

Sabah TLAS Audit Report

Sabah Legality Standard Principles 1 – 4

Licensee	Licensee: Benta Wawasan Sdn. Bhd. 199601005068 (377414-H) Contractor: RT Plantations Sdn. Bhd. 201301004133 (1033974D)	Reference #	GFSSBH 003-323
Contact Person	Richard Ondoh (Officer in-Charge RBJ Tawau) Mohd. Farid G. (RT Plantations Estate Manager)	Date of Report	06/12/2024
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		Approved By	Dr. Kevin Grace

Statements

Statement of Compliance	NC: Non-Compliance – Criteria 1.3, 1.4, & 1.5		
Issuance Date	Not applicable	Expiration Date	Not applicable

Assessment Details

Assessment Dates	02 - 06 December 2024
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	Glory Linggou
Assessor(s)	Priera Bagang, Brandon James, Teddy Quintin
SFD Staff	Mohd. Azmi Bin Mohd. Yazid (DFO Kalabakan), Rosdin A. Rahman (SFM Kalabakan), Judon Lamiting (PPD Kalabakan), Jushandi Jopri (PPD Kalabakan), Mohd. Azuan (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:

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, 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 associated with Serijaya Industries Sdn. Bhd., and TSH Resources Berhad, which comes under the auspices of the TSH Group companies.

RT Plantations does not engage any other subcontractor for harvesting FFB and oil palm plantation maintenance.

Land use classification:

Land classification	FMP Area (ha)	Current Status (ha)
Total Concession Area	5,000	4,122.63*
Production Area	1,940	1,940
Oil palm plantation	1,770	1,770
Laran plantation	170	170
Protection areas (Buffer zone Class I FR, Riparian reserve, steep area)	1,564.57	1,564.57

*The current total licensed area is 4,122.63 after the land excision of 877.37ha to Sg. Tiagau Extension FR Class I in 2018.

Current Operations:

Based on the 2024 AWP, there is no schedule for salvage logging inside the licensed area.

As of the assessment, RT Plantations is focusing on FFB harvesting and maintenance to the planted trees (i.e. oil palm & Laran).

Coupe #	NFM / ITP	Status	Area (ha)	Geo-location data
TWU 01/13	Agro-forestry	Sabah TLAS EUDR	380.40	NW: RY504250 BOR505000 NE: RY504900 BOR508400 SW: RY503250 BOR505500 SE: RY503500 BOR507500
TWU 01/14	Agro-forestry	Sabah TLAS EUDR	384.10	NW: RY505750 BOR505100 NE: RY505500 BOR508500 SW: RY504400 BOR505000 SE: RY504600 BOR508750
TWU 04/15	Agro-forestry	Sabah TLAS EUDR	794.60	NW: RY507500 BOR508000 NE: RY505100 BOR513000 SW: RY505000 BOR513000 SE: RY506000 BOR506000
TWU 02/16	Agro-forestry	Sabah TLAS EUDR	1,042.90	NW: RY507500 BOR508000 NE: RY510400 BOR514100 SW: RY505500 BOR509000 SE: RY505400 BOR515000

Environmental Context:

The project area is a logged-over forest and was converted into oil palm and Laran plantations.

Dipterocarp species mainly found at the riparian reserves and steep areas. Other natural vegetation are non-tree species group, such as creepers and weeds.

The project area is mainly underlain by Maliau Association. The major soil type is the acidic and nutrient poor Orthic Acrisols.

Wildlife survey shows the biological habitat has a rich of terrestrial mammals commonly sighted such are Red Leaf Monkey, Bornean Elephant, Bornean Gibbon, Sun Bear, Sambar Deer, Bornean Yellow Muntjac, Bearded Pig, Malayan Civet, Common Palm Civet, Long-tailed and Pig-tailed Macaque. Avian species identified through calls and sightings: Slender-billed Crow, Hornbills, Junglefowl, Plaintive Cuckoo and Crested Serpent Eagle. Reptiles species identified are snakes, lizards and fresh water crocodiles. The biggest threat to wildlife in the licensed area is poaching.

Significant impacts:

- Soil erosion exacerbated by clear felling and terracing practices.
- Water quality deterioration and sedimentation.
- Refugia disturbance.
- Agro-Chemical polutions.
- Waste disposal into waterways.
- Ease of ignition due to increase in fuel loads (logging residue).

