2018	6 months
		AM220662	24/09/2018	1 year; 6 months
		AM220345	27/07/2018	1 year
5	Night towing pass	AM221520	26/04/2019	
		AM221135	22/01/2019	

All FD machinery registered with FDS as per provided documents during the assessment.

a. Jun Kian Enterprise

#	FD #	JPJ Registration #	Type of machines	Expiry date	Payment receipt # (Date)
1	FD (PTS) 11-181	SAB 3982F	Tractor	10/09/2019	AM220764 (16/10/2018)
2	FD (PTS) 11-182	SA 4962X	Tractor	10/09/2019	AM220765 916/08/2018)
3	FD (PTS) 11-240	SS1651B	Lorry Rigid	10/09/2019	AM220469 (16/08/2018)

b. JW Merit

#	FD #	JPJ Registration #	Type of machines	Expiry date	Payment receipt # (Date)
1	FD (PTS) 11-248	SA8710P	Lorry	08/10/2019	AM221119 (07/10/2018)
2	FD (PTS) 11-248	SU6422	Lorry	08/10/2019	AM221119 (07/10/2018)

c. Kinshope

#	FD #	JPJ Registration #	Type of machines	Expiry date	Payment receipt # (Date)
1	FD (PTS) 11-224	SA529N	Lorry	08/05/2019 *	AM219948 (07/05/2018)
2	FD (PTS) 11-225	SA1361V	Lorry	08/05/2019 *	AM219948 (07/05/2018)

3	FD (PTS) 11-222	SAB7936P	Hitachi	08/05/2019 *	AM219947 (07/05/2018)
4	FD (PTS) 11-223	SAB7937P	Hitachi	08/05/2019 *	AM219947 (07/05/2018)

Note: \* Submission letter of the FD machineries renewal along with the payment cheque to FDS Pitas (Ref.#: GS/KM/18/05/073) dated 17<sup>th</sup> May 2019).

d. Farmglow

#	FD #	JPJ Registration #	Type of machines	Expiry date	Payment receipt # (Date)
1	FD (PTS) 11-243	SAB7936P	Lorry	18/09/2019	AM220659
2	FD (PTS) 11-244	SAA9477M	Lorry	18/09/2019	AM220659
3	FD (PTS) 11-245	SY2537	Lorry	18/09/2019	AM220660

3.1.2 The Organisation shall pay all royalties due, based on volume and species, premium (unless exempted), Community Forestry Cess, Forest Conservation Fees Forest Rehabilitation Fees (unless exempted) before the Organisation can remove the timber from the licensed area.

**FINDINGS:**

Production records in of wild *Acacia mangium* (Coupe 3) in 2018/2019 for saw log and chip log.

Saw Log

c. 2018

Parcel #	TDP #	Logs # (Pieces)	Volume (m <sup>3</sup> )	Scaling Order (SO)	Royalty Receipt #	Royalty Payment (RM)
P1	533251- 533280	567	250.24	PS201800 1P	RH203966	3,433.74
P2	533281- 533300 & 533651- 533657	488	250.60	PS201800 2P	RH203971	3,837.54
P3	533601- 533613, 533615- 533629	525	250.30	PS201800 3P	RH203972	3,833.22
P4	533630- 533650 & 533658- 533659	436	251.34	PS201800 4P	RH203994	3,830.58
P5	569051- 569074	446	250.12	PS201800 5P	RH204015	3,924.18
P6	569075- 569087	183	100.21	PS201800 6P	RH204016	1,581.66
P7	569088- 569190	428	250.21	PS201800 7P	RH204024	3,894.30
P8	569161- 569171	179	100.20	PS201800 8P	RH204018	1,595.28
P9	569251- 569273	427	250.13	PS201800 9P	RH204035	3,985.74
P10	569274- 569294	366	250.72	PS201800 10P	RH204036	4,229.10
P11	569295-	359	250.58	PS201800	RH204037	4,548.24

**GAP #**

	569315			11P			
P12	569318-569336	352	250.36	PS201800 12P	RH204040	4,195.20	
P13	569337-569339, 569345-569399	1,108	734.87	PS201800 13P	RH204050	11,205.00	
P14	569173-569200, 569401-569413	766	505.67	PS201800 14P	RH204058	8,090.46	
d. 2019							
Parcel #	TDP #	Logs # (Pieces)	Volume (m <sup>3</sup> )	Scaling Order (SO)	Royalty Receipt #	Royalty Payment (RM)	
P15	569416-569436, 570001-570020	782	477.52	PS201800 15P	RH204122	8,002.92	
Chip log: Records of Chip Log Royalty (RM5/m <sup>3</sup> )							
c. 2018							
TDP #		Volume (m <sup>3</sup> )	Royalty Receipt/ FIIB #	Royalty Payment (RM)			
569172		6,494.19	2B202636	33,295.95			
569400		6,494.86	2B202642	32,474.30			
d. 2019							
TDP #		Volume (m <sup>3</sup> )	Royalty Receipt/ FIIB #	Royalty Payment (RM)			
569415		212.81	2B202646	1,064.05			
569438		5,010.78	2B202654	25,053.90			
3.1.3 The Organisation shall pay Removal Pass fees before removal of timbers.							
FINDINGS:						GAP #	
Record of Removal Pass Fees paid for 2018.							
Date	Amount (RM)	Receipt #	Remark(s)				
27/07/2018	1,000.00	AM220347	991700-991850				
3.1.4 Logs shall carry FDS Royalty Hammer Mark							
FINDINGS:						GAP #	
May 2019: Gap 002/2019 (Major)						002/2019 (Major) Closed	
Inconsistency of marking of FDS Royalty Hammer Mark on logs was observed at Bambangan Logpond.							
(Refer SFMLA 01/2015, Part 3: Royalty Matters, Penalties and Other Contractual Provisions, Clause 104 (i) on page 47).							

