

Sabah TLAS Audit Report

Sabah Legality Standard Principles 1 – 4

Licensee	Licensee: Benta Wawasan Sdn. Bhd. 199601005068 (377414-H) Contractor: Serijaya Industri Sdn. Bhd. 200501023111 (705242-W)	Reference #	GFSSBH 003-338
Contact Person	Mr. Cyril Yong (QA & Sustainability Manager)	Date of Report Date of close out	21/03/2025 -
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		Approved By	Dr. Kevin Grace

Statements

Statement of Compliance				GFS 059 LVS			
Issuance Date		24 March 2025		Expiration Date		23 March 2026	

Assessment Details

Assessment Dates	17-21 March 2025
Scope of Assessment	Sabah TLAS P1-4: Long Term Forest Management License Agreement No. JP(TKA)122/96(CO)
Species	Plantation: Oil Palm and Laran Salvage logging: Dryobalanops spp. (Kapur), Dipterocarpus spp. (Keruing), Shorea inappendiculata (Selangan Batu), Koompassia malaccensis (Impas), Parashorea spp. (White Seraya), Shorea spp. (Red Seraya, Yellow Seraya, Urat Mata, Melapi), Shorea spp. (Oba suluk), Neolamarckia cadamba (Laran), Duabanga moluccana (Magas), Octomeles sumatrana (Binuang), Alstonia spp. (Pulai), Annonaceae spp. (Karai), Eugenia spp. (Obah), Sindora beccariana (Sepetir), Lauraceae (Medang), Planchonia valida (Putat), Lophopetalum spp. (Perupok), Terminalia subspathulata (Talisai), Lithocarpus & Quercus (Mempening), Myristicaceae (Darah-darah), Dillenia spp. (Simpur), Cotylelobium spp. (Resak batu), Cratoxylum arborescens. (Serungan), Pentace spp. (Takalis), Hopea sangal (Gagil), Calophyllum obliquinervium (Bintangor), Canarium dactyodes & other Burseraceae spp. (Kedondong), Pterocymbium javanicum (Teletu), Prerospermum spp. (Bayor), Dyeria spp. (Jelutong), Dialium indum (KerANJI), Annonaceae (Pisang-pisang), Castanopsis motleyana (Berangan), Camptosperma auriculatum (Terentang), Anisoptera spp. (Pengiran), Cratoxylum spp. (Geronggang), Endospermum diadenum (Sendok-Sendok), Tristaniopsis merguensis (Pelawan-pelawan), and other timbers (OT)
Lead Assessor	Glory Linggou, Teddy Quintin (Acting Lead)
Assessor(s)	Brandon James, Merlyne Gerard, Keith Sintar, Jick Miki
SFD Staff	Varenus V. Untomon (ADFO Kalabakan), Suhezron Salim (PPD Kalabakan), Asman Jumil (PPD Kalabakan)

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 with 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 project area is owned by the Sabah State Government and licensed to Benta Wawasan Sdn. Bhd. (Benta Wawasan). Serijaya Industri Sdn. Bhd. (Serijaya Industri) was incorporated in 2005 under the Companies Act 1965, with registration #: 200501023111 (705242-W).

Benta Wawasan, as the licensee has entered into an agreement with Serijaya Industri Sdn. Bhd. (Serijaya Industri), as a project developer. In the agreement, approval as issued by the SFD for a period of 30 years or such longer period as may be approved by the Director of SFD, provided that the maximum period shall not exceed 38 years.

Serijaya Industri divided the 22,763 ha coupes into 6 estates and 1 palm oil mill. SFD has given the approval of expanding the coupes permit period for 60 years from 2014 to 2074.

The total oil palm plantation development licensed under Serijaya Industri is 22,061.65 ha which involves 14 coupes.

14 coupes.