The EIA report "Environmental Impact Assessment For Development Of Oil Palm Plantation Within Part Of Block YT2/04 (5,000 ha Approximately) At Kalabakan, Sabah" was approved on 10/10/2017 [Ref. #: JPAS/PP/TWU/600-1/11/1/172 Klt.2(5)].

Social Context:

Based on the EIA, there is no human settlement identified within 10 KM radius away from the licensed area.

Scope of Assessment	
<ul style="list-style-type: none"> • The scope of the evaluation is to verify compliance of Benta Wawasan 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 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. 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: 02-06 December 2024 / FMU 24 (Partly) & 26 (Partly): Benta Wawasan Sdn. Bhd. (RT Plantations Sdn. Bhd.) / Close out: Form 1 SLDB (Teraju Hijau Plantation Sdn. Bhd.) / Kalabakan District

Date	Activity	GFS Staff	Mandays
02 December 2024 Monday	Travelling to Tawau and overnight.	Glory Linggou Piera Bagang Brandon James Teddy Quintin	4
03 December 2024 Tuesday	Opening meeting at RT Plantations estate office. Field assessment to Laran plantation development, oil palm area and license boundary. Compiling report.	Glory Linggou Piera Bagang Brandon James Teddy Quintin	4
04 December 2024 Wednesday	Field assessment at operational blocks area and campsites assessment. Document review at SFD Kalabakan office. Compiling report.	Glory Linggou Piera Bagang Brandon James Teddy Quintin	4

05 December 2024 Thursday	Document review at RT Plantations estate office and compiling report.	Glory Linggou Priera Bagang Brandon James Teddy Quintin	4
06 December 2024 Friday	Closing meeting at RT Plantations estate office. Close-out for Form 1 SLDB. Travel back to home base.	Glory Linggou Priera Bagang Brandon James Teddy Quintin	4
07-08 December 2024	Reporting/Administration: GFSSBH003-323 Reporting/Administration: GFSSBH003-312a	Dr. Kevin Grace Glory Linggou	3
Total			23

Highlights of Assessment

(Major Gaps = 2; Minor Gaps = 3; Observations = 6)

Benta Wawasan Sdn. Bhd. (RT Plantations Sdn. Bhd.) has not complied with the Sabah TLAS requirements (FDS TLAS-006), as non-compliance was identified under Criteria 1.3, 1.4 & 1.5 during the assessment on 02-06 December 2024.

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

Principle 1. Right to Harvest

SFD issued Coupe permits for 2,602 ha to conduct activities inside the licensed area. The EPD approved the EIA study on 10/10/2017 [Ref.#: JPAS/PP/TWU/600-1/11/1/172 Kit.2(5)].

December 2024: Gap 001/2024 (Major) – Checklist 1.3.1, 1.4.1

The 2nd ADP (2023-2032) submitted to SFD has yet to be approved.

December 2024: Observation 001-2024 – Checklist 1.1.3

No evidence of coupe permit TWU 02/16 conditions revision to include Laran plantations.

December 2024: Gap 002/2024 (minor) – Checklist 1.3.2.4, 1.3.2.6

The 2nd ADP land use table does not reflect the actual management area.

December 2024: Observation 002-2024 – Checklist 1.3.2.13

The FFMP is pending approval from SFD.

December 2024: Observation 003-2024 – Checklist 1.4.6

The 2nd ADP draft did not define the R&D program to be implemented in the next 10-yr management plan.

December 2024: Observation 004-2024 – Checklist 1.4.7

The 2nd ADP draft did not define the monitoring of mortality and plantation growth inside Laran plantation.

December 2024: Gap 003/2024 (Major) – Checklist 1.5.3

The terracing for Laran plantation development does not comply with the SFD requirement prohibiting terracing in 2023.

December 2024: Gap 004/2024 (minor) – Checklist 1.6.4, 1.6.5, 1.6.6, 1.7.4

RT Plantations has not developed the CPP for the planted Laran.

Principle 2. Forest Operations

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.

December 2024: Gap 004/2024 (minor) – Checklist 2.1.8

RT Plantations has not developed the CPP for the planted Laran.

December 2024: Gap 005/2024 (minor) – Checklist 2.3.3

RT Plantations has not established PSP for the ITP areas.

Highlights of Assessment

December 2024: Observation 005-2024 – Checklist 2.3.5

RT Plantations has yet to conduct the forest fire awareness program as required.

