



**PUBLIC SUMMARY
STAGE 2 AUDIT ON
FOREST MANAGEMENT UNIT 11
FOR FOREST MANAGEMENT CERTIFICATION**

**Certificate Number: FMC 0009
Date of First Certification: 21 Oct 2016
Audit Date: 22 – 26 Feb 2016
Date of Public Summary: 22 Nov 2016**

Certification Body:

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1.0 EXECUTIVE SUMMARY

The Stage 2 audit of the Bornion Timber Sdn Bhd - FMU 11 was conducted from 22 to 26 February 2016. This was an audit of the overall forest management system and practices within the FMU against the requirements of the MC&I (*Natural Forest*). The Bornion Timber - FMU 11 is under Timber Licence No. 03/97 and will expire on 31 December 2021. It covers an area of 40,645.50 hectares located in the Sook District, Keningau, Sabah.

The FMU had complied with all the federal, state and local laws in its operation. It had also demonstrated an understanding of the international agreements relevant to forest management. Bornion Timber Sdn Bhd (BTSB) and the State Government of Sabah signed the Sustainable Forest Management License Agreement 03/97 (SFMLA03/97). Milian-Sapulut Community Forestry Committee (Natural Forest) had been established to maintain a continuous communication with local communities to resolve any issues that were raised. The FMU had adopted the guidelines for reduced/low impact logging in its operation. Protection of riparian buffer belts and steep areas were observed. An EIA report was completed for the area and environmental management monitoring was maintained as specified. The Forest Management Plan for Bornion Timber – FMU 11 2012 - 2021 had been revised and updated incorporating recent research data. Monitoring had been maintained with the establishment of new set of PSPs (Permanent Sample Plots), to furnish better information on the growth of residual forest trees following logging. High conservation value forest (HCVF) sites had been identified and monitored.

In general the FMU had complied to the requirements in the MC&I (Natural Forest) Standard, with six (6) Minor NCRs and five (5) OFIs raised at the end of the audit. The FMU is recommended for certification to MC&I (Natural Forest) after the audit team had reviewed and accepted the corrective actions submitted by the FMU on the non-conformities and opportunities raised during the audit.

2.0 INTRODUCTION

2.1 Name of FMU

Bornion Timber Sdn Bhd - FMU 11

2.2 Contact Person and Address

Name : Mr. Timothy Pan

Designation : Assistance Operation Manager

Address : 3rd Floor, Lot 16-18,
Block K, Jalan Ikan Juara Satu,
Sadong Jaya, Karamunsing,
88000 Kota Kinabalu,
Sabah, Malaysia

Contact details : Phone # : 088-240111
Fax # : 088-240112
E-mail : tim@bornion.com

2.3 General Background of Bornion Timber – FMU 11

The FMU 11 is under Timber Licence No. 03/97 and will expire on 31 December 2021. It covers an area of 40,645.50 hectares located from 116° 15' E to 116° 50' E longitude and 4° 40' N to 5° 30' N in the Sook District, Keningau, Sabah (**Appendix 1**).

The licensed area was granted by the Sabah State Government to Bornion Timber Sdn Bhd on 10th September 1997 under the Sustainable Forest Management License Agreement (SFMLA) No. 03/97 to manage the area based on sustainable forest management principles.

The FMU comprises a gross area of 40,645.50 ha or about 41% of the Licensed Area is managed under Natural Forest Management, whereas the rest of 59% is managed under Forest Plantation Management. From 40,645.50 ha, 30,998.0 ha is a production forest while the balance is classified as conservation area, 9,647.5 ha.

The forest area under Natural Forest Management consists of the Ulu Sg. Milian Forest Reserve (Block A - 30,244.60 ha) and part of the Sapulut Forest Reserve (Block B - 10,400.90 ha). Within the administrative subdivision of the Sabah's forests, the area is also referred to as Forest Management Unit No. 11.

The areas that were covered in the Stage 2 audit are depicted in Table 1 below:

Table 1: Area covered in the audit

Forest Management Unit	Forest District	Address
Bornion Timber - FMU11	Main Office of Bornion Timber Sdn Bhd	3rd Floor, Lot 16-18, Block K, Jalan Ikan Juara Satu, Sadong Jaya, Karamunsing, 88000 Kota Kinabalu, Sabah, Malaysia
	Ulu Sg. Milian Forest Reserve	Compartment: 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 46, 47, 48, 55, 63, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 83, 84, 90, 91, 92, 93, 94, 95, 96, 117, 119, 120, 121, 122, 124, 126, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141 & 158
	Sapulut Forest Reserve	Compartment: 192, 193, 194, 195, 196, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227 & 228
	Bornion Timber - FMU11	Village within and adjacent to the FMU

2.4 Date of First Certified

21 Oct. 2016

2.5 Location of the Bornion Timber – FMU 11

116° 15' E to 116° 50' E longitude and 4° 40' N to 5° 30' N in the Sook District, Keningau, Sabah.

2.6 Forest Management System

Bornion Timber FMU 11 is managed under the Sustainable Forest Management License Agreement (SFMLA) No. 03/97 based on sustainable forest management principles.

