



**PUBLIC SUMMARY OF
STAGE 2 CERTIFICATION AUDIT
SHIN YANG KUALA BARAM FOREST PLANTATION MANAGEMENT UNIT
FOR FOREST MANAGEMENT CERTIFICATION**

**Certificate Number : FPMC 0001
Date of Certification : 18 July 2014
Date of Public Summary : 18 August 2014**

Certification Body:

**SIRIM QAS International Sdn Bhd
Block 4, SIRIM Complex
1, Persiaran Dato' Menteri
Section 2, P.O. Box 7035
40000 Shah Alam, Selangor
MALAYSIA
Tel : 60-3-5544 6400/5544 6448
Fax : 60-3 5544 6763
E-mail : radziah@sirim.my**

1. INTRODUCTION

SIRIM QAS International Sdn Bhd (SIRIM QAS International) is the largest and oldest certification, inspection and testing body in Malaysia. The certification services provided by SIRIM QAS International conform to standards and other accreditation requirements established at the national and international levels.

SIRIM QAS International has been providing auditing services for forest management certification since 2001 through its involvement as a registered certification body under the Malaysian Timber Certification Scheme (MTCS) operated by the Malaysian Timber Certification Council (MTCC).

This Stage 2 audit on the Shin Yang Kuala Baram Forest Plantation Management Unit (hereafter referred as the SY Kuala Baram FPMU) was conducted to assess the overall management system and practices of the Kuala Baram FPMU against the requirements of the standard for forest plantations management certification, the Malaysian Criteria and Indicators for Forest Management Certification (Forest Plantations) [MC&I (Forest Plantations)]. The scope of this Stage 2 audit was limited to the forest management system and practices of the plantation forest within the SY Kuala Baram FPMU.

This Stage 2 audit on the SY Kuala Baram FPMU was conducted on 30 September – 4 October 2013 by a 2-member audit team comprising Dr. Yap Son Kheong (Botanist and as Audit Team Leader) and Dr. Zahid Emby (Sociologist).

Based on the findings of this Stage 2 audit, it was found that the SY Kuala Baram FPMU had generally complied with the requirements of the *Malaysian Criteria and Indicator for Forest Management Certification (Forest Plantations)* [MC&I (Forest Plantations)] using the verifiers stipulated for Sarawak. However, there were lapses in the management system and practices which had resulted in the issuance of eight (8) minor NCRs and twelve (12) Opportunity for Improvements (OFIs).

This public certification summary contains general information on the SY Kuala Baram FPMU, the audit processes involved, the findings of the audit, non-conformity reports (NCRs) raised as well as the decision on the certification of the PFMU under the MTCS by the Certification Panel of SIRIM QAS International.

2. GENERAL SUMMARY

2.1 Name, Address and Contact Information of the Certified FPMU

Shin Yang Plywood Sdn Bhd
Lot 463, Block 1
Kuala Baram Industrial Estate
98000 Miri
Sarawak
MALAYSIA
Tel : +60(85) 604 599
Fax : +60(85) 604 555
Contact Person : Mr. Ling Ee Khai (Manager)
E-mail : ekling@shinyang.com.my

2.2 General Background on the SY Kuala Baram FPMU

The SY Kuala Baram FPMU has an area of 1,007.1 ha occupying 7 blocks on the north and south of the Baram River. Each block varies in size from 10 hectares (ha) to 488 ha. The planted area was only 807.0 ha after excluding areas for protection of biodiversity, riparian belts, natural residual forests and sand mining activities. A map of the SY Kuala Baram FPMU is as in **Attachment 1**.

The details on the planted blocks of the SY Kuala Baram FPMU are as in **Table 1** below.

Table 1
Area (ha) of Planted Block

| Northern Block | | Area (ha) | Expiry Date of Lease Agreement |
|-----------------------|---|------------------|---------------------------------------|
| 1 | Lot 2122, Block 0, Kuala Baram Land District, Miri Division | 54.00 | 20-02-2102 |
| 2 | Lot 2138, Block 0, Kuala Baram Land District, Miri Division | 314.00 | 01-12-2103 |
| 3 | Lot 2143, Block 0, Kuala Baram Land District, Miri Division | 21.20 | 01-12-2103 |
| Sub Total | | 389.20 | |

| Southern Block | | Area (ha) | Expiry Date of Lease Agreement |
|-----------------------|---|------------------|---------------------------------------|
| 1 | Lot 2124, Block 0, Kuala Baram Land District, Miri Division | 10.00 | 20-02-2102 |
| 2 | Lot 2126, Block 0, Kuala Baram Land District, Miri Division | 488.00 | 20-02-2102 |
| 3 | Lot 2127, Block 0, Kuala Baram Land District, Miri Division | 51.50 | 20-02-2102 |
| 4 | Lot 3229, Block 6, Kuala Baram Land District, Miri Division | 68.40 | 20-02-2102 |
| Sub Total | | 617.90 | |
| | | Total | 1,007.10 ha |

2.3 Date First Certified

18 July 2014.

2.4 Location of the Certified FPMU (Latitude and Longitude)

Latitude 4° 32'N to 4° 34'N and longitude 114° 2'E to 114° 5'E.

2.5 Forest and Management System

The area was originally covered by Mixed Swamp Forest (MSF), a dominant forest type along the Baram River estuary. The area had been extensively logged several times in the past, resulting in an intensively degraded forest area. Following frequent fires the area was reduced to a grassland with few residual trees. The area was degazetted from permanent forest reserve and leased to various companies for industrial development. The breakdown of the land use of the SY Kuala Baram FPMU is as shown in **Table 2** below.

Table 2
Land Use Within the SY Kuala Baram FPMU (ha)

| Type of Forest Plantation | Area (ha) |
|----------------------------------|------------------|
| Planted area | 807.0 |
| Residual Natural Forests | 39.0 |
| Riparian buffer belt | 8.7 |
| Sand mining sites | 9.6 |
| Other purpose | 142.8 |
| Total | 1,007.1 |

The main species being planted were *Acacia mangium*, *Paraserianthus falcataria*, *Khaya* and *Eucalyptus*. The first block Lot 2124 with an area of 10 ha was planted in January 2010 while the last block part of Lot 2126 was established in June 2013.

Forest management of the SY Kuala Baram FPMU have the following objectives:-

- a. Optimum utilization of forest resources;
- b. Efficient operation and regulation of harvest on a sustained yield basis; and
- c. Restoration of forest landscape including regeneration of the forest and productive use of idle land for sustainable community development.

To achieve these objectives, the SY Kuala Baram FPMU had established mainly fast growing exotic species such as *Acacia mangium*, *Falcataria moluccana*, *Eucalyptus spp.*, *Khaya ivorensis* and *Gmelina arborea* on the degraded areas in an attempt to restore their ecological functions. A number of indigenous species had also been planted on trial basis to assess their abilities in these poor conditions. These were *Alstonia angustiloba*, *Artocarpus communis*, *Artocarpus heterophyllus*, *Casuarina equisetifolia*, *Canarium osontophyllum*, *Dyera costulata*, *Durio sp.*, *Neolamarchia cadamba*, *Parartocarpus sp.* and *Shorea leprosula*.

The SY Kuala Baram FPMU is presently at the planting stage and silvicultural treatment consisted only of weeding along planting lines during the first year of establishment. The management of the SY Kuala Baram FPMU was targeting of harvesting at year 6 subjected to the demand from the mill and also the performance of the planted trees. The target of the FPMU was to harvest and plan immediately for each block.

The SY Kuala Baram FPMU was still in the process of determining the optimum sustainable harvesting volume and this would be reviewed in the surveillance. As the plantation area was small, planting had been completed within 3 years. Harvesting regimes would be developed later with analysis of data of the Permanent Sample Plot (PSP) and consultation with other forestry agencies. All the materials produced would be for the use of its own plywood mill in the area.

2.6 Annual Allowable Cut/Annual Harvest under the Forest Management Plan

(Refer to the above para).

2.7 Environmental and Socioeconomic Contexts

The EIA Report had stated that owing to the severe degradation of the forest plantation area with repeated logging activities and fires, it would be unlikely that the original flora and fauna species were still present. Impacts on flora and fauna as stated in the EIA Report would be of minor significance owing to the very disturbed nature and proximity of the forest plantations to the developed sites. However, there were prescribed guidelines for identification and protection of these species provided by the authority as in the *Wildlife Protection Ordinance 1998* and *A Master Plan for Wildlife in Sarawak 1996*. There was no plan for converting the residual forest area to plantations.

