



**PUBLIC SUMMARY
STAGE 2 ON
SAPULUT FOREST MANAGEMENT UNIT
FOR FOREST MANAGEMENT CERTIFICATION**

**Certificate Number: FMC-NF 00117
Date of First Certification: 11th June 2018
Audit Date: 5-9 Sept 2017
Date of Public Summary: 25th July 2018**

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EXECUTIVE SUMMARY

The Stage 2 audit for forest management certification on the Sapulut Forest Management Unit (Sapulut FMU 14) was conducted from 5-9 September 2017 and Verification Audit on Major NCRs on 31 January – 1 February 2018. This was an audit conducted following the Stage 1 audit which was conducted in 6 – 7 June 2017 on the overall forest management system and practices of the FMU against the requirements of the Malaysian Criteria and Indicators for Forest Management Certification [MC&I (Natural Forest)] using the verifiers stipulated for Sabah, Malaysia.

The audit was conducted with the full cooperation of the Sapulut Forest Development Sdn. Bhd. The audit was conducted by a three-member team comprising Khairul Najwan Ahmad Jahari (Lead Auditor), Ismail Adnan Abdul Malek and Puteri Arlydia Abdul. The scope of the audit limited to the forest management system and practices of the natural forest area (NFM) within the Forest Reserved of the Sapulut FMU 14. The audit involved the verification of documentations and field visits and inspections. There were also consultations being held with the relevant stakeholders.

This public summary contains the general information on the Sapulut FMU, the findings of the Stage 2 Audit NCRs raised as well as the decision on the continued certification of the FMU.

2 INTRODUCTION

2.1 Name of FMU

Sapulut Forest Management Unit

2.2 Contact Person and Address

Teddy Sius @ Lawrencius
FMU Executive Manager
Mile 60 Jalan Kalabakan, Keningau Sabah, Malaysia
Phone#: 088-858 811
Fax #: 08-885 8810
E-mail: teddy.sius@sapulut.com

2.3 General Background on the Sapulut FMU

Sapulut Forest Development Sdn Bhd (SFDSB) has signed a Sustainable Forest Management Licence Agreement 04/97 with the Sabah State Government on 10th September 1997 to manage a total 76,613 ha of the Forest Management Unit (FMU) 14, which is located within the Sapulut Forest Reserve (Sapulut FR) for a period of 99 years.

The Natural Forest managed by Sapulut Forest Development covers an area of only 54,643 ha of logged-over forest in the Sapulut Forest Reserve. The forest area is situated approximately 4° 48' N and 116° 54' E to longitudes 4 ° 32' N and 116° 28' E in the district of Tibow, Sabah and accessible by the Keningau-Sapulut-Kalabakan road.

The forest types in the FMU are logged-over Mixed Dipterocarp Forest (MDF), Mixed Dipterocarp Forest and Kerangas Forest, Lower Montane and secondary vegetation. The general landform of the FMU is undulating with elevation between 200m to 1200m a.s.l. The FMU has been zoned into forest function for Conservation (2,091 ha) and Production Area (52,552 ha).

Currently, the FMU is conducting logging activities at coupe 232A, 232B, 233 and 234.

The Sapulut Forest Development has prepared a ten (10) year of 3rd Forest Management Plan (FMP) and general SOP's for the Natural Forest Management FMU 14. A Forest Management Plan (FMP) covering the period from 1st January 2016 to 31st December 2025 had been completed and presented during the audit. The forest is managed under a Natural Forest Management System (NFM) on a 25-year rotation period. Under the 3rd Forest Management Plan (3rd FMP), the

Annual Allowable Cut (AAC) for the Sapulut FMU has been set to 2,102 ha a year or a total of 52,552 ha over the duration of the plan.

The forest resources in the Sapulut FMU were being managed by the Sapulut Forest Development Sdn Bhd with a total workforce of 271 peoples. These staff consisted of managers, forestry officers and the field staff. Others were administrative and general workers.

A map of the FMU showing the significant features of the forest is attached in **Attachment 1**.

2.4 Date First Certified

11th June 2018

2.5 Location of the FMU

The FMU is located between approximately 4^o 48' N and 116^o 54' E to longitudes 4^o 32' N and 116^o 28' E in the district of Tibow, Sabah and accessible by the Keningau-Sapulut-Kalabakan road.

2.6 Forest Management System

The FMU had followed the principles of sustainable forest management (SFM). A Forest Management Plan (FMP) (2016) to (2020) was presented during this audit.

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

The annual allowable cut (AAC) for the FMU had been set at 2,102 ha. During this Stage 2 audit, the size of the FMU is 52,552 ha.

3. **AUDIT PROCESS**

3.1 Audit Dates

5-9 September 2017 (15 auditor man-days)

3.2 Audit Team

Khairul Najwan Ahmad Jahari (Lead Auditor)
Puteri Arlydia Abdul
Ismail Adnan Abdul Malek

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

3.3 Standard Used

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

3.4 Stakeholder Consultations

A stakeholder consultation was conducted in August 2017 for a period of one month. There is only one comment received from the stakeholders. Comment of the stakeholder as in Attachment 3

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 Sabah.

For each Indicator, the auditors had conducted either a documentation review, consultation with the relevant personnel of the FMU, local community 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 FMU's overall compliance with the indicator and decided whether or not to issue a major or minor NCR or an OFI which is defined as follows:

- (i) a major NCR is a non-compliance with the requirements of the MC&I (Natural Forest);
- (ii) a minor NCR is a deviation or a lapse in complying with the requirements of the MC&I (Natural Forest); and
- (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 a non-conformance.