**June 2019: Gap 002/2019 (Major) - Closed**

The forestry officer from Pitas District has checked and marked logs with FDS Royalty hammer mark for royalty paid logs (Ref. #: JPHTN/SFM(FLEGT) 800-1/7/7/52/8 dated 10<sup>th</sup> September 2019).

3.1.5 The Organisation shall have Timber Disposal Permit, Removal Pass and payment receipts as records of royalty payment.

**FINDINGS:****GAP #****May 2018: Observation 002-2018**

It was observed that GSSB did not maintain a complete record of Removal Passes issued in 2017. Only partial Removal Passes were available during the document review.

**May 2019: Observation 002-2018 (Addressed)**

Gerak Saga maintains the complete record of the Removal Pass issued for each transportation and sales of logs.

Samples of extraction records (saw logs/pulp logs) of Coupe 3 in SFMLA 01/2015.

**1. October 2018**

<b>Date</b>	25/10/2018
<b>Scaling order</b>	PS20180004-P, PS20180005-P, PS20180006-P, PS20180007-P, PS20180008-P, PS20180009-P, PS20180010-P, PS20180011-P, PS20180012-P, PS20180013-P
<b>TDP #</b>	533630-650, 533658-659, 569051-074, 569075-087, 569088-100, 569151-160, 569161-171, 569251-273, 569274-294, 569295-315, 569318-336, 569337-399
<b>Logs #</b>	4,185
<b>Volume (m<sup>3</sup>)</b>	2,652.93
<b>Removal pass</b>	A991802
<b>Royalty receipt</b>	RH203994, RH204015, RH204016, RH204024, RH204018, RH204035, RH204036, RH204037, RH204040, RH204050
<b>Destination</b>	Rajang Plywood Sdn. Bhd., Tawau

**2. October 2018**

<b>Date</b>	18/10/2018
<b>Scaling order</b>	Not required – pulp logs
<b>TDP #</b>	569172
<b>Quantity Draught Survey, Volume (m<sup>3</sup>)</b>	2,797.57
<b>Removal pass</b>	A991801
<b>Royalty receipt</b>	2B202636
<b>Destination</b>	Ikut Maju Sdn. Bhd., Kalabakan

**3. August 2018**

<b>Date</b>	08/08/2018
<b>Scaling order</b>	PS 2018000-3P, PS 2018000-2P
<b>TDP #</b>	533281-300, 533651-657 & 533601-613, 533615-629
<b>Logs #</b>	1,013 (saw logs)
<b>Volume (m<sup>3</sup>)</b>	500.90

<b>Removal pass</b>	A991651-670, A991705		
<b>Royalty receipt</b>	RH203972, RH203971		
<b>Destination</b>	Kilang Papan KK Assan, Kota Marudu		

### Principle 4. Other User Rights

#### Criterion 4.1: Community benefits and rights to occupy and use


**Compliance**

**Non-Compliance**

4.1.1 The Organisation or its appointed consultant shall conduct a Social Baseline Survey and Social Impact Assessment of the licensed area as part of the preparation of a 10-year FMP, which shall include:

- Identification of communities
- Identification of potential impacts
- Mitigation measures

#### FINDINGS:

**GAP #**

The company had taken initiative to establish a Community Development Master Plan (CDMP) that outline the strategy, operational guidelines and framework of the Community Development Program for addressing the social and development issues as well as to improve the quality of rural communities living in the vicinity of the project area. However, the CDMP is yet to be completed.

#### Social Baseline assessment

- For this social baseline assessment, Environmental Impact Assessment (EIA) for Forest Management of Bengkoka and Tambalugu Forest Reserves (6,467 hectares), Pitas, Sabah by Chemsain Konsultant Sdn Bhd dated in January 2017 was referred. Matter on socio-economic was also incorporated in the EIA.
- Based on the EIA report, there is no settlement within the project site. There is however a number of settlements located in the vicinity of the licensed area.
- No areas subject to native customary rights were identified within the licensed area.