The indigenous people in the only long house in the area (the eleven-door Rumah Panjang Mekal) located outside the perimeter of the FPMU did not own or make claims to any lands and territories within the Forest Plantation Management Unit (FPMU). It was observed during this stage 2 audit that the FPMU had not operated within indigenous people's lands recognized within national legal frameworks and it had long term tenure on the land through the leases signed with the government.

Results of the EIA had shown that there were no sites of special cultural, ecological, economic or religious significance in the FPMU. This was confirmed by the consultations held with residents of the nearby long house during this assessment.

3.0 THE CERTIFICATION AUDIT PROCESS

3.1 Date of Audit

30 September – 4 October 2013 (9 auditor days)

3.2 Audit Team

Dr. Yap Son Kheong (Audit Team Leader)
Dr. Zahid Emby (Sociologist)

Peer Reviewers

Dr. Woon Weng Chuen
Dr Alias Mohd Sood

3.3 Standard Used

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

3.4 Stakeholder Consultations

A one-month stakeholder consultation was conducted beginning 29 August 2013 to solicit comments and feedback from the relevant stakeholders on the SY Kuala Baram FPMU's forest management system and practices against the requirements of the *MC&I* (Forest Plantations). There were no comments received from any stakeholders.

3.5 Audit Process

The audit was conducted primarily to evaluate the level of compliance of the SY Kuala Baram FPMU's current documentation and field practices on forest management against the *MC&I* (*Forest Plantations*), using the verifiers stipulated for Sarawak.

For each Indicator, the auditors had conducted either a documentation review, consultation with the relevant personnel of the SY Kuala Baram FPMU or stakeholders or field audit or a combination of these methods. Depending on the level of compliance with the verifiers for a particular indicator, the auditors then determined 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 PFMU.

The SY Kuala Baram FPMU is requested to notify SIRIM QAS International of the proposed corrective actions taken within two weeks from the last date of the audit. The evidences as corrective actions 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 FPMU to the *MC&I* (Forest Plantations).

The SY Kuala Baram FPMU 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 FPMU shall 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* (Forest Plantations) but without sufficient objective evidence to support a non-conformity.

The SY Kuala Baram FPMU shall submit a corrective action plan within three months from the last date of the audit. The closing of an OFI shall be made during the surveillance audit.

4.0 RESULT AND CONCLUSION

- 4.1 The general findings of the audit on the compliance of the SY Kuala Baram FPMU against the principles and criteria of the *MC&I* (Forest Plantations) are as follows:

| PRINCIPLE | STRENGTH | WEAKNESS |
|-------------|---|---|
| Principle 1 | <p>The SY Kuala Baram FPMU had maintained records of all relevant national and local laws and regulations and policies related to forest management. A list of these documents were presented during the assessment.</p> <p>Copies of all relevant laws, policies and regulations stipulated in the <i>MC&I</i> (Forest Plantations) fundamental for the FMU management were available in the office of the Shin Yang Plywood Sdn Bhd in Kuala Baram, Miri. Two staff had been identified to be in charge of updating and maintaining all these relevant documents.</p> <p>Consultations with officers from Labour and Human Resources Department, Sarawak Natural Resources and Environmental Board (NREB), Sarawak Forestry Corporation (SFC) and Sarawak Forest Department (SFD) in the regional offices in Miri during the assessment had indicated no violations of the regulations imposed by these agencies. The FPMU had also complied with the Social Security or Workmen's Compensation requirement and all local employees were covered by Employees' Provident Fund and SOCSO.</p> <p>The FMU had made payment for the lease of the land on which trees were planted. Receipts for these payments were presented to the audit team.</p> <p>Updated payments in the form of payment vouchers for each month of</p> | <p>The senior forest managers were aware of the requirements of the various laws but there were gaps in implementing them on ground. Example was in implementing the <i>Labour Ordinance 1952 (Sarawak)</i> when the forest managers were not very clear in establishing the compensation system for working during public holidays. There was also confusion on the requirement of the <i>Sarawak River Ordinance</i> on the establishment width of the riparian buffer belts. For the nursery and field workers the rights to present grievances and the specifications of the <i>Occupational Safety and Health Act 1994</i> would have to be inculcated to assist them in operating appropriately. The forest plantation managers will have to improve their knowledge on the relevant federal and state laws, administrative requirements and regulatory framework. An OFI 1/2013 was therefore raised.</p> <p>In view of the many oil palm plantations and industrial activities along the perimeter of the FPMU, more prominent sign boards including the ban on unauthorized activities e.g. hunting need to be erected at more sites, not only at the main entrances but also in strategic areas of the FPMU. An OFI 2/2013 was therefore raised.</p> <p>Briefings to the field staff on the policy and <i>MC&I</i> (Forest Plantations) were conducted to familiarise them on the requirements of the <i>MC&I</i> (Forest Plantations). However, the policy had not</p> |

| | | |
|--|---|---|
| | <p>2013 made to SOCSO and Employee's Provident Fund for 2013 were presented. The EPF payment was also documented in the pay slips.</p> <p>From the financial report presented to the audit team, it was noted that payments had been made for all these prescribed fees.</p> <p>The forest managers were aware of all the binding international agreements. They were also aware of these conventions and their main intentions on forest plantation management.</p> <p>The FMU had presented an evaluation of conflicts with the applicable laws and regulations and the P&C during the assessment. Two of the indicators (Indicators 1.1.3 and 9.1.1) being evaluated could have potential conflicts. Mechanisms to resolve these conflicts were discussed for action during a staff meeting on 15 July 2013. Minutes of the meeting was presented to the audit team.</p> <p>The forest managers were willing to participate in resolution of such conflicts if they arise. The mechanism was recorded in the minutes of the meeting held on 15 July 2013.</p> <p>The forest plantation was established on titled land through Lease of Stateland to different companies of the FMU in 2003. The following documents governing the legal establishment and protection of the FMU were made available in the office in Kuala Baram:</p> <ul style="list-style-type: none"> • Land Code • Natural Resources and Environment (Prescribed Activities) Order 1994 • All adat codified under Native Custom (Declaration) Ordinance 1996 <p>Owing to the locations of the plantation blocks being very near to oil palm plantations and industrial zone, there were many common boundaries. These boundaries had been demarcated.</p> <p>Scheduled monthly patrols had been set</p> | <p>been clearly displayed in work sites to remind the workers of the need to adhere to the P&C. This policy committing the FMU to adhere to the P&C is required to be posted in the public summary. In addition, the policy statement would have to be displayed at prominent sites within the FPMU and distributed to all stakeholders. An OFI 3/2013 was therefore raised.</p> |
|--|---|---|

| | | |
|-------------|--|--|
| | <p>up to detect any illegal activities and the Forest Patrol Schedule for 2013 was examined. Records of the patrols conducted on 1 June 2012, 1 July 2012, 3 August 2012, 2 September 2012, 5 October 2012, 2 November 2012, 2 December 2012 and 2 September 2013 were documented in Forest Security and Encroachment Forest Form, which was inspected.</p> <p>Blue plastic signage to indicate the boundary of each block of the PFMU had been observed. Wooden signs stating prohibited activities within the forest plantation were erected at the main entrances.</p> <p>A written policy entitled "<i>Policy of Commitment MC&I</i>" was presented. This policy statement had included the commitment to undertake forest management certification using the standard <i>MC&I (Forest Plantation)</i>. The document was signed by the Assistant to Executive Director and the Executive Director on 23 September 2013.</p> <p>The policy statement for sustainable forest management of SY Kuala Baram FPMU had stated its commitment to practise forest management conforming to the standard for forest management certification.</p> | |
| Principle 2 | <p>Lease of State Land for Lot 3229 and Provisional Leases for Lot 2127, Lot 2126, Lot 2124, Lot 2143, Lot 2136 and Lot 2122 were presented during the assessment.</p> <p>Duration of the first lease was 99 years starting from 2003 to 2102.</p> <p>Forest managers had expressed their willingness to support all legally mechanisms for resolving land claims.</p> <p>There were no legal or customary tenure or use rights of local communities within the titled land.</p> <p>It was noted that the forest managers were willing to collaborate with holders</p> | |