2.7 Annual Allowable Cut / Annual Harvest under Forest Management

Currently, the AAC for the FMU is 15,944.10 m³/ha. The FMP also had set the rate of harvest at a maximum net volume of 24.37 m³/ha.

3.0 AUDIT PROCESS

3.1 Audit Date

22-26 Feb 2016

3.2 Audit Team

- 1) En Mohd Razman Salim (Lead auditor)
- 2) En Khairul Najwan Ahmad Jahari (Auditor)
- 3) Dr S.K. Yap (Auditor)

The details on the experiences and qualifications of the audit team members are as in **Appendix 2.**

3.3 Standard Used

Malaysian Criteria and Indicators for Forest Management Certification (Natural Forest) [MC&I (Natural Forest)] using the verifiers stipulated for Sabah.

3.4 Stakeholders Consultation

A stakeholder notification was issued in January 2016 for a period of one month inviting relevant stakeholders to give comments on the FMU. However, there was no comment received from the stakeholders on Bornion Timber – FMU 11 during the period as indicated.

3.5 Audit Process

The audit was conducted primarily to evaluate the level of continued compliance of the FMU's current documentation and field practices in forest management with the detailed of the SOPs listed in the MC&I (Natural Forest), using the verifiers stipulated for Peninsular Malaysia.

For each Indicator, the auditors had conducted either a documentation review, consultation with the relevant personnel of the FMU or stakeholders or field audit or a combination of these methods. Depending on the compliance with the verifiers for a particular indicator, the auditors then decided on the degree of the overall compliance in the indicator and decided whether or not to issue a major or minor NCR or an OFI.

An NCR raised during an audit is categorized as either major or minor as follows:

(i) A major NCR is a non-compliance deemed by the Auditor to be critical and is likely to result in an immediate hazard to the quality or standard of forest management system and practices in the FMU.

The FMU is requested to notify SIRIM QAS International Sdn. Bhd. (SIRIM QAS International) of the proposed corrective actions taken within two weeks from the last date of the certification audit. The corrective actions as notified by the FMU shall be verified by the Audit Team Leader or a member of the audit team within one month from the last date of audit.

(ii) A minor NCR is a single observed lapse in compliance by the FMU to the MC&I (Natural Forest).

The FMU shall respond in writing to SIRIM QAS International within one month from the last date of audit detailing the actions to be taken to address all minor NCRs. The effectiveness of the resulting actions taken by the FMU must be verified at the next surveillance visit.

(iii) An OFI is a situation where the auditor has noted an area of concern on the capability of the forest management system to achieve conformance to the requirements of the MC&I (Natural Forest) but without sufficient objective evidence to support non-conformity. The closing of an OFI shall be made during the next surveillance audit.

The coverage of the audit on the FMU is as shown in the Stage 2 Audit Plan as in **Appendix 3**.

4.0 SUMMARY OF STAGE 2 AUDIT FINDINGS

Based on the findings of this stage 2 audit, it was found that the Bornion Timber- FMU 11 had continued to manage the FMU in compliance with most of the requirements of the MC&I (Natural Forest). This Stage 2 audit has resulted in issuance of 6 minor non-conformity reports and 5 opportunities for improvement against requirements of MC&I (Natural Forest) as shown in **Appendix 4**. Bornion Timber Sdn Bhd has taken necessary corrective actions to close all the minor non-conformities raised.

The summary on the findings of the Stage 2 audit on the Bornion Timber - FMU 11 against the requirements of the MC&I (Natural Forest) are as follows:

Principle	Strenghts	Weaknesses
1	<p>The Management of Bornion Timber Sdn Bhd had made available records of all the relevant national and local laws, regulations and policies related to forest management. Copies of all these relevant laws, policies and regulations stipulated in the MC&I (Natural Forest) fundamental for the FMU management were available in the office at the Sekawie Base Camp at Sg. Ayam and were accessible to all staff.</p> <p>The forest managers were found to be aware of all the binding international agreements such as Red List, International Labour Organisations Conventions (ILO), Convention of Biological Diversity (CBD), International Tropical Timber Agreement 1994, Convention on Wetlands of International Importance Especially as Waterfowl Habitat 1971, United Nations Framework Convention on Climate Change (UNFCCC) and Convention of International Trade of Endangered Species (CITES) which Malaysia is signatory were available to the forest managers in the office.</p> <p>There were no conflicts documented between these Principles and Criteria, laws and regulations. The forest managers had expressed their willingness to participate in resolution of such conflicts if they arise.</p> <p>Encroachment, illegal harvesting, hunting, and settlement, and other unauthorised activities in the FMU had been controlled by the the FMU through the ground patrolling by Forestry Department staff and signboard were erected to control hunting at security checkpoint and FMU boundaries.</p>	<p>The boundaries were clearly demarcated with red paint during a site visit to Compartment 211 and 233 at Part of Sapulut FR (Block B) adjacent with Lembaga Industri Getah Sabah (LIGS), while the boundary of NFM area in Compartment 210 bordering with ITP area in Compartment 209 at Part of Sapulut FR (Block B) was demarcated with yellow paint. However, no buffer belt were kept between the two operation areas. The protection of the natural forest area could be enhanced with a buffer belt. Therefore an OFI was raised by Auditor on Indicator 1.5.2.</p>