#### a. Identification of communities

- There are no settlements within the project area in both Bengkoka Forest Reserve and Tambalugu Forest Reserve (EIA, page C3-48 till page C3-49).
- Villages identified in the vicinity of the licensed area as stated in the EIA report;

Division/ Area	Location/ Village	Distance from Project Area Boundary (m)	Direction from Project Site Boundary
Bengkoka Forest Reserve	Kg. Seropil	200	West/ House
	Kg. Kakarangan	200	East
	Kg. Kapok	300	West
	Kg. Gumpa	400	South
	Kg. Radap	400	South
	Kg. Kandang	500	North
	Kg. Kipahung	600	North
	Kg. Kodong	650	North
	Kg. Bongkol	700	South
	Kg. Jambu	700	South
	Kg. Unkup	1,100	South
Tambalugu	Kg. Suang Duyung	500	North/ North-west



Forest Reserve		2,000	East
	Kg. Maringgán	1,600	North-west

In the FMP, GSSB identified 7 villages adjacent to the project area namely Kg. Kapok, Kg. Kodong, Kg. Kandang, Kg. Jambu, Kg. Gumpa, Kg. Radap and Kg. Kakarangan. The villages are located within the boundary of the Acacia Forest Industries Sdn. Bhd. estate. Gerak Saga recognises that these communities may be affected and could also benefited from the project.

b. Identification of potential impacts

- Based on EIA (page C4-18), the nearby settlements will be affected mostly on and/ or may receive the following impacts from the project activities:

Impacts	Description
<b>Air noise pollution</b>	The generation of dust and noise during plantation establishment has potential to impact on houses located close to the project area boundary.
<b>Traffic and transportation impacts</b>	Transportation activities associated with the project along Jalan Mongkubou Laut and Jalan Suang Duyung, may impact on the settlements along these routes, including Kg. Seropil and Kg. Suang Duyung. Transportation activities may cause traffic congestion, safety issues and damage to the road surface, which will impact on the nearby residents and other road users.
<b>Waste generation and management</b>	Kg. Seropil and other surrounding settlement may be affected if waste within the project area is not managed correctly, for example through pest infestation from improper management of biomass.
<b>Fire hazard</b>	Due to the proximity of Kg. Seropil to the project area boundary, forest fires within the project area may spread to the village. Other surrounding villages may also be affected if the fire were to spread to adjacent Acacia plantation areas.

c. Mitigation measures

- Based on EIA, below are the brief example of mitigation measures for impacts from project activities:

Impacts	Description	Mitigation Measures
<b>Air noise pollution</b>	The generation of dust and noise during plantation establishment has potential to impact on houses located close to the project area boundary.	To minimise dust dispersion, vehicle speed should be limited to 30 km/h and appropriate signage should be erected. Open burning is strictly prohibited. (EIA, page C5-10)
<b>Traffic and transportation impacts</b>	Transportation activities associated with the project along Jalan Mongkubou Laut and Jalan Suang Duyung, may impact on the settlements along these routes, including Kg. Serupil and Kg. Suang Duyung. Transportation activities may cause traffic congestion, safety issues and damage to the road surface, which will impact on the nearby residents and other road users.	Transportation activities involving heavy vehicles along the main public roads should be scheduled to avoid traffic hours. Any damage caused to the public roads of Jalan Mongkubou Laut and Jalan Suang Duyung by project transportation activities should be repaired immediately. (EIA, page C5-10 & C5-11)
<b>Waste generation and management</b>	Kg. Seropil and other surrounding settlements may be affected if waste within the project area is not managed correctly, for example through pest infestation from improper management of biomass.	Disposal of biomass into rivers and streams is strictly prohibited. The waste dumping pit provided at site. The direct discharge of scheduled waste to land, natural watercourse or drains is strictly prohibited. (EIA,

		page C5-5 & C5-6)	
Fire hazard	Due to the proximity of Kg. Seropil to the project area boundary, forest fires within the project area may spread to the village. Other surrounding villages may also be affected if the fire were to spread to adjacent Acacia plantation areas.	The Fire Management Plan should be completed and implemented prior to the commencement of the project activities on the project area. Open burning is strictly prohibited. Fire-fighting equipment should be provided. Roads should be maintained to ensure that they are effective as firebreaks. (EIA, page C5-7 & C5-8)	
4.1.2 The Organisation shall identify and set aside Community Forestry Areas in their licensed area (where relevant) and include such areas in the Forest Management Plan (FMP).			
FINDINGS:			GAP #
Gerak Saga has conducted preliminary floral and faunal surveys over the project area and performed an evaluation against the WWF HCV Toolkit. Forest Management Plan of Gerak Saga from January 1 <sup>st</sup> 2017 to December 31 <sup>st</sup> 2026, Part 3 Forest Resource Base, section 3.3.4 High Conservation Value Forest (HCVF) was referred.  The summary of findings and/ or evaluation of HCV areas are as follows:			
HCV	Description	Evaluation	
1	Forest areas containing globally, regionally or nationally significant concentrations of biodiversity values.		
	1.1 Protected areas	Not Present	
	1.2 Threatened and endangered species	Present	
	1.3 Endemic Species	Present	
	1.4 Critical temporal use	Present	
2	Globally, regionally or nationally significant large landscape-level forests.	Not Present	
3	Forest areas that are in or contain rare, threatened or endangered ecosystems.	Present	
4	Forest areas that provide basic services of nature in critical situations.		
	4.1 Forests critical to water catchments	Present	
	4.2 Forests critical to erosion control	Present	
	4.3 Forests providing barriers to destructive fire	Not Present	
5	Forest areas fundamental to meeting basic needs of local communities (e.g. subsistence, health)	Not Present	
6	Forest areas critical to local communities' traditional cultural identity.	Not Present	
In conclusion, based on the evaluation, HCV 5 and HCV 6 are not present in the project area.			
4.1.3 The Organisation shall identify and respect community rights within the licensed area and exclude community areas from harvesting.			
FINDINGS:			GAP #
There are no settlements within the project area in both Bengkoka Forest Reserve and Tambalaqu Forest Reserve (EIA, page C3-48 till page C3-49). No areas subject			