| | | |
|-------------|---|---|
| | of duly recognized legal or customary tenure or use rights within legal frameworks if these were raised. | |
| Principle 3 | <p>The relevant laws on customary rights of indigenous peoples' lands as stated in the verifiers were available. However the indigenous people in the only long house in the area (the eleven-door Rumah Panjang Mekal) located outside the perimeter of the FMU did not own or make claims to any lands and territories within the Forest Plantation Management Unit (FPMU).</p> <p>There were no conflicts with indigenous people. However the SY Kuala Baram FPMU had developed procedures to resolve conflicts in the event that they arise.</p> <p>The SOP on conflict resolution '<i>CR/13 Conflict Resolution/Management</i>' dated April 2013 was presented. The SOP Processes Flow to Address Grievances/Conflicts was also made available.</p> <p>It was observed during this stage 2 audit that the FPMU had not operated within indigenous people's lands recognized within national legal frameworks and it had long term tenure on the land through the leases signed with the government.</p> <p>Results of the EIA had shown that there were no sites of special cultural, ecological, economic or religious significance in the FPMU. This was confirmed by the consultations held with residents of the nearby long house during this assessment.</p> <p>Interviews held with the local long house community had confirmed that the FPMU had not utilized indigenous people's traditional knowledge in the use of forest species or management systems in forest plantation operations.</p> | |
| Principle 4 | Based on the training records presented, trainings had been given to the staff and workers in 2012 and 2013. | Copies of the ILO Convention No. 87 and the relevant laws were made available. From a meeting held with the staff and |

| | | |
|--|---|--|
| | <p>In addition, information had also been disseminated to workers and staff during the morning meetings as recorded in the content of the briefings in the morning meeting.</p> <p>The only indigenous community in the area, Rumah Panjang Mekal had 11 doors (living units) but only 5 were being permanently occupied. According to the house members interviewed, all members of the community had jobs elsewhere and were not interested in jobs in the plantation. On the part of the plantation, efforts had been made to advertise job vacancies through official channels such as newspapers, Radio Television Malaysia Kuching and the Regional Labour Department as well as visits to other long houses outside the area.</p> <p>All applicable laws and/or regulations covering health and safety of employees were explained to them during the daily morning meetings.</p> <p>Posters on health and safety policy dated 22 August 2005 were being displayed at the work place and explained to employees during morning meetings. Employees interviewed had demonstrated a sufficient understanding of this policy.</p> <p>The local workers had been provided with SOCSO protection while foreign workers were protected under the <i>Foreign Worker Compensation Scheme</i>. Insurance premiums paid to Allianz General Insurance Company for foreign workers were presented. In addition, there was also the Foreign Workers Hospitalization and Surgical Insurance being provided to foreign workers.</p> <p>Appropriate safety and operational equipment (such as straw hats, rubber boots and respirators) were made available to the workers. A file was kept on the issuance of the equipment. Workers had been briefed on relevant operational procedures during morning meetings.</p> | <p>general workers it was found that they had been briefed on the rights in this Convention. However, it was observed there were a number of general workers, although they were aware of the right to unionise, they did not have a clear understanding of these rights.</p> <p>ILO Convention No. 98 was also made available and its content was explained to the employees during morning meetings. However, as was the case with ILO Convention No. 87, the general workers had not fully understood on the rights being provided by this Convention. An OFI 4/2013 was therefore raised.</p> <p>Although there was only one long house community near the SY Kuala Baram FPMU, other developments in land use had occurred and as such, a review of the social impacts would be appropriate as specified in one of the verifiers of the Indicator. However, if a separate SIA on its own is being carried out, this would further enhance the evaluation on the social impacts of the SY Kuala Baram FPMU' forestry operations. An OFI 5/2013 was therefore raised.</p> |
|--|---|--|

| | | |
|--|---|--|
| | <p>A Safety and Health Committee had been established. The first meeting scheduled for September 2013 had been postponed to the end of October 2013. Records had shown that there was no accident since the commencement of work in the FPMU.</p> <p>The equipment used in the chemical store and nursery was inspected by the supervisors before being issued to the workers. Replacement would be made once damages were detected. Records of issuance of such equipment were presented to the audit team.</p> <p>Guidelines on the handling of chemical were available with clear posters on the walls in the nursery area and the chemical store.</p> <p>Material Safety Data Sheet (MSDS) instructions were made available in the chemical store to enable the workers to take appropriate actions when there were accidental contacts with chemicals. There was signage to demarcate the hazardous areas.</p> <p>Copies of documented procedures for addressing grievances raised by workers were available. Workers were aware of these procedures. There was also a '<i>Grievance Procedure Flow Chart</i>'. A Suggestion Box was provided in the work place for employees to use. The FPMU management had established an employee-management committee which had held regular meetings. Employee grievances were raised and addressed during these meetings.</p> <p>An evaluation of social impact had been incorporated in the EIA. The evaluation was performed through consultations with the local community. The results of the evaluation were made available to the people and groups affected. The chapter on social impacts in the EIA was written some time back at the initiation of the project.</p> | |
|--|---|--|

| | | |
|--------------------|---|--|
| | <p>The finalized Forest Plantation Management Plan (FPMP) had incorporated the results of the social impact evaluation.</p> <p>Members of the neighbouring long house whom the audit team visited had confirmed that the forest plantation management operations of SY Kuala Baram FPMU had not in any way affected their legal or customary rights, property, resources or livelihoods.</p> <p>Although the procedures for handling grievances and conflicts had been developed, they had not been implemented/activated as there had been no such grievances raised by local communities as confirmed by both the FPMU and the local indigenous community.</p> | |
| <p>Principle 5</p> | <p>Guidelines for RIL, FPMP, and Annual Work Plan had been presented during this assessment. Records of measurements made within the 5 newly established PSPs and details of all species planted were examined.</p> <p>According to the FPMP, harvesting would only be conducted in 2016 when the trees reach harvestable size. Timber would be the main product being extracted from the forest plantation in the FMU. All harvesting would be conducted through the application of RIL guidelines which had been written as an SOP. As only trees were planted there would be no non-timber forest product to be harvested from this PFMU.</p> <p>All the timber harvested would be for local processing by the mill of the parent company in Kuala Baram.</p> <p>Log extractions would be conducted using the RIL technique that would minimize product wastage as all wood resources would be utilized in the mill of the FMU.</p> <p>The SY Kuala Baram FPMU would be operating only for the production of timber as the plantation had been</p> | <p>The financial and human resources provided to maintain, restore or enhance the productive capacity and ecological functions of the forest plantation areas were not clearly reflected in the annual work plan. An OFI 6/2013 was therefore raised.</p> |

| | | |
|-------------|---|---|
| | <p>planted only with trees. A diversity of species could be harvested although the dominant would be <i>Acacia mangium</i> and <i>Paraserianthus falcataria</i>. The production of non-timber forest products within the plantation by local communities would not be hindered.</p> <p>Buffer belts of 30 meters (m) wide for rivers had been established within the FMU in accordance to the conditions of approval of the EIA by the Sarawak Natural Resources and Environment Board (Sarawak NREB). Selected sections of these buffer belts had been marked on the ground with signage being erected.</p> <p>Regular environmental monitoring including water samplings were conducted at quarterly intervals. The water sampling points along the Baram River were inspected. These environmental monitoring reports had been submitted to the Sarawak NREB. Copies of these reports for 2013 were presented during the assessment.</p> <p>The FPMP (2013-2023) was made available to auditors. In the FPMP, there were specifications on the establishment of riparian buffer belts and road construction that would enhance the value of forest services.</p> <p>The planned annual harvesting area for the FPMU would be determined in the Annual Work Plan and the requirement of the mill. Harvesting would only start in 2016 thus the annual coupe had not been determined.</p> <p>Mean Annual Increment (MAI) of the planted trees would be based on the data from the 5 PSPs.</p> <p>Records of the quantity of timber harvested within the FMU would be maintained for monitoring with the start of harvesting operation.</p> | |
| Principle 6 | An EIA report entitled " <i>Environmental Impact Assessment For the Shin Yang Kuala Baram Tree Plantation at Kuala</i> | The SY Kuala Baram FPMU had initiated effort with the cooperation of the government agencies; the Sarawak |