	<p>The FMU had continued to conduct briefings and seminars to explain the concept and implementation of the MC&I (Natural Forest) and policies to the staff and contractors.</p>	
2	<p>Long-term tenure and the use rights to the land and forest resources had been clearly defined, documented and legally established.</p> <p>Forest managers had continued to recognise, respect and collaborate with holders of duly recognised legal or customary tenure or use rights of the local communities.</p> <p>There were mechanisms in place at various levels for use to resolve disputes over tenure and use rights.</p>	<p>There were no negative findings.</p>
3	<p>The legal and customary rights of local communities to own, use and manage their lands, territories, and resources had continued to be recognised and respected by the Bornion Timber FMU 11.</p> <p>There were appropriate mechanisms in place for resolving conflicts with regards to tenure claims, use rights and other complaints.</p> <p>There was no evidence that local communities traditional forest-related knowledge and practices in the use of forest species or management systems were utilized by the FMU in managing its forest. There was also no record of commercial utilization of their traditional forest-related knowledge and practices.</p>	<p>Potential and/or actual impacts of forest activities on local communities will be assess as stated in the SOP Social - Economic Impact Monitoring. However, the FMU has not clearly defined how to record any grievances, disputes or comments received from local communities. Therefore, an OFI was raised by Auditor on Indicator 3.1.1.</p>
4	<p>The Bornion Timber FMU had provided sufficient support for training, retraining, local infrastructure, facilities and social programs for departmental staff.</p> <p>There were record to confirm that local communities living within, or adjacent to, the FMU were given preference for employment and contract works.</p>	<p>The <i>List of Employment Statistics of Villages within and Adjacent to the Forest Reserve (FMU 11)</i> indicated 16 locals being employed in 2015 but only 4 remained working to date. There would be a need to assess the lack of interest for working with the FMU to improve the involvement of local communities. Therefore</p>