to native customary rights were identified within the licensed area.

Gerak Saga recognizes the concern and rights of the communities living adjacent the licensed area and is dedicated to minimize and offset any social and environmental impacts of the operation on their livelihoods as stated in the FMP (January 1<sup>st</sup> 2017 to December 31<sup>st</sup> 2026), Section 2.10 Impact of Local Community on Forest Management).

However, there is a land dispute identified in the licensed area where villagers planted 20.4 ha with crops (palm oil tree, fruits tree, and rubber tree). Based on the Coupe Development Plan, an approximate total area affected was 20.4 ha. Currently the land has been excluded from forest operations (Refer to the new zoning in the licensed area Checklist 1.4.2.4).

The assessing team has visited Kg. Bawing, Pitas (GPS Coordinate: RX 822915; BOR 769008) one of the settlements that located in the vicinity of the licensed area for a community meeting.

Subjects	Findings
Village's Chief	KK. Salomah Binti Abdullah
Village's background	<ul style="list-style-type: none"> <li>Established in the late 40's, majority of the ethnic is Sungai.</li> <li>The current individuals living in the village are 205 (Based on the survey report established by the village's chief in 2019).</li> <li>Most of the villagers are farmer and majority are Muslims.</li> </ul>
Forest operation effect	<ul style="list-style-type: none"> <li>No significant negative impacts. In fact, the company had continuously giving support to increase their livelihood.</li> <li>The company also participated on the negotiation and consultation if there were issues or complains raised by the villagers.</li> <li>Through communication and consultation by Gerak Saga with the villagers, they are aware that the licensed area of which the Gerak Saga operates is a forest reserve.</li> </ul>
Assistance given by GSSB	<ul style="list-style-type: none"> <li>The company had constructed a recreational field and assisted in carry out road maintenance for access road to the village.</li> <li>Currently, construction work of gravity water system is on going for the village.</li> </ul>

#### 4.1.4 The Organisation shall record and document communications and consultation with communities.

##### FINDINGS:

Gerak Saga has continuously giving assistance and resolving issues that affected the communities. The company maintained the minutes of meeting with the communities.

Activity	Location	Date of implementation	Remarks
Forest fire accident at Coupe 1	Kg. Bodu	16 – 17/06/2018	Helping the community to extinguish a forest fire that sourced from Acacia Forest Industries Sdn. Bhd. licensed area.
Community meeting	Kg. Bawing	05/07/2018	Discussion of community projects.
Signboard instalment	Bambangan Log yard	12/07/2018	Install a signboard "Beware of Crocodiles" at Sg. Bawing and Bambangan Log yard.
Community project	Kg. Bawing	21/07/2018	Field survey lead by village's head.

##### GAP #

Signboard instalment	Graveyard Kg. Bawing	02/08/2018	Install graveyard's signboard at Kg. Bawing.
Community project	Kg. Bawing	09/08/2018	To assess the site of recreational field requested by Kg. Bawing.
Project site visit	Kg. Bawing	02 – 03/10/2018	Field visit to the log pond's access road (prior to the road construction's work).
Community meetings	Kg. Bawing	4 – 20/10/2018	Consultation to the community for an alternative road construction.
Community meetings	Kota Marudu	19/10/2018	Discussion with the community for the affected land that involve in road construction.
Project site visit	Kg. Bawing	23/10/2018	Confirmation on the crops that was affected by the road construction.
Community meeting	Log pond	11/08/2018	Discussion on the encroached land that was affected by the log pond establishment.
Project site visit	Kg. Suang Duyung	24/11/2018	Field visit with MERCY Malaysia to assess the needs for that village.
Supervising the road construction	Kg. Bawing	26 – 30/11/2018	CDP team supervising the road construction progress.
Supervising the road construction	Kg. Bawing	3 – 7/12/2018	Discussed the status of road construction through community meeting.
Reparation payment to the affected crop for road construction	Kg. Bawing	19/12/2018	Compensation on the affected crop to the community.
Community meeting	Kg. Bawing	01/03/2019	Community meeting and payment of land rental (logging road).
Community agreement	Kg. Bambangan	04/05/2019	Dialogue with the community and signed agreement for land leasing.
Land Dispute meeting	PPD Pitas	05/04/2019	Land dispute discussion among all parties.
Water gravity construction	Kg. Suang Duyung	29/04/2018	Construction of water gravity in collaboration with MERCY Malaysia.