| | | |
|--|--|--|
| | <p><i>Baram, Miri Division, Sarawak</i>" (EIA Report) was produced in July 2012 as required under the Natural Resources and Environment (Prescribed Activities) Order 1994. The potential impacts and strategies to mitigate the impacts were written in this report.</p> <p>The EIA Report was approved on 3 October 2012 by the Sarawak NREB reference No. (20) NREB/6-3/2G/18 with conditions to be implemented by the SY Kuala Baram FPMU. It had specified quarterly environmental monitoring every year and reports to be submitted to the NREB.</p> <p>The EIA Report had stated that owing to the severe degradation of the forest plantation area with repeated logging activities and fires, it would be unlikely that the original floral and faunal species were still present.</p> <p>The EIA Report had documented a few species of commercial trees within the residual forested sites. Totally protected small mammals such as the slow loris (<i>Nycticeilus concarg</i>) and giant squirrel (<i>Recifus affinis</i>) had been recorded. The need to protect residual forested sites to reduce potential impacts on protected species of animals and the floral composition within the FMU were described in the EIA Report.</p> <p>The FPMP had incorporated measures to mitigate environmental impacts in Chapter 7 caused by harvesting activities identified in the EIA.</p> <p>Impacts on flora and fauna were also discussed in the EIA Report but it was stated that the impacts would be of minor significance owing to the very disturbed nature and proximity of the forest plantations to developed sites. However, there were prescribed guidelines for identification and protection of these species provided by the authority as in the <i>Wildlife Protection Ordinance 1998</i> and <i>A Master Plan for Wildlife in Sarawak 1996</i>.</p> | <p>Forestry Corporation on the possibility to jointly conduct an assessment on HCVF sites within the FPMU. However, there were no documentations to show that meetings and consultations had been held with conservation organizations, research agencies and regulatory authorities. An NCR 1/2013 was therefore raised.</p> <p>Posters showing protected endangered, rare and threatened (ERT) species were made available to forest workers and posted in prominent places in the nursery. As these forest workers would be working for a long time in the FPMU they would be more likely to encounter these ERT species thus the training in knowing them would be advantageous to the workers and the SY Kuala Baram FPMU. However, the workers' knowledge on these ERT could be improved if training was conducted by the relevant agencies. An OFI 7/2013 was raised.</p> <p>Residual forest sites in Lot 2126 and Lot 2138 within the FPMU had not been demarcated in the plantation and were not mapped for protection. An NCR 2/2013 was therefore raised.</p> <p>Existing residual forest ecosystem had been demarcated on ground and satellite imageries for protection. An area of 39 ha had been set aside for conservation. Another 6.8 ha had been demarcated as riparian buffer belt. Protection and management of these sites could be improved with distinct signboards being placed at appropriate locations around the remaining residual forested areas. Monitoring and supervision would have to be enforced to prevent any damages during harvesting. OFI 8/2013 was raised.</p> <p>Except for paraquat, only Class III and IV chemical pesticides were being used. The use of chemicals especially that of paraquat could be further controlled. An OFI 9/2013 was therefore raised.</p> |
|--|--|--|

| | | |
|--|--|--|
| | <p>Residual trees of indigenous species were marked with red paint for protection. These trees would be protected from harvesting. The forest plantation managers had also referred to the IUCN Red List of Threatened Species.</p> <p>Representative conservation areas had been established within the existing forest ecosystem.</p> <p>Hunting and fishing within the FMU were not being allowed. Monthly patrols were conducted by the field staff to prevent unauthorized activities. Records on monthly patrol for the months of June, July, August, September, October, November and December of 2012 were presented. A schedule for monthly patrols of the FMU for 2013 was presented.</p> <p>Residual trees of the original forest were marked with red paint and these were protected. Residual forested sites were also protected from logging. These sites were marked on maps.</p> <p>The FMU would be adhering to the specifications of RIL guidelines of the Sarawak Forest Department in the harvesting operation. All planting of the tree seedlings was done manually. Riparian buffer belts covering an area of 6.8 ha had been established along the Baram River. SOP for Reduced Impact Logging (RIL) Harvesting Operation had been written in preparation for harvesting in 3 to 4 years.</p> <p>As no harvesting would be conducted in the next 3 to 4 years, road lay out had not been determined. All planting activities were done using the existing old road system. In the FPMP, specifications for road construction had been written. Sufficient drainage had also been specified.</p> <p>The requirement for clearly demarcated and protected riparian buffer strips were required as part of the EIA approval. It was noted that there are established</p> | |
|--|--|--|

| | | |
|--|--|--|
| | <p>guidelines for the establishment for river buffers specifying the width and marking of the boundary trees in accordance to the approval conditions of NREB on the EIA.</p> <p>Chemicals had not been used in forest plantation operations except for paints and fuel. Inspection on the chemical store had indicated that herbicides and pesticides were used in the nursery for weeds and pests control. The auditors had found that these chemicals were properly stored in a contained store room.</p> <p>Procedures on the use of chemicals were posted in the chemical store and in the nursery. The supervisors were responsible to train the workers on the proper use of such chemicals. Personal Protective Equipment was provided and the records on use were maintained.</p> <p>Used lubricant oil, fuel containers, liquid and solid non-organic wastes, were disposed of in an environmentally appropriate and legal manner together with the wastes from the mill. No containers were observed in the plantation site inspected.</p> <p>There was no application of biological control agents in the FMU.</p> <p>The main exotic species planted were <i>Acacia mangium</i> and <i>Paraseranthus falcataria</i> which had been tested in forest plantations in the region for many years. These species were best suited for the degraded conditions of the area. Their ecological impacts had been extensively documented. In addition to exotic species the FPMU had also established local species including <i>Alstonia angustiloba</i>, <i>Artocarpus communis</i>, <i>Artocarpus heterophyllus</i>, <i>Casuarina equisetifolia</i>, <i>Canarium osontophyllum</i>, <i>Dyera costulata</i>, <i>Durio sp.</i>, <i>Neolamarchia cadamba</i>, <i>Parartocarpus sp.</i>, <i>Shorea leprosula</i> and <i>Terminalia catapa</i>.</p> <p>There was no plan for converting the</p> | |
|--|--|--|

| | | |
|-------------|---|---|
| | <p>residual forest area to plantations.</p> <p>Conversion of forest plantation area into non forest land use had not occurred within the FMU except for 5.6 ha that were mined for sand.</p> | |
| Principle 7 | <p>The FPMP (2013 to 2023) had incorporated all the items listed from a) to i) in Criterion 7.1.</p> <p>It was stated in the FPMP that revision would be conducted to incorporate data obtained from monitoring and research activities within the FPMU.</p> <p>Forest managers had attended workshops on <i>MC&I (Forest Plantations)</i>, Sarawak Timber Association (STA) technical training and briefings on environmental audit by the Sarawak NREB. The workshops on the MC&I P&C organized by STA were more focused on the need of certification.</p> <p>Hands on training by the field supervisors and forest managers were provided to the workers to improve their understanding on the implementation of the FPMP.</p> <p>Briefings were conducted during the morning roll calls on the workers' roles on the implementation of the FPMP.</p> <p>The summary of the FPMP was available in the parent company web page at www.shinyang.com.my.</p> | <p>Scientific development in forest plantation could be enhanced with networking with other more established plantations in Sabah and Sarawak which had more than 30 years of planting history. The forest managers could further improve their awareness on the latest scientific information on forest plantation management. An OFI 10/2013 was raised.</p> |
| Principle 8 | <p>The FMU had established 5 PSPs within the plantation. These PSPs were examined during the assessment. Each of the plot was 15 X 15 m in size and 25 trees were randomly selected and measured for diameters and heights. The trees were marked with a single red ring painted on each of the trunk and a numbered metal tag was attached to each trunk. The four corners of each</p> | <p>The public summary presented on the web page of the SY Kuala Baram FPMU had not included the costs and efficiency of the forest management thus a minor NCR 3/2013 was raised.</p> |

