

Sabah TLAS Audit Report

Sabah Legality Standard Principles 1 – 4

Licensee	Benta Wawasan Sdn. Bhd. (377414-H)	Reference #	GFSSBH 003-183
Contact Person	Mohammed bin Sunu (Sustainable Agroforestry Manager)	Date of Report	24/02/2023
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		Approved By	Dr. Kevin T. Grace

Statements			
Audit Statement	GFS 057 LVS		
Issuance Date	27 February 2023	Expiration Date	26 February 2024

Assessment Details	
Assessment Dates	20 – 24 February 2023
Scope of Assessment	TLAS P1 – 4: JP (TKA)122/96(CO) Oil Palm Plantation and Form IIB permits Benta Wawasan Estate A & Estate B: Keruing Estate, Seraya Estate, Merbau Estate, Menggaris Estate and Gaharu Estate, Belian Estate, Agathis Estate, Binuang Estate, Ramin Setate, Kapur Estate and Selangan Batu Estate
Species	Plantation: Oil Palm (<i>Elaeis guineensis</i>) Enrichment planting: <i>Khaya ivorensis</i> , <i>Parashorea spp.</i> (White seraya), <i>Shorea spp.</i> (Red seraya, Yellow seraya, Selangan batu), <i>Drybalanops spp.</i> (Kapur), <i>Pterospermum spp.</i> (Bayur). Salvage logging: Belian (Recovered logs), Mahogany (Planted trees)
Lead Assessor	Priera Bagang, Glory Linggou (Acting Lead)
Assessor(s)	Varenus Untomon, Asraf Mahmud
SFD Staff	Jaffin Abu Bakar (SFM-SFD HQ), Mohd Zainur Rizal (ADFO Kalabakan), Judon Lamiting (KPPM Brumas), Feledie Jalane (PPM Brumas)

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 November 2020 (**SFD-TLAS-002**).
- Compliance is defined when all applicable criteria are observed to be compliant. A Minor Gap to any indicator does not constitute non-compliance to a criterion. A Major Gap to any applicable indicator does reflect non-compliance to a criterion. Compliance for a criterion where multiple minor gaps are identified in indicators under the criterion may reflect non-compliance to the criterion.
- All issues identified under this standard shall be considered appropriate to the scale and degree of forestry operations undertaken by the parties under the agreement.

Summary Information

Overview of Licensee:

- Benta Wawasan Sdn. Bhd. (Benta Wawasan) is owned by the state government of Sabah under the wholly owned subsidiary company of Innoprise Corporation Sdn. Bhd. (Innoprise Corporation), a commercial arm of Yayasan Sabah. Incorporated in 1996 under the Benta Wawasan group of companies including sister companies Samel Plantation Sdn. Bhd. and Serijaya Industries Sdn. Bhd.
- A Tree Plantation and Forest Management Agreement [JP(TKA)122/96(CO)] dated 24/04/1996 (106,310 ha) and a Supplemental Agreement [JP(TKA)122/96(CO)] dated 15/02/1999 (200,000 ha) were signed respectively between Benta Wawasan and the state government of Sabah. The total licensed area is approximately 306,310 ha. Logging coupes were issued for log extraction only.
- Sabah Forestry Department (SFD) issued the approval on 17/06/2004 for conversion of the area into an oil palm plantation. The coupe permits given are for 30 years, where the first approval was on 30/12/2004 with expiry date on 27/09/2041.
- As of to date, Benta Wawasan is managing a total of 53,428 ha of forest reserve inclusive Virgin Jungle Forest (VJR), buffer zone of Ulu Segama (Class 1), SAFE project and responsible for the development of 37,481 ha of Agro-Forestry project - oil palm plantation for the period of 30 years under 2 main areas: Benta Wawasan A & B.
- Benta Wawasan has a palm oil factory inside the licensed area to produce Crude Palm Oil (CPO) from Full Fruit Bunches (FFB).
- Oil Palm Plantation (OPP) area by coupes:

