

Sabah TLAS Audit Report

Sabah Legality Standard Principles 1 – 4

Licensee	Benta Wawasan Sdn. Bhd. 199601005068 (377414-H)	Reference #	GFSSBH 003-245
Contact Person	Mohammed bin Sunu (Sustainable Agroforestry Manager)	Date of Report	08/03/2024
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		Approved By	Dr. Kevin Grace

Statements

Audit Statement	GFS 057 LVS		
Issuance Date	11 March 2024	Expiration Date	10 March 2025

Assessment Details

Assessment Dates	04 – 08 March 2024
Scope of Assessment	Sabah 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> (Sentang), <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), <i>Swietenia spp.</i> (Mahogany), <i>Tectona grandis</i> (Teak)
Lead Assessor	Brandon James
Assessor(s)	Priera Bagang, Tommy Olui
SFD Staff	Ag. Ku Mohd Ridzwan Pg. Abd Razak (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., RT Plantations Sdn. Bhd. and Serijaya Industri 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 converting the area into an oil palm plantation. The coupe permits are valid for 30 years, with the first approval was on 30/12/2004 and an expiry date of 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 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 Fresh Fruit Bunches (FFB).
- Benta Wawasan is certified under the Malaysian Sustainable Palm Oil Part 3: General Principles of Oil Palm Plantations Management System standard (MS 2530-3:2013), which is valid until 09/05/2024.
- Benta Wawasan has granted the Letter of Award to the following contractors.

Contractor	Ref. #	Approved location (Estates)*	Permitted to harvest/recover
Crowning Enterprise	BWSB (PSM): 600-5/4 (23/118) dated 29/09/2023, acknowledged and signed by Mr. Lee Ting Kuing on 03/10/2023.	Selangan Batu, Gaharu, Merbau, Menggaris, Seraya, Keruing	Teak
Warisan Gagasan Pentas	BWSB (PSM): 600-5/4 (23/66) dated 27/03/2023, acknowledged and signed by Mr. Muksin Agel on 29/03/2023.	Menggaris, Kapur	Belian, Merbau, Selangan Batu and Kapur logs
Maju Mapan Trading Sdn. Bhd.	BWSB (PSM): 600-5/4 (23/027) dated 06/03/2023, acknowledged and signed by Mr. Lee Kui Sang @ Tony Lee on 09/03/2023.	Keruing	Belian logs

*Name based on tree species.

- Benta Wawasan also engaged CK Enterprise as a contractor for road maintenance inside the licensed area.
- Oil Palm Plantation (OPP) area by coupes:

Benta Wawasan A		Benta Wawasan B	
Estate	Area (ha)	Estate	Area (ha)
Gaharu	3,170	Agathis	3,720
Keruing	3,456	Belian	3,435
Menggaris	3,585	Binuang	3,848
Merbau	3,207	Kapur	2,752
Seraya	3,345	Ramin	3,587
		Selangan Batu	3,376
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 2023 that resulted in 3 gap(s) and 3 observation(s) (Report #: GFSSBH003-183).

Current Operations:

- No Natural Forest Management (NFM) inside the licensed area as the entire area is planted in oil palm.
- Benta Wawasan has applied for a 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 700-2/1/15/25/(b)/35 dated 02/02/2023	541	172.17	Belian	Keruing Estate
JPHTN/FRM 700-2/1/15/2/JILID.2/21 dated 21/03/2023	203	86.20	Belian	Gaharu Estate
JPHTN/FRM 700-2/1/15/15/ KLT.2/27 dated 06/04/2023	241	154.63	Belian, Selangan Batu	Belian Estate, Selangan Batu Estate
JPHTN/FRM 700-2/1/15/2/JILID.2/23 dated 05/07/2023	229	128.37	Belian	Gaharu Estate
JPHTN/FRM 700-2/1/15/JILID.2/27 dated 05/09/2023	236	69.22	Belian	Keruing Estate
JPHTN/FRM 700-2/1/15/JILID.2/29 dated 26/10/2023	200	84.24	Belian	Keruing Estate
JPHTN/FRM 700-2/1/15/JILID.2/34 dated 27/11/2023	180	85.67	Belian	Keruing Estate
JPHTN/FRM 700-2/1/15/JILID.2/36 dated 01/02/2024	240	87.38	Belian	Keruing Estate

- Oil Palm Plantation: No new planting in 2023.
- 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	978.66	734.09
	Total	2,814.55	2,068.67
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		14,654.73	11,726.48