**Criterion 4.2: Users' Right by Natives**
☒ **Compliance**  
☐ **Non-Compliance**

4.2.1 Areas with Native Customary Right (NCR) claim described under the Land Ordinance shall be excised from Temporary Occupation Licence (TOL) area after a land inquiry is conducted to verify the claim and found to be justifiable by the Lands and Surveys Department prior to the issuance of TOL and the timber harvesting licence.

**FINDINGS:**

There is no settlement within the project area in both Bengkoka Forest Reserve and Tambalugu Forest Reserve (EIA, page C3-48 till page C3-49).

Bengkoka Forest Reserve and Tambalugu Forest Reserve do not fall inside the native customary rights areas. There is very little encroachment with the reserves as recorded in the FMP (January 1<sup>st</sup> 2017 to December 31<sup>st</sup> 2026), section 2.9.5.9 Legal Status and Land Tenure, page 27.

No local community settlements are situated within the project area. There are seven (7) formal settlements found adjacent to the licensed area

**GAP #**

<p>There is a land dispute in the licensed area. A report was initiated to investigate the encroachment (crop planting) by villagers from Kg. Sorupil, Kg. Kakarangan and Kg. Pagason with an approximate affected area of 20.4 ha in the licensed area of Bengkoka Forest Reserve.</p>	
<p>4.2.2 Native rights shall be respected.</p>	
<p><b>FINDINGS:</b></p> <p>On 05 April 2019, a meeting was held to discuss the said issue (stated in checklist 4.2.1) with the Pitas Forestry District, Gerak Saga and the villagers. As a result, the DFO Pitas has suggested, an agreement to be established with the villagers. Gerak Saga is in the midst of preparing the agreement and will submit to DFO Pitas and Chief Conservator of Forests for their review and feedback. Currently, the areas affected have been excluded from the forest operations.</p>	<p><b>GAP #</b></p>

## APPENDIX

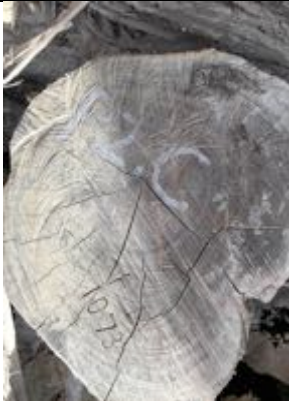
**Gaps:**

GAP #	Checklist	Description	Description of Close-out
001/2018 (Minor) Closed	2.6.2 2.6.7	<b>May 2018:</b> The company started the operation in December 2017 but had not conducted any safety & health training for the workers.	<b>May 2019:</b> Gerak Saga conducted the safety and health training in 2018 and 2019 to their workers and contractors. Records are kept and maintained.