#	Estate	Coupe Permit #	Block #/OPP Permit #	Expiry	Area (ha)
1	Imbak	TWU 03/14	BW 5/01 OPP	10/03/2074	1,799.00
		TWU 08/14	BW 4/01 OPP	15/06/2074	1,769.00
2	Gunung Rara	TWU 11/14	BW 12/01 OPP	04/09/2074	1,543.00
		TWU 02/14	BW 6/01 OPP	21/02/2074	2,096.00
3	Labau	TWU 14/14	BW 10/01 OPP	19/10/2074	1,283.00
		TWU 24/06	BW 10/02 OPP	27/08/2036	1,113.00
		TWU 13/14	BW 10/03 OPP	25/09/2074	1,520.00
4	Maliau	TWU 12/14	BW 12/02 OPP	07/09/2074	2,883.00
5	Lokan	TWU 06/14	BW 5/02 OPP	15/06/2074	1,857.00
		TWU 10/14	BW 12/05 OPP	03/07/2074	1,382.62
		TWU 17/14	BW 2/02 OPP	03/11/2074	534.00
		TWU 16/14	BW 14/01 OPP	19/10/2074	1,070.00
6	Luasong	TWU 19/14	BW 12/03 OPP	18/11/2074	2,292.00
		TWU 11/09	BW 12/04 OPP	29/10/2039	920.03
				Total	22,061.65

1st Revision ADP (Agro-Forestry Development Plan) is prepared as a guide on agro-forestry management in the project area/licensed area (22,763 ha), which is located in Tongod District in Sandakan and Tawau divisions from 01/01/2022 to 31/12/2031.

Serijaya Industri is an MSPO certified company, with certificate #: MSPO/2020/48(B), for their Production of Sustainable Fresh Fruit Bunches (FFB), valid through 20/06/2029.

Land use classification:

Land classification	1 st ADP Area (ha)	Current Status (ha)
Total Concession Area	22,763	22,763.00
Production area	17,048	17,048.00
Agroforestry (Oil palm)	12,258	12,258.00
ITP (Laran)	4,790	3,284.36
Steep area, riparian reserves and water catchment	3,865	3,865.00
Infrastructure	1,850	1,850.00

Current Operations:

Serijaya Industri is currently carrying out oil palm harvesting, maintenance activities, and the planting of Laran trees across the licensed area.

A list of estates under Serijaya Industri.

Estate	Oil Palm	Status	Area (ha)	Geo-location data
Imbak	Oil palm	Sabah TLAS	1,799.00	NE: 4°47'23.7950" N 117°25'09.2836" E SE: 4°44'40.1945" N 117°25'26.0902" E SW: 4°43'00.7097" N 117°22'14.1194" E NW: 4°43'13.5392" N 117°19'42.8913" E
Gunung Rara	Oil palm	Sabah TLAS	1,769.00	NE: 4°50'46.9936" N 117°21'25.3751" E SE: 4°47'23.7950" N 117°25'09.2836" E SW: 4°46'18.0444" N 117°25'08.0332" E NW: 4°50'37.1764" N 117°20'22.6295" E
Labau	Oil palm	Sabah TLAS	1,543.00	NE: 4°52'23.5580" N 117°24'20.1596" E SE: 4°49'51.0839" N 117°27'05.0994" E SW: 4°47'23.7950" N 117°25'09.2836" E NW: 4°50'46.9936" N 117°21'25.3751" E
Maliau	Oil palm	Sabah TLAS	2,096.00	NE: 4°46'18.0444" N 117°25'08.0332" E SE: 4°43'00.7097" N 117°22'14.1194" E SW: 4°43'13.5392" N 117°19'42.8913" E NW: 4°43'44.6956" N 117°16'46.8012" E
Lokan	Oil palm	Sabah TLAS	1,283.00	NE: 4°49'48.5484" N 117°16'21.6577" E SE: 4°45'49.4680" N 117°15'46.9840" E SW: 4°47'32.8617" N 117°12'34.5529" E NW: 4°50'37.3435" N 117°13'03.1430" E
Luasong	Oil palm	Sabah TLAS	1,113.00	NE: 4°50'37.1764" N 117°20'22.6295" E SE: 4°43'13.5392" N 117°19'42.8913" E SW: 4°43'44.6956" N 117°16'46.8012" E NW: 4°49'46.7034" N 117°18'27.9499" E

Serijaya Industri has two (2) Form IIB permits that approved by the SFD, which was completed between October to December 2023.

