

Sabah TLAS Audit Report

Sabah Legality Standard Principles 1 – 4

Licensee	Licensee: Rakyat Berjaya Sdn. Bhd. (009867-W) Contractor: RT Plantations Sdn. Bhd. (1033974-D)	Reference #	GFSSBH 003-213
Contact Person	Abd. Wahab Abd. Latip (RBJ Forestry Manager) Mohd. Farid G. (RT Plantations Estate Manager)	Date of Report	25/08/2023
Office Address	Rakyat Berjaya Sdn. Bhd. 2 nd Floor, TB14943 & TB14944, Peti Surat 60793, Jalan Abaca, 91000 Tawau, Sabah, Malaysia. RT Plantations Sdn. Bhd. Bangunan TSH, TB 9, Km. 7, Apas Road, 91000 Tawau, Sabah, Malaysia.	Date of close out	-
		Telephone	+6089 772 939 +6019 828 3093
Email	Abdwahablatip@yahoo.com farid@rinukut.com.my	Fax	-
		Approved By	Dr. Kevin Grace

Statements

Audit Statement	NC: Non-Compliance - Criteria 1.3 & 1.4		
Issuance Date	Not applicable	Expiration Date	Not applicable

Assessment Details

Assessment Dates	21 – 25 August 2023
Scope of Assessment	Sabah TLAS P1-4: Tree Plantation and Forestry Management Agreement No. JP(TKA)122/96(CO)
Species	Plantation: Oil Palm (<i>Elaeis guineensis</i>), <i>Neolamarkia cadamba</i> (Laran)
Lead Assessor	Priera Bagang
Assessor(s)	Brandon James
SFD Staff	Noordin Musa (PPW Tawau), Rosdin A. Rahman (SFM Kalabakan), Ag. Ku Mohd Ridzwan Pg. Abd Razak (ADFO Kalabakan), David Shagun (KPPM 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 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:

- Tree Plantation and Forestry Management Agreement dated 24 April 1996 and a Tree Plantation and Forestry Management (Supplemental) agreement, JP(TKA)122/96(CO) dated 15 February 1999, were made between Benta Wawasan Sdn. Bhd. (Benta Wawasan) and the State of Sabah, where a portion of the licensed area measuring approximately 29,557 ha is assigned to Rakyat Berjaya Sdn. Bhd. for oil palm development (Agro-forestry).
- Subsequently, Rakyat Berjaya Sdn. Bhd. (Rakyat Berjaya) entered into a Joint Venture Agreement with RT Plantations Sdn. Bhd. (RT Plantations), formerly known as Rinukut Plantation Sdn. Bhd., allows RT Plantations to manage an area of 5,000 ha, located within partly Gunung Rara Forest Reserve (FMU 24) and partly Kalabakan Forest Reserve (FMU 26), signed on 27 May 2015.
- RT Plantations is a MSPO certified company, with certificate #: MSPO/2019/19, for their Production of Sustainable Fresh Fruit Bunches (FFB), valid through 25/09/2024.
- The previous assessment was conducted in August 2022 that resulted in 1 gap(s) and 0 observation(s) (Report #: GFSSBH003-147).

Current Operations:

- RT Plantations only focuses on harvesting Fresh Fruit Bunch (FFB) and developing a Laran plantation.
- The 1st ADP (2013 - 2022) expired in 2022. As of the assessment, a 2nd ADP (2023 - 2032) has been submitted to the SFD on 09 August 2023.
- Land use classification:

Land classification	1 st ADP Area (ha)	2nd ADP Area (ha)	Current Status (ha)
Total Concession Area	5,000	Not stated	4,122.63 ha
Production Area		Not stated	
Agroforestry (Oil Palm)	3,936.46	Not stated	Area planted with Oil palm = 1,735 ha Unplanted area = 748 ha (370 ha planned for laran) Coupe area = 2602.00 ha Un-couped production area = 1,334.46 ha
ITP Development - Laran	0	370	Planted as of May 2023 = 140 ha
Protected Forest & Conservation <i>Class 1 Forest; Sungai Tiagau Forest Reserve (Excised from licensed area) (Ref. #: JPHTN/FRM 700-2/1/15/91 / KLT.2/11 dated 5th January 2017)</i>	0	Not stated	877.37 ha
Unplantable area (Steep slope, above 600m elevation, hill lock, riparian, buffer zone)	1,063.54		119 ha

Note: The 1st ADP (2013 - 2022) expired in 2022. RT Plantations submitted a 2nd ADP draft (2023 - 2032) to SFD for approval.

Environmental Context:

- FMU 24 comprises of Gunung Rara Forest Reserve and Kalabakan Forest Reserve (Class II Commercial Forest Reserves), Virgin Jungle Reserve Batu Timbang, Virgin Jungle Reserve Ulu Sg. Napagon and Virgin Jungle Reserve Nurod Urod (Class VI Virgin Jungle Reserves).
- Gunung Rara Forest Reserve is identified as a natural wildlife corridor and also known as an important habitat for a few totally protected fauna species (e.g., Banteng, Orang Utan and Bornean Elephant). Sighted wildlife in the area includes the Orang Utan, Clouded Leopard, Proboscis Monkey, Wild Buffalo (Tembadau) and Asian Elephant.
- Maliau Basin Conservation Area (55,840 ha) is a part of FMU 24, which has a separate management plan. Imbak Canyon Conservation Area (16,750 ha) is adjacent to the northern part of FMU24.

