

Sabah TLAS Audit Report

Sabah Legality Standard Principles 1 – 4

Licensee	Licensee: Benta Wawasan Sdn. Bhd. (377414-H) Contractor: Premium Select Resources (Sole proprietorship)	Reference #	GFSSBH 003-185
Contact Person	Lee Kui Sang @ Tony Lee (Manager)	Date of Report	03/03/2023
Office Address	TB 133, Jalan Chester, 91000 Tawau, Sabah, Malaysia.	Date of close out	-
Email	-	Telephone	+6012 836 6187
		Fax	-
		Approved By	Dr. Kevin Grace

Statements

Audit Statement	GFS 197 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: Form IIB permit (JPHTN/FRM 700-2/1/15/31/Klt.2/6, dated 13/02/2023)
Species	Recovered logs: <i>Eusideroxylon zwageri</i> (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 forest 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 which is responsible for developing 5,343.81 ha of the area (Samel I and Samel II) under the agro-forestry project.
- In 2022, Premium Select Resources was appointed as a contractor by Benta Wawasan Sdn. Bhd. to extract and recover Belian logs inside Samel II estate of Samel Plantation (*within Benta Wawasan Sdn. Bhd. concession area*) (Ref.#: BWSB (PSM): 6005-5/4 (22/50), dated 30/08/2022). The letter of Award was acknowledged and signed on 01/09/2022 by Mr. Lee Kui Sang @ Tony Lee (Manager).
- Logs recovering are conducted by Adaza Plantation Management workers. Premium Select Resources only responsible for logs hauling and royalty payment. Forest workers are employed under Adaza Plantation Management and Premium Select Resources paid their service based on piece rated basis (logs volume, m³, extracted).
- The applicant (Form IIB Contractor) is under the jurisdiction of Kalabakan District Forestry Office.

Current Operations:

- As of the assessment, 237 Belian logs (107.51 m³) have been recovered from Samel II. Form IIB permit JPHTN/FRM 700-2/1/15/31/Klt.2/6, dated 13/02/2023.

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

- 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	
<ul style="list-style-type: none"> • The scope of the evaluation is to verify compliance of Benta Wawasan Sdn. Bhd. (Premium Select Resources) with the Form IIB permit JPHTN/FRM 700-2/1/15/31/Klt.2/6. • 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											
<p>(Major Gaps = 0; Minor Gaps = 0; Observations = 0) Benta Wawasan Sdn. Bhd. (Premium Select Resources) 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.</p> <p>Summary of status of operations by Principle: Principle 1. Premium Select Resources was appointed as a contractor by Benta Wawasan Sdn. Bhd. to extract and recover Belian logs inside Samel II estate of Samel Plantation (<i>within Benta Wawasan Sdn. Bhd. concession area</i>) (Ref.#: BWSB (PSM): 6005-5/4 (22/50), dated 30/08/2022). The letter of Award was acknowledged and signed on 01/09/2022 by Mr. Lee Kui Sang @ Tony Lee (Manager).</p> <p>FIIB permit approval# JPHTN/FRM 700-2/1/15/31/Klt.2/6, dated 13/02/2023.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">Parcel</th> <th style="width: 25%;">Total logs</th> <th style="width: 25%;">Total volume,</th> <th style="width: 25%;">FIIB Receipt</th> <th style="width: 25%;">RM</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>		Parcel	Total logs	Total volume,	FIIB Receipt	RM					
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Highlights of Assessment				
			m ³	
1	237	107.51	2B930050	12,901.20
Total	237	107.51		12,901.20

Principle 2.
 Property hammer marks was registered for the Form IIB permit approval.
 The inspection report is available and maintained.
 All logs have been scaled and paid for with royalty.
 Royalty paid logs are issued with Removal Pass during the transportation of logs to the local mill.

Principle 3.
 Premium Select Resources had paid the applicable licensing fees and other charges to the SFD.

Principle 4.
 Based on the Form IIB permit and EIA, 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 = 0, Observation = 0)

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

GAP	Type	Checklist	Status	Description
-	-	-	-	-

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

Obs #	Checklist	Description
-	-	-

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

Recommendations
<p>Benta Wawasan Sdn. Bhd. (Premium Select Resources) 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>Form IIB permits issued for recovering logs are expected to be completed within 12 months; thus, annual surveillance should not be applicable.</p>

End of Summary Report