Benta Wawasan A		Benta Wawasan B	
Estate	Area (ha)	Estate	Area (ha)
Gaharu	3170	Agathis	3720
Keruing	3456	Belian	3435
Menggaris	3585	Binuang	3848
Merbau	3207	Kapur	2752
Seraya	3345	Ramin	3587
		Selangan Batu	3376
Total	16,763	Total	20,718
Total = 37,481 ha			

- Benta Wawasan operated in 37,481 ha from the initial 44,601 ha. An area of 7,120 ha has been excised in 2016 from the Oil Palm Plantation (OPP) area that makes the net area of Benta Wawasan A & B as 37,481 ha.
- The previous assessment was conducted in February 2022 that resulted in 0 gap(s) and 2 observation(s) (Report #: GFSSBH003-114).

Current Operations:

- There is no Natural Forest Management (NFM) inside the licensed area as the entire area is planted in oil palm.
- Benta Wawasan has applied for Form IIB permit to harvest planted trees and recover Belian logs located inside the licensed area.
- The application of FIIB permit was in phases.
- Summary of salvage harvesting of planted trees and collecting belian logs:

Form IIB Permit	Total logs, pcs	Total vol, m ³	Species	Location
JPHTN/FRM 700-2/1/15/15/ KLT.2/24 dated 19/04/2022	250	31.91	Mahogany	Selangan Batu Estate
JPHTN/FRM 700-2/1/15/2/ JILID.2/8 dated 16/06/2022	120	72.23	Belian	Gaharu Estate
JPHTN/FRM 700-2/1/15/25(b) /30 dated 12/09/2022	398	264.62	Belian	Keruing Estate
JPHTN/FRM 700-2/1/15/JILID	300	70.29	Mahogany	Seraya Estate

.2/15 dated 19/05/2022				
JPHTN/FRM 700-2/1/15/25(b) /33 dated 23/11/2022	337	69.14	Belian	Keruing Estate
JPHTN/FRM 700-2/1/15/25(b) /35 dated 02/02/2023	541	169.73	Belian	Keruing Estate

- Oil Palm Plantation: No new planting in 2022.
- Status of oil palm planted area:

Estate	Year of Planting	Surveyed Area (ha)	Planted Area (ha)
Estate A			
Gaharu	2009	1,786.43	1,314.10
	2010	240.93	193.16
	2011	256.52	191.73
	2013	627.52	475.84
	Total	2,911.40	2,174.83
Keruing	2008	1,495.08	1,219.60
	2009	1,126.98	872.27
	Total	2,622.06	2,091.87
Menggaris	2005	322.92	291.36
	2006	583.87	509.53
	2007	790.20	650.25
	2008	174.07	138.06
	2012	641.09	489.82
	2013	716.45	563.26
	Total	3,228.60	2,642.28
Merbau	2006	229.76	193.34
	2007	686.54	534.98
	2009	919.59	606.26
	2011	1,022.90	761.30
	Total	2,858.79	2,095.88
Seraya	2006	414.20	372.50
	2007	493.59	451.63
	2008	2,170.32	1,924.70
	Total	3,078.12	2,748.83
Total Estate A		14,698.97	11,753.69
Estate B			
Agathis	2008	333.61	259.48
	2009	699.89	540.65
	2010	787.95	663.29
	2011	244.95	211.82
	2012	1,161.19	977.87
	Total	3,227.59	2,653.11
Belian	2010	293.83	249.80
	2011	1,233.66	997.32
	2012	1,289.91	1,025.95
	2013	312.65	248.13
	Total	3,130.05	2,521.20
Binuang	2007	833.20	654.44
	2008	572.75	493.25
	2009	158.23	143.14
	2010	189.50	151.92
	2011	338.70	285.71
	2012	720.60	590.14
	2013	724.65	550.90
Total	3,537.63	2,869.50	
Kapur	2010	806.10	650.02
	2011	443.64	353.46
	2012	641.28	514.52
	Total	1,891.02	1,518.00
Ramin	2009	845.78	656.19
	2010	1,194.30	885.20
	Total	2,040.08	1,541.39
Selangan	2006	1,002.53	853.55