### Photo Evidence

Photo Before:	Photo Close-out																																										
May 2018:	May 2019:																																										
Not available.	<table><thead><tr><th>Date</th><th>Topic</th><th>Remarks</th></tr></thead><tbody><tr><td>03.04.2019</td><td>Safety and Health in Logging Operation</td><td>In-house training for workers and contractors</td></tr><tr><td>26.03.2019</td><td>Safety Guidelines in tree felling and chainsaw handling</td><td>In-house training for workers and contractors</td></tr><tr><td>28.02.2019</td><td>Safety and Health in Logging Operation</td><td>In-house training for workers and contractors</td></tr><tr><td>26.02.2019</td><td>Company related policies</td><td>In-house training for staff</td></tr><tr><td>22.02.2019</td><td>Establishment of Safety &amp; Health Committee Member</td><td>In-house training for contractors</td></tr><tr><td>21.02.2019</td><td>Chemical Hazards</td><td>In-house training for workers</td></tr><tr><td>21.02.2019</td><td>Act 514 – Employer (Sec. 15) &amp; Employee (Sec. 24) Responsibility and Penalty</td><td>In-house training for workers</td></tr><tr><td>14.01.2019</td><td>Act 514 – Employer (Sec. 15) &amp; Employee (Sec. 24) Responsibility and Penalty</td><td>In-house training for contractors</td></tr><tr><td>01.10.2018</td><td>Fire Prevention</td><td>Conducted by external trainer for staff</td></tr><tr><td>13.09.2018</td><td>Safe Work at Log Yard</td><td>In-house training for Workers and Contractors</td></tr><tr><td>09.08.2018</td><td>Emergency Preparedness and Response in Case of Forest Fire</td><td>In-house training for staff</td></tr><tr><td>08.08.2018</td><td>Safety Operation – Loading/ Unloading for Harvesting and Log Yard</td><td>In-house training for staff and workers</td></tr><tr><td>12.05.2018</td><td>Safety on Specification of Work Felling and Extraction</td><td>In-house training for contractors</td></tr></tbody></table>	Date	Topic	Remarks	03.04.2019	Safety and Health in Logging Operation	In-house training for workers and contractors	26.03.2019	Safety Guidelines in tree felling and chainsaw handling	In-house training for workers and contractors	28.02.2019	Safety and Health in Logging Operation	In-house training for workers and contractors	26.02.2019	Company related policies	In-house training for staff	22.02.2019	Establishment of Safety & Health Committee Member	In-house training for contractors	21.02.2019	Chemical Hazards	In-house training for workers	21.02.2019	Act 514 – Employer (Sec. 15) & Employee (Sec. 24) Responsibility and Penalty	In-house training for workers	14.01.2019	Act 514 – Employer (Sec. 15) & Employee (Sec. 24) Responsibility and Penalty	In-house training for contractors	01.10.2018	Fire Prevention	Conducted by external trainer for staff	13.09.2018	Safe Work at Log Yard	In-house training for Workers and Contractors	09.08.2018	Emergency Preparedness and Response in Case of Forest Fire	In-house training for staff	08.08.2018	Safety Operation – Loading/ Unloading for Harvesting and Log Yard	In-house training for staff and workers	12.05.2018	Safety on Specification of Work Felling and Extraction	In-house training for contractors
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GAP #	Checklist	Description	Description of Close-out
002/2019 (Major) Closed	3.1.4	<b>May 2019:</b> Inconsistency of marking of FDS Royalty Hammer Mark on logs was observed at Bambang Logpond. (Refer SFMLA 01/2015, Part 3: Royalty Matters, Penalties and Other Contractual Provisions, Clause 104 (i) on page 7).	<b>May 2019:</b> The forestry officer from Pitass District has checked and marked logs with FDS Royalty hammer mark for royalty paid logs (Ref. #: JPHTN/SFM(FLEGT) 800-1/7/7/52/8 dated 10 <sup>th</sup> September 2019).
Photo Evidence			
Photo Before:		Photo Close-out	
<b>May 2019:</b>		<b>June 2019:</b>	



12/06/2019 10:36 80971712 BMS PMS WITH LOGS PAGE 82/85

**JABATAN PERHUTANAN SABAH**  
(SABAH FORESTRY DEPARTMENT)  
Laman Web (Website): www.forest.sabah.gov.my

**Rekod Perlesenan**  
(License Record)  
No. 11, Jalan Ulu  
80000 Sandakan, Sabah, Malaysia  
Tel: 088-66661231 Fax: 088-246 501

10 September 2019

QPS (Sabah) Sdn Bhd  
C/O GA Segar  
No. 1-14, 17 Floor, Room 8  
Block B, Kluang Centre Phase 2  
Hilltop, Luyang, Jalan Lintas  
88000 Kota Kinabalu, Sabah

Dear Sir,

**CLOSE - OUT REPORT ON SABAH TLAS P1 - P4**  
LICENSEE: USMAN SAGA Sdn Bhd  
REPORT NO: SPSSBH 903-020

The above matter refers.

2. Please be informed that the Close-Out verification for Geran Siga Sdn Bhd has been conducted on 20<sup>th</sup> June 2019. Attached, the Gap Close-Out Record and supporting documents for your perusal.

3. In the previous audit, the licensee has been imposed with one (1) Major Gap due to the inconsistency in marking of FD Royalty Hammer Mark on logs at Sandangan Logpond.

4. It has been checked by CTO PMS and verified by FLEGT Unit of SFM Division that the Major Gap has been rectified. The marking of FD Royalty Hammer mark on the royalty and Assala logs was done by the SFM staffs of Mukim Bangkulu/Tengkawang. The gap is hereby recommended to be closed.

Thank you.