Estate B			
Agathis	2008	333.61	259.48
	2009	699.89	540.65
	2010	791.18	654.33
	2011	244.95	211.82
	2012	1,158.96	964.35
	Total	3,228.59	2,630.63
Belian	2010	293.83	249.8
	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	835.40	529.41
	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	3,539.83	2,744.47	
Kapur	2010	806.30	642.66
	2011	441.90	355.80
	2012	640.50	503.50
	Total	1,888.70	1,501.96
Ramin	2009	855.90	651.81
	2010	1,222.70	862.66
	Total	2,078.6	1,514.47
Selangan Batu	2006	1,003.17	804.21
	2007	257.02	164.67
	2008	542.27	390.39
	2009	599.36	476.79
	2010	172.96	141.19
	2011	222.10	168.01
	2012	90.65	72.38
Total	2,887.53	2,217.64	
Total Estate B		16,753.30	13,130.37
Grand Total (Estate A & B)		31,408.03	24,856.85

- Land use classification:

Land classification	Development Plan Area (ha)	December 2023 (ha)
Total Concession Area (Benta Wawasan A and B)	44,601	Total licensed area = 31,408.03
Production Area (couped area)	Not stated	37,481*
- Oil Palm Plantation	30,000	Planted oil palm: 24,856.85
- Enrichment planting	Not stated	Planted as of December 2023: Cumulative planted seedlings = 34,387 Cumulative planted area = 63.73 ha Bayur = 3,418 seedlings Sentang = 3,450 seedlings Ketapang = 2,260 seedlings Khaya = 860 seedlings Kapur = 100 seedlings Teak = 9,470 seedlings Mahogany = 5,346 seedlings Kapur paji = 5,499 seedlings White seraya = 1,224 seedlings Shorea spp. = 1,303 seedlings Hopea spp. = 1,457 seedlings

		<i>Planted along the main road, riparian reserve and vacant areas.</i>
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 Vacant/unplantable area = 4,046.19 ha

**The coupe permit gross area is based on approximation. According to the SFD, there was an error during the digitizing of the coupe maps from 2004 to 2011. Based on Benta Wawasan's records, the actual licensed area is 31,408.03 hectares.*

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 site's topographic conditions.
- Direct and indirect evidence of the presence of mammals, birds or reptiles were recorded.
- The EIA study titled "Environmental Impact Assessment For The Proposed Oil Palm Plantation (OPP) Development at Benta Wawasan Sdn. Bhd." 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:

- Benta Wawasan does not have a separate SBS or SIA study within the licensed area. However, during the development of the EIA, the EPD consultant conducted a social impact assessment and incorporated it into the EIA study. Based on the EIA, there are no communities settling inside the project area. The nearest villages to the project area are Kg. Pekan Kalabakan - Mangga, Kg. Rancangan Kalabakan, Kg. Tuda, Kg. Murutulu Kalabakan, and Kg. Brantian, located in the vicinity of Kalabakan. There is no evidence that these villages are directly affected by the plantation operations.

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 04 – 08 March 2024 (Total Mandays = 17)

Date	Activity	GFS Staff	Mandays
04 March 2024 Monday	Travel to Tawau and overnight.	Brandon James Piera Bagang Tommy Olui	3
05 March 2024 Tuesday	Opening meeting at Seraya Estate. Field visit to Seraya Estate: Licensed boundary, campsites, FFB harvesting area, protection areas. Document review at Seraya Estate.	Brandon James Piera Bagang Tommy Olui	3

06 March 2024 Wednesday	Field visit to Binuang Estate & Selangan Batu Estate: Licensed boundary, campsites, FFB harvesting area, protection areas, log harvesting area. Document review at Binuang Estate and PPD Kalabakan.	Brandon James Priera Bagang Tommy Olui	3
07 March 2024 Thursday	Document review at Benta Wawasan HQ office.	Brandon James Priera Bagang Tommy Olui	3
08 March 2024 Friday	Closing meeting at PPD Kalabakan and travel to home base.	Brandon James Priera Bagang Tommy Olui	3
09-10 March 2024	Reporting GFSSBH 003-245	Dr. Kevin Grace, Brandon James	2
Total			17

Highlights of Assessment

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

Benta Wawasan Sdn. Bhd. has complied with the Sabah Legality Standard (**SFD-TLAS-002**) as no non-compliance was identified during the assessment on 04 – 08 March 2024.

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

Principle 1.

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 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.

March 2024: Gap 001/2023 (minor) – Outstanding

The Development Plan is pending feedback and approval from the SFD.