	<p>All applicable laws and/or regulations covering health and safety of employees were made available and explained to them.</p> <p>Safety and Health Committee had been established by FMU. Safety and Health Committees Meeting also had been conducted once in three months. Latest meeting has been conducted on 12 December 2015. Auditor has verified that safety and health committee meeting minutes were up-to-date and issues that were raised from previous meeting has been discussed and followed up.</p> <p>The FMU had communicated to the staff and workers of their rights to freely organise into union of their own choice. The FMU has established policy on freedom of association titled 'Policy Statement on Labor Rights'.</p> <p>Appropriate mechanisms exist to assist the local community with fair and equitable compensation if negatively impacted by forest operations as assured by the regulatory laws and provisions. For this Stage 2 Audit in 2016, there was no grievances/complaints related on forest operations that affecting the local community and workers.</p> <p>A social impact assessment titled 'Interim Report - Social Impact Assessment, January 2016' of the FMU's operations on the local communities situated within and/or close to the FMU was included in Environmental Impact Assessment (EIA) undertaken by the FMU.</p>	<p>an OFI was raised by auditor on Indicator 4.1.2.</p> <p>First aid box with external medical kit was made available at the workshop such as iodine, liquid antiseptic, bandages of sizes 1" and 2" and adhesive bandage strip. However, the auditor found inconsistencies and non-compliances as follows:</p> <ul style="list-style-type: none"> i) First aid box was not monitored as required by the FMU's SOP. ii) Medical kit such as Eye Mo, triangle bandage, and pin were not available in the first aid box at workshop. iii) Safety pin and 'kayu anduh' was not listed in the monitoring list 'Pemohonan Penambahan Ubat-ubatan / Peralatan Peti Pertolongan Cemas'. iv) Medical kit for internal use (oral medical pills etc.) was mixed with external medical kit. <p>Therefore a Minor NCR MRS 01 2016 was raised by Auditor on Indicator 4.2.4.</p> <p>During the site visit, auditor have found that hazardous areas at workshop and scheduled waste store were not clearly demarcated with proper signage such as 'No Smoking'. Therefore, a Minor NCR MRS 02</p>
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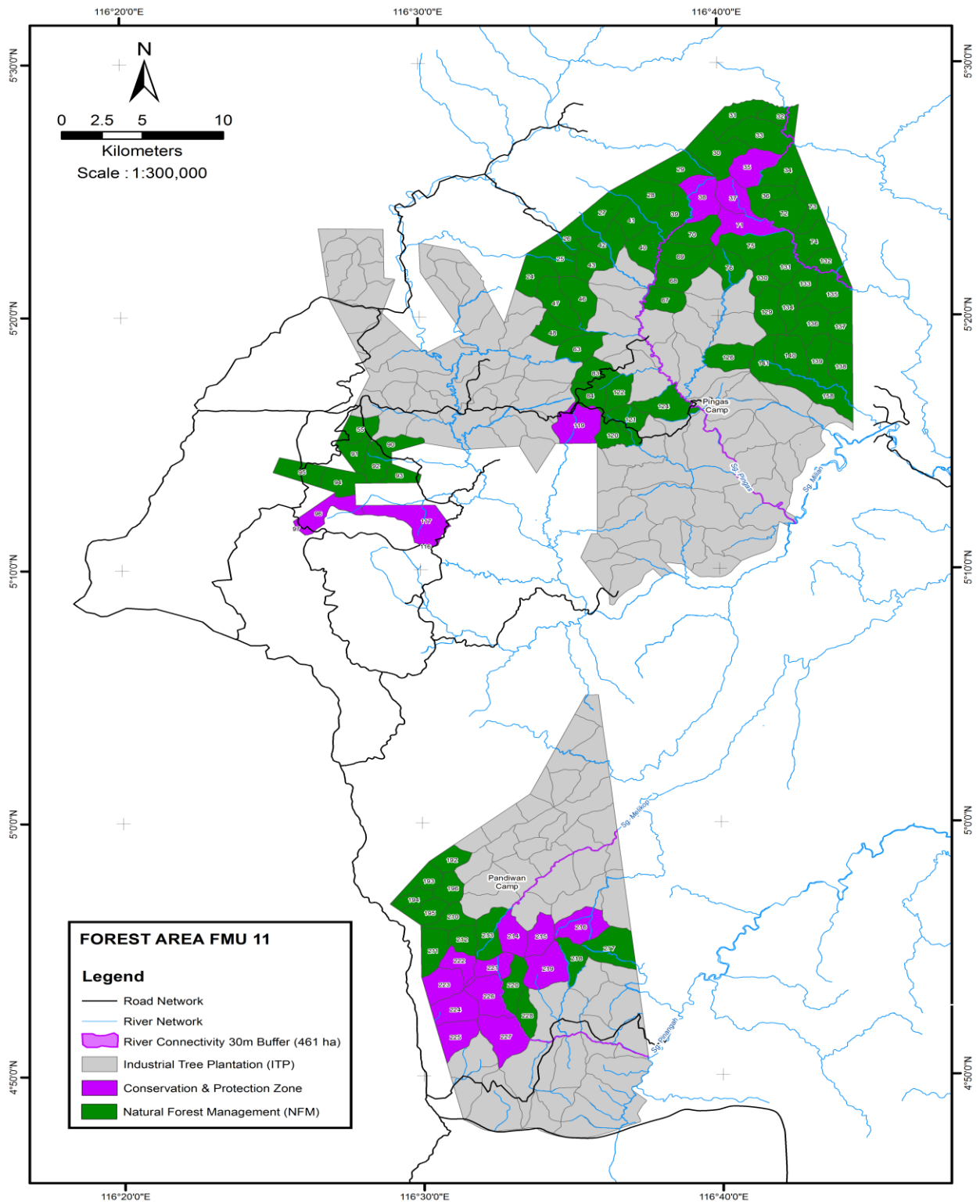
		<p>2016 was raised by Auditor on Indicator 4.2.5.</p> <p>Training had been provided and posters were viewed at the office at base camp. Consultation with workers revealed that they were not aware of their rights as workers. Refresher training required to enhance their understanding. Therefore, an OFI was raised by Auditor on Indicator 4.3.1.</p>
5	<p>Investments and reinvestments are made in forest management, including for forest administration, research, human resource development, protection, economic, conservation environmental and social aspects, consistent with the tenure of the FMU.</p> <p>The annual work plan 2016 was approved on 18th February 2016. However there is no harvesting in year 2016. There were only rebrushing boundary at Compt 55, 90-96 and 117 Block A in the NFM area. Bornion Timber FMU had also prepared a compliance report 2015, and it showed general achievement about 85% of the annual work plan on ITP year 2015.</p> <p>The main products extracted from the forest in the FMU were logs. The harvesting processes were in accordance to RIL guidelines and the comprehensive harvesting plans, and followed by post harvesting compliance assessment. No minor forest produce had been extracted.</p> <p>The FMU management has established standard procedures for the identification and demarcation of sensitive areas to serve for the protection of soil and water resources, Slopes of more than 25 degrees, watershed area were excluded from logging and was demarcated. Riparian reserve had been demarcated and marked out on the field. These buffer belts had been established within the FMU in accordance with the RIL Guidelines.</p>	<p>According to the Forest Management Plan, the rate of harvest shall not be greater than estimated regrowth of the residual stand based on permanent sample plots within a pre-defined cutting cycle. However, evidence of yield calculation and harvesting planning presented in the Forest Management Plan was based on preliminary data that had not been supported by enumeration. The yield calculation for rate of harvest (AAC) in the revised Forest Management Plan shall be supported with enumeration data from sample plots. Therefore a Minor NCR KN1/2016 was raised by auditor on Indicator 5.6.1.</p>

