

Sabah TLAS Audit Report

Sabah Legality Standard Principles 1 – 4

Licensee	Gerak Saga Sdn. Bhd. (1098208-V)		
Contact Person	Thondik Venantius (Projects Director)		
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Email	t.venantius@forestsolutions.asia w.william@forestsolutions.com.my		
Reference #	G161-237		
Date of Report	4 th May 2018		
Date of close out	-		
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Approved By	Dr. Kevin Grace		

Statements			
Audit Statement	GFS 134 LVS		
Issuance Date	01 June 2018	Expiration Date	31 May 2019

Assessment Details	
Assessment Dates	30 th April – 4 th May 2018
Scope of Assessment	SFMLA 01/2015 – FMU 2
Species	Acacia spp.
Lead Assessor	Lai Jia Woei
Assessor(s)	Priera Bagang, Franklin Emang
FDS Staff	Ahmad Yusop (DFO Pitas), Unus Ampang (ADFO Pitas), Mohd. Jaya Mudin (ADFO Pitas), PH Mangsor Mohamad (KPPM Bengkoka / Tengkarason / Rosob), PH Raymund Kimlaw (PPD Pitas), PH Roslan Osman (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 01st 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. (**GSSB**) 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 *Eucalypt* species following by *Acacia mangium* (hybrids) with a rotation period of 10 years. The net plantable area is approximately 5,625 ha.
- **SFMLA 01/2015** was signed on 26th October 2016 for 100 years and expires on 31st December 2115.
- GSSB has an approved 10-year FMP from 1st January 2017 – 31st December 2026 of SFMLA 01/2015 – FMU 2 Bengkoka Forest Reserve & Tambalugu Forest Reserve.
- Farmglow Sdn. Bhd. is appointed by GSSB to carry out establishment and maintenance of tree plantations for SFMLA 01/2015.
- Land use classification:

Land classification	FMP Area (ha)
Total Concession Area	6,467
Production Area	
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

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, 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, GSSB 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 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
 - GSSB holds an approved EIA report for its project area (Ref. #: JPAS/PP/15/600-1/01/3/60(46) dated 14th 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
Tambalugu Forest Reserve	Kg. Unkup	1,100	South
	Kg. Suang Duyung	500	North/North-west
		2,000	East
	Kg. Maringgan	1,600	North-west

- Identified communities that are dependent on the FMU
 - 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. 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. GSSB recognises that these communities could benefit from the project thus a Community Development Master Plan (CDMP) will be established.

- Native Customary Rights
 - No areas subject to native customary rights were identified within the licensed area.
 - GSSB 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.
- 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 GSSB project area.
 - As reported in an Annual Work Plan on 1st to 31st January 2018, there is Community Project Assessment (WASH Project to evaluate the suitability of water gravity and toilets for Kg Maringgan, Kg Suang Duyung and Kg Bambangan.

Scope of Assessment
<ul style="list-style-type: none"> • 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 01st 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 auditee demonstrates that the indicators consist of none or only minor gaps against any applicable criteria of the standard. Non-compliance to the Sabah Legality Standard occurs when the auditee does not demonstrate adequate compliance to a criterion.

Itinerary of Assessment	
Date	Activity
30 April 2018 Monday	Travel to Kota Marudu
01 May 2018 Tuesday	Public holiday – Labour Day
02 May 2018 Wednesday	Site visit to GSSB licensed boundary neighbouring to Acacia Forest Industries and Kg. Serupil; stream buffer zone / riparian reserve of Coupe 1 and 3; main gate of GSSB, base camp, nursery, dam; interview with Kg. Serupil representative.
03 May 2018 Thursday	Document review
04 May 2018 Friday	Closing meeting and Travel to Sandakan

Highlights of Assessment
(Major Gap = 0; Minor Gap = 1; Observations = 2)
Gerak Saga Sdn. Bhd. has complied with the Sabah Legality Standard (FDS-TLAS-002) as no non-compliance was identified during the assessment on 30 th April to 4 th May 2018.
Summary of status of operations by Principle :

Principle 1.

GSSB demonstrated compliance with the license requirements, management planning, and submission of

Highlights of Assessment

required documents or reports to the relevant authorities. GSSB 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 2018 by FDS for operations in the FMU.

Principle 2.

GSSB demonstrated compliance to 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.

As of this assessment, the company is preparing an ECR for the first quarter in 2018.

To date, there are only 3 sets of production record. The first log extraction was in 2016 as GSSB started to develop infrastructures in FMU 2. The latest production records were in 2017. GSSB salvaged usable Acacia logs from the burnt area of Coupe 1 with approximately 155 ha. Salvage logging in Coupe 3 just commenced in April 2018 and no logs observed during the field visit.

4th May 2018: Observation 001-2018 – Checklist 2.1.11b

The patrolling was not documented and maintained.

4th 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.

Principle 3.

Records of royalty payment and other charges were available and maintained by the licensee.

4th May 2018: Observation 002-2018 – Checklist 3.1.5

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

Principle 4.

There are no villages or human settlements within the project area.

Results:

(Compliance = 18; Non-Compliance = 0)

Gaps raised against indicators & criteria during the May 2018 assessment.

GAP	Type	Checklist	Description
001/2018	Minor	2.6.2 2.6.7	The company started the operation in December 2017 but had not conducted any safety & health training for the workers.

Status of previous outstanding Gaps.

GAP	Type	Checklist	Status	Description of Close Out
-	-	-	-	-

Observations:

OBS #	Checklist #	Description
001-2018	2.1.11b	The patrolling was not documented and maintained.
002-2018	3.1.5	It is observed that GSSB did not maintain a complete record on Removal Pass issued for log transports in 2017. Only partial Removal Passes were retrieved during the document review.

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

Recommendations
<p>Gerak Saga Sdn. Bhd. has demonstrated compliance with the Sabah Legality Standard (FDS-TLAS-002) for its designated area and is recommended to receive a GFS Audit Statement and STCC from FDS.</p> <p>Gap and observations identified in this assessment shall be addressed before the next surveillance visit. Actions required to close the gap and observations include:</p> <p>Gap 001/2018 (Minor) – Checklist 2.6.2, 2.6.7: The company shall conduct training on safety and health for its forest workers.</p> <p>Observation 001-2018 – Checklist 2.1.11b: The patrolling shall be documented and maintained.</p> <p>Observation 002-2018 – Checklist 3.1.5: GSSB shall maintain a record of the Removal Pass issued for each transportation and sales of logs.</p> <p>The next surveillance audit will be scheduled in May 2019.</p>

End of Summary Report

Principle 1. Right to Harvest																																																											
Criterion 1.1: Approval of Harvesting Area			<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.																																																											
FINDINGS: 1.1.1.1 Signed License Agreement SFMLA 01/2015 was signed on 26 th October 2016 and expires on 31 st December 2115. 1.1.1.2 Coupe Permit # & 1.1.1.3 Expiry date ITP coupe permits were issued by FDS as follows:			GAP #																																																								
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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.																																																											
FINDINGS: GSSB has conducted preliminary floral and faunal surveys over the project area and performed an evaluation against the WWF HCV Toolkit. The Forest Management Plan of GSSB from January 1 st , 2017 to December 31 st , 2026, Part 3: Forest Resource Base, section 3.3.4: High Conservation Value Forest (HCVF) was referred.			GAP #																																																								
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In conclusion, based on the evaluation, HCV 5 and HCV 6 are not present in the project area.																																																											

Criterion 1.2: Harvesting license and / or coupe permit		<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> Non-Compliance																
1.2.1 The NRO shall hold a letter of approval of harvesting licence.																		
FINDINGS: Not applicable - Harvesting license is issued upon the approval of the Coupe Permit by FDS.		GAP #																
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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: GSSB has an approved Environmental Impact Assessment by EPD for FMU 2 as follows:		GAP #																
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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: Not applicable.		GAP #																
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.																		
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1.3.4 The EIA/PMM shall be developed and submitted to EPD by a qualified environmental consultant.																		
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Criterion 1.4: Forest Management Plan	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> Non-Compliance																						
FINDINGS: 1.4.1 The Organisation shall develop a 10-year Forest Management Plan (FMP) approved by FDS.																							
FINDINGS: 1.4.2 The FMP shall describe the policy, management systems, forest resources, environmental and social elements associated with the SFMLA.																							
FINDINGS: 1.4.2.1 Policy Statement Policy statement is included in the approved FMP.	GAP #																						
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 <i>Acacia mangium</i> and open grassland. Natural forest is less than 2% of the area while <i>Acacia mangium</i> makes up 80% of the forest strata, 18% of the area is non-forested due to fires. The undamaged <i>Acacia mangium</i> 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.	GAP #																						
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. GSSB has zoned the gross area into land use types as follows:																							
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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 net production area is estimated to be 5,625 ha:

Land Use	Area (ha)
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Water Reservoirs	72.0
Total	6,467

1.4.2.7 Sustainable yield & AAC

The first harvest will be commenced by the year 10 (in year 2026). *Eucalyptus pellita* is expected to yield 140,000 m³ annually on a 10-year rotation and off a planted area of 5,525 ha. This implies an average MAI of 25 m³ / ha / year.