| | | |
|-------------|--|--|
| | <p>PSP were marked with trees painted with a yellow ring. Preliminary data were collected on these plots.</p> <p>In addition to the PSPs, Environment Compliance Reports were submitted to the Sarawak NREB once every 3 months as specified in the contract with the NREB. These reports had included the monitoring of water quality of the main river system and environmental impacts of the forestry activities.</p> <p>PSPs to monitor growth and yield of harvested forests have been established and enumerated. Data, inspection and monitoring records from these plots were reviewed during the assessment.</p> <p>Harvesting was scheduled only in 2016 thus there was no documents for identifying any forest products leaving the FPMU. The required documents by the Sarawak Forest Department and Sarawak Forestry Corporation would be prepared at the start of harvesting.</p> <p>Results from the various monitoring activities would be incorporated in the revision of FMP.</p> | |
| Principle 9 | <p>Although HCVF sites had yet to be identified, precautionary measures had been taken to protect sites with residual forest and remnant trees of the original forest by marking them for protection. Riparian buffer belts had also being demarcated although there were no harvesting activities.</p> <p>Although HCVF sites had yet to be determined and incorporated into the FPMP, the need for protecting riparian buffer belts, residual forest sites and remnant trees had been included in the FPMP and being implemented.</p> <p>Protected sites within the FPMU including riparian buffer belt, wetland and residual natural forest stands were shown in the public summary www.shinyang.com.my.</p> | <p>Although the EIA report had stated that it was very unlikely that there would be HCV sites, the SY Kuala Baram FPMU had contacted the Sarawak Forestry Corporation to initiate a study within the plantation area. A quotation was provided by SFC on 5 August 2013 and the approval to proceed was given by the management. However, a HCVF study had yet to be conducted. As a HCVF study had yet to be initiated, therefore HCVF monitoring had not been conducted. A minor NCR 4/2013 was therefore issued.</p> <p>A list of stakeholders being consulted regarding the HCVFs was not available. A minor NCR 5/2013 was raised.</p> |

| | | |
|---------------------|--|--|
| <p>Principle 10</p> | <p>Records on the 12 main species being planted in the FPMU were presented to the audit team. The number of trees of each species planted in each lot was documented. The dominant species were <i>Acacia mangium</i>, <i>Paraserianthus falcataria</i> and <i>Eucalyptus</i>. In addition a number of local forest trees were established.</p> <p>There were records on the size of the 3 main blocks and the lots established with the different number of species.</p> <p>The species selected were based on the planting experience of plantations in and around the region. The species were tested and found suitable for the degraded site conditions. The timbers were suitable for the Shin Yang Plywood mill and these species were also found to be able to produce the volume required by the mill.</p> <p>The forest managers had established PSPs and also planting trials using local forest species. These plots would provide information on the performance of these species, mortality, pests and diseases.</p> <p>The FPMP had specified that residual natural forest sites were to be protected. The forest plantation management had also marked trees of the natural forest for protection.</p> <p>Appropriate site preparation and planting techniques had been implemented during the planting stage. Planning of roads and their construction as well as implementation of RIL had been written in the FPMP. These procedures would be implemented during harvesting to mitigate soil degradation and impacts on water quality.</p> <p>The plantation had not embarked on fertilization of the planted trees in the field. No chemicals pesticides and</p> | <p>Management objectives had been included in the FPMP. However, these objectives were not clear on natural forest conservation and restoration. A minor NCR 6/2013 was raised.</p> <p>The establishment of the plantation had protected all residual forest sites and riparian buffer belts. The natural residual forested site within the plantation had not been demarcated to be protected, restored and conserved. A minor NCR 7/2013 was raised.</p> <p>Owing to the severe degradation of the original natural forest area only a residual vegetation still remained within and around the FMU. There was a need to develop connectivity between these sites and the riparian buffer belts as wildlife corridors. Therefore an OFI 11/2013 was raised.</p> <p>An analysis of the comparative advantage/benefits of planting <i>Acacia mangium</i>, <i>Paraserianthes falcataria</i>, <i>Eucalyptus</i> and <i>Khaya sp</i> over native species in the forest plantation had not been conducted. A minor NCR 8/2013 was therefore raised.</p> <p>The needs for prevention and control of outbreaks of diseases and fires had been included in the environmental protection plan in the FPMP. SOPs for the prevention and control of these potential outbreaks have to be written to guide the field workers on the correct procedures of action. The Environmental Protection Plan had described the need to protect the forest plantation from pests and diseases as well as fire. Specific guidelines and SOPs were not written. In addition procedures preventing, monitoring and assessing invasive plant introductions could be included. An OFI 12/2013 was raised.</p> |
|---------------------|--|--|

| | | |
|--|--|--|
| | <p>biological agents were used once the trees were planted.</p> <p>The SY Kuala Baram PFMU had conducted environmental management monitoring within the area as stipulated under the approval of the EIA.</p> <p>The SY Kuala Baram PFMU had just established a R&D unit to develop more efficient nursery techniques for improvement of planting stocks. Progress reports on preliminary findings were presented during the audit. Species and provenance selection were based on results reported in other plantations in the region.</p> <p>The SY Kuala Baram FPMU was established on titled land through Lease of Stateland to different companies of the FMU in 2003. The documents governing the legal establishment and protection of the FMU were made available in the office of Shin Yang Plywood Sdn Bhd in Kuala Baram.</p> | |
|--|--|--|

The audit findings were sent for comment to 2 (two) peer reviewers. The comments from the peer reviewers and the responses by the audit team are as in **Attachment 2**.

Based on the findings of this Stage 2 audit, it was found that the SY Kuala Baram FPMU had generally complied with the requirements of the *MC&I* (Forest Plantations). However, there were lapses in the management system and practices which had resulted in the issuance of eight (8) minor NCRs and twelve (12) Opportunity for Improvements (OFIs). There was no major NCR being raised. The details on the minor NCRs and OFIs raised are as in **Attachments 3** and **4** respectively.

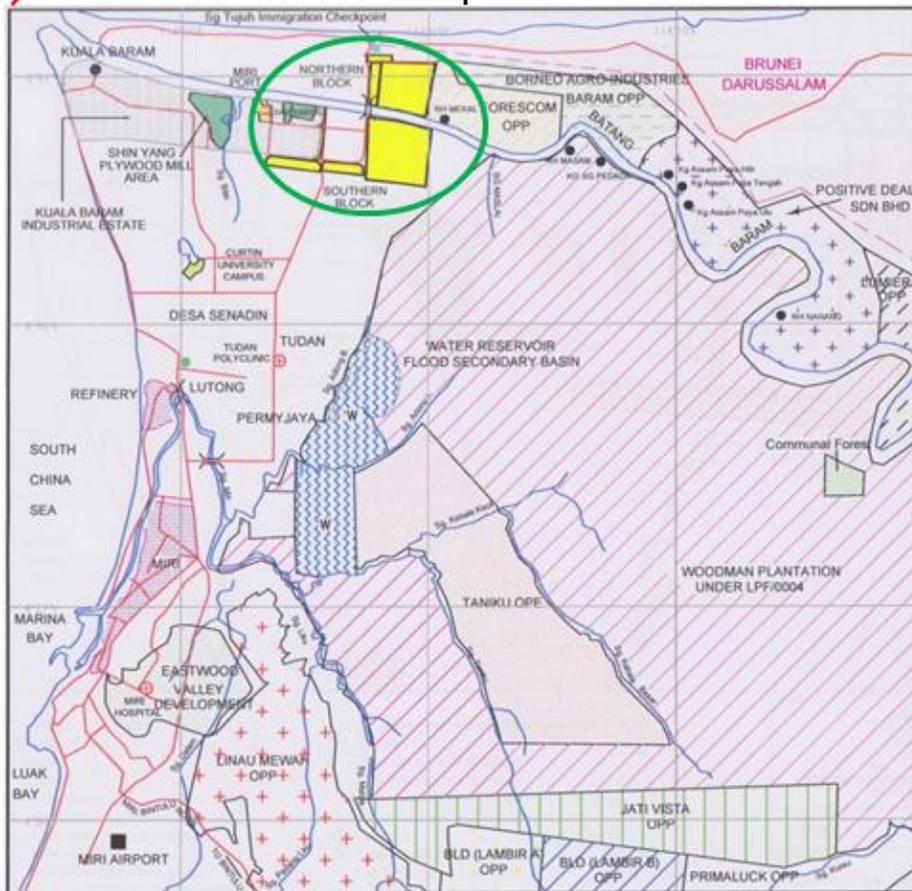
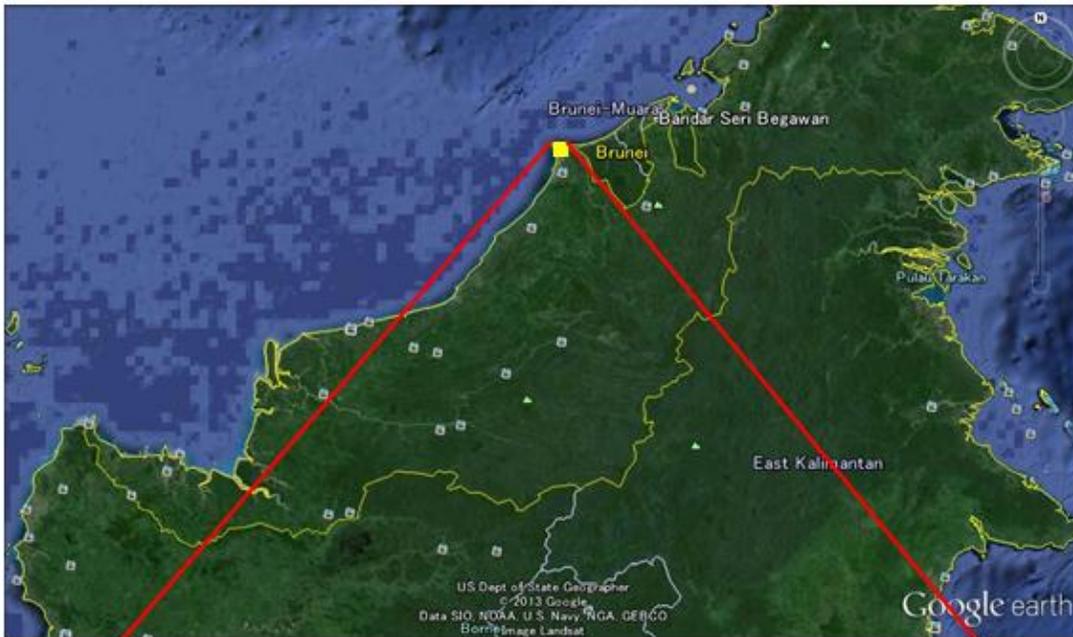
On indigenous peoples' right, it was documented that the only long house in the area (the eleven-door Rumah Panjang Mekal) located outside the perimeter of the FPMU did not own or make claims to any land within the Forest Plantation Management Unit (FPMU). It was observed during this stage 2 audit that the FPMU had not operated within indigenous people's lands recognized within national legal frameworks and it had long term tenure on the land through the leases signed with the government.