#	Form IIB license	SFD Ref. #	Quantity	Vol (m ³)
1	JPHTN(FIIB)TKA-2023/11	JPHTN/FRM700-2/1/15/JILID.3/6 dated 30/10/2023	803 logs	1,500.61
2	JPHTN(FIIB)TKA-2023/14	JPHTN/FRM700-2/1/15/JILID.3/10 dated 15/12/2023	394 logs	1,002.39

Serijaya Industri planned to harvest and plant Laran, in 4,790 ha secondary forest areas scattered across the licensed area. The SFD granted the approval for salvage logging inside the residual forest patches and royalty assessment is based on log volume registered under Form IIB permits.

Environmental Context:

The project site encompasses characteristics of both Lowland and Hill Dipterocarp Forest, except for hilly area in the steeper southern portion at Coupe BW10/03, which is covered by montane forest types. The elevation of the project site ranges from approximately 200 m on the northwestern boundary to about 800 m above mean sea level (AMSL) in the northeastern portion of the project site. Generally, the project area is covered with undulating terrain with some steep slopes which area more than 20° mostly in the northern and eastern part of the project area.

Several rivers have been identified as flowing through the project site, including Sg. Imbok, Sg. Gukuam, and their tributaries. Surface water from the project area will flow into these rivers, with the primary discharge directed into Sg. Imbok, which subsequently flows southward into Cowie Bay, located in the southeastern part of the project area. Additionally, another river flows northward into Sg. Kuamut. The project area is predominantly part of the Kinabatangan River Basin, with a portion extending into the Kalabakan River Basin in the southern part of Coupe BW12/02.

Wildlife surveys were conducted in the remaining forest areas of BW 4/01 and BW 12/02, including the steep forested regions and riparian zones. Evidence of wildlife presence, including direct sightings, vocalizations, footprints, faeces, feeding signs, nests, and wallows, was recorded for various species, such as elephants, Sambar deer, bearded pigs, Bornean gibbons, and wild cats. Bird species observed included the White-fronted Falconet and the Lesser Fish-Eagle, the latter of which is listed as near-threatened by the IUCN. Additionally, Pied Hornbills were identified in the area.

An EIA report entitled "The Proposed Oil Palm Plantation (OPP) Development at Benta Wawasan 1 by Serijaya Industri Sdn. Bhd., Yayasan Sabah Forest Management Area, Kalabakan and Gunung Rara Forest Reserves, Tawau District, Sabah" was documented and approved by the EPD [Ref. #: JPAS/PP/21/600-1/01/1/284(24) dated 24/10/2011].

Social Context:

Based on SIA, currently, Serijaya Industri had completed the oil palm planting at Imbak, Maliau, Labau, Lokan, Gunung Rara and Luasong Estates. The drainage system, estate roads, other facilities and infrastructures such as site office, staff and workers' quarters, nursery, used oil storage area, chemical and fertilizer store are already established within the site.

The project site is located within Gunung Rara Forest reserve in the southeast corner of Sabah approximately 100 KM northwest of Tawau town. The nearest village outside of the project site is Kg. Mukandot, located inside the Kalabakan Commercial Forest Reserve (Class II) and is yet to be gazetted as a village. To date, the community of Kg. Mukandot have not experience any problem arising directly from the presence of the estates. The biggest complaint was the damage on their oil palms caused by wildfire. The community perceive this problem is sue to the estates being surrounded with electric fences. This prevents animals from entering the estates to forage and subsequently they move on to the community's crop, which are unprotected. Other complaints are highlighted in the environment section. Several general grouses conveyed to the consultant team were not directly associated with the estates.