1.4.2.8 Plans for restoration & ITP

The FMU is zoned into conservation and ITP areas. The focus of management in the ITP zone will be on the establishment, maintenance and utilisation of plantations for timber production. The conservation areas will consist of totally protected areas, such as riparian zones, water catchment areas, high conservation value and steep areas.

ITP areas will preferably be planted with *Eucalypt* species and *Acacia mangium* (hybrids) with a rotation period of 10 years (following by *Paraserianthes falcataria*). The net plantable area is approximately 5,625 ha.

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

GSSB has a land use map for the licensed area that zoned the area into planting and conservation areas at the scale of 1:5,0000.

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

FINDINGS:	GAP #
FMP mid term review is scheduled in 2020.	

Criterion 1.5: Annual Work Plan	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> Non-Compliance
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.	
FINDINGS:	GAP #
GSSB has an approved AWP for 2018 (Ref. #: JPHTN/SFM 800-1/1/36(48) dated 12 th April 2018). The key activities and targets planned are as follows:	
Planned activities	Description
	Main road upgrade work in Coupe 2 Compartment 10 (1,873.6 m), Compartment 13 (6,319.0 m); Total 8,192.6 m.

Coupe roading	New feeder road will be constructed in Coupe 1 Compartment 2 (2,121.4 m), Coupe 2 Compartment 10 (1,971.3 m), Coupe 3 Compartment 17 (1,023.2 m); Total 5,115.9 m. Feeder road upgrade work in Coupe 1 Compartment 1 (3,293.6 m), Compartment 3 (1,871.2 m), Compartment 6 (3,266.2 m); Coupe 2 Compartment 15 (2,342.6 m), Compartment 16 (3,617.8 m); Coupe 3 Compartment 17 (3,833.7 m); Total 18,225.0 m.	
NFM silviculture treatment	No treatments are planned for NFM areas in 2018.	
NFM harvesting	No harvesting is planned for NFM areas in 2018.	
ITP salvage logging	A total of 500 ha comprise Coupe 3 Compartment 18-20.	
ITP establishment	A total of 600 ha comprises area of Coupe 1 Compartment 2, 4, and 5; Coupe 3 Compartment 18-20.	
ITP maintenance	After plant Weed I: A total of 450.0 ha comprises area of Coupe 2* Compartment 2, 4, and 5; Coupe 3 Compartment 18-20. After plant Weed II: A total of 540.0 ha comprises area of Coupe 2* Compartment 2, 4, and 5; Coupe 3 Compartment 18-20. After plant Weed III: A total of 270.0 ha comprise area of Coupe 2* Compartment 2, 4, and 5.	
Perimeter boundary demarcation and Protection	Coupe 1: SFMLA boundary - A total distance of 16,530.3 m will be remarked (target: Q1 & Q2) Compartment boundary - A total of 16,040.2 m will be marked (target: Q3 & Q4). Coupe 3: SFMLA boundary - A total distance of 6,570.3 m will be remarked (target: Q2 & Q3) Compartment boundary - A total of 5,368.2 m will be remarked (target: Q2).	
CSR Project	Community: 1. Community Census Project – Survey and census villages around Gerak Saga project area Coupe 1-4 (estimated 2km from boundaries) 2. Native land claim – To settle 2 native land claims by Kg. Suang Duyung and Kg. Sorupil near to Coupe 2 and 4 respectively with FDS. 3. Community Project Assessment (WASH Project) – To conduct studies on the suitability of water gravity and toilets communities project at Kg. Maringgan, Kg. Suang Duyung and Kg. Bambangan near to Coupe 2-4. Conservation: 1. Rehabilitation and replanting 2. Environmental Audit and Monitoring (EIA) 3. Conservation area and riparian reserve monitoring 4. Sun Bear Research Project (MoU with BSBCC and Sunway University)	

Note: * Coupe number typo observed in ITP maintenance section.

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:	GAP #
Not applicable – GSSB is not carrying out any RIL harvesting activities within the licensed area.	

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:	GAP #
Not applicable – GSSB is not carrying out any RIL harvesting activities within the licensed area.	
1.5.4 The CHP shall be developed by a registered CHP contractor.	
FINDINGS:	GAP #
Not applicable – GSSB is not carrying out any RIL harvesting activities within the licensed area.	

Criterion 1.6: Plantation Development Plan	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> Non-Compliance
1.6.1 The Organisation shall have a 10 year PDP that is approved by FDS.	
FINDINGS:	GAP #
GSSB has an approved FMP, which is also defined as the Plantation Development Plan (PDP).	

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.	
FINDINGS:	GAP #
GSSB has an approved AWP for 2018 (Ref. #: JPHTN/SFM 800-1/1/36(48) dated 12 th April 2018). The key activities and targets planned are as follows:	
Planned activities	Description
Coupe roading	<p>Main road upgrade work in Coupe 2 Compartment 10 (1,873.6 m), Compartment 13 (6,319.0 m); Total 8,192.6 m.</p> <p>New feeder road will be constructed in Coupe 1 Compartment 2 (2,121.4 m), Coupe 2 Compartment 10 (1,971.3 m), Coupe 3 Compartment 17 (1,023.2 m); Total 5,115.9 m.</p> <p>Feeder road upgrade work in Coupe 1 Compartment 1 (3,293.6 m), Compartment 3 (1,871.2 m), Compartment 6 (3,266.2 m); Coupe 2 Compartment 15 (2,342.6 m), Compartment 16 (3,617.8 m); Coupe 3 Compartment 17 (3,833.7 m); Total 18,225.0 m.</p>
NFM silviculture treatment	No treatments are planned for NFM areas in 2018.
NFM harvesting	No harvesting is planned for NFM areas in 2018.
ITP salvage logging	A total of 500 ha comprise Coupe 3 Compartment 18-20.
ITP establishment	A total of 600 ha comprises area of Coupe 1 Compartment 2, 4, and 5; Coupe 3 Compartment 18-20.
	After plant Weed I: A total of 450.0 ha comprises area of Coupe 2* Compartment 2, 4, and 5; Coupe 3 Compartment 18-20.

ITP maintenance	After plant Weed II: A total of 540.0 ha comprises area of Coupe 2* Compartment 2, 4, and 5; Coupe 3 Compartment 18-20. After plant Weed III: A total of 270.0 ha comprise area of Coupe 2* Compartment 2, 4, and 5.	
Perimeter boundary demarcation and Protection	Coupe 1: SFMLA boundary - A total distance of 16,530.3 m will be remarked (target: Q1 & Q2) Compartment boundary - A total of 16,040.2 m will be marked (target: Q3 & Q4). Coupe 3: SFMLA boundary - A total distance of 6,570.3 m will be remarked (target: Q2 & Q3) Compartment boundary - A total of 5,368.2 m will be remarked (target: Q2).	
CSR Project	Community: 4. Community Census Project – Survey and census villages around Gerak Saga project area Coupe 1-4 (estimated 2km from boundaries) 5. Native land claim – To settle 2 native land claims by Kg. Suang Duyung and Kg. Sorupil near to Coupe 2 and 4 respectively with FDS. 6. Community Project Assessment (WASH Project) – To conduct studies on the suitability of water gravity and toilets communities project at Kg. Maringgan, Kg. Suang Duyung and Kg. Bambangan near to Coupe 2-4. Conservation: 5. Rehabilitation and replanting 6. Environmental Audit and Monitoring (EIA) 7. Conservation area and riparian reserve monitoring 8. Sun Bear Research Project (MoU with BSBCC and Sunway University)	

Note: * Coupe number typo observed in ITP maintenance section.