Batu	2007	245.80	191.83
	2008	538.93	441.43
	2009	608.09	482.84
	2010	172.96	141.19
	2011	227.95	169.04
	2012	94.27	73.48
	Total	2,890.53	2,353.36
Total Estate B		16,716.90	13,456.56
Grand Total (Estate A & B)		31,415.87	25,210.25

- Land use classification:

Land classification	Development Plan Area (ha)	Current Status (ha)
Total Concession Area (Benta Wawasan A and B)	44,601	37,481
Production Area (coupe area)	Not stated	37,481
- Oil Palm Plantation	30,000	Planted to date: 25,210.25 ha
- Enrichment planting	Not stated	<p><u>Planted as of December 2022:</u> Total seedlings = 25,827 seedlings Total planted area = 42.22 ha</p> <p>Bayur = 3,418 seedlings Sentang = 2,100 seedlings Ketapang = 1,910 seedlings Khaya = 860 seedlings Kapur = 100 seedlings Teak = 4,792 seedlings Mahogany = 3166 seedlings Kapur paji = 5,499 seedlings White seraya = 1,224 seedlings Shorea spp. = 1,303 seedlings Hopea spp. = 1,457 seedlings</p> <p><i>Planted along the main road, riparian reserve and unplantable areas.</i></p>
Protected Forest & Conservation	Not stated	Un-plantable area: 6,552 ha
Infrastructure, Roads, Buildings, etc.	Not stated	Seed orchard nursery = 54.05 ha Road = 2,275.79 ha Pond = 16.76 ha Building = 145.50 ha Quarry = 12.89 ha

Environmental Context:

- The project site was initially covered by both Lowland and Hill Dipterocarp Forest (Mixed Dipterocarp Forest) except in the hilly areas of the steeper northern portion.
- Several rivers were identified within the project site, namely Sg. Ulu Segama, Sg Brantian, Sg. Geminchau, Sg. Tambuku, Sg. Serapi, Sg. Beeston, Sg. Gumbal, Sg. Muntai, Sg. Gita, Sg. Toe and its tributaries.
- Surface run-off from the project area is controlled by the topographic conditions of the site.
- Direct and indirect evidence of the presence of mammals, birds or reptiles were recorded.
- The area is MSPO certified since May 2019.
- The EIA study was prepared and approved by the EPD on 2011 (Ref.#: JPAS/PP/21/600-1/01/1/191 (KLT.3) dated 26/08/2011).

Social Context:

- There are no communities settling inside or adjacent to the project area. The nearest village to the project area is Kg. Pekan Kalabakan - Mangga, Kg. Rancangan Kalabakan, Kg. Tuda, Kg. Murutulu Kalabakan, Kg. Brantian, which is located in the vicinity of Kalabakan.

Scope of Assessment

- The scope of the evaluation is to verify compliance of Benta Wawasan Sdn. Bhd. with the Tree Plantation and Forest Management Agreement [JP(TKA)122/96(CO)] for FMU 24 (partly) & 26 (partly).
- The assessment is in accordance on the terms of the agreement for the “Sabah Legality Standard Principles 1 - 4 dated November 2020 (SFD-TLAS-002).
- Site evaluation to verify and report the level of compliance by Benta Wawasan Sdn. Bhd. (Benta A & Benta B). and contractors to the standard in respect to each of the criteria within this report.
- Compliance is defined when the auditee demonstrates that the indicators consist of none or only minor gaps against any applicable criteria of the standard. Non-compliance to the Sabah Legality Standard occurs when the auditee does not demonstrate adequate compliance to a criterion.