6	<p><i>Special Environmental Impact Assessment (SEIA) SFMLA 3/97 FMU 11 Bornion Timber Sdn Bhd</i> was produced in February 2003. The report had included ERT species. The FMP had incorporated mitigation measures identified in the EIA.</p> <p>An <i>SOP Identification and Protection of Rare, Threatened and Endangered (RTE) Species and their Habitats</i> BTSB-SOP-CP-03 had been prepared. There was also a SOP for the <i>Survey and Identification of HCVF and Other Protected Areas</i> BTSB-SOP-CP-01. Signage and posters had been posted at the main entrance and office. Signs prohibiting hunting were also erected at strategic points.</p> <p>A plot in Compartment 119 was established to protect the residual big trees. In addition there was the Belian Plot in Compartment 124 and the Rafflesia Plot in Compartment 210.</p> <p>There was continuous cooperation between forest managers, conservation organizations and regulatory authorities on implementing conservation and management activities.</p> <p>An area of 66 ha had been demarcated for protecting the newly discovered Rafflesia family in Compartment 210 in Block B. Within the NFM area 16,455 ha had been excluded from forest activities and protected. These areas were marked on maps and demarcated in the field for those that were accessible.</p> <p>The FMU has established SOP related to waste disposal such as Storage of scheduled waste, Handling of scheduled waste, Labelling of scheduled waste, Scheduled wastes spillage, Removal and disposal of solid waste and Storage, handling and disposal of hazardous goods.</p> <p>There was no application of biological control agents in the FMU.</p> <p>There was no plan for converting the forest area to plantations as the area planted with rubber was separated from the natural forest management (NFM) of this FMU. Conversion of natural forest into non forest land use had not occurred within the FMU.</p>	There was no negative finding.
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7	<p>A FMP for the FMU for the period 2012-2021 was made available during the audit. The FMP had included all the items listed from a) to i) in Criterion 7.1. The forest management system had been elaborated in the FMP which has classified the forest reserve within the FMU into production and protection forests. The presence of ERT species had been documented and protective measures for them had been included in the revised FMP.</p> <p>Forest manager was aware of new scientific and technical information pertinent to the management of the area to be certified such as Geospatial Technology and Unmanned Aerial Vehicle (UAV) for forest monitoring.</p> <p>Forest managers had provided training to the workers and training records were made available to the audit team.</p> <p>Summary of Forest Management Plan has been prepared, implemented and made available to the public through website link as follows: www.bornion.com</p>	There was no negative finding.
8	<p>Appropriate monitoring procedures for ecological and environmental impacts in accordance with various guidelines of the Sabah Forestry Department appropriate to the intensity of forest operations were developed.</p> <p>Provision for revision of the FMP, to incorporate updated results and findings of monitoring activities, was specifically stated in the text of 2nd FMP.</p> <p>Summary of results of monitoring indicators, including those listed in Criterion 8.2, was partially made available to the public via www.bornion.com Information on forest yield (8.2a), flora and fauna (c) and management inputs (d) required information on growth, regeneration and forest condition (d) and management costs, productivity and efficiency (e).</p>	<p>During the site visit it was noted the enumeration on sample plots (FRA) #123 at part of Sapulut FR (Block B) and #104 at Sg Milian FR (Block A) found the setup of the plot need to be corrected (eg. bearing, elevation correction and boundary mark), and the selected of sampled trees including the species to be correctly recorded. Therefore a Minor NCR KN2/2016 was raised by Auditor on 8.2.1.</p> <p>Harvesting operation in the NFM has yet to commence. However in preparation of this important activity the relevant documentation needs to be prepared such as forms for tracking movement of forest</p>

		products exiting the harvest area and for certifying their origin. Therefore an OFI was raised by Auditor on Indicator 8.3.1.
9	<p>HCV areas in the NFM identified in Bornion Timber FMU were a Rafflesia plot in Compartment 210 at Sapulut FR (Block B) and Salt Lick (covering 1.8 ha of protection area) in Compartment 120 at Milian FR (Block A).</p> <p>Consultations with stakeholders including NGOs had been conducted through letters on HCVF. A list of stakeholders was presented.</p> <p>Measures had been taken to demarcate, maintain and enhance HCVF attributes. Signage were erected for all the sites, and the parameter marked with poles painted red. SOP on Effectiveness Management and Monitoring of HCV was presented to the audit team. The identification of HCV sites and maps were included in Chapter 6 of the revised FMP.</p>	<p>The report High Conservation Value Forest (HCVF) of FMU 11 Natural Forest Management (NFM) Bornion Timber Sdn. Bhd. revised on February 2016 did not include management operations, annual monitoring to assess the effectiveness of the measures in the management of the HCVFs in the FMU. Therefore a Minor NCR SK1/2016 was raised by Auditor on Indicator 9.4.1.</p> <p>The section on High Conservation Value Forests in the revised 2nd Forest Management Plan for Natural Forest Management 2012-2021 (revised February 2016) for FMU 11 did not incorporate results and findings of the HCVFs monitoring activities. Therefore a Minor NCR SK2/2016 was raised by Auditor on Indicator 9.4.2.</p>