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 contains relevant maps and descriptions including the type of operations to be implemented in 2018 at a scale of 1:20,000.	GAP #

Criterion 1.8: Area Demarcation and Mapping		<input checked="" type="checkbox"/> Compliance	<input type="checkbox"/> Non-Compliance												
1.8.1 The organisation shall identify and demarcate on the ground, the boundary of the licensed area according to regulations.															
FINDINGS: Licensed boundaries were consistently marked and maintained on the ground.			GAP #												
<table border="1"> <thead> <tr> <th>#</th> <th>Features</th> <th>GPS Coordinates</th> <th>Remark(s)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>GSSB / Acacia Forest Industries Sdn. Bhd.</td> <td>RO 826257 BOR 758993</td> <td>Red paint is used to demarcate the boundary.</td> </tr> <tr> <td>2</td> <td>GSSB / Kg. Serupil</td> <td>RO 829744 BOR 763280</td> <td></td> </tr> </tbody> </table>			#	Features	GPS Coordinates	Remark(s)	1	GSSB / Acacia Forest Industries Sdn. Bhd.	RO 826257 BOR 758993	Red paint is used to demarcate the boundary.	2	GSSB / Kg. Serupil	RO 829744 BOR 763280		
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2	GSSB / Kg. Serupil	RO 829744 BOR 763280													

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 Coupe 1 and 3 are attached together with the approved coupe permit at a scale of 1:120,000.		GAP #
1.8.3 Areas prohibited from harvesting such as riparian zones, buffer zones, steep slopes, etc., are mapped in NFM areas.		
FINDINGS: Coupe map of Coupe 1 and 3 identified land use type (water catchment, ITP area, riparian buffer zone, road way, water reservoir), type of boundaries (coupe boundary, compartment boundary) and infrastructures with the licensed area. The stream buffer zones and steep area were defined and mapped in the approved EIA as protected areas.		GAP #

#	Features	GPS Coordinate(s)	Remarks
1	Riparian Reserve (Coupe 1 Compartment 1 Block 2)	RO 826615 BOR 759429	
2	Riparian Reserve (Coupe 1 Compartment 1 Block 31)	RO 825340 BOR 761427	
3	Riparian Reserve (Coupe 3)	RO 828477 BOR 766241	
4	Stream Buffer Zone (Coupe 1 Compartment 7 Block 75)	RO 827216 BOR 762667	Marked with signboard and blue paint stakes.

Criterion 1.9: Forest Inventory	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> Non-Compliance
1.9.1 The Organisation shall conduct a systematic plot sampling inventory according to Director's Circular: FDS 26/2009.	
FINDINGS: Permanent Sample Plot (PSP) <ul style="list-style-type: none">- 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 <ul style="list-style-type: none">- 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	GAP #

<ul style="list-style-type: none"> - research process. - 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. - As of to date, a total of 59 plots had been establishment for volume analysis. 	
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).	
FINDINGS: Not applicable – GSSB is not carrying out any RIL harvesting activities within the licensed area.	GAP #

Principle 2. Forest Operation	
Criterion 2.1: Harvesting Operations	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> Non-Compliance
2.1.1 The Organisation shall adhere to the harvesting licence condition/cope permit for RIL (PF).	
<ul style="list-style-type: none"> 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.). b. Organisation shall ensure that contractors are registered to carry out RIL. c. Organisation shall ensure that workers and contractors are properly trained to carry out RIL. d. Organisation shall prepare Daily Felling Records. 	
FINDINGS: Not applicable – GSSB is not carrying out any RIL harvesting activities within the licensed area.	GAP #
<ul style="list-style-type: none"> 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.). b. Organisation shall ensure that contractors are registered to carry out RIL. c. Organisation shall ensure that workers and contractors are properly trained to carry out RIL. d. Organisation shall prepare Daily Felling Records. 	
Not applicable – GSSB is not carrying out any RIL harvesting activities within the licensed area.	
2.1.2 Non-RIL (SL & AL) –The Organisation shall use a registered logging contractor.	
FINDINGS: Not applicable.	GAP #
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:	GAP #

<p>GSSB has an approved EIA report on 14th December 2017 (Please refer to Checklist 1.3.1). As of this assessment, the company is preparing an ECR for the first quarter 2018.</p>																			
<p>Field assessment was conducted to the licensed area to ensure the mitigation measures are implemented in accordance to the EIA requirements. However, it was observed that the company is in the process of developing infrastructure in the base camp.</p>																			
<table border="1" data-bbox="176 489 1229 983"> <thead> <tr> <th data-bbox="176 489 425 525">Location</th><th data-bbox="425 489 1229 525">Findings</th></tr> </thead> <tbody> <tr> <td data-bbox="176 525 425 676">Campsite compound area</td><td data-bbox="425 525 1229 676">Overall the area was mostly free of litter. Adequate number of rubbish bins was observed around the camp. Recycling bins for recyclable waste were available at the camp. Rubbish will be collected to be disposed at waste disposal pit by assigned workers. Fire extinguishers were available.</td></tr> <tr> <td data-bbox="176 676 425 855">Waste disposal pit</td><td data-bbox="425 676 1229 855">Waste segregation was observed in the waste disposal pit. Wire mesh was installed surround the waste disposal pit to prevent unnecessary disposal material and protection against scavenger animals (e.g. wild dogs, monitor lizards). No sign disposal of scheduled waste or other material that is harmful to the environment.</td></tr> <tr> <td data-bbox="176 855 425 983">Workers' quarters</td><td data-bbox="425 855 1229 983">Workers' quarters are in the process of development by the company. The company provides designated place for toilets that observed to be in good condition and equipped with water pipes and septic tank.</td></tr> </tbody> </table>	Location	Findings	Campsite compound area	Overall the area was mostly free of litter. Adequate number of rubbish bins was observed around the camp. Recycling bins for recyclable waste were available at the camp. Rubbish will be collected to be disposed at waste disposal pit by assigned workers. Fire extinguishers were available.	Waste disposal pit	Waste segregation was observed in the waste disposal pit. Wire mesh was installed surround the waste disposal pit to prevent unnecessary disposal material and protection against scavenger animals (e.g. wild dogs, monitor lizards). No sign disposal of scheduled waste or other material that is harmful to the environment.	Workers' quarters	Workers' quarters are in the process of development by the company. The company provides designated place for toilets that observed to be in good condition and equipped with water pipes and septic tank.											
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<p>2.1.4 The Organisation shall notify the Director of Wildlife Department one month before commencing harvesting operation for any area to be harvested.</p>																			
<p>FINDINGS:</p> <p>Concurrent with the issuance coupe permit KDT 03/17 (Coupe 3 – 500 ha) and KDT 06/17 (Coupe 1 – 155 ha) and KDT 03/18 (final coupe), the Wildlife Department has been notified in regards to the operation to be conducted in the said area by Pitas District Forestry Office.</p>	GAP #																		
<p>2.1.5 Areas prohibited from harvesting such as steep slopes, riparian reserve and buffer zones shall be protected and excluded from harvesting.</p>																			
<p>FINDINGS:</p> <p>No evidence of disturbance was observed along the riparian reserve and stream buffer zones during the assessment.</p> <table border="1" data-bbox="228 1529 1203 1837"> <thead> <tr> <th data-bbox="228 1529 298 1565">#</th><th data-bbox="298 1529 679 1565">Features</th><th data-bbox="679 1529 1017 1565">GPS Coordinate(s)</th><th data-bbox="1017 1529 1203 1565">Remarks</th></tr> </thead> <tbody> <tr> <td data-bbox="228 1565 298 1648">1</td><td data-bbox="298 1565 679 1648">Riparian Reserve (Coupe 1 Compartment 1 Block 2)</td><td data-bbox="679 1565 1017 1648">RO 826615 BOR 759429</td><td data-bbox="1017 1565 1203 1648" rowspan="4">Marked with signboard and blue paint stakes.</td></tr> <tr> <td data-bbox="228 1648 298 1709">2</td><td data-bbox="298 1648 679 1709">Riparian Reserve (Coupe 1 Compartment 1 Block 31)</td><td data-bbox="679 1648 1017 1709">RO 825340 BOR 761427</td><td data-bbox="1017 1648 1203 1709" rowspan="3"></td></tr> <tr> <td data-bbox="228 1709 298 1745">3</td><td data-bbox="298 1709 679 1745">Riparian Reserve (Coupe 3)</td><td data-bbox="679 1709 1017 1745">RO 828477 BOR 766241</td></tr> <tr> <td data-bbox="228 1745 298 1837">4</td><td data-bbox="298 1745 679 1837">Stream Buffer Zone (Coupe 1 Compartment 7 Block 75)</td><td data-bbox="679 1745 1017 1837">RO 827216 BOR 762667</td></tr> </tbody> </table>	#	Features	GPS Coordinate(s)	Remarks	1	Riparian Reserve (Coupe 1 Compartment 1 Block 2)	RO 826615 BOR 759429	Marked with signboard and blue paint stakes.	2	Riparian Reserve (Coupe 1 Compartment 1 Block 31)	RO 825340 BOR 761427		3	Riparian Reserve (Coupe 3)	RO 828477 BOR 766241	4	Stream Buffer Zone (Coupe 1 Compartment 7 Block 75)	RO 827216 BOR 762667	GAP #
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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:

As of to date there are only 3 sets of production record. The first log extraction was in 2016 as GSSB started to develop infrastructures in FMU 2. The latest production records were in 2017 where GSSB salvaged usable Acacia logs from the burnt area of Coupe 1 with approximately 155 ha.