- The areas between Maliau Basin Conservation Area and FMU 24 production area are designated as buffer zones - Maliau Buffer Zone Area 1 and Maliau Buffer Zone 2. Maliau Buffer Zone Area 1 is only allowed to be harvested once, whereas Maliau Buffer Zone 2 is allowed to be harvested as long as the RIL technique is applied.
- The buffer zone areas are also dominated by Mixed Dipterocarp Forest, which has not been logged before; thus, the area contains a high value of merchantable timber resources. The principal commercial tree families are Dipterocarpaceae, Fagaceae, Apocynaceae, Europhorbiaceae and Lauraceae.
- Rakyat Berjaya coupes, which fall within Maliau Buffer Zone Area 2 are part of YL1/03, part of YL2/03, YT1/09, part of YT1/03, part of YT2/08, YT3/05(1), YT3/05(2), YT3/04 and YT4/08.
- Two places in FMU 24 are identified as project areas under the Conservation Environment Management Division (CEMD) - RIL 2 Project Area, SUAS Project Area, and 4 areas as conservation areas – Virgin Jungle Reserve Batu Timbang, Virgin Jungle Reserve Ulu Sg. Napagon, Virgin Jungle Reserve Nurod Urod and water catchment area (2.160 ha), as well as 2 areas identified for tourism - Tourism Area under CEMD (250 ha) and Wellness/Eco - Tourism Project Area (1,200 ha).
- The EIA report “Environmental Impact Assessment For Development Of Oil Palm Plantation Within Part Of Block YT2/04 (5,000ha Approximately) At Kalabakan, Sabah” was approved on 24 April 2014 [Ref.#: JPAS/PP/21/600-1/11/1/172 (61)].

Social Context:

- No communities live inside or adjacent within a 10 KM radius of the licensed area.

Scope of Assessment	
<ul style="list-style-type: none"> • The scope of the evaluation is to verify compliance of Rakyat Berjaya Sdn. Bhd. (RT Plantations Sdn. Bhd.) with the Tree Plantation and Forestry Management Agreement, JP(TKA)122/96(CO) for FMU 24 (partly) and FMU 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 Rakyat Berjaya Sdn. Bhd. and RT Plantations 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) / Rakyat Berjaya Sdn. Bhd. (RT Plantations Sdn. Bhd.) / Close Out: JD Salarong Sdn. Bhd. & Deramakot Forest Reserve / Kalabakan District / 21 - 25 August 2023 (Total Mandays = 14)

Date	Activity	GFS Staff	Mandays
21 August 2023 Monday	Travelling to Tawau and overnight. Requesting close-out documents.	Priera Bagang Brandon James	2
22 August 2023 Tuesday	Opening meeting at RT Plantations estate office. Field assessment to Laran plantation development area and license boundary. Compiling report.	Priera Bagang Brandon James	2
23 August 2023 Wednesday	Field assessment at operational blocks area and campsites assessment. Document review at RT Plantations office. Compiling report.	Priera Bagang Brandon James	2
24 August 2023 Thursday	Document review at SFD Kalabakan office and compiling report.	Priera Bagang Brandon James	2
25 August 2023 Friday	Closing meeting at SFD Kalabakan office. Close-out: Deramakot Forest Reserve & JD Salarong Sdn. Bhd. Travel to home base.	Priera Bagang Brandon James	2
26-27 August 2023	Reporting GFSSBH 003-213 Reporting GFSSBH 003-202a Reporting GFSSBH 003-203a	Dr. Kevin Grace Priera Bagang	4
Total			14

Highlights of Assessment

(Major Gaps = 2; Minor Gaps = 4; Observations = 2)

Rakyat Berjaya Sdn. Bhd. (RT Plantations Sdn. Bhd.) has not complied with the Sabah Legality Standard (**SFD-TLAS-002**) as non-compliance was identified under Criteria 1.3 and 1.4 during the assessment on 21 – 25 August 2023.

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

Principle 1.

SFD issued Coupe permits for 2,602 ha to conduct activities inside the licensed area. The EPD approved the EIA study on 24/04/2014 [Ref.#: JPAS/PP/21/600-1/11/1/172 (61)].

The 2nd ADP draft (2023 - 2032) was submitted following the expiry of the previous ADP, which has not been approved (Ref. #: RTPSB/ADP/23/01 dated 09/08/2023).

The 2nd ADP draft lacks defining land use zoning, compartments planted in oil palm and laran and planning for plantation development within areas permitted for production.

August 2023: Gap 001/2023 (Major) - Checklist 1.3.1, 1.3.2

The 2nd ADP draft (submitted following expiry & *not approved*) has not adequately defined the land use zoning, compartments planted with oil palm and laran and areas planned for plantation development within permitted coupes and un-couped areas.

