

Sabah TLAS Audit Report

Sabah Legality Standard Principles 1 – 4

Licensee	Licensee: Benta Wawasan Sdn. Bhd. (377414-H) Contractor: Samel Plantation Sdn. Bhd. (670541-X)	Reference #	GFSSBH 003-184
Contact Person	Mohammad Helmi Ismail (Chief Operating Officer Adaza Plantation Management)	Date of Report	03/03/2023
Office Address	Benta Wawasan: TB9131 & 9132, Perdana Square, Mile 3 ½, Jalan Apas, 91000 Tawau, Sabah, Malaysia. Samel Plantation Sdn. Bhd: No. 40-52, Jalan BKD 27, Taman Bukit Katil Damai 2, 75450 Bukit Katil, Melaka, Malaysia. Adaza Plantation Management Sdn. Bhd. No.417, Lorong 12, Taman Ria Heights Fasa 1B, Jalan Utara Baru, 91000 Tawau, Sabah, Malaysia.	Date of close out	-
		Telephone	+6012 715 4506 +603 8925 6888 +603 8926 7888
Email	helmiismail.apm.@gmail.com	Fax	+603 8926 5888
		Approved By	Dr. Kevin Grace

Statements

Audit Statement	GFS 056 LVS		
Issuance Date	06 March 2023	Expiration Date	05 March 2024

Assessment Details

Assessment Dates	27 February – 03 March 2023
Scope of Assessment	Sabah TLAS P1-4: Tree Plantation and Forestry Management Agreement No. JP(TKA)122/96(CO)
Species	Agro-Forestry Plantation: Oil Palm (<i>Elaeis guineensis</i>) Recovered logs: Belian
Lead Assessor	Varenius Untomon
Assessor(s)	Priera Bagang, Sandra George
SFD Staff	Awangku Ridwan (ADFO Kalabakan), Judon Lamiting (KPPM Brumas), Nordin Musa (PPW Tawau)

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:

- The Tree Plantation and Forestry Management Agreement dated 24/04/1996 and a Tree Plantation and Forestry Management (Supplemental) agreement, JP (TKA) 122/96(CO) dated 15/02/1999 was made between Benta Wawasan Sdn. Bhd. (Benta Wawasan) and the State of Sabah to manage a forests area of approximately 106,310 hectares situated at Gunung Rara and Kalabakan Forest Reserve.
- Benta Wawasan is a wholly owned subsidiary of Innoprise Corporation Sdn. Bhd. (Innoprise Corporation). Innoprise Corporation is a wholly owned subsidiary of Yayasan Sabah.
- In 2004, a Memorandum of Understanding (MOU) was signed between Benta Wawasan and Yayasan Melaka. Through this MOU, both Benta Wawasan and Yayasan Melaka agreed to jointly develop an area within the Yayasan Sabah Group Management Unit into a large-scale oil palm plantation, hereinafter referred to as Samel Plantation Sdn. Bhd. (Samel Plantation).
- The Forestry Department of Sabah (SFD) approved the area for conversion into an oil palm plantation in 2005. However, the license will expire in 2041.
- Benta Wawasan joint ventured with Samel Plantation that is responsible for developing 5,343.81 ha of the area (Samel I and Samel II) under the Agro-forestry project.
- Vitraland Sdn. Bhd. was appointed (Ref. #: SPSB/Oper/2014/13(5), dated 08/07/2014) through a separate contractual agreement as a contractor to conduct oil palm plantation development. However, the contract was ended on 28/11/2019 and the contractor was requested to evacuate the licensed area (Ref.#: SPSB/OPER/2014/13, dated 11/12/2019). Therefore, on 12/12/2019, the forest operations were temporarily handed over to Benta Wawasan Sdn. Bhd. until the final decision from Samel Plantation's Board of Director.
- On 01/07/2021, Adaza Plantation Management Sdn. Bhd. was appointed through a separate contractual agreement as a contractor to conduct oil palm plantation development for Samel Plantation.
- The previous assessment was conducted in February 2022 that resulted in 2 gap(s) and 1 observation(s) (Report #: GFSSBH003-113a).

Current Operations:

- There is no Natural Forest Management (NFM) inside the licensed area as the entire area is planted in oil palm.
- Benta Wawasan (Samel Plantation) has applied for a Form IIB permit to recover Belian logs located inside the licensed area. Benta Wawasan has appointed Premium Select Resources as a subcontractor for recovering and collecting Belian logs inside the licensed area.
- The application for a Form IIB permit was in phases.
- Summary of recovering Belian logs.