Date	Logs	Vol. (m ³)	TDP	Royalty Receipt	Royalty (RM)	Total Payment (RM)
18/10/16	179	57.88	404028 – 404035 & 404036 – 404037	2B202555	743.40	1,480.08
19/01/17	452	132.18	406701 – 406723	2B202561	1,642.50	3,196.48
22/03/17	848	334.26	406724 – 750 & 406751 – 766	2B202563	4,951.50	9,314.36

Salvage logging in Coupe 3 started in April 2018.

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

FINDINGS:

Not applicable – GSSB is not carrying out any RIL harvesting activities within the licensed area.

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.

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.

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

FINDINGS:

FDS acknowledged the submission of the compliance report for AWP 2017 by Gerak Saga (Ref. #: JPHTN/SFM 800-1/1/36(48) dated 12th April 2018). Achievements as per AWP 2017 documented as follows:

Activities	Location	Target	Achievement as of 31 st December 2017	
			Total	%
Road construction and maintenance				
a. Upgrade main road	Coupe 1 & 3	9,373.21 m	9,373.21	100
b. Construct main road		0 m		

c. Upgrade feeder road		0 m			
d. Construct feeder road		0 m			
e. Bridge construction		0 unit			
Boundary demarcation					
a. Re-marking SFMLA boundary	Coupe 3 & 4	25,265.33 m	17,006.37 m	67	
b. Mark compartment boundary	Coupe 3 & 4	11,152.77 m	9,093.42 m	82	
ITP salvage logging	Coupe 3	165 ha	0	0	
ITP establishment (planting)	Coupe 1 & 3	300 ha	0	0	
a. ITP maintenance round 1	Coupe 1 & 3	120 ha	0	0	
b. ITP maintenance Round 2	Coupe 1 & 3	0 ha			
c. ITP maintenance Round 3	Coupe 1 & 3	0 ha			

Community projects:

Activity	Location	Date of implementation	Remarks
Dialog and agreement preparation	Kg. Sorupil	Feb – June 2017	Agreement and dialog preparation.
	Kg. Suang Duyung		
	Kg. Kakarangan		
Dialog session with community	Kg. Suang Duyung	May 2017	Dialog session with PJKKK, KK & villagers on encroachment and NCR claimed in Tambalugu FR (Coupe 4) by villagers of Kg. Suang Duyung, Pitas.
Log yard Bambangan	Kg. Bawing	May 2017	Meeting and discussion with landowner on the use of the land for log yard purpose.
Boundary checking	Kg. Sorupil	June 2017	Routine checking with Gerak Saga's surveyor to ensure no encroachment into Bengkoka FR by villagers.
Log yard preparation	Kg. Bambangan	December 2017	Inspection and investigation on the disturbance by villagers to hinder contractor to conduct levelling work at log yard.
Meeting with community	Kg. Bambangan	December 2017	Dialog session with PJKKK, KK Kg. Bawing and Mr. Eman (the villager who hindered contractor's work). The log yard belongs to PJKKK and KK Kg. bawing hence Mr. Eman did not have right to stop or interfere log yard preparation work.

2.1.11 The Organisation shall develop and implement systems to protect forest from illegal exploitation and/or encroachment such as: <ol style="list-style-type: none"> 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) 	
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FINDINGS:	GAP #
a. Systems for entry and access control to concession - (e.g. entry gate registry) The main entry gate registry is located at RO 829590 BOR 762949. Record of vehicles entering and exiting the FMU is maintained at the main gate. The existing gates and proposed gates are identified on the location of gate barriers map at a scale of 1:55,000. Currently, a total of 4 existing gates were erected at	

<p>Coupe 1 and 2. Meanwhile, 10 proposed gate locations are identified on the map and road access to these areas will be controlled once gates arrived (2 gates at Coupe 1, 5 gates at Coupe 3 and 3 gates at Coupe 4).</p> <p>b. Forest security and patrolling measures for encroachment, illegal logging, and/or poaching - (monitoring schedule, personnel, training records) GSSB carried out field patrolling in accordance with 2017 patrolling schedule. However, the patrolling was not documented and maintained (Observation 001-2018). Patrolling activity focused on all coupes (Coupe 1, 2, 3 & 4).</p> <p>c. Identification of illegal activities & reporting to authorities - (security records) GSSB has taken action to control the encroachment by conducting regular patrolling and monitoring activities. To date, no encroachment was detected.</p>	
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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.																													
FINDINGS: Not applicable - <i>Eucalyptus spp.</i> was just planted in Coupe 1 and has not reached harvesting rotation. ITP salvage logging will be conducted in Coupe 3 Compartment 18-20 comprises a total of 500 ha as approved in the AWP 2018 (Please refer to Checklist 2.2.1).	GAP #																												
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.	GAP #																												
FINDINGS: The first log extraction was in 2016 as GSSB started to develop infrastructure in FMU 2. The latest production records were in 2017 where GSSB salvaged usable Acacia logs from the burnt area of Coupe 1 with approximately 155 ha. <table border="1" data-bbox="219 1260 1176 1619"> <thead> <tr> <th>Date</th><th>Logs</th><th>Vol. (m³)</th><th>TDP</th><th>Royalty Receipt</th><th>Royalty (RM)</th><th>Total Payment (RM)</th></tr> </thead> <tbody> <tr> <td>18/10/16</td><td>179</td><td>57.88</td><td>404028 – 404035 & 404036 – 404037</td><td>2B202555</td><td>743.40</td><td>1,480.08</td></tr> <tr> <td>19/01/17</td><td>452</td><td>132.18</td><td>406701 – 406723</td><td>2B202561</td><td>1,642.50</td><td>3,196.48</td></tr> <tr> <td>22/03/17</td><td>848</td><td>334.26</td><td>406724 – 750 & 406751 – 766</td><td>2B202563</td><td>4,951.50</td><td>9,314.36</td></tr> </tbody> </table>	Date	Logs	Vol. (m ³)	TDP	Royalty Receipt	Royalty (RM)	Total Payment (RM)	18/10/16	179	57.88	404028 – 404035 & 404036 – 404037	2B202555	743.40	1,480.08	19/01/17	452	132.18	406701 – 406723	2B202561	1,642.50	3,196.48	22/03/17	848	334.26	406724 – 750 & 406751 – 766	2B202563	4,951.50	9,314.36	GAP #
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Salvage logging in Coupe 3 started in April 2018.	GAP #																												
2.2.3 ITP (PF) The Organisation shall adhere to the harvesting license condition/cope permit.																													
FINDINGS: A list of machinery used for logging operation was provided with FD registration: <table border="1" data-bbox="187 1843 1144 2014"> <thead> <tr> <th>No.</th><th>Type of Transportation</th><th>Vehicle Registration #</th><th>FD #</th><th>Validity</th></tr> </thead> <tbody> <tr> <td>1</td><td>Excavator</td><td>SAA 6384 R</td><td>FD (PTS) 11-196</td><td>18/11/18</td></tr> <tr> <td>2</td><td>Tractor</td><td>MD 4491 Q</td><td>FD (PTS) 11-198</td><td>14/12/18</td></tr> <tr> <td>3</td><td>Excavator</td><td>SS 3547 E</td><td>FD (PTS) 11-199</td><td>14/12/18</td></tr> </tbody> </table>	No.	Type of Transportation	Vehicle Registration #	FD #	Validity	1	Excavator	SAA 6384 R	FD (PTS) 11-196	18/11/18	2	Tractor	MD 4491 Q	FD (PTS) 11-198	14/12/18	3	Excavator	SS 3547 E	FD (PTS) 11-199	14/12/18	GAP #								
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3	Excavator	SS 3547 E	FD (PTS) 11-199	14/12/18																									

4	Excavator	SAB 9825	FD (PTS) 11-197	18/11/18	
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2.2.4 ITP (PF) The Organisation shall ensure that the logging contractor is registered with FDS.