**"WE AIM TO BE THE BEST"**

**(DATUK) RAJAGOPAL MOHD JAMAL**  
Chief Commissioner of Forests

Enclosure

KAMI MENYABUTKAN MENJADI YANG TERRANG  
WE AIM TO BE THE BEST

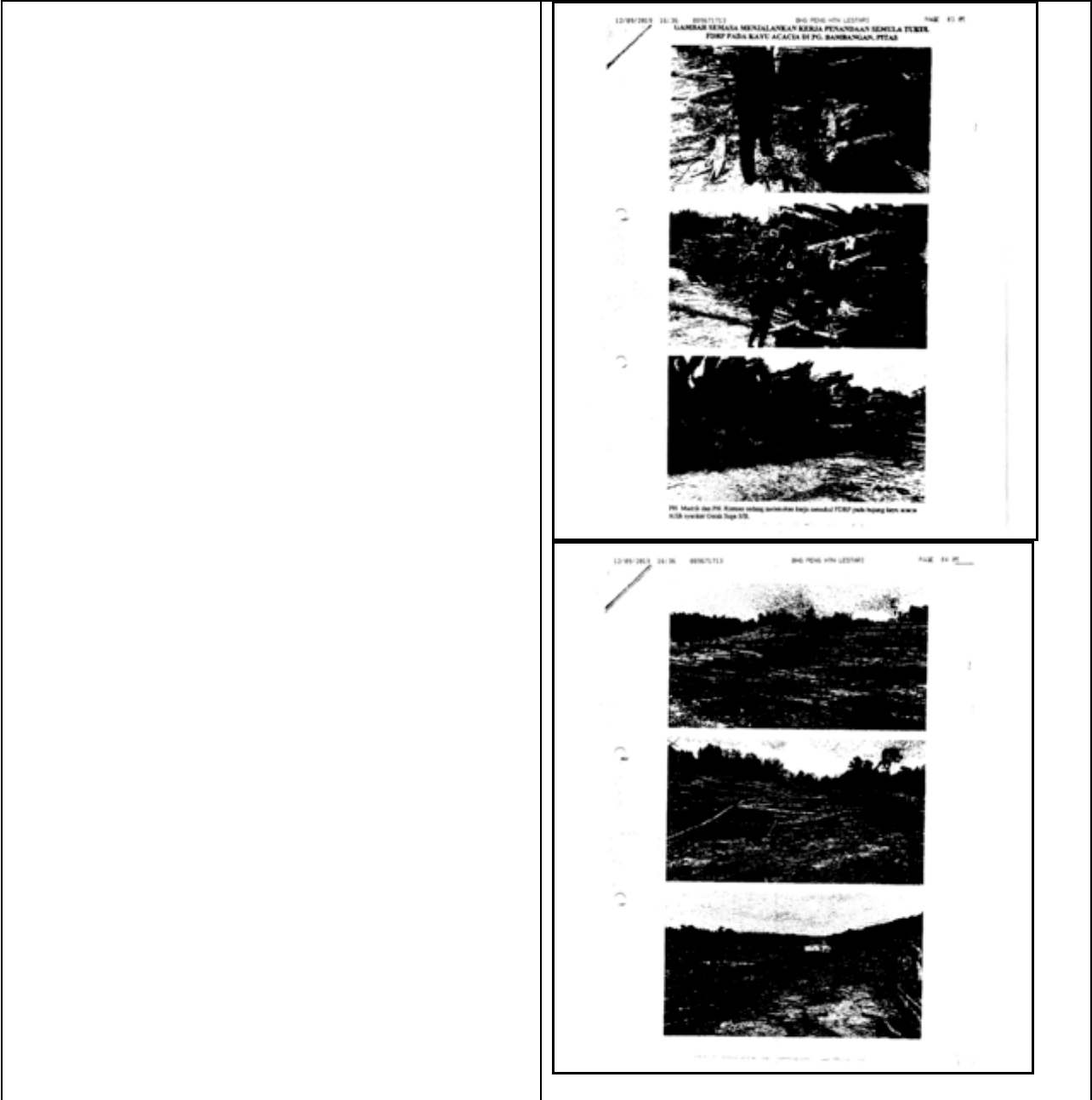
12/06/2019 10:36 80971712 BMS PMS WITH LOGS PAGE 83/85