Principle 3. Statutory Charges

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

December 2024: Observation 006-2024 – Checklist 3.1.2

The FFB royalty payment for October 2024 is pending from RT Plantations.

Principle 4. Other User Rights

Not applicable - Based on the EIA, there is no human settlement identified within 10 KM radius away from the licensed area.

Summary Results:

(Major gap = 2, Minor gap = 3, Observation = 6)

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

GAP	Type	Checklist	Status	Description
001/2024	Major	1.3.1, 1.4.1	New	December 2024: The 2 nd ADP (2023-2032) submitted to SFD has yet to be approved.
002/2024	minor	1.3.2.4, 1.3.2.6	New	December 2024: The 2 nd ADP land use table does not reflect the actual management area.
003/2024	Major	1.5.3	New	December 2024: The terracing for Laran plantation development does not comply with the SFD requirement prohibiting terracing in 2023.
004/2024	minor	1.6.4, 1.6.5, 1.6.6, 1.7.4, 2.1.8	New	December 2024: RT Plantations has not developed the CPP for the planted Laran.
005/2024	minor	2.3.3	New	December 2024: RT Plantations has not established PSP for the Laran ITP areas.

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

Obs #	Checklist	Description
001-2024	1.1.3	December 2024: No evidence of coupe permit TWU 02/16 conditions revision to include requirement for Laran plantation.
002-2024	1.3.2.13	December 2024: The FFMP is pending approval from SFD.
003-2024	1.4.6	December 2024: The 2 nd ADP draft did not define the R&D program to be implemented in the next 10-yr management plan.
004-2024	1.4.7	December 2024: The 2 nd ADP draft did not define the monitoring of mortality and plantation growth inside Laran plantation areas.
005-2024	2.3.5	December 2024: RT Plantations has yet to conduct the forest fire awareness program as required.
006-2024	3.1.2	December 2024: The FFB royalty payment for October 2024 is pending from RT Plantations.

Highlights of Close Out Visit (if applicable)	Dates	
The Major gap 001/2024 and 003/2024 shall be addressed in two months by February 2025. The close-out visit in February 2025 requires a physical visit.		

Recommendations
<p>Benta Wawasan Sdn. Bhd. (RT Plantations Sdn. Bhd.) has not demonstrated compliance with the Sabah TLAS requirements (FDS TLAS-006) as non-compliance was identified under Criteria 1.3, 1.4 & 1.5 and it is NOT eligible to receive a GFS Statement of Compliance or Sabah Timber Legality Assurance System Compliance Certificate (TLAS-CC) from SFD.</p> <p>The Major Gap shall be addressed within two months by February 2025.</p> <p>Gap 001/2024 (Major) – Checklist 1.3.1, 1.4.1: SFD shall expedite the approval of the 2nd ADP.</p> <p>Gap 003/2024 (Major) – Checklist 1.5.3: RT Plantations shall stop terracing for Laran plantation and follow the SFD requirements prohibiting terracing.</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 002/2024 (minor) – Checklist 1.3.2.4, 1.3.2.6: RT Plantations shall revise the 2nd ADP land use table to reflect the actual management area.</p> <p>Gap 004/2024 (minor) – Checklist 1.6.4, 1.6.5, 1.6.6, 1.7.4, 2.1.8: RT Plantations shall develop CPP for the planted Laran.</p> <p>Gap 005/2024 (minor) – Checklist 2.3.3: RT Plantations shall establish PSP for the Laran ITP areas.</p> <p>Observation 001–2024 - Checklist 1.1.3: SFD shall revise the coupe permit conditions to include the requirement for Laran plantation.</p> <p>Observation 002-2024 – Checklist 1.3.2.13: SFD shall expedite the approval for FFMP.</p> <p>Observation 003-2024 – Checklist 1.4.6: RT Plantations shall revise the 2nd ADP to define the R&D program to be implemented in the next 10-yr management plan.</p> <p>Observation 004-2024 – Checklist 1.4.7: RT Plantations shall revise the 2nd ADP to measure the monitoring of mortality and plantation growth inside Laran plantation.</p> <p>Observation 005-2024 – Checklist 2.3.5: RT Plantations shall conduct the forest fire awareness program as required.</p> <p>Observation 006–2024 - Checklist 3.1.2: RT Plantations shall ensure royalty payments for FFB are current.</p> <p>The next annual surveillance audit will be scheduled for December 2025.</p>

End of Summary Report