August 2023: Gap 002/2023 (Major) - Checklist 1.4.2

Observed terracing for Laran plantation development that does not comply with the 2023 SFD requirement prohibiting terracing.

August 2023: Gap 003/2023 (minor) - Checklist 1.6.1

No evidence of the approved CPP for areas planted in Laran under the 2023 AWP as required.

August 2023: Observation 001-2023 - Checklist 1.3.2.2, 1.8.1

Forest conditions within unplanted areas planned for laran plantation development have not been inventoried as per the license agreement.

Principle 2.

All workers are legally employed and adequate safety and fire control training was conducted. Protection areas are mapped and identified on the ground. There is no evidence that RT Plantations had operated inside protection areas.

August 2023: Gap 004/2023 (minor) - Checklist 2.3.4

There is no evidence of JKPP 8 submission to DOSH for the 2022 calendar year.

August 2023: Observation 002-2023 - Checklist 2.3.7

The Forest Fire Management Plan is pending approval from SFD.

Principle 3.

Applicable fees are paid to the SFD. However, FFB payment was not consistent.

August 2022: Gap 001/2022 (minor) – Checklist 3.1.2

Royalty payments for March through July 2022 are pending from RT Plantations.

August 2023: Gap 001/2022 (minor) – Outstanding

Inconsistent payment of FFB royalty to SFD.

August 2023: Gap 005/2023 (minor) - Checklist 3.1.1

The ongoing construction of the ramp site is without SFD approved Occupation Permit.

Principle 4.

Not applicable – No communities live inside or adjacent within a 10 KM radius of the licensed area.

Summary Results:

(Major gap = 2, Minor gap = 4, Observation = 2)

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

GAP	Type	Checklist	Status	Description
001/2022	minor	3.1.2	Outstanding	August 2022: Royalty payments for March through July 2022 are pending from RT Plantations. August 2023: Inconsistent payment of FFB royalty to SFD.
001/2023	Major	1.3.1 1.3.2	New	August 2023: The draft 2 nd ADP (submitted following expiry & <i>not approved</i>) has not adequately defined: land use zoning; compartments planted with oil palm and laran and areas planned for plantation development within permitted coupes and un-couped areas.
002/2023	Major	1.4.2	New	August 2023: Observed terracing for Laran plantation development that does not comply with the 2023 SFD requirement prohibiting terracing.
003/2023	minor	1.6.1	New	August 2023: No evidence of the approved CPP for areas planted in Laran under the 2023 AWP as required.
004/2023	minor	2.3.4	New	August 2023: There is no evidence of JKPP 8 submission to DOSH for the 2022 calendar year.
005/2023	minor	3.1.1	New	August 2023: The ongoing construction of the ramp site is without SFD approved Occupation Permit.

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

Obs #	Checklist	Description
001-2023	1.3.2.2 1.8.1	August 2023: Forest conditions within unplanted areas planned for laran plantation development have not been inventoried as per the license agreement.
002-2023	2.3.7	August 2023: The Forest Fire Management Plan is pending approval from SFD.

Highlights of Close Out Visit (if applicable)	Dates	-
Major Gaps 001/2023 and 002/2023 shall be addressed within two months by October 2023 .		

Recommendations
<p>Rakyat Berjaya Sdn. Bhd. (RT Plantations Sdn. Bhd.) has not demonstrated compliance with the Sabah Legality Standard (SFD-TLAS-002) as non-compliance was identified under Criteria 1.3 & 1.4 and is NOT eligible to receive a GFS Statement of Compliance or a Sabah TLAS Compliance Certificate from SFD.</p> <p>Major Gaps shall be addressed within two months by October 2023.</p> <p>Gap 001/2023 (Major) - Checklist 1.3.1, 1.3.2: The unapproved 2nd ADP draft (submitted following expiry) shall clearly define current and planned land use in accordance with SFD requirements for approval from the Chief Conservator of Forests.</p> <p>Gap 002/2023 (Major) - Checklist 1.4.2: RT Plantations shall follow requirements, including prohibition of terracing as specified by SFD.</p> <p>Gap(s)/Observation(s) identified in this assessment should be addressed before the next surveillance visit.</p>

Actions required to close the gap(s)/observation(s) include:

Gap 001/2022 (minor) Outstanding - Checklist 3.1.2: RT Plantations shall ensure royalty payments for FFB production and sales are current.

Gap 003/2023 (minor) - Checklist 1.6.1: The CPP for Laran plantation areas must be developed and approved as required by SFD.

Gap 004/2023 (minor) - Checklist 2.3.4: RT Plantations shall submit the JKPP 8 to DOSH annually before 31st January of the following year.

Gap 005/2023 (minor) - Checklist 3.1.1: RT Plantations shall obtain an Occupation Permit from SFD for the construction of the ramp site.

Observation 001-2023 - Checklist 1.8.1: RT Plantations shall evaluate forest quality within areas planned for plantation development in compliance with license conditions.

Observation 002-2023 - Checklist 2.3.7: SFD shall expedite the approval for Forest Fire Management Plan.

The next annual surveillance audit will be scheduled for August 2024.

End of Summary Report