The Kg. Mukandot population generally think and perceive that the inception of the estates has greatly affected the quality of their environment. Major concerns pertain to water quality deterioration, level of noise and air pollution. Mitigation measures put forward by the respondents include improve mitigation measures to reduce water quality deterioration, build fences to avoid animal attacks on their crops and properties, employment opportunity and enforce speed limit.

In conclusion, the sociodemographic, socioeconomic and environmental impacts of the oil palm plantation operation and development at Benta Wawasan 1 by Serijaya Industri will not be extreme on the communities and environment surrounding the areas within the zone of impact.

Focus Group Discussion (FGD) was conducted by the SIA team on 10/02/2017 and attended by Serijaya Industri and the SFD personnel.

Scope of Assessment

- The scope of the evaluation is to verify compliance of Benta Wawasan Sdn. Bhd. (Serijaya Industri Sdn. Bhd.) with the Long Term Forest Management License Agreement No. JP(TKA)122/96(CO) for FMU 23 (partly).
- The assessment is in accordance with the terms of the agreement for the “Sabah Legality Standard Principles 1 - 4 dated 1 January 2024 (SFD-TLAS-006).
- Site evaluation to verify and report the level of compliance by Benta Wawasan Sdn. Bhd. (Serijaya Industri 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 comply adequately with a criterion.

Itinerary & Mandays: 17-21 Mar 2025 / FMU 23 (partly): Benta Wawasan Sdn. Bhd. (Serijaya Industri Sdn. Bhd. / Kalabakan District

Date	Activity	GFS Staff	Mandays
17 March 2025 Monday	Travel to Serijaya Industri basecamp and overnight.	Glory Linggou, Teddy Quintin, Brandon James, Keith Sinar, Jick Miki, Merlyne Gerard	6
18 March 2025 Tuesday	Opening meeting at Serijaya Industri basecamp office. Field assessment to licensed area, licensed boundary, protected areas, PSP, nursery, silviculture treatment area and operations area. Document review and compiling report.	Glory Linggou, Teddy Quintin, Brandon James, Keith Sinar, Jick Miki, Merlyne Gerard	6
19 March 2025 Wednesday	Field assessment to workers quarters, workshop and planting area. Document review and compiling report.	Glory Linggou, Teddy Quintin, Brandon James, Keith Sinar, Jick Miki, Merlyne Gerard	6
20 March 2025 Thursday	Document review and compiling report.	Glory Linggou, Teddy Quintin, Brandon James, Keith Sinar, Jick Miki, Merlyne Gerard	6
21 March 2025 Friday	Closing meeting at PPD Kalabakan. Travel back to home base.	Glory Linggou, Teddy Quintin, Brandon James, Keith Sinar, Jick Miki, Merlyne Gerard	6
22 - 23 March 2025	Reporting/Administration: GFSSBH 003-338	Dr. Kevin Grace Glory Linggou	2
Total			32

Highlights of Assessment

(Major Gaps = 0; Minor Gaps = 2; Observations = 3)

Benta Wawasan (Serijaya Industri Sdn. Bhd.) has complied with the Sabah TLAS requirements (FDS TLAS-006) as no non-compliance was identified during the assessment on 17-21 March 2025.

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

Principle 1. Right to Harvest

Serijaya Industri has prepared a revised, 10-year Agro-Forestry Development Plan (ADP) for 2022-2031. The 2nd ADP includes the plans development of Laran Plantations (Ref. #: COO/M-4/10/22/187 dated 01/12/2022). SFD in its letter dated 06/11/2023, Ref. #: JPHTN/SFM 800-1/1/14/1(JILID.3)/150, requested Serijaya Industri to improve the ADP prior to be approved. The revised 1st Revision ADP has been

Highlights of Assessment

submitted to the SFD, Ref.#: COO/M-4/09/24/187 dated on 23/09/2024.

PPD Kalabakan submitted a follow up letter regarding the 1st Revision ADP to the SFD HQ, Ref. #: JPHTN/KA 800-0/57 dated on 14/03/2025. However, SFD HQ has yet to approve the ADP.