Map Of Bornion Timber - FMU 11



Experiences and Qualifications of Audit Team Members

Audit Team	Role/Area of MC&I Requirement	Qualification and Experience
Mohd Razman Salim	Assessment Team Leader / Forester	<p><u>Academic Qualification:</u> B.Sc of Forestry (Forest Production), University Putra Malaysia.</p> <p><u>Work Experience:</u> Five years experienced as Research Officer at the Forest Research Institute Malaysia (FRIM) since 2007 in a various area such as ecological research for lowland and hill dipterocarp forest, Geographic Information Systems, forest inventories, forest harvesting and forest management system (SMS). Participate in organizing committee member, division level activities and projects. Coordinate and collaborate a long term ecological plot and inventory data about 25 years at the Pasoh, Negeri Sembilan with Negeri Sembilan Forestry Department, universities (local & international) and NGOs. Published and presented research findings at the seminars and conferences. Currently as Auditor at the Food, Agriculture and Forestry Section (FAF), SIRIM QAS International Sdn Bhd, since 2013. Involved in conducting assessments on forest management certification [MC&I (Natural Forest)] & [MC&I (Plantations)], MYNI of RSPO P&C and other management systems on ISO 9001, 14001 and OHSAS 18001</p> <p><u>Training / Research Areas:</u></p> <p>Attended and completed the following training programmes:</p> <p>Auditor Training Course on Malaysian Criteria and Indicators for Forest Management Certification [MC&I (Natural Forest)] & [MC&I (Plantations)] organized by MTCC, 1-4 December 2013. EMS 14001: 2004 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 18-22 March 2013. OHSAS 18001: 2007 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 11-15 March 2013. QMS 9001: 2008 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 4-8 March 2013.</p>
Khairul Najwan Ahmad Jahari	Assessor/ Forester	<p><u>Academic Qualification:</u> B.Sc of Forestry (Forest Management), University Putra Malaysia.</p> <p><u>Work Experience:</u></p>

		<p>Appointed as contract Research Officer in the Natural Forest Division, Forest Research Institute of Malaysia (FRIM), since 2001. Conduct and coordinate a research on 8th Malaysian Plan Project; Research on Forest Resource Classification and Determination of Optimum Silviculture Option for Second Growth Forest. Produce technical reports, meeting, seminar and conferences reports as well as quarterly physical and financial reports. Coordinate and participate field works, multi-level meetings, seminars, conferences and workshops. Spent some time in other existing FRIM projects (inter divisional) as an organizing committee member, division level activities and projects. Currently as Auditor at the Food, Agriculture and Forestry Section (FAF), SIRIM QAS International, since 2009. Involved in conducting audit on forest management certification (MC&I and FSC P&C), MYNI of RSPO P&C and other management system on ISO 9001, 14001 and OHSA 1800</p> <p><u>Training / Research Areas:</u></p> <p>Had attended and passed in the following training programmes:</p> <p>Auditor Training Course on Malaysian Criteria and Indicators for Forest Management Certification [MC&I (2002)] organized by MTCC, 30 March - 2 April 2009.</p> <p>EMS 14001: 2004 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 2-6 March 2009.</p> <p>OHSAS 18001: 2007 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 23-27 Feb 2009.</p> <p>QMS 9001: 2008 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 16 – 21 Feb 2009.</p>
Dr. S.K. Yap	Audit Team Leader / Forester / Botanist	<p>Currently an independent consultant on forestry, arboriculture and environment. He has a B.Sc. Hons. Second Class Upper (Botany and Ph. D. in forest biology. He is an independent auditor appointed by FSC's accredited certifier - Scientific Certification System (SCS) Global Services of USA and SIRIM QAS Malaysia to conduct Forest Management Certification under the FSC Principles and Criteria and Malaysian Criteria and Indicators since 2001. He is also an accredited EMS ISO 14001 auditor with SIRIM and a Lead Auditor for RSPO certification scheme. He is a forest/flora ecology consultant for EIA and HCVF. Qualified as lead auditor under the QMS ISO 9001 in September 2013.</p>

Stage 2 Audit Plan

DAY	TIME	PROGRAM	
Day 0 (Sunday)	6.05 pm – 8.40 pm	Auditor 1 & 2 - Travel from KLIA to Kota Kinabalu (MH2638; 17:30 – 20:05)	
Day 1 (Monday)	9.00 am - 12.00 pm	Meeting with stakeholders Auditor 1 & 2 – 1. Partners of Community Organizations in Sabah (PACOS) 2. World Wildlife Fund (WWF)	
	9.15am – 11.50 am	Auditor 3 - Travel from KLIA to Kota Kinabalu (MH2610; 9:15 – 11:50)	
	2.00 pm - 5.00 pm	Travel from Kota Kinabalu to FMU at Sg. Milian Base Camp	
	8.00 pm - 9.30 pm	<ul style="list-style-type: none"> • Opening Meeting with representatives of FMU • Briefing session by Forest Manager of the FMU • Q&A Session • Follow up on issues of concern from Stage 1 • Evaluate on procedures for internal audit • Evaluate on management review system • Review of Day 1 Findings by Audit Team Leader 	
Day 2 (Tuesday)	7.30 am – 5.00 pm	<u>Naiwan</u> <ul style="list-style-type: none"> • HCVF area (Rafflesia) - Block B • FMU Boundaries (Block B) • PSPs (Block B) • Documentation and records review 	<u>Razman & Dr Yap</u> <ul style="list-style-type: none"> • FMU boundaries (Block B) • Conservation area (Block B) • Riparian buffers (Block B) • Base camp (Sapulut FR) • Documentation and records review • Meeting with District Forestry Officers at Sook
	8.00 pm – 9.30pm	<ul style="list-style-type: none"> • Briefing to representatives of FMU on the progress of audit • Review of Day 2 Findings by Audit Team Leader • Documentation review 	
Day 3 (Wednesday)	7.30 am – 5.00 pm	<u>Naiwan</u> <ul style="list-style-type: none"> • FMU boundary Ulu Sg. Milian Forest Reserve (Block A) 	<u>Razman & Dr Yap</u> <ul style="list-style-type: none"> • Base camp at Ulu Sg. Milian • Land use of surrounding areas • Consultation with field staff
	8.00 pm – 9.30pm	<ul style="list-style-type: none"> • Briefing to representatives of FMU on the progress of audit • Review of Day 2 Findings by Audit Team Leader • Documentation review 	
Day 4 (Thursday)	7.30 am – 5.00 pm	Documentation and records review <u>All Auditors</u> Local communities within and around the perimeter of the FMU	