Parcel	Total logs	Total volume, m ³	FIIB Receipt	SFD Approval
1	237	107.51	2B930050	JPTHN/FRM 2/1/15/31/Klt.2/6 13/02/2023 700- dated
Total	237	107.51		

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

Samel I

Block#	Total area, ha	Protection area, ha	Net plantable area, ha	Total planted
1	21.28	0	21.28	1788
2	24.72	0	24.72	1542
3	92.10	8.62	83.48	2492
4	74.19	0	74.19	2532
5	96.58	7.81	88.77	3442
6	56.62	0	56.62	44
7	57.72	16.62	41.10	394
8	58.89	21.45	37.44	1578
9	70.32	1.27	69.05	1618
10	70.83	0	70.83	736

11	80.58	9.19	71.39	2185
12	43.12	4.70	38.42	2090
13	63.19	6.95	56.24	2924
14	82.02	28.10	53.92	950
15	76.79	20.04	56.75	1206
16	48.29	2.66	45.63	132
17	74.63	9.51	65.12	547
Sub Total	1091.87	136.92	954.95	26200
Preserve 1	235.36	235.36	0	0
Preserve 2	23.93	23.93	0	0
Preserve 3	89.26	89.26	0	0
Sub Total	348.55	348.55	0	0
Grand total	1440.42	485.47	954.95	26,200

Samel II

Block#	Total area, ha	Protection area, ha	Net plantable area, ha	Total planted
1	65.72	1.81	63.91	2230
2	84.13	14.42	69.71	2731
3	53.71	6.94	46.77	2464
4	76.19	34.06	42.13	2653
5	60.07	0	60.07	2293
6	51.44	0	51.44	1678
7a	46.56	0	46.56	4104
7b	17.97	0	17.97	488
8	62.61	0	62.61	3432
9a	30.61	0	30.61	2285
9b	66.55	0	66.55	3424
10a	61.57	0	61.57	4926
10b	6.84	6.84	0	0
11a	42.39	0	42.39	3481
11b	3.38	0	3.38	31
11c	3.77	0	3.77	36
12	57.96	0	57.96	3805
13	46.70	0	46.70	1786
14	63.75	0	63.75	6893
15	45.15	0	45.15	4046
16	46.74	0	46.74	5622
17	61.58	0	61.58	6789
18	75.86	18.22	57.64	3608
19	70.02	13.22	56.80	3931
20	54.56	0	54.56	467
21	59.80	0	59.80	*Not available
22	39.98	0	39.98	2594
23	54.81	0	54.81	4391
24	51.70	0	51.70	3657
25	52.48	0.90	51.58	5157
26	71.02	0	71.02	6225
27	87.41	0	87.41	4763
28	51.28	0	51.28	2047
29	35.27	0	35.27	3362
30	77.23	0.48	76.75	2467
31	87.88	8.75	79.13	5765
32	59.05	0	59.05	2751
33	91.10	0	91.10	3898
34	58.51	0	58.51	3767
35	64.21	0	64.21	4544
36	56.31	0	56.31	2991
37	69.86	0	69.86	*Not available
38	68.26	0	68.26	*Not available
39	75.76	19.58	56.18	*Not available
40	57.90	0	57.9	*Not available
41	37.28	0	37.28	*Not available
42	54.66	0	54.66	*Not available
43	90.66	15.84	74.82	3575
44	61.92	3.46	58.46	*Not available
45	52.58	0	52.58	*Not available
46	46.76	0	46.76	*Not available
47	86.73	11.59	75.14	*Not available
48	90.22	0	90.22	5576
49	59.06	0	59.06	2703

50	101.07	10.27	90.80	*Not available
51	62.48	7.09	55.39	*Not available
52	22.84	0	22.84	*Not available
53	77.33	6.08	71.25	*Not available
54	92.46	34.81	57.65	*Not available
55	64.99	3.54	61.45	*Not available
56	76.33	0	76.33	*Not available
57	71.15	0	71.15	3351
58	51.52	0	51.52	*Not available
Sub total	3725.69	217.90	3507.79	146787
Preserve 1	16.33	16.33	0	0
Preserve 2	73.45	73.45	0	0
Preserve 3	13.33	13.33	0	0
Preserve 4	76.93	76.93	0	0
Preserve 5	59.10	59.10	0	0
Preserve 6	4.85	4.85	0	0
Preserve 7	5.62	5.62	0	0
Preserve 8	6.26	6.26	0	0
Sub total	255.87	255.87	0	0
Grand total	3978.05	473.77	3507.79	146787

Note: Information is not available from the previous contractor, Vitraland Sdn. Bhd.