March 2025: Observation 001-2025 – Checklist 1.2.1

EIA has yet to be updated for the planned development of Laran plantations in relation to change in land use, forest conversion and areas identified for protection.

March 2025: Observation 002-2025 – Checklist 1.3.1, 1.4.1

The 1st Revision ADP is pending approval from the SFD.

Principle 2. Forest Operations

Serijaya Industri has demonstrated compliance with regulations concerning workers' safety and health, the security of the licensed area, the maintenance of license boundaries, and the protection of designated protected areas.

March 2025: Gap 001/2025 (minor) – Checklist 2.1.13, 2.2.1, 2.2.2

Serijaya Industri did not maintain complete records of TDP and removal pass for 2023 FIIB Permits.

March 2025: Observation 003-2025 – Checklist 2.4.2

The JTK requires more quotas for foreign workers and 2 workers were not registered under COI.

Principle 3. Statutory Charges

Serijaya Industri has demonstrated compliance with the statutory charges' principle. Fresh Fruit Bunch (FFB) royalty is paid and maintained.

March 2025: Gap 002/2025 (minor) – Checklist 3.1.1

2 Occupational Permits were expired.

Principle 4. Other User Rights

The project site is located within Gunung Rara Forest reserve in the southeast corner of Sabah approximately 100 KM northwest of Tawau town. The nearest village outside of the project site is Kg. Mukandot, 10.2 KM south of the boundary, located inside the Kalabakan Commercial Forest Reserve (Class II) and is yet to be gazetted as a village.

Based on the SIA study, in conclusion, the sociodemographic, socioeconomic and environmental impacts of the oil palm plantation operation and development at Benta Wawasan 1 by Serijaya Industri will not be significant on the communities and environment surrounding the areas within the zone of impact.

Summary Results:

(Major gap = 0, Minor gap = 2, Observation = 3)

Gap raised against indicators & criteria during the March 2025 assessment.

GAP	Type	Checklist	Status	Description
001/2025	minor	2.1.13, 2.2.1, 2.2.2	New	March 2025: Serijaya Industri did not maintain complete records of TDP and removal pass for 2023 FIIB Permits.
002/2025	minor	3.1.1	New	March 2025: 2 Occupational Permits were expired.

Observation raised against indicators & criteria during the March 2025 assessment.

Obs #	Checklist	Description
001-2025	1.2.1	March 2025: EIA has yet to be updated for the planned development of Laran plantations in relation to change in land use, forest conversion and areas identified for protection.
002-2025	1.3.1, 1.4.1	March 2025: The 1 st Revision ADP is pending approval from the SFD.
003-2025	2.4.2	March 2025: The JTK requires more quotas for foreign workers and 2 workers were not registered under COI.

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

Recommendations
<p>Benta Wawasan Sdn. Bhd. (Serijaya Industri Sdn. Bhd.) demonstrated compliance with the Sabah TLAS requirements (FDS TLAS-006) 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 001/2025 (minor) – Checklist 2.1.13, 2.2.1, 2.2.2: Serijaya Industri shall maintain the TDP and Removal Pass records.</p> <p>Gap 002/2025 (minor) – Checklist 3.1.1: Serijaya Industri shall ensure that all Occupational Permit are valid.</p> <p>Observation 001-2025 - Checklist 1.2.1: Serijaya Industri shall follow up with the EPD consultant regarding the update to include the planned development of Laran plantations in relation to change of land use, forest conversion and areas identified for protection in the EIA.</p> <p>Observation 002-2025 - Checklist 1.3.1, 1.4.1: SFD shall expedite the approval process for the 1st Revision ADP.</p> <p>Observation 003-2025 – Checklist 2.4.2: Serijaya Industri shall ensure that JTK quota is within the quota to hire foreign workers. Serijaya Industri shall register all workers under COI.</p> <p>The next annual surveillance audit will be scheduled for March 2026.</p>

End of Summary Report