With regard to Criterion 6.10, the SY Kuala Baram FPMU has no plan of converting the residual forest area to plantations. The conversion of forest plantation area into non forest land use had not occurred within the FMU except for 5.6 ha that were mined for sand.

The management of SY Kuala Baram FPMU had taken appropriate corrective actions to address the minor NCR raised which had been reviewed and accepted by the audit team. The SY Kuala Baram FPMU had also submitted its proposed corrective actions to address the minor NCRs and OFIs. The proposed corrective action plan had been reviewed and accepted by the audit team. However, these corrective actions shall be verified by the audit team during the surveillance audit.

As no major NCR raised had been raised and all the corrective actions to be taken on the minor NCRs had been reviewed and accepted, the audit team had therefore recommended that the Certificate for Forest Management be awarded to the SY Kuala Baram FPMU.

Map of Shin Yang Kuala Baram FPMU



Comments from Peer Reviewers and Responses by Audit Team

Peer Reviewer 1: Dr. Woon Weng Chuen

| No | Comments on NCRs raised | Response and Actions Taken by Audit Team (if applicable) |
|----|--|---|
| 1. | <p>NCR No. 1/2013</p> <p>Indicator 6.2.3 It is important that the Forest Plantation Manager initiate formal contact with conservation organizations and regulatory authorities regarding the FPMU's conservation and management activities as early as possible. In agreement with Auditor for rising a Minor NCR here and for it to be verified during the next surveillance.</p> | Noted. |
| 2. | <p>NCR No. 2/2013</p> <p>Indicator 6.3.1 There is a typo mistake regarding Lot 2136 on page 19. It should read lot 2138 instead. Lot 2126 and lot 2138 are the biggest area and accounts for 488ha and 314 ha respectively. Residual forest sites needs to be demarcated and mapped properly for protection. Justify rising a minor NCR and to be verified at next surveillance.</p> | The error has been corrected in this final report. |
| 3. | <p>NCR No. 3/2013</p> <p>Indicator 8.5.1 In agreement with auditor. The public should be able to access such information with regards to budget and actual expenses expended on training, R&D and conservation.</p> | Noted. |
| 4. | <p>NCR No. 4/2013</p> <p>Indictor 9.1.1 Justified to issue a minor NCR since action was taken only in Aug 2013 and study could only commence after the 2nd stage audit.</p> | Noted. |
| 5. | <p>NCR No. 5/2013</p> <p>Indicator 9.2.1 Typo error highlighted in yellow – should be consulted. Another typo in the text on page 26 related to 9.2.1, the word minor "NCR" is missing. Related to 9.1.1 and follow through to consultation with relevant stakeholders regarding HCVFs is important. Justify issue a minor NCR.</p> | Noted the errors in the report and amendments were made in the final report |

| | | |
|----|---|--|
| 6. | <p>NCR No. 6/2013</p> <p>Indicator 10.1.1 Justified issuing a minor NCR. This is also related to 6.3.1 which was issued a minor NCR also.</p> | Noted. |
| 7. | <p>NCR No. 7/2013</p> <p>Indicator 10.2.1 Again this is related to 10.1.1 and 6.3.1. In view of the separate indicator it is necessary to follow through with another minor NCR here.</p> | Noted. |
| 8. | <p>NCR No. 8/2013</p> <p>Indicator 10.4.2 Certainly an important issue to be addressed right from the beginning to evaluate the comparative advantage//benefits of using exotic species over native species. A minor NCR justified.</p> | Will be monitored during the surveillance on the progress of using native species and the comparison of growth with the exotics. |

| No | Indicator | Comments on OFIs raised | Response and Actions Taken by Audit Team (if applicable) |
|----|-----------|--|--|
| 1. | 1.1.2 | <p>OFI 1/2013 It is a bit unclear why an OFI is been issued – it is stated that the senior forest manager had demonstrated knowledge of relevant federal and state laws etc.... Or is it that more in-house briefings are required to familiarize the workers at the nursery of this requirement. Why nursery workers? Very Puzzling!!!!!! Unless it is related to worker's rights.</p> | <p>The senior forest managers were aware of the requirement of the various laws but had gaps in implementing them on the ground. An example was in implementing the <i>Labour Ordinance 1952 (Sarawak)</i> whereby the forest managers were not very clear in establishing the compensation system for working during public holidays. There was also confusion on the requirement of the <i>Sarawak River Ordinance</i> on the establishment width of the riparian buffer belts. For the nursery and field workers, the right to present grievances and the specifications of the <i>Occupational Safety and Health Act 1994</i> would have to be inculcated to assist them in operating appropriately.</p> <p>The final report has been amended.</p> |
| 2. | 1.5.2 | <p>OFI 2/2013 As the concession is surrounded with oil palm plantations and industrial activities, more prominent sign boards are indeed required not</p> | <p>Noted the additional point. The section was revised in the final report.</p> |

| | | | |
|----|-------------|--|---|
| | | only at the main entrance but also in strategic areas along the perimeter of the FMU. | |
| 3. | 1.6.2 | <p>OFI 3/2013</p> <p>Is the auditor trying to say that the policies/statements were not made available to all stakeholders because it was not found in the public summary? Also that such policy statement is not displayed at prominent sites – meaning at kongsi’s canteen, nursery etc. within the FMU? Auditor need to be very specific and use simple and concise English to state exactly what they meant. I find this OFI a bit confusing.</p> | <p>Briefings to employees were conducted to enable them to understand the FMU commitment to the P&C. The policy had not been clearly displayed in work sites to remind the workers of the need to adhere to the P&C. This policy committing the FMU to following P&C is required to be posted in the public summary.</p> <p>The section had been rewritten in the final report.</p> |
| 4. | 4.3.1/4.3.2 | <p>OFI 4/2013</p> <p>Here it is stated that some general workers did not have a clear understanding of the ILO convention No.87 and the rights accorded to them even though they had been brief. To form a union or for the workers to unionise requires leadership coming from the general workers and this is not an easy task. More briefing on such matters to the general workers would certainly be required and raising an OFI on this issue is pertinent.</p> | Noted. |
| 5. | 4.4 | <p>OFI 5/2013</p> <p>Certainly it would be nice to have a separate and standalone SIA done on the FPMU. Since it had been incorporated into the EIA why is there a need for another standalone SIA? What is more important is that the findings/recommendations on the social impacts highlighted in the EIA be followed through and steps taken to improve or resolve those issues are taken if any. Stress is on follow-up action by FPMU rather than another SIA. An OFI would be appropriate if the FPMU has not taken any action to act on the recommendation on SI stated in the EIA.</p> | The chapter on social impacts in the EIA was written some time back at the initiation of the project. Although there was only one long house near to the FMU other developments in land use had occurred a review of the social impacts would be appropriate as specified in one of the verifiers of the Indicator. |
| 6. | 5.1.1/5.1.2 | <p>OFI 6/2013</p> <p>Justified to raise an OFI here if there are no clear financial and manpower commitment stated in the annual plan.</p> | Noted. |
| 7. | 6.2.5 | <p>OFI 7/2013</p> <p>If the auditor meant that there was a lack of or inadequate training on endangered, rare and threatened species of flora and fauna and</p> | As the field workers were operating continuously in the FMU they would be more likely to encounter these ERT species thus the training in knowing |