FINDINGS:

Farmglow Sdn. Bhd. is appointed by GSSB to carry out an establishment and maintenance of a tree plantation estate for SFMLA 01/2015. The company is a registered harvesting contractor with FDS:

Harvesting Contractor	Farmglow Sdn. Bhd.
Registration #	KON(PTS)008/2018(KM)
Location	Bengkoka Forest Reserve and Tambalugu Forest Reserve
Coupe #	SFMLA 01/2015
Area	6,467.00 ha
Expiry Date	2 nd May 2019

GAP #

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

FINDINGS:

The first log extraction was in 2016 as GSSB started to develop infrastructures in FMU 2. The latest production records were in 2017 where GSSB salvaged usable Acacia logs from the burnt area of Coupe 1 with approximately 155 ha.

Salvage logging in Coupe 3 started in April 2018.

GAP #

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

FINDINGS:

GAP #

Gerak Saga had registered Property Hammer Mark as follows:

Property Hammer Mark	Reference #	Payment Receipt	Validity
PTS 11/16 FIIB	JPHTN/PTS 700- 2/13/KLT.1/40 Date: 20/10/16	AM 217601 15/02/17	15/02/18

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 #

No logs observed during the field visit.

2.2.8 ITP (PF) The Organisation shall have an occupation permit for all stumping areas inside the forest reserve.

FINDINGS:

GAP #

Not applicable - GSSB stumping is located outside the licensed area.

GSSB has operational permits as listed in the table below.

#	Description	Receipt #	Validity
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1	Occupational Permit Access Road JP (PTS) OP 07/2017	AM 219671 21/03/18	21/03/19		
2	Occupational Permit Campsite JP (PTS) OP 03/2016	AM 219669 21/03/18	15/03/19		
3	Occupational Permit Nursery JP (PTS) OP 04/2016	AM 219670 21/03/18	15/03/19		
4	Occupational Permit Nursery JP (PTS) OP 08/2016	AM 218261 03/07/17	13/07/18		
5	Occupational Permit Rubbish Dumping Site JP (PTS) OP 09/2016	AM 218262 03/07/17	13/07/18		
6	Occupational Permit Dam Road JP (PTS) OP 01/2017	AM 219678 21/03/18	20/02/19		
7	Occupational Permit Dam JP (PTS) OP 02/2017	AM 219677 21/03/18	20/02/19		
8	Occupational Permit Road (Coupe 3) JP (PTS) OP 05/2017	AM 219676 21/03/18, AM 217785 21/03/18	30/01/19		
9	Occupational Permit for Black Soil Extraction (Site A)	AM 219853 19/04/18	08/04/19		
10	Occupational Permit for Black Soil Extraction (Site B)	AM 219854 19/04/18	08/04/19		
11	Occupational Permit for Black Soil Extraction (Site C)	AM 219855 19/04/18	08/04/19		

2.2.9 ITP (PF) The Organisation and/or appointed contractors shall comply with AEC and MD.

FINDINGS:

GSSB has an approved EIA report on 14th December 2017 (Please refer to Checklist 1.3.1). As of this assessment, the company is preparing an ECR for the first quarter in 2018.

GAP #

2.2.10 ITP (SL/AL) The Land owner and developer shall have all harvested trees inspected by the DFO prior to removal.

FINDINGS:

No logs observed during the field visit.

GAP #

2.2.11 ITP (SL/AL) Plantation logs shall only be removed upon issuance of a Removal Pass (exception exists in Kota Kinabalu)

FINDINGS:

Salvage logging in Coupe 3 started in April 2018. No logs observed during the field visit.

GAP #

2.2.12 ITP (SL/AL) The Organisation shall comply with EIA/PMM requirements.

FINDINGS:**GAP #**

GSSB has an approved EIA report on 14th December 2017 (Please refer to Checklist 1.3.1). As of this assessment, the company is preparing an ECR for the first quarter in 2018.

The field assessment was conducted to ensure the mitigation measures are implemented in accordance with the EIA requirements. It was observed that the company is in the process of developing infrastructure in the base camp.

Location	Findings
Campsite compound area	Overall the area was mostly free of litter. Adequate number of rubbish bins was observed around the camp. Recycling bins for recyclable waste were available at the camp. Rubbish will be collected to be disposed at waste disposal pit by assigned workers. Fire extinguishers were available.
Waste disposal pit	Waste segregation was observed in the waste disposal pit. Wire mesh was installed surround the waste disposal pit to prevent unnecessary disposal material and protection against scavenger animals (e.g. wild dogs, monitor lizards). No sign disposal of scheduled waste or other material that is harmful to the environment.
Workers' quarters	Workers' quarters are in the process of development by the company. The company provides designated place for toilets that observed to be in good condition and equipped with water pipes and septic tank.

Criterion 2.3: Log Transportation	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> 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: No logs observed during the field visit.	GAP #
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: No logs observed during the field visit. GSSB stumping is located outside the licensed area.	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: No logs observed during the field visit.	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: As for the previous extraction, the company had an approval for timber selling using FIIB permit from FDS for their land clearing during their site preparation (Ref. #: JPHTN/KKH 700-2/1/63(42) dated 16/3/2017).	GAP #
2.3.7 Logs from Sabah TLAS compliant forest licenced areas shall be identified on the transportation permits as appropriate.	
FINDINGS: Salvage logging in Coupe 3 started in April 2018. No logs observed during the field visit.	GAP #
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.	
FINDINGS: Salvage logging in Coupe 3 started in April 2018. No logs observed during the field visit.	GAP #
2.3.9 Logs and timber transported between mills shall be accompanied with a valid Removal Pass. (Note: Exemption exists within Kota Kinabalu).	
FINDINGS: Salvage logging in Coupe 3 started in April 2018. No logs observed during the field visit.	GAP #

Criterion 2.4: Log Transportation (Form IIB)	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> Non-Compliance
2.4.1 The Organisation shall have a valid land title and receipt of payment of land premium.	
FINDINGS: Not applicable.	GAP #
2.4.2 The land owner shall have a letter/agreement/contract/ [Power of Attorney] with the contractor to remove logs and wood residues.	
FINDINGS: Not applicable.	

2.4.3 Applicable only to title lands, the transport of logs shall only be done with a valid:

- Form IIB Permit
- Timber Disposal Permit
- Removal Pass

FINDINGS:	GAP #
The company had an approval for timber selling using FIIIB permit from FDS for their land clearing during their site preparation (Ref. #: JPHTN/KKH 700-2/1/63(42) dated 16/3/2017).	
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).	

Criterion 2.5: Log Transportation (ITP)	<input checked="" 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:	GAP #
Salvage logging in Coupe 3 started in April 2018. No logs observed during the field visit.	
2.5.2 For ITP Logs (PF):	
b. All plantation logs shall be accompanied with a Transit Pass.	
FINDINGS:	GAP #
Salvage logging in Coupe 3 started in April 2018. No logs observed during the field visit.	
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:	GAP #
Salvage logging in Coupe 3 started in April 2018. No logs observed during the field visit.	
2.5.4 For ITP Logs (PF):	
d. All plantation logs shall be accompanied with Removal Passes upon payment of royalty.	
FINDINGS:	GAP #
Salvage logging in Coupe 3 started in April 2018. No logs observed during the field visit.	
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.	

FINDINGS:	GAP #
Not applicable.	
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).	
FINDINGS:	GAP #
Not applicable.	
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).	
FINDINGS:	GAP #
Not applicable.	
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).	
FINDINGS:	GAP #
Not applicable.	
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).	
FINDINGS:	GAP #
Not applicable.	
2.5.10 Logs and timber transported between mills shall be accompanied by valid Removal Passes. Note: Exemption exists within Kota Kinabalu	
FINDINGS:	GAP #
Not applicable.	
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	
FINDINGS:	GAP #
Not applicable.	
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).	
FINDINGS:	GAP #

Not applicable.	
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Criterion 2.6: Worker Safety & Health	<input checked="" type="checkbox"/> Compliance <input type="checkbox"/> Non-Compliance
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2.6.1 The Organisation shall pay insurance premium/contribution for all workers.