- Land use classification:

Land classification	DP Area (ha)	Current Status (ha)
Total Area (Samel I & Samel II)	5,000	5,418.47
Oil Palm Plantation Area (Planted area)	Not stated	4,462.74
Oil Palm Plantation Area (Unplanted)	Not stated	959.24
Conservation, Steep Slopes, Riparian Reserve	Not stated	959.24

Environmental Context:

- The project site ranges from 100 to 500 metres a.s.m.l. The highest point at Samel II is 500 m a.s.m.l. and was demarcated as a conservation area.
- The main river running through the project site is Sg. Brantian, which is approximately 48 km in length and flowing from Benta Wawasan project site, passes through Samel Plantation and discharges at Cowie Bay.
- According to the plantation workers, there are several mammals that had been found inside the project area, such as bearded pig, sambar deer, mousedeer and elephant.
- Sixty-eight species of birds and two species of reptiles were recorded inside the project area.
- Environmental Impact Assessment was conducted by Envsolve Sdn. Bhd. and approved by Environment Protection Department (EPD) (Ref.#: JPAS/PP/21/600-1/01/1/285, dated 10/02/2012).

Social Context:

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

Scope of Assessment

- The scope of the evaluation is to verify compliance of Benta Wawasan Sdn. Bhd. (Samel Plantation Sdn. Bhd.) with the Tree Plantation and Forestry Management Agreement No. JP(TKA)122/96(CO) for FMU 24 (partly) & 25 (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. 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) & 25 (partly) / Benta Wawasan Sdn. Bhd. (Samel Plantation Sdn. Bhd.) & Form IIB: Premium Select Resources / Kalabakan District / 27 February – 03 March 2023 (Total Mandays = 19)

Date	Activity	GFS Staff	Mandays
27 February 2023 Monday	Travel to Tawau and overnight.	Varenius Untomon, Prieria Bagang, Sandra George	3
28 February 2023 Tuesday	Opening meeting and field assessment to Samel Plantation area.	Varenius Untomon, Prieria Bagang, Sandra George	3
01 March 2023 Wednesday	Field assessment to Form IIB permit and document review at PPD Kalabakan.	Varenius Untomon, Prieria Bagang, Sandra George	3
02 March 2023 Thursday	Document review.	Varenius Untomon, Prieria Bagang, Sandra George	3
03 March 2023 Friday	Closing meeting at PPD Kalabakan. Travel back to home base.	Varenius Untomon, Prieria Bagang, Sandra George	3
04-05 March 2023	Reporting GFSSBH 003-184 Reporting GFSSBH 003-185	Dr. Kevin Grace, Varenius Untomon	4
Total			19

Highlights of Assessment

(Major Gaps = 0; Minor Gaps = 5; Observations = 3)

Benta Wawasan Sdn. Bhd. (Samel Plantation Sdn. Bhd.) has complied with the Sabah Legality Standard (SFD-TLAS-002) as no non-compliance was identified during the assessment on 27 February – 03 March 2023.

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

Principle 1.

The Tree Plantation and Forestry Management Agreement was awarded on 24/04/1996 and another supplementary agreement was made on 15/02/1999 between Benta Wawasan and the State of Sabah to manage an area of approximately 306,310 hectares situated in Gunung Rara and Kalabakan Class II FR.

Benta Wawasan joint ventured with Samel Plantation that is responsible for developing approximately 5,000 ha of the area (Samel I and Samel II) under the agro-forestry project. On 01/07/2021, Adaza Plantation Management Sdn. Bhd. was appointed through a separate contractual agreement as a contractor to conduct oil palm plantation development for Samel Plantation.

February 2022: Observation 001-2022 – Checklist 1.7.1

Lack of boundary maintenance and boundary demarcation on the ground.

March 2023: Observation 001-2022 (Addressed)

Maintenance of the boundary was conducted by Adaza Plantation Management.

March 2023: Observation 001-2023 – Checklist 1.2.3

Lack of housekeeping maintenance and an expired fire extinguisher was observed at the camp site.

March 2023: Gap 001/2023 (Minor) - Checklist 1.3.3, 1.6.1

There is no evidence of revision to the Development Plan / PDP regarding enrichment planting inside the protected areas and total surveyed licensed area that differs from the approved coupe permits.

March 2023: Gap 002/2023 (Minor) - Checklist 1.4.1, 2.1.8

The approved AWP for 2023 did not include recovery of Belian logs.

Principle 2.

Samel Plantation concentrates on oil palm maintenance, FFB harvesting, and enrichment planting. The compliance Report for AWP 2022 was submitted to SFD as required.

March 2023: Observation 002-2023 – Checklist 2.2.7

The removal pass was not stamped as “Sabah TLAS Compliant” for the Form IIB logs.