| | | | |
|-----|--------|---|--|
| | | suggesting such training courses be conducted then it is reasonable to raise an OFI. Again auditor needs to use very specific and concise English to communicate what he means. Perhaps the FPMU manager understood them but for the peer reviewer who is depending on the written report it may be difficult to actually understand why this has been raised. Wrongly stated as OFI 6 on page 19. | them would be advantageous to the FMU. Had amended the final report. |
| 8. | 6.4.2 | OFI 8/2013 As harvesting will only commence in 2016 there is ample time to take action on this. Distinct signboards at appropriate location will certainly distinguish such areas clearly to ensure that they are not damaged during future harvesting. Regular monitoring and supervision is important. | Noted. |
| 9. | 6.6.1 | OFI 9/2013 The major issue here is paraquat. Given the controversy and the abused of this herbicide the Forest Plantation Manager should take steps to curb or remove the use of paraquat in the FPMU. | The raising of this OFI was to remind the forest managers on the concern of the auditors on paraquat and also for the next auditor to be able to review the situation during the surveillance. |
| 10. | 7.2.2 | OFI 10/2013 Auditor is not clear again here – it was stated that the forest managers attended workshops on MC&I (forest Plantation), STA technical training etc... and yet raise an OFI on this. Was it their inference that the training so far was inadequate? If so, they should be sent for further training? Or the frequency is not enough and in this case specify how many times is expected. Maybe a case of weak English writing skill on the auditor's part. | The <i>MC&I</i> specified that forest managers continuously develop their skill in scientific development in forest plantation. The workshops on P&C and that organized by STA were more focused on the need of certification. Scientific development in forest plantation could be enhanced with networking with other more established plantations in Sabah and Sarawak which had more than 30 years of planting history. The section was amended to be clearer in the final report. |
| 11. | 10.2.2 | OFI 11/2013 This is related to the minor NCR 7/2013. As the natural residual forested site has not been demarcated it follows that there is no follow up on the connectivity between these sites and the riparian buffer belts as wildlife corridors. Certainly important that this should be verified during the next surveillance. | Noted and this would be follow up in the surveillance. |
| 12. | 10.7.1 | OFI 12/2013 What are missing are the SOPs although it | Agreed with the comment. The Environmental Protection Plan had |

| | | |
|--|--|---|
| | has been stated in the Environmental Protection Plan in the Forest Plantation Management Plan. These SOPs should also cover invasive plant introductions. If that is so this OFI is appropriate. | described the need to protect the forest plantation from pests and diseases as well as fire. Specific guidelines and SOPs were not written. |
|--|--|---|

Peer Reviewer 2: Dr. Alias Mohd Sood

| | | |
|----|---|---|
| 1. | The reporting has been done thoroughly and of good quality identifying no major NCR, 8 minor NCRs,12 OFIs They have visited the site and office acquiring data and done interviews, as well as discussed with stakeholders. | Noted. |
| 2. | Their comments are mostly acceptably objective and straight to the points and discussed one by one according to criteria and indicators. Relevant stakeholders were also involved in this auditing which is essential. However, there's confusion at executive summary mentioning 6 minor NCR and 8 OFI whereas at table behind there are 8 minor NCR and 12 OFIs | Noted. The executive summary has been amended in the final report. |
| 3. | I observed that most certification has been acceptably properly addressed and discussed one by one according to criteria and indicators. Each NCR was also provided with correction actions and status reported. Except for NCR 7/2013 auditors should recommend using GIS to ease operations. | Noted on the comment. NCR 7/2013 was raised as there was no clear demarcation of the residual forest patches on site. There was a satellite imagery of the plantation indicating these sites. |
| 4. | Overall the conclusions are appropriate. For example Criteria 10.1,10.2,10.3 and 10.4 were commented and concluded reasonably by the auditors by giving minor NCR and OFI | Noted. |
| 5. | The 6 minor NCRs, 8 OFIs were quite reasonably issued. I think OFI 3/2013 on having plantation signage is quite crucial since area is surrounded by industrial activities. Should be upgraded to minor NCR. | Noted. The OFI was raised instead of a Minor NCR as signage were present but needed to be strategically placed and more to be added. |
| 6. | Most recommendations are acceptably appropriate, however in several cases, the team should be aware of latest policy and technology available that could be recommended. Following are two examples: Recommendation for OFI 10/2013 and 11/2013 should be more explicitly described. | The OFI 10/2013 and 11/2013 has been rephrased to be clearer. Auditors could not make recommendation to use methods |

| | | |
|------------------|--|---|
| | <p>For NCR 7/2013, auditors should recommend the use of GIS to ease the operations.</p> | <p>when raising NCR. The NCR writing should be objective based on lack of objective evidence.</p> <p>NCR 7/2013 was raised as there was no clear demarcation of the residual forest patches on site. There was a satellite imagery of the plantation indicating these sites. A limited utilization of GIS was observed.</p> |
| <p>7.</p> | <p>I don't see detail maps such as species block or year planted block. These should be essential for auditors to have better visualization of the area.</p> | <p>The species of trees planted in each block, their number planted and total planted for each species were provided in an attached table. This table was presented to the audit team. The table also included species tested for their growth performances.</p> <p>The details specified had been presented in the public summary.</p> |
| <p>8.</p> | <p>There's confusion at executive summary mentioning 6 minor NCR and 8 OFI whereas at table behind there are 8 minor NCR and 12 OFIs?</p> | <p>The correct numbers are 8 minor NCRs and 12 OFIs. The report has been amended.</p> <p>The executive summary has been revised.</p> |

Details on NCRs and Corrective Actions Taken

| Criterion/Indicator | Non conformity (NCR) | Type of NCR | Corrective action Plan/Corrective Action Taken | Response by audit team and Status of NCR |
|--|--|--------------|--|---|
| <p>NCR No. 1/2013</p> <p>Indicator 6.2.3 - Existence of cooperation between forest plantation managers and conservation organizations and regulatory authorities in implementing conservation and management activities.</p> | <p>The SY Kuala Baram FPMU had initiated effort with the cooperation of the government agencies and the Sarawak Forestry Corporation (SFC) on the possibility to jointly conduct an assessment on HCVF sites within the FPMU. However, there were no documentations to show that meetings and consultations had been held with conservation organizations, research agencies and regulatory authorities.</p> | <p>Minor</p> | <ol style="list-style-type: none"> 1) To fix a tentative schedule and communicate to the SFC on conducting an assessment on HCVF; 2) To carry out the assessment on HCVF; and 3) To list all stakeholders to be consulted such as NGOs, research agencies and regulatory authorities regarding conservation and/or researches on HCVF and up-date the list of these external stakeholders and record all communication with them. | <p>The FMU had presented documents on the follow-up actions. The list of stakeholders would be revised to indicate a broader group so as to improve on conservation management in the FPMU.. The corrective action plan was reviewed and accepted by the audit team. Verification of the corrective action would be done during the surveillance audit.</p> |
| <p>NCR No. 2/2013</p> <p>Indicator 6.3.1 - Availability and implementation of forest plantation management guidelines to demarcate and protect natural forests and measures to enhance</p> | <p>Residual forest sites in Lot 2126 and Lot 2138 within the FPMU had not been demarcated in the plantation and not mapped for protection.</p> | <p>Minor</p> | <ol style="list-style-type: none"> 1) SY Kuala Baram FPMU had nearly completed the ground marking of trees; 2) Identify protected/ endangered species within the FPMU; and | <p>The tree tagging in the protected site would be the first action required to identify any rare species. Demarcating on maps using GPS would provide the boundary marking of the area to be protected. The action plan was accepted and the actions taken</p> |