	8.00 pm – 9.30pm	<ul style="list-style-type: none"> • Briefing to representatives of FMU on the progress of audit • Review of Day 4 Findings • Documentation review
Day 5 (Friday)	8.00 am– 12.00 pm	Preparation of closing meeting Issuance of NCRs.
	1.00 pm – 2.30 pm	Closing Meeting and presentation of findings of audit and discussion on follow-up activities
	2.30 pm - 7.00 pm	Adjourn Closing Meeting and leave for Kota Kinabalu
Day 6 (Saturday)	9.55 am - 12.20 pm	Travel from Kota Kinabalu to Kuala Lumpur (MH 2613; 9:55 – 12:20)

Stage 2 Audit Findings and Corrective Action Taken

Indicator	Specification Major/Minor/ OFI	Detail Non-conformances	Corrective Action Plans Taken	Comments by Audit team
4.2.4 MRS 01 2016	Minor	<p><u>Forest managers shall maintain up-to-date safety records in compliance with all applicable laws and/or regulations covering health and safety of forest workers.</u></p> <p>BTSB-SOP-SH-03: Safety & Health Inspection of workshop & store</p> <p>Finding: Records of the contents in first aid box in the workshop were not monitored.</p> <p>Objective evidence: Records maintained for the first aid box in the workshop in the base camp were not maintained up-to-date as shown below:</p> <ul style="list-style-type: none"> i). First aid box was not monitored as specified by the FMU's SOP ii). Safety pin and 'kayu anduh' was not listed in the monitoring list 'Permohonan Penambahan Ubat-ubatan / Peralatan Peti Pertolongan Cemas'. iii). Medical aids such as Eye Mo, triangle bandage, and pen were not available in the first aid box at workshop. iv). Medicines for internal consumption (oral medical pills etc.) were included with the medicines for external use 	<ol style="list-style-type: none"> 1) Monitoring schedule on first aid kits by PIC once in three months 2) The FMU has added safety pin and triangle bandage/ <i>kayu anduh</i> in the checklist 'Permohonan Penambahan Peralatan Peti Pertolongan Cemas' 3) Oral medicine have been kept in separated container 4) Training schedule on first aid management will be conducted in June / July 2016 	<p>Auditor has verified the action plan on first aid kit management and training schedule for their PIC.</p> <p>Status: The implementation and effectiveness of the corrective action will be verified during next audit.</p>
4.2.5 MRS 02 2016	Minor	<p><u>Demarcation of hazardous areas and provision of guidelines for storage and handling of hazardous materials.</u></p> <p>BTSB-SOP-EM-01: SOP Storage of scheduled wastes</p>	<ol style="list-style-type: none"> 1) Hazardous areas have been clearly demarcated with proper signage 2) Monitoring schedule at workshop, store and scheduled waste will be conducted once in three months 	<p>Auditor has verified action plan on management of hazardous area and training schedule for their PIC.</p>

		<p>Finding: Hazardous area were not clearly demarcated with proper signage.</p> <p>Objective evidence: 1. Inspection had indicated that hazardous areas at the workshop and scheduled waste store were not clearly demarcated with proper signage such as 'No Smoking'. 2. Observation indicated that store for the storage of scheduled wastes did not adhere to the SOP- (BTSB-SOP-EM-01) sectionr 7.0 Site Design Criteria 'Adequate signage should be put up clearly and visible with the word 'Danger' and 'Scheduled Wastes Storage', or equivalent phrase.</p>	3) Training schedule on management of hazardous area will be conducted in July / August 2016	Status: The implementation and effectiveness of the corrective action will be verified during next audit.
5.6.1 KN-1/2016	Minor	<p><u>Rate of harvest shall not be greater than estimated regrowth of the residual stand based on permanent sample plots within a pre-defined cutting cycle</u></p> <p>Finding: Evidence of enumeration, yield calculation and harvesting planning presented in the Forest Management Plan was based on preliminary data that had not been supported by enumeration.</p> <p>Objective evidence: The yield calculation for rate of harvest (AAC) in the 2nd Forest Management Plan shall be supported with enumeration data from sample plots.</p>	<p>The FMU has come out with action plan on AAC based on enumeration data from sample plot for 2016/2017 such as:</p> <ol style="list-style-type: none"> 1) Selection of permanent sample plots (PSP) 2) Complete forest resource assessment 3) Growth simulation model FORMIX3 4) Annual allowable cut 	<p>Auditor has received the action plan on PSP enumeration data schedule and calculation of AAC using FORMIX3 simulation model</p> <p>Status: The implementation and effectiveness of the corrective action will be verified during next audit.</p>
8.2.1 KN-2/2016	Minor	<p><u>Forest managers shall gather the relevant information, appropriate to the scale and intensity of the forest management operations, needed to monitor the items (b) listed in Criterion 8.2.</u></p> <p>Finding: Evidence of sample plot (FRA) enumeration for growth rates, regeneration and condition of the forest need to improve</p>	<ol style="list-style-type: none"> 1. Reorganisation of Forest Resource Assessment (FRA) and Permanent Sample Plot (PSP) team in March/April 2016 2. Skills and equipment training in April 2016 3. Tree identification training from Forest Resource Centre (FRC) in April 2016 	<p>Auditor has verified action plan on enumeration of sample plots – FRA and PSP.</p> <p>Status: The implementation and effectiveness of the corrective action will be verified during next audit.</p>