**SABAH FORESTRY DEPARTMENT**

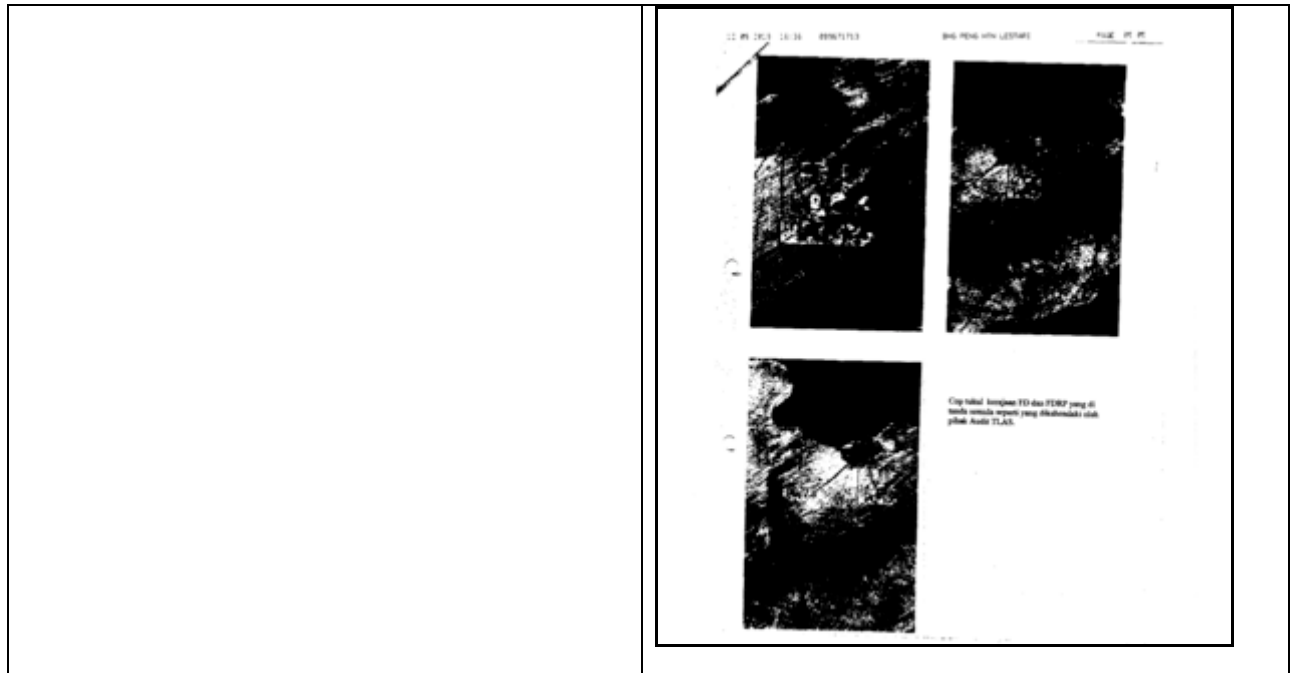
Km. 11, Jalan Ulu  
80000 Sandakan, Sabah, Malaysia  
Tel: 088-66661231 Fax: 088-246 501  
Website: www.forest.sabah.gov.my

**Gap Close - Out Record**

Licence: Geran Siga Sdn Bhd 1-14/17, 1 Avenue Commercial Centre Jalan MK, 88100 Kota Marudu, Sabah, Malaysia		Date: 20 June 2019	
Contact Person: Mr. Thirukelvan (Project Director)		Email: <a href="mailto:thirukelvan@forest.sabah.gov.my">thirukelvan@forest.sabah.gov.my</a> Fax: 088 246 501	
Gap No:	003/2019-4 Major	Checker & Report No:	3.1.4 SPSSBH 903-020
Description:		Date issued: 14/09/2019-4	
Inconsistency of marking of FD Royalty Hammer Mark on logs was observed at Sandangan Logpond.			
Actions required:			
To ensure logs that have been royalty paid shall carry FOS Royalty Hammer Mark.			
Actions taken:			
The Forestry Officer from PMS District has checked and marked logs with FOS Royalty Hammer mark for royalty paid logs. The evidence are attached herewith.			
Checked By:	Signature:		Date: 20 June 2019
Verified By:	Signature:		Date: 20 June 2019
Officer:	Name: Chandra Biju		





**Observations:**

Obs #	Checklist	Description	Description of Close-out
001-2018 Addressed	2.1.11b	<b>May 2018:</b> The patrolling was not documented and maintained.	<b>May 2019:</b> Gerak Saga has carried out field patrolling in their licensed area in 2018 and 2019. The field records of patrolling activity were documented and maintained.
Photo Evidence			
Photo Before:		Photo Close-out	
<b>May 2018:</b>  Not available.		<b>May 2019:</b>	

#	Patrolling Date	Location	Remark(s)
1	11.05.2019	Coupes 1, 2 & 3	No sign of encroachment/ fire outbreak was detected.
2	12.02.2019	Coupes 1, 2 & 3	No fire outbreak was detected.
3	08.02.2019	Coupe 4	Note: Patrolling was carried out for a precaution to detect any sign of fire outbreak after a prolong draught and subsequently to check on any sign of encroachment into the licensed area.
4	07.02.2019	Coupes 1, 2 & 3	
5	09.01.2019	Coupe 4	No sign of encroachment was detected.
6	21.11.2018	Coupes 1, 3 & 4	Illegal felling activity of wild acacia trees in the licensed area was detected. GSSB has reported the matter to Pitas Forestry District for further action.
7	17.10.2018	Coupes 1, 2, 3 & 4 as well as log pond	No sign of encroachment/ fire outbreak was detected.
8	07.07.2018	Coupe 4	No sign of encroachment was detected.
9	05.07.2018	Coupes 1, 2 & 3	No sign of encroachment/ fire outbreak was detected.
10	19.05.2019	Coupe 2	No sign of encroachment was detected.

Obs #	Checklist	Description	Description of Close-out
002-2018 Addressed	3.1.5	<b>May 2018:</b> It was observed that GSSB did not maintain a complete record of Removal Passes issued in 2017. Only partial Removal Passes were available during the document review.	<b>May 2019:</b> Gerak Saga maintains complete record of the Removal Passes issued for each transportation and sales of logs.
Photo Evidence			
Photo Before:		Photo Close-out	
<b>May 2018:</b>  Not available.		<b>May 2019:</b>	

[illegible][illegible]