| | | | | |
|--|--|-------|---|--|
| natural regeneration in forest plantation areas. | | | 3) Mapping with GPS to accurately identify protected/ endangered species within the FPMU. | would be verified during the surveillance audit. |
| NCR No. 3/2013 Indicator 8.5.1 - A summary of the results of monitoring indicators as listed in Criterion 8.2 shall be made available to the public. | The public summary presented in the web page of the SY Kuala Baram FPMU www.shinyang.com had not included the costs and efficiency of the forest management thus a minor NCR 3/2013 was raised. | Minor | 1) To include a budget and actual expenses in the public summary; 2) To prepare a budget for 2014 which includes expenditures on training, R & D, conservation, protection and maintenance of riparian buffer; and 3) To prepare a draft summary on the result of monitoring indicators for uploading onto the website. | The action plan presented by the SY Kuala Baram FPMU had indicated that a budget would be included in the public summary. The action was accepted and would be verified during the surveillance audit. |
| NCR No. 4/2013 Indicator 9.1.1 - Forest plantation managers shall conduct an assessment to identify High Conservation Value Forests (HCVFs) in accordance with the relevant guidelines and in consultations with relevant stakeholders and experts. | Although the EIA report had stated that it was very unlikely that there would be HCV sites, the SY Kuala Baram FPMU had contacted the Sarawak Forestry Corporation to initiate a study within the plantation area. A quotation was provided by SFC on 5 August 2013 and the approval to proceed was given by the management. However, a HCVF study had yet to be | Minor | 1) Communicate and confirm on tentative date to conduct a HCVF assessment with SFC; 2) Provide training for the relevant staff to familiarize them on how to conduct an assessment on HCVF; 3) Examine the results of the | The SY Kuala Baram FPMU had written to SFC to confirm the date for implementing the HCVF study. This study had been agreed in principle and would be implemented when the dates were confirmed. The action plan was accepted and the actions taken would be verified during the surveillance audit. |

| | | | | |
|--|--|-------|---|--|
| | conducted. As a HCVF study had yet to be initiated, therefore HCVF monitoring had not been conducted. | | assessment; and 4) Implement the results of the study. | |
| NCR No. 5/2013 | | | | |
| Indicator 9.2.1 - Forest plantation managers shall provide the assessor with a list of relevant stakeholders who have been consulted regarding the HCVFs. | A list of relevant stakeholders to be consulted regarding HCVF was not provided to the audit team. | Minor | 1) To make sure that a HCVF assessment is conducted with the cooperation of the SFC; and 2) To make available a list of the relevant internal and external stakeholders to be consulted for HCVF assessment. | The stakeholder list would be updated as indicated in the corrective action on NCR 1/2013. The action plan was accepted and the actions taken would be verified during the surveillance audit. |
| NCR No.: 6/2013 | | | | |
| Indicator 10.1.1 - Implementation of forest plantation management plan with clear management objectives including natural forest conservation and restoration objectives. | The objectives of the forest management as presented in the FPMP (Sept 2013 to Sep 2022) were not clear on the conservation and restoration of natural forest. | Minor | To include the objectives of natural forest conservation and restoration in the FPMP(Sept 2013- Sept 2022) | The revision of the FPMP would not be due soon as it was written just before the audit. A separate document would be prepared as an attachment to the FPMP. A ground survey and tree marking which are crucial in protecting these residual trees would be conducted. The action plans were accepted and they would be verified during the surveillance audit. |

| | | | | |
|---|---|--------------|--|--|
| <p>NCR No. 7/2013</p> <p>Indicator 10.2.1 - Forest plantation design and layout shall promote the protection, restoration and conservation of natural forests for forest plantation areas.</p> | <p>The forest plantation establishment had not included protection, restoration and conservation of natural forests.</p> | <p>Minor</p> | <ol style="list-style-type: none"> 1) Carry out on ground marking of the residual forest areas within the FPMU; 2) To set protection areas with GPS where natural residual stands are still growing; 3) To contact research organisations and review available research reports; and 4) To collect information on indigenous and exotic species. | <p>The protection and restoration of the residual natural forest could only be done with research information. This would only be available from research agencies as the FMU did not have such capability.</p> <p>The action plans were accepted and they would be verified during the surveillance audit.</p> |
| <p>NCR No. 8/2013</p> <p>Indicator 10.4.2 - Availability of justification and analysis of the comparative advantages/benefits of choosing exotic species over native species in forest plantation establishment and or restoration.</p> | <p>An analysis of the comparative advantages/benefits of choosing exotic species over native species in the establishment of the plantation had not been conducted.</p> | <p>Minor</p> | <ol style="list-style-type: none"> 1) identify published research reports as references to conduct the analysis; 2) contact related institutes/regulatory authorities for information on growth, pest and disease and/or fire problems etc. on the planted species; 3) Collect/gather information on indigenous and exotic species; | <p>The merit and demerit charts would be developed and used for assessing the advantages/ benefits of planting the different exotic species.</p> <p>This corrective action plan was accepted by the audit team. The comparison on the advantage/benefit of planting the different species would be verified during the surveillance audit.</p> |

| | | | | |
|--|--|--|--|--|
| | | | <p>4) make comparison among species in a form of merit/demerit chart; and</p> <p>5) analyse and conclude the result of comparison.</p> | |
|--|--|--|--|--|

Details on OFIs

| Clause | Details |
|-------------|--|
| 1.1.2 | OFI 1/2013 The forest plantation managers will have to improve their knowledge on the relevant federal and state laws, administrative requirements and regulatory framework. |
| 1.5.2 | OFI 2/2013 In view of the many oil palm plantations and industrial activities along the perimeter of the FPMU, more prominent sign boards including the ban on unauthorized activities e.g. hunting need to be erected at more sites, not only at the main entrances but also in strategic areas of the FPMU. |
| 1.6.2 | OFI 3/2013 The policy statement committing the FMU to adhere to the P&C is required to be posted in the public summary. In addition, the policy statement would have to be displayed at prominent sites within the FPMU and distributed to all stakeholders. |
| 4.3.1/4.3.2 | OFI 4/2013 From a meeting held with the staff and general workers it was found that they had been briefed on the rights provided by the ILO Convention 87. However, it was observed that there were a number of general workers, although they were aware of the right to unionise, they did not have a clear understanding on these rights. |
| 4.4 | OFI 5/2013 Evaluation of social impact had been incorporated into the EIA. However, if a separate SIA on its own is being carried out, this would further enhance the evaluation on the social impacts of the SY Kuala Baram PFMU' forestry operations. |
| 5.1.2 | OFI 6/2013 The financial and human resources provided to maintain, restore or enhance the productive capacity and ecological functions of the forest have to be clearly reflected in the annual plan. |
| 6.2.5 | OFI 7/2013 Posters showing protected endangered, rare and threatened (ERT) species were made available to forest workers and posted in prominent places in the nursery. As these forest workers would be working for a long time in the FPMU they would be more likely to encounter these ERT species thus the training in knowing them would be advantageous to the workers and the SY Kuala Baram FPMU. However, the workers' knowledge on these ERT could be improved if training was conducted by the relevant agencies. |

| | |
|--------|--|
| 6.4.2 | <p>OFI 8/2013 Existing residual forest ecosystem had been demarcated on ground and satellite imageries for protection. An area of 39 ha had been set aside for conservation. Another 6.8 ha had been demarcated as riparian buffer belt. Protection and management of these sites could be improved with distinct signboards being placed at appropriate locations around the remaining residual forested areas. Monitoring and supervision would have to be enforced to prevent any damages during harvesting.</p> |
| 6.6.1 | <p>OFI 9/2013 The use of chemicals especially paraquat could be further controlled.</p> |
| 7.2.2 | <p>OFI 10/2013 The forest managers could further improve their knowledge on the latest scientific information on forest plantation management with networking with other more established plantations.</p> |
| 10.2.2 | <p>OFI 11/2013 Owing to the severe degradation of the original natural forest area only a residual vegetation still remained within and around the FPMU. There was a need to develop connectivity between these sites and the riparian buffer belts as wildlife corridors.</p> |
| 10.7.1 | <p>OFI 12/2013 The Environmental Protection Plan had described the need to protect the forest plantation from pests and diseases as well as fire. However, there were no specific guidelines and SOPs being written. In addition procedures on preventing, monitoring and assessing invasive plant introductions could be included.</p> |