Itinerary & Mandays: FMU 24 (partly) & 26 (partly) / Benta Wawasan Sdn. Bhd. – A & B / Kalabakan District / Dates 20 - 24 February 2023 (Total Mandays = 22)

Date	Activity	GFS Staff	Mandays
20 February 2023 Monday	Travel to Tawau and overnight.	Glory Linggou, Prieria Bagang, Varenus Untomon, Asraf Mahmud	4
21 February 2023 Tuesday	Opening meeting at Seraya Estate and field assessment to Menggaris Estate. Document review at Seraya Estate.	Glory Linggou, Prieria Bagang, Varenus Untomon, Asraf Mahmud	4
22 February 2023 Wednesday	Field assessment to Agathis Estate, Binuang Estate and Belian Estate. Document review at PPD Kalabakan.	Glory Linggou, Prieria Bagang,, Varenus Untomon, Asraf Mahmud	4
23 February 2023 Thursday	Document review and Closing meeting at PPD Kalabakan.	Glory Linggou, Prieria Bagang, Varenus Untomon, Asraf Mahmud	4
24 February 2023 Friday	Finalize report and travel to home base.	Glory Linggou, Prieria Bagang, Varenus Untomon, Asraf Mahmud	4
25-26 February 2023	Reporting GFSSBH 003-183	Dr. Kevin Grace, Varenus Untomon	2
Total			22

Highlights of Assessment

(Major Gaps = 0; Minor Gaps = 3; Observations = 3)

Benta Wawasan Sdn. Bhd. has complied with the Sabah Legality Standard (SFD-TLAS-002) as no non-compliance was identified during the assessment on 20 – 24 February 2023.

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

Principle 1.

A Tree Plantation and Forest Management Agreement [JP(TKA)122/96(CO)] dated 24th April 1996 (106,310 ha) and a Supplemental Agreement [JP(TKA)122/96(CO)] dated 15th February 1999 (200,000 ha) were signed respectively between Benta Wawasan and the state government of Sabah. The total licensed area is approximately 306,310 ha Logging coupes were issued for log extraction only. SFD issued the approval on 17th June 2004 for conversion of the area into an oil palm plantation. The coupe permit was given for 30 years where the first approved coupe permit was on 30th December 2004 with an expiration date on 27th September 2041. An EIA was prepared for the licensed area in 2011.

Benta Wawasan areas A & B were required to establish a Development Plan for establishing Oil Palm Plantations. The Development Plan for 30,000 ha oil palm project at Kalabakan, Tawau for Benta

Highlights of Assessment

Wawasan area was initially prepared in March 2006 by Sabah Softwoods Berhad along with A Preliminary Management Plan (2005-2012) detailing the establishment of oil palm plantation for an approximately of 45,601 ha for the initial licensed area.

February 2023: Gap 001/2023 (Minor) - Checklist 1.3.3 & 1.6.1

There is no evidence of revision to the Development Plan / PDP regarding planting Mahogany and other timber species for potential commercial harvesting.

February 2023: Gap 002/2023 (Minor) - Checklist 1.4.2 & 2.1.8

The approved AWP for 2022 & 2023 did not include salvage harvesting of planted mahogany, recovery of belian logs, rehabilitation / enrichment planting and silviculture activities.

Principle 2.

Benta Wawasan concentrates on oil palm maintenance, FFB harvesting, and forest restoration / enrichment planting. ECRs were submitted quarterly to EPD. The compliance Report for AWP 2022 was submitted to SFD as required.

February 2023: Observation 001-2023 - Checklist 2.2.7

The removal pass was not stamped with "Sabah TLAS Compliant" for the Form IIB logs.

February 2023: Observation 002-2023 - Checklist 2.2.9

The transportation of CPO to the refinery mill was not accompanied by a transit pass since the material originates from the Forest Reserve.

February 2022: Observation 001-2022 – Checklist 2.3.7

Forest Fire Management Plan has yet to be submitted to SFD for approval.

February 2023: Observation 001-2022 (Outstanding)

Benta Wawasan submitted the Forest Fire Management Plan on 21/06/2022 to SFD and is pending approval (Ref.#: BWSB-SA (OSS) 2022 – 600 – 4 / 28 (32).

Principle 3.

Payment records on 5% royalty on FFB production sales, official documents and validity records on fees & charges for OPs and FD registration for machinery were available and maintained by Benta Wawasan.