		<p>Objective evidence: The enumeration on sample plots (FRA) #123 at (Block B) and #104 at (Block A) found the setup of the plot shall be corrected, and the selected of sampled trees including the species to be correctly recorded.</p>	4. Complete FRA in June 2016	
9.4.1 SK-1/2016	Minor	<p><u>Forest managers shall conduct, appropriate to scale and intensity of forest management operations, annual monitoring to assess the effectiveness of the measures in the management of the HCVFs in the FMU</u></p> <p>Finding: The revised HCVF report of February 2016 did not include management operations, annual monitoring to assess the effectiveness of the measures in the management of the HCVFs in the FMU.</p> <p>Objective evidence: The report High Conservation Value Forest (HCVF) of FMU 11 Natural Forest Management (NFM) Bornion Timber Sdn. Bhd. revised on February 2016 did not include management operations, annual monitoring to assess the effectiveness of the measures in the management of the HCVFs in the FMU.</p>	<ol style="list-style-type: none"> 1. Consultation with WWF officer 2. Revise HCVF report 3. Finalise HCVF report 4. Stakeholders consultation <p>Draft of management and monitoring recommendations to be included in the revise HCVF Report.</p>	<p>Auditor has verified action plan to revise HCVF report and Draft of 'Management and Monitoring Recommendations to be included in the revise HCVF Report'.</p> <p>Status: The implementation and effectiveness of the corrective action will be verified during next audit.</p>
9.4.2 SK-2/2016	Minor	<p><u>Forest managers shall incorporate the results and findings of the HCVFs monitoring activities into the implementation and revision of the forest management plan.</u></p> <p>Finding: The section of High Conservation Value Forests in the revised 2nd Forest Management Plan Natural Forest Management (revised February 2016) 2012-2021 for FMU did not incorporate results and findings of the HCVFs monitoring activities.</p>	<ol style="list-style-type: none"> 1. Consultation with WWF officer 2. Revise HCVF report 3. Finalise HCVF report 4. Stakeholders consultation 	<p>Auditor has verified action plan for HCVFs monitoring activities. The FMU will included the actual HCVFs monitoring activities in the FMP Natural Forest once completed as expected in August / September 2016.</p> <p>Status: The implementation and effectiveness of the corrective action will be verified during next audit.</p>

		Objective evidence: Chapter 6 of the revised 2 nd Forest Management Plan Natural Forest Management (revised February 2016) 2012-2021 for FMU 11 had not incorporated results and findings of the HCVFs monitoring activities.		
1.5.2	OFI	<u>Control of encroachment, illegal harvesting, hunting, and settlement, and other unauthorised activities in the FMU</u> Inspection of Compartment 210 and ITP Compartment 209 indicated no buffer belt between the two operation areas. The protection of the natural forest area could be enhanced with a buffer belt.	Not required	Auditor will verified during next audit.
3.1.1	OFI	<u>Availability of documentation of the customary rights of indigenous peoples' lands within relevant federal, state and local laws, if any.</u> Potential and/or actual impacts of forest activities on local communities will be assess as stated in the SOP Social - Economic Impact Monitoring. However, the FMU has not clearly defined how to record any grievances, disputes or comments received from local communities.	Not required	Auditor will verified during next audit.
4.1.2	OFI	<u>Qualified people in communities living within or adjacent to, the FMU are given preference for employment and contract works.</u> The <i>List of Employment Statistics of Villages within and Adjacent to the Forest Reserve (FMU 11)</i> indicated 16 locals being employed in 2015 but only 4 remained working as to date. There would be a need to assess the lack of interest for working with the FMU to improve the involvement of local communities.	Not required	Auditor will verified during next audit.

4.3.1	OFI	<p><u>Provisions for workers to freely organise into union of their own choice in accordance with ILO Convention No. 87</u></p> <p>Training had been provided and posters posted at the office at base camp. Consultation with workers indicated that they were not aware of this right. Refresher training required to enhance their understanding.</p>	Not required	Auditor will verified during next audit.
8.3.1	OFI	<p><u>Forest managers shall provide relevant documents for identifying all forest products leaving the area to be certified so that their origin could be easily determined.</u></p> <p>Harvesting operation in the NFM has yet to be initiated. However in preparation of this important activity the relevant documentation needs to be prepared such as forms for tracking movement of forest products exiting the harvest area and for certifying their origin.</p>	Not required	Auditor will verified during next audit.

-End of Public Summary-