4 SUMMARY OF AUDIT FINDINGS

Based on the findings of this Stage 2 Audit, it was found that the Sapulut Forest Development Sdn Bhd had continued to manage the Sapulut FMU in compliance with most of the requirements of the MC&I(Natural Forest). This Stage 2 Audit had resulted in the issuance of seven (7) Major, four (4) Minor Non-Conformance Report (NCRs) and two (2) Opportunities of Improvements (OFI) were raised on the Sapulut FMU 14 against the requirements of the MC&I (Natural Forest). The details on the NCRs/OFIs raised are shown in **Attachment 5**.

The summary on the findings of the stage 2 audit on the Sapulut FMU against the requirements of the MC&I (Natural Forest) are as follows:

Principle	Strengths	Weaknesses
<p>Principle 1 Compliance with Laws and Principles</p>	<p>Records and up-to-date relevant federal and state laws, regulations and policies, in particular those related to forest management were available and sighted by the auditors at Sapulut Forest Development Sdn Bhd (SFDSB) Base Camp.</p> <p>Interviewed forest manager and record clerk were aware of the federal and state laws and regulatory framework related to forest management.</p> <p>Forest managers are aware of all binding international agreements relevant to forest management such as 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. They copy of the agreements were available at the Sapulut Forest Development Sdn Bhd (SFDSB) Base Camp.</p>	<p>There were no negative findings.</p>
<p>Principle 2 Tenure and Use Rights and Responsibilities</p>	<p>Licensed agreement of FMU found to be valid for 99 years, covering period of 1997-2096. The agreement has been signed between the Chief Minister of the State of Sabah and Sapulut Forest Development Sendirian Berhad on 10 September 1997.</p> <p>There is no local and indigenous community living within the FMU area. All settlements near to the FMU are located outside the FMU area. These (Murut) indigenous people have no legal rights within the FMU area.</p> <p>Forest manager have recognised, respects and collaborates with holders of customary tenure or use rights within the FMU area.</p>	<p>There were no negative findings</p>
<p>Principle 3 Indigenous People's Rights</p>	<p>The FMU does not use the legal and customary land of the 28 indigenous Murut settlements located outside the FMU area. Located in Nabawan district, the Murut is the third largest indigenous group in Sabah.</p> <p>As the forest management practices does not make use of indigenous people's lands outside the FMU area, the existing practices also do</p>	<p>There were no negative findings</p>

Principle	Strengths	Weaknesses
	<p>not threaten or diminish, either directly or indirectly, their resources or tenure rights.</p> <p>Clear boundary set up prevents any possible adverse impacts on the land of indigenous communities outside the FMU area.</p>	
<p>Principle 4 Community Relations and Workers' Rights</p>	<p>There were records to confirm that people in communities living within, or adjacent to the FMU were given preference for employment and contract works.</p> <p>Records of dissemination of up to-date safety and health information to forest workers based on the following laws and regulations were verified and complied with Occupational Safety and Health Act, 1994, NADOPOD, 2004.</p>	<p>Safety Officer Mr. Jeffrey Tendahal has attend <i>Kursus Pensijilan Pegawai Keselamatan Kesihatan</i> 23/09-24/10/2013 and Mr Johnson Joseph 22/09-21/10/2014. Hence, an OFI has been raised as competency of FMU staff and workers to their respective roles can be further improved for the following area:</p> <ol style="list-style-type: none"> 1. Handling schedule waste and chemical from generation to the disposal 2. Chemical handling e.g. mixing pesticides in sprayer pump 3. Awareness on emergency such as fire & chemical spillage for staff and workers working at workshop - contractor camp site. <p>Guidelines for storage and handling of hazardous material in accordance with the requirements – “Usage and Disposal of Hazardous Goods SOP#6.2-V2” for Scheduled Waste dated 17/08/2017 has been established.</p> <p>However, site visit to chemical/pesticides/fertilizer stores, workshop at contractor camp site, carpenter workshop, clinic has found that provision of Environmental Quality (Scheduled Wastes) Regulation 2005 for storage and handling of hazardous materials has not been conducted in proper manner</p>

Principle	Strengths	Weaknesses
		<p>for the following non-compliance;</p> <ol style="list-style-type: none"> 1. Improper signage and labelling e.g. SW 404 (clinical waste), SW 416 (disposed paints container), SW 408 (contaminate sawdust from cleaning-up of a spill of chemical, mineral oil or scheduled waste), SW 409 (disposed fertilizer container, disposed pesticides container, disposed diesel drum) etc. 2. Improper housekeeping / segregation of chemical materials 3. Secondary containment has not been prepared for SW 418 (disposed paints container) and SW 409 (disposed fertilizer container, disposed pesticides container, disposed diesel drum) <p>Therefore, Minor NCR on Indicator 4.2.5 was raised.</p>
<p>Principle 5 Benefits from the Forest</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>Implementation of guidelines for reduced/low impact logging to minimise damage to residual stand or Log extraction operations to minimise product wastage, degradation and foregone revenue opportunities was verified at harvesting activities area in Compartment 232A and 232B found Sapulut FMU using the Log Fisher thus damage on residual stand was reduced.</p> <p>Regular training was conducted for the staff on techniques of reduced-impact logging. A Training program for the 2017 has been</p>	<p>There were no negative findings</p>

Principle	Strengths	Weaknesses
	<p>developed and training