Findings:					GAP #																																			
<p>Forest Solutions Services Sdn. Bhd. is a sister company for GSSB that provides salvage logging site preparation and planting services. Currently, GSSB utilizes staff / workers from Forest Solutions Services.</p> <p>Forest Solution Services has an approval to hire 100 Indonesians workers from the Immigration Department that is valid for 6 months from the date of issued letter to the company (Ref. #: BPA/12011/HCAXM564590 dated 21st March 2018).</p> <p>Forest Solution Services also has an active license from Labour Department to hire 41 Indonesian workers under the license #: JTK.H.K.KM:600-4/1/02105/000307 valid from 29th November 2017 until 28th November 2018.</p> <p>Currently, only one foreign worker is working for GSSB. Local workers are insured under SOCSO whereas foreign workers are insured under the Foreign Workers Compensation Scheme (LONPAC Insurance Berhad). 6 workers were sampled as follows:</p>																																								
<table border="1"> <thead> <tr> <th>#</th> <th>Name</th> <th>COI (Validity)</th> <th>IC / Passport / IMM #</th> <th>Insurance policy (Validity)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Antomina Benyamin</td> <td>267021 (05/10/2018)</td> <td>A7403822</td> <td>S17WF00111982KKB-50 (22/11/2018)</td> </tr> <tr> <td>2</td> <td>Stivenson bin Eloubin</td> <td>179461 (27/07/2018)</td> <td>880903-12-5065</td> <td></td> </tr> <tr> <td>3</td> <td>Mohammad Azrie bin Dourin</td> <td>179430 (05/09/2018)</td> <td>950324-12-5555</td> <td></td> </tr> <tr> <td>4</td> <td>Rohaidi Ensu</td> <td>266951 (22/07/2018)</td> <td>820508-12-6231</td> <td></td> </tr> <tr> <td>5</td> <td>Mursharif bin Mohd Sainin</td> <td>179462 (28/07/2018)</td> <td>920102-12-5237</td> <td></td> </tr> <tr> <td>6</td> <td>Faizal bin Ramle</td> <td>267019 (27/09/2018)</td> <td>960126-12-5043</td> <td></td> </tr> </tbody> </table>					#	Name	COI (Validity)	IC / Passport / IMM #	Insurance policy (Validity)	1	Antomina Benyamin	267021 (05/10/2018)	A7403822	S17WF00111982KKB-50 (22/11/2018)	2	Stivenson bin Eloubin	179461 (27/07/2018)	880903-12-5065		3	Mohammad Azrie bin Dourin	179430 (05/09/2018)	950324-12-5555		4	Rohaidi Ensu	266951 (22/07/2018)	820508-12-6231		5	Mursharif bin Mohd Sainin	179462 (28/07/2018)	920102-12-5237		6	Faizal bin Ramle	267019 (27/09/2018)	960126-12-5043		
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2.6.2 The Organisation shall provide adequate training on safety measures/personnel protective equipment.	
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FINDINGS:	GAP #
Personal Protective Equipment (PPE) such as helmets, boot and visibility vests were distributed to all workers.	001/2018 (minor)
4th May 2018: GAP 001/2018 (Minor) The company started their operation in December 2017, but had not conducted any safety & health training for the workers.	

2.6.3 The Organisation shall undertake remedial measures as directed by relevant authorities (DOSH and FDS) following their inspection.	
FINDINGS:	GAP #

Not applicable - Currently, no DOSH 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.																																								
FINDINGS:	GAP #																																							
Not applicable - Currently, no DOSH inspection was conducted in the licensed area.																																								
2.6.5 The Organisation shall report to: SOCSO, DOSH and Department of Labour on accidents related to employment immediately.																																								
FINDINGS:	GAP #																																							
The company submitted monthly contributions to SOCSO in a timely manner. Currently, no DOSH inspection was conducted in the licensed area.																																								
2.6.6 The Organisation shall maintain monthly records of contribution to SOCSO.																																								
FINDINGS:	GAP #																																							
Currently, GSSB has not register to SOCSO as their local staff / workers are hired under Forest Solutions Services Sdn. Bhd.																																								
Records of monthly contributions to SOCSO for 2017 (Employer code: F9700010320) from January – December 2017.																																								
<table border="1"> <thead> <tr> <th>Month/Year</th><th>Workers</th><th>Contribution (MYR)</th></tr> </thead> <tbody> <tr><td>01/2017</td><td>40</td><td>3,326.10</td></tr> <tr><td>02/2017</td><td>40</td><td>3,575.10</td></tr> <tr><td>03/2017</td><td>41</td><td>3,500.00</td></tr> <tr><td>04/2017</td><td>44</td><td>3,509.80</td></tr> <tr><td>05/2017</td><td>44</td><td>3,494.50</td></tr> <tr><td>06/2017</td><td>44</td><td>3,494.50</td></tr> <tr><td>07/2017</td><td>44</td><td>3,399.80</td></tr> <tr><td>08/2017</td><td>44</td><td>3,301.60</td></tr> <tr><td>09/2017</td><td>44</td><td>3,399.50</td></tr> <tr><td>10/2017</td><td>44</td><td>3,398.90</td></tr> <tr><td>11/2017</td><td>45</td><td>3,589.10</td></tr> <tr><td>12/2017</td><td>48</td><td>3,845.10</td></tr> </tbody> </table>	Month/Year	Workers	Contribution (MYR)	01/2017	40	3,326.10	02/2017	40	3,575.10	03/2017	41	3,500.00	04/2017	44	3,509.80	05/2017	44	3,494.50	06/2017	44	3,494.50	07/2017	44	3,399.80	08/2017	44	3,301.60	09/2017	44	3,399.50	10/2017	44	3,398.90	11/2017	45	3,589.10	12/2017	48	3,845.10	
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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.																																								
FINDINGS:	GAP #																																							
4th May 2018: GAP 001/2018 (Minor) The company started their operation in December 2017, but had not conducted any safety & health training for the workers.	001/2018 (minor)																																							
2.6.8 The Organisation shall provide protective clothing and safety equipment required in accordance to the RIL Operation Guide Book.																																								
FINDINGS:	GAP #																																							
During the field visit, it was observed that the excavator and log loader operators were equipped with a proper PPE.																																								

2.6.9 The Organisation shall insure compliance with directional felling techniques.	
FINDINGS: Not applicable – GSSB 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: Four fire extinguishers were randomly sampled and found to be in good condition. The validity is until 11/12/2018. Emergency First Aid kit was also available at base camp and in the manned gate. Currently, no fire accident was reported in the licensed area. The company has yet to conduct fire prevention training. However, according to the company, joint fire prevention training with Acacia Forest Industries Sdn. Bhd. will be conducted on 16/05/2018. GSSB has a documented Forest Fire Management Plan for their project area. However, it is pending to be submitted to FDS for approval. The summary of Forest Fire Management Plan was 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. <table border="1"><thead><tr><th>Land Use zoning</th><th>Area (ha)</th><th>Percent (%)</th></tr></thead><tbody><tr><td>Managed ITP</td><td>5,625.0</td><td>86.9</td></tr><tr><td>Conservation Reserves</td><td>369.9</td><td>5.7</td></tr><tr><td>Riparian Buffers</td><td>296.0</td><td>4.6</td></tr><tr><td>Infrastructure</td><td>25</td><td>0.4</td></tr><tr><td>Mangrove Forest</td><td>12.1</td><td>0.2</td></tr><tr><td>Roadways</td><td>76.0</td><td>1.2</td></tr><tr><td>Water Reservoirs</td><td>72.0</td><td>1.1</td></tr></tbody></table> 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 were as follows: <table border="1"><thead><tr><th>Fire Danger Rating System</th><th>Prevention activities</th></tr></thead><tbody><tr><td>Low</td><td>Enhance staff / public awareness</td></tr><tr><td>Moderate</td><td>Notify village / staff / contractors regarding fire danger</td></tr><tr><td>High</td><td>Ban all fires, notice to be given to all communities to</td></tr></tbody></table>	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	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	GAP #
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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.
5. Accessibility:		
<ul style="list-style-type: none"> - 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. 		
6. Identification of permanent water bodies:		
<ul style="list-style-type: none"> - The main source of water is from nearby river such as Sg. Kandang, Sg. Liu, Sg. Malubang, Sg. Kisorong, Sg. Bongkol, Sg. Kakarangan. 		
7. Fire Equipment and Tools:		
<ul style="list-style-type: none"> - Fire tools and equipments must be constantly check and maintained to ensure in good condition at all times. - A complete testing, maintenance, repair and replacement for fire fighting equipment should be carried out in November / December of each year. Hoses and mechanical equipment/tools should be cleaned, repaired and tested after use. 		
8. Fire Preparedness:		
<ul style="list-style-type: none"> - 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. - There are three levels of preparations, annual preparations, daily activities and special preparations. - In the forest plantation, buffers, green belt and plantation roads are located strategically within the blocks and project boundary to serve as firebreaks. - 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. 		
9. Awareness programme:		
<ul style="list-style-type: none"> - Dialogue with local communities - Distribution of brochures, posters, and stickers - Installation of Forest Fire Indicator sing in strategic location 		
10. Fire Prevention and Control Strategy:		
<ul style="list-style-type: none"> - Fire preparedness measures - Fire prevention - Early fire detection and reporting - Fast comprehensive fire attack - Fire crews and organization charts 		
11. Fire report:		
<ul style="list-style-type: none"> - After successfully extinguished a fire outbreak, a Fire Post Morterm form will be filled to records the time and cause of fire. 		
12. Contact details:		
<ul style="list-style-type: none"> - Emergency contact details are provided in case of serious cases (e.g. Police, Kota Marudu hospital, Fire fighter and rescue team). 		

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.			
FINDINGS:			GAP #
GSSB paid all necessary licensing fees and other charges to the Pitas District Forestry Office as follows:			
#	Description	Receipt #	Validity
1	Occupational Permit Access Road JP (PTS) OP 07/2017	AM 219671 21/03/18	21/03/19
2	Occupational Permit Campsite JP (PTS) OP 03/2016	AM 219669 21/03/18	15/03/19
3	Occupational Permit Nursery JP (PTS) OP 04/2016	AM 219670 21/03/18	15/03/19
4	Occupational Permit Nursery JP (PTS) OP 08/2016	AM 218261 03/07/17	13/07/18
5	Occupational Permit Rubbish Dumping Site JP (PTS) OP 09/2016	AM 218262 03/07/17	13/07/18
6	Occupational Permit Dam Road JP (PTS) OP 01/2017	AM 219678 21/03/18	20/02/19
7	Occupational Permit Dam JP (PTS) OP 02/2017	AM 219677 21/03/18	20/02/19
8	Occupational Permit Road (Coupe 3) JP (PTS) OP 05/2017	AM 219676 21/03/18, AM 217785 21/03/18	30/01/19
9	Property Hammer Mark FIIB Renewal	AM 217601 15/02/17	15/02/18
10	Forest Conservation Fee	AM 217716 08/03/17	
11	PPM Fees	AM 217715 08/03/17	
12	Processing Fees FIIB License	AM 217719 08/03/17	
13	PPM Fees	AM 217597 15/02/17	
14	Additional Payment PPM	AM 217653 23/02/17	
15	Forest Conservation Fee	AM 217599 15/02/17	
16	Processing Fees FIIB License	AM 217598 15/02/17	
17	C.O.I Renewal	AM 219784	22/07/18

	Siri #: 179454 – 179456, 179462, 179472 – 179473, 266951, 267001, 267019, 267021 – 267022, 167025 – 267027	22/01/18		
18	C.O.I Renewal Siri #: 179474, 179546, 179545 – 179457	AM 219125 05/12/17	05/06/18	
19	C.O.I Renewal Siri #: 178269 – 270, 178272 – 273, 179460 – 461, 179426 – 427, 178170 – 171, 179451 – 452, 179447, 179437, 179442, 179472 – 473	AM 219437 19/02/18	20/08/18	
20	C.O.I Renewal Siri #: 179429 – 430, 179449, 179453, 178208 – 212, 178214, 178217, 179434, 199436, 179442	AM 218867 10/03/18	10/09/18	
21	Occupational Permit for Black Soil Extraction (Site A)	AM 219853 19/04/18	08/04/19	
22	Occupational Permit for Black Soil Extraction (Site B)	AM 219854 19/04/18	08/04/19	
23	Occupational Permit for Black Soil Extraction (Site C)	AM 219855 19/04/18	08/04/19	

List of machinery registered by the contractors are as follows:

#	Type of Transportation	Vehicle Registration #	FD #	Validity	Receipt #
1	Excavator	SAA 6384 R	FD (PTS) 11-196	18/11/18	AM 219140 22/11/17
2	Tractor	MD 4491 Q	FD (PTS) 11-198	14/12/18	AM 219346 04/01/18
3	Excavator	SS 3547 E	FD (PTS) 11-199	14/12/18	AM 219347 04/01/18
4	Excavator	SAB 9825	FD (PTS) 11-197	18/11/18	AM 219140 22/11/17

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:

The first log extraction was in 2016 as GSSB started to develop infrastructure in FMU 2. The latest production records were in 2017 where GSSB salvaged usable Acacia logs from the burnt area of Coupe 1 with approximately 155 ha.

Date	Logs	Vol. (m ³)	TDP	Royalty Receipt	Royalty (RM)	Total Payment (RM)	GAP #
18/10/16	179	57.88	404028 – 404035 & 404036 – 404037	2B202555	743.40	1,480.08	
19/01/17	452	132.18	406701 – 406723	2B202561	1,642.50	3,196.48	
22/03/17	848	334.26	406724 –	2B202563	4,951.50	9,314.36	

			750 & 406751 – 766					
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Other Fees:

Date	PPM Receipt	Premium Receipt	FCF Receipt	PPM (RM)	Premium (RM)	FCF (RM)
18/10/16	AM 217229	AM 217231	AM 217232	231.52	289.40	115.76
19/01/17	AM 217597 & AM 217653	AM 217600	AM 217599	528.72	660.90	264.36
22/02/17	AM 217715	AM 217717 & AM 217718	AM 217716	1,337.04	2,007.30	668.52

3.1.3 The Organisation shall pay Removal Pass fees before removal of timbers.

FINDINGS:	GAP #
GSSB has yet to have any Removal Pass book as the salvage logging in Coupe 3 started in April 2018. The buyer made the payment for Removal Pass of logs sold in 2016 and 2017.	

3.1.4 Logs shall carry FDS Royalty Hammer Mark

FINDINGS:	GAP #
Salvage logging in Coupe 3 started in April 2018. No logs observed during the field visit. FDS maintains the royalty mark record of GSSB as follows:	

Property Hammer Mark	FDS Inspection Hammer Mark	FDS Log Inspector	FDS Royalty Hammer Mark
PTS 11/16 FIIB	FD 644	PH. Mangsor Mohammad	FD 613 RP

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

FINDINGS:	GAP #
Latest extraction records of FMU 2 as follows:	

1. SFMLA 01/2015

Date	01/2017
Scaling order	PS 201700001P
TDP #	406701-723
No. of logs	452 logs
Volume	132.18 m ³
Removal pass	A866223 – A866224 & A866227 – A866229 for a total of 84.75 m ³
Royalty receipt	2B202561
Destination	Kilang Papan Pitas Sdn Bhd, Pitas

2. SFMLA 01/2015

Date	03/2017
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<table border="1"> <tr><td>Scaling order</td><td>PS 20170003P</td></tr> <tr><td>TDP #</td><td>406724 – 406750 & 406751 – 406766</td></tr> <tr><td>No. of logs</td><td>848</td></tr> <tr><td>Volume</td><td>334.26 m³</td></tr> <tr><td>Removal pass</td><td>A866304, A866306 - A866309, A866312 – A866313, 866320, A866322, A866246 & A866248 -A866249 for a total of 328.83 m³</td></tr> <tr><td>Royalty receipt</td><td>2B202563</td></tr> <tr><td>Destination</td><td>Kilang Papan Pitas Sdn Bhd, Pitas</td></tr> </table>	Scaling order	PS 20170003P	TDP #	406724 – 406750 & 406751 – 406766	No. of logs	848	Volume	334.26 m ³	Removal pass	A866304, A866306 - A866309, A866312 – A866313, 866320, A866322, A866246 & A866248 -A866249 for a total of 328.83 m ³	Royalty receipt	2B202563	Destination	Kilang Papan Pitas Sdn Bhd, Pitas	
Scaling order	PS 20170003P														
TDP #	406724 – 406750 & 406751 – 406766														
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Volume	334.26 m ³														
Removal pass	A866304, A866306 - A866309, A866312 – A866313, 866320, A866322, A866246 & A866248 -A866249 for a total of 328.83 m ³														
Royalty receipt	2B202563														
Destination	Kilang Papan Pitas Sdn Bhd, Pitas														

4th 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.

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 it's 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:

- a. Identification of communities
- b. Identification of potential impacts
- c. Mitigation measures

FINDINGS:

As of this audit time, the establishment of Community Development Master Plan for GSSB is still in progress. The purpose of the CDMP is to outline the strategy, operational guidelines and framework of the Community Development Program for addressing the social and development issues affecting the communities within the GSSB project area.

Development of Operating Procedures in respect to Resolution of Land Tenure and Use Rights Disputes, Resolution of Land Development Identification, Implementation of a Community Project and Management of the Community Development Program for GSSB is in progress. These procedures will be developed by Forest Solution Malaysia that is managing GSSB.

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 project site.

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	Kg. Seropil	200	West/ House

Forest Reserve	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. Maringgan	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. In collaboration with the managers of the neighbouring plantation estates, a detailed socio-economic survey on these villagers had been carried out to determine the needs of the local communities. GSSB recognises that these communities may be affected and could also benefit from the project. There a Community Development Master Plan (CDMP) will be instituted.

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
Air noise pollution	The generation of dust and noise during plantation establishment has potential to impact on houses located close to the project area boundary.
Traffic and transportation impacts	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.
Waste generation and management	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.
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.

c. Mitigation measures

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

Impacts	Description	Mitigation Measures
Air noise pollution	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)
Traffic and transportation impacts	Transportation activities associated with the project along Jalan Mongkubou Laut and Jalan Suang	Transportation activities involving heavy vehicles along the main

	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.	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)	
Waste generation and management	Kg. Serupil 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. Serupil 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

GSSB has conducted preliminary floral and faunal surveys over the project area and performed an evaluation against the WWF HCV Toolkit. Forest Management Plan of GSSB from January 1st 2017 to December 31st 2026, Part 3 Forest Resource Base, section 3.3.4 High Conservation Value Forest (HCVF) was referred.

Findings and/ or Evaluation of HCV Areas;

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	
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In conclusion, based on the evaluation, HCV 5 and HCV 6 are not present in the project area.

A visit to Kg. Seropil was carried out during the field visit. The purpose of the visit was to meet up with the villager.

Mr. Albin Talindang (Kg. Seropil's villager) was interviewed. He mentioned that the villagers are aware that GSSB was given an area adjacent to their village to manage the forest reserve and carry out forest planting operation, through communication and consultation by GSSB with the villagers. Request by the villagers to repair and maintain the road access was granted by GSSB. To date, there is no villager dweller from Kg. Seropil works at GSSB, job priority was given to them as mentioned by Mr. Albin. Relationship between the villagers and GSSB is good and maintained.

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 Tambalagu Forest Reserve (EIA, page C3-48 till page C3-49).	
GSSB 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 st 2017 to December 31 st 2026), Section 2.10 Impact of Local Community on Forest Management).	
As reported in Annual Work Plan 2018, 1 st 31 st January 2018, page 10 there is Community Project Assessment (WASH Project) for Kg. Maringgan, Kg. Suang Duyung and Kg. Bambangan on a period of Feb-June 2018. It is to conduct studies on the suitability of water gravity and toilets communities' project at the states villages.	

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

FINDINGS:	GAP #
Records on meetings and discussions held are maintained by the GSSB (Please also refer Checklist 4.2.2) GSSB maintained the minutes of meetings with the local communities:	

No.	Details	Community Involved	Date	Remark(s)
1	<i>Minit Mesyuarat Bagi Membincangkan Rancangan Pembinaan Jalan Melalui Kawasan Tanah Perkampungan Bambangan Dan Penggunaan Tanah Dan Batu Di Tanah En. Manukong Dan En. Iman Di Kg Bambangan, Bawing, Pitas Bagi menaik Taraf Jalan Ke Kawasan Tanah Perkuburan Kg Bawing</i>	Kg. Bawing	27/03/2018	-
2	Dialog Bersama Penduduk	Kg. Suang	16/05/20	Refer to the table

	Kampung Suang Duyung (Coupe 4) Pitas	Duyung	17	in Checklist 4.2.2, item no. 1 & no. 2	
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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 are 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. However, there is very little encroachment with the reserves as recorded in the FMP (January 1st 2017 to December 31st 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

Refer to the table in Checklist 4.2.2 on a list of Community Projects for 2018.

4.2.2 Native rights shall be respected.

FINDINGS:

GSSB records and maintains comprehensive documentation over land disputes of local communities, supported by location maps. The company also takes pro-active initiative to assist in solving any community related problems and issues with the related government authorities and agencies.

No.	Details	Community Involved	Date of survey/visit	Remark(s)	GAP #
1	Gerak Saga Sdn Bhd representative meet up with villagers for boundary demarcation at Coupe 4 (Ref. #: AFCS/CDP/16/11/009 -LD1)	En Santirik Masampai & Penduduk Kg. Suang Duyung, Pitas	24/11/2016	The 'Dialog Bersama Penduduk Kampung Suang Duyung (Coupe 4) Pitas' was held on 16/05/2017 – refer table in Checklist 4.1.4	
2	Gerak Saga Sdn Bhd representative meet up with villagers for NCR claim (Ref. #: AFCS/CDP/17/05/001 -LD2)	High yield Resources Sdn Bhd	05/12/2016		
3	Gerak Saga Sdn Bhd representative meet up with Highyield Resources Sdn Bhd to identify oil palm plantation in Bengkoka Forest Reserve (Ref. #: AFCS/CDP/16/03/003 -LD1)	High yield Resources Sdn Bhd	09/03/2016	Chief of Forest Conservator has issued out a letter dated on 02/03/2016 (JPHTN/FRM 700-1/3/5/61/39), on the issue of encroachment.	
4	Gerak Saga Sdn Bhd representative meet up with villagers to	Kg Sorupil	18/12/2015	Minit Mesyuarat Bagi Membincangkan	

	get an information on farming activity inside Bengkoka Forest Reserve (Ref. #: AFCS/CDP/16/03/001-LD1)			Pencerobohan Kawasan Hutan Simpan Bengkoka Oleh Penduduk Kampung dan Syarikat Ladang Kelapa Sawit Dalam Kawasan Hutan Simpan Bengkoka dated on 04/04/2016 was maintained. Issue on the encroachment by the surrounding community in 2015 in Bengkoka Forest Reserve was discussed by FDS with Gerak Saga Sdn Bhd in the meeting.	
5	Gerak Saga Sdn Bhd representative visit the villager's oil palm planting within the boundary of Bengkoka Forest Reserve (Ref. #: AFCS/CDP/16/03/002-LD1)	En Pohong Rinondihan of Kg Kakarangan	09/10/2015		

Based on Annual Work Plan 2018 (1st January 2018-31st January 2018), page 10 there is a list of Community Projects for 2018;

#	Project Name	Project #	Location	Coupe	Implementation	Remarks
1	Community Census Project	1	Village around GSSB project area	1,2,3 & 4	Feb-June 2018	Survey and census of villagers near GSSB project, estimate 2 km from boundaries.
2	Native Land Claimed	2	Kg Suang Duyung	2 & 4	May-July 2018	To settle 2 native land claims in the Coupe 2 and 4 with the Forestry Department of Sabah
		3	Kg Sorupil	2 & 4	May-July 2018	
3	Community Project Assessment (WASH Project)	4	Kg Maringgan	2, 3 & 4	Feb-June 2018	To conduct studies on the suitability of water gravity and toilets communities project
		5	Kg Suang Duyung	2, 3 & 4	Feb-June 2018	
		6	Kg Bambangan	2, 3 & 4	Feb-June 2018	

APPENDICES

Gaps:

GAP#	Checklist	Description
001/2018 (Minor)	2.6.2 2.6.7	The company started the operation in December 2017 but had not conducted any safety & health training for the workers.
Photo Evidence		
Not available.		Not available.

GAP#	Checklist	Description
-	-	-
Photo Evidence		
-		-

Gap Close-out:

GAP#	Checklist	Description	Description of Close-out
-	-	-	-
Photo Evidence			
Photo Before:		Photo Close-out	
-		-	