Highlights of Assessment

February 2022: Gap 003/2022 (Minor) – Checklist 2.3.1

Samel Plantation does not maintain records of subcontractors' compliance with SOCSO, COI and work visas for workers working on the plantation.

March 2023: Gap 003/2022 (Minor) – Outstanding

Inconsistent in maintaining COI records for workers.

February 2022: Gap 004/2022 (Minor) – Checklist 2.3.7

No evidence of fire training was conducted for 2021.

March 2023: Gap 004/2022 (Minor) – Closed

Fire training was conducted in 2023.

March 2023: Gap 003/2023 (Minor) – Checklist 2.3.7

Forest Fire Management Plan (FFMP) has yet to be developed by Samel Plantation.

Principle 3.

Adaza Plantation Management has paid the applicable fees to the SFD.

March 2023: Gap 004/2023 (Minor) – Checklist 3.1.1

The Occupational Permit (OP) is pending renewal.

March 2023: Observation 003-2023 – Checklist 3.1.2

Samel Plantation did not keep documents of FFB Royalty payment for December 2022 and January 2023.

Principle 4.

Based on the land and survey map, the licensed area is located within the Kalabakan and Gunung Rara Forest Reserve (FMU 24 & FMU 25). No areas subject to native customary rights were identified within the licensed area.

Summary Results:

(Major gap = 0, Minor gap = 5, Observation = 3)

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

GAP	Type	Checklist	Status	Description
003/2022	Minor	2.3.1	Outstanding	<p>February 2022: Samel Plantation does not maintain records of subcontractors' compliance with SOCSO, COI and work visas for workers working on the plantation.</p> <p>March 2023: Inconsistent in maintaining COI records for workers.</p>
004/2022	Minor	2.3.7	Closed	<p>February 2022: No evidence of fire training was conducted for 2021.</p> <p>March 2023: Fire training was conducted in 2023.</p>
001/2023	Minor	1.3.3 1.6.1	New	<p>March 2023: There is no evidence of revision to the Development Plan / PDP regarding enrichment planting inside the protected areas and total surveyed licensed area that differs from the approved coupe permits.</p>
002/2023	Minor	1.4.1 2.1.8	New	<p>March 2023: The approved AWP for 2023 did not include recovery of Belian logs.</p>
003/2023	Minor	2.3.7	New	<p>March 2023: Forest Fire Management Plan (FFMP) has yet to</p>

GAP	Type	Checklist	Status	Description
004/2023	Minor	3.1.1	New	be developed by Samel Plantation. March 2023: The Occupational Permit (OP) is pending renewal.

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

Obs #	Checklist	Description
001-2022 Addressed	1.7.1	February 2022: Lack of boundary maintenance and boundary demarcation on the ground. March 2023: Maintenance of boundary was conducted by Adaza Plantation Management.
001-2023	1.2.3	March 2023: Lack of housekeeping maintenance and an expired fire extinguisher was observed at the camp site.
002-2023	2.2.7	March 2023: The removal pass was not stamped as "Sabah TLAS Compliant" for the Form IIB logs.
003-2023	3.1.2	March 2023: Samel Plantation did not keep documents of FFB Royalty payment for December 2022 and January 2023.

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

Recommendations
<p>Benta Wawasan Sdn. Bhd. (Samel Plantation 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 003/2022 (Minor) Outstanding – Checklist 2.3.1: Adaza Plantation Management shall maintain COI for all workers accordingly.</p> <p>Gap 001/2023 (Minor) - Checklist 1.3.3, 1.6.1: Samel Plantation shall revise the management plan to include planned activities annually and revise the land use table.</p> <p>Gap 002/2023 (Minor) - Checklist 1.4.1, 2.1.8: Samel Plantation shall submit the AWP amendment to include any additional planned activities annually (e.g., logs recovery, etc.)</p> <p>Gap 003/2023 (Minor) - Checklist 2.3.7: Samel Plantation shall develop and submit the Forest Fire Management Plan (FFMP) to SFD.</p> <p>Gap 004/2023 (Minor) - Checklist 3.1.1: SFD shall expedite the renewal process.</p> <p>Observation 001-2023 - Checklist 1.2.3: Adaza Plantation Management shall maintain housekeeping and fire extinguishers at the campsite.</p> <p>Observation 002-2023 - Checklist 2.2.7: SFD shall ensure removal passes are stamped as "Sabah TLAS compliant" as applicable.</p> <p>Observation 003-2023 - Checklist 3.1.2: FFB royalty payment shall be maintained.</p> <p>The next annual surveillance audit will be scheduled for March 2024.</p>

End of Summary Report