February 2023: Gap 002/2023 (minor) - Checklist 1.4.2

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

March 2024: Gap 002/2023 (minor) – Closed

Salvage harvesting of planted Mahogany, recovery of Belian logs, rehabilitation/enrichment planting, and silviculture activities have been included in the approved AWP 2023.

Principle 2.

Benta Wawasan concentrates on oil palm maintenance, FFB harvesting, and forest restoration / enrichment planting. ECRs were submitted quarterly to the EPD. Benta Wawasan demonstrated compliance with regulatory requirements for workers.

February 2023: Gap 002/2023 (minor) - Checklist 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.

March 2024: Gap 002/2023 (minor) – Closed

Salvage harvesting of planted Mahogany, recovery of Belian logs, rehabilitation/enrichment planting, and silviculture activities have been included in the approved AWP 2023.

February 2023: Observation 001-2023 - Checklist 2.2.7

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

March 2024: Observation 001-2023 (Addressed)

Removal pass was stamped with “Sabah TLAS Compliant” for the Form IIB logs.

Highlights of Assessment

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.

March 2024: Observation 002-2023 (Addressed)

The transportation of CPO to the refinery mill is exempted from a transit pass.

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).

March 2024: Gap 001/2024 (Raised to minor)

The Forest Fire Management Plan is pending approval from the SFD.

Principle 3.

Payment records on 5% royalty on FFB production sales, official documents and validity records on fees & charges for Occupational Permits and 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.

March 2024: Gap 003/2023 (minor) – Outstanding

CK Enterprise's heavy machinery was not registered with the SFD.

Principle 4.

Not applicable - Benta Wawasan does not have a separate SBS or SIA study within the licensed area. However, during the development of the EIA, the EPD consultant conducted a social impact assessment and incorporated it into the EIA study. Based on the EIA, there are no communities settling inside the project area. The nearest villages to the project area are Kg. Pekan Kalabakan - Mangga, Kg. Rancangan Kalabakan, Kg. Tuda, Kg. Murutulu Kalabakan, and Kg. Brantian, located in the vicinity of Kalabakan. There is no evidence that these villages are directly affected by the plantation operations.

Summary Results:

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

Gap raised against indicators & criteria during the March 2024 assessment.

GAP	Type	Checklist	Status	Description
001/2023	minor	1.3.3 1.6.1	Outstanding	<p>February 2023: There is no evidence of revision to the Development Plan / PDP regarding planting Mahogany and other timber species for potential commercial harvesting.</p> <p>March 2024: The Development Plan is pending feedback and approval from the SFD.</p>
002/2023	minor	1.4.2 2.1.8	Closed	<p>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.</p> <p>March 2024: Salvage harvesting of planted Mahogany, recovery of Belian logs, rehabilitation/enrichment planting, and silviculture activities have been included in the approved AWP 2023.</p>
003/2023	minor	3.1.1	Outstanding	<p>February 2023: The lorry transporting fertilizer and diesel fuel trailer is not registered with SFD. Benta Wawasan has</p>

GAP	Type	Checklist	Status	Description
				submitted the OP renewal to SFD and is pending inspection. March 2024: CK Enterprise's heavy machinery was not registered with the SFD.
001/2024	Obs 001- 2022	2.3.7	Raised to minor	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)]. March 2024: The Forest Fire Management Plan is pending approval from the SFD.

Observation raised against indicators & criteria during the March 2024 assessment.

Obs #	Checklist	Description
001-2023 Addressed	2.2.7	February 2023: The removal pass was not stamped with "Sabah TLAS Compliant" for the Form IIB logs. March 2024: Removal pass was stamped with "Sabah TLAS Compliant" for the Form IIB logs.
002-2023 Addressed	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. March 2024: The transportation of CPO to the refinery mill is exempted from a transit pass.

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

Recommendations
<p>Benta Wawasan Sdn. Bhd. has 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) Outstanding - Checklist 1.3.3, 1.6.1: Benta Wawasan shall follow up on the status of the Development Plan, and SFD shall expedite the approval process.</p> <p>Gap 003/2023 (minor) Outstanding - Checklist 3.1.1: Benta Wawasan and CK Enterprise shall register all heavy machinery used within a forest reserve with the SFD.</p> <p>Gap 001/2024 (Raised to minor) - Checklist 2.3.7: Benta Wawasan shall follow up on the status of the FFMP and SFD shall expedite the approval process.</p> <p>The next annual surveillance audit will be scheduled for March 2025.</p>

End of Summary Report