February 2023: Gap 003/2023 (Minor) - Checklist 3.1.1

The lorry transporting fertilizer and diesel fuel trailer is not registered with SFD. Benta Wawasan has submitted the OP renewal to SFD and is pending inspection.

February 2022: Observation 002-2022 – Checklist 3.1.2

FFB royalty for April 2021 has yet to be paid to SFD.

February 2023: Observation 002-2022 (Addressed)

The FFB royalty was paid to SFD as required.

Principle 4.

No communities are settling inside or adjacent to the project area. The nearest village to the project area is Kg. Pekan Kalabakan - Mangga, Kg. Rancangan Kalabakan, Kg. Tuda, Kg. Murutulu Kalabakan, Kg. Brantian, which is located in the vicinity of Kalabakan.

Summary Results:

(Major gap = 0, Minor gap = 3, Observation = 3)

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

GAP	Type	Checklist	Status	Description
001/2023	Minor	1.3.3 1.6.1	New	February 2023: There is no evidence of revision to the Development Plan / PDP regarding planting Mahogany and other timber species for potential commercial harvesting.

GAP	Type	Checklist	Status	Description
002/2023	Minor	1.4.2 2.1.8	New	February 2023: The approved AWP for 2022 did not include salvage harvesting of planted mahogany, recovery of belian logs, rehabilitation / enrichment planting and silviculture activities.
003/2023	Minor	3.1.1	New	February 2023: The lorry transporting fertilizer and diesel fuel trailer is not registered with SFD. Benta Wawasan has submitted the OP renewal to SFD and is pending inspection.

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

Obs #	Checklist	Description
001-2022 Outstanding	2.3.7	February 2022: Forest Fire Management Plan has yet to be submitted to SFD for approval. February 2023: Benta Wawasan submitted Forest Fire Management Plan on 21/06/2022 to SFD and is pending approval [Ref.#: BWSB-SA (OSS) 2022 – 600 – 4 / 28 (32)].
002-2022 Addressed	3.1.2	February 2022: FFB royalty for April 2021 has yet to be paid to SFD. February 2023: The FFB royalty was paid to SFD as required.
001-2023	2.2.7	February 2023: The removal pass was not stamped with “Sabah TLAS Compliant” for the Form IIB logs.
002-2023	2.2.9	February 2023: The transportation of CPO to the refinery mill was not accompanied by a transit pass since the material originates from the Forest Reserve.

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

Recommendations
<p>Benta Wawasan Sdn. Bhd. demonstrated compliance with the Sabah Legality Standard (SFD-TLAS-002) for its designated area and is recommended to receive a GFS Statement of Compliance and Sabah Timber Legality Assurance System Compliance Certificate (TLAS-CC) from SFD.</p> <p>Gap(s)/Observation(s) identified in this assessment should be addressed before the next surveillance visit. Action required to close the gap(s)/observation(s) include:</p> <p>Gap 001/2023 (Minor) - Checklist 1.3.3, 1.6.1: Benta Wawasan shall revise the management plan to include planned activities annually.</p> <p>Gap 002/2023 (Minor) - Checklist 1.4.2, 2.1.8: Benta Wawasan shall submit the AWP amendment to include any additional planned activities annually (e.g., salvage logging, enrichment planting, etc.).</p> <p>Gap 003/2023 (Minor) - Checklist 3.1.1: Benta Wawasan shall register heavy machinery to the SFD.</p> <p>Observation 001-2022 (Outstanding) - Checklist 2.3.7: SFD shall expedite the approval of Forest Fire Management Plan.</p> <p>Observation 001-2023 - Checklist 2.2.7: SFD shall ensure removal passes are stamped as Sabah TLAS compliant as applicable.</p> <p>Observation 002-2023 - Checklist 2.2.9: The transportation of CPO to the refinery mill shall be accompanied by a Transit Pass.</p> <p>The next annual surveillance audit will be scheduled for February 2024.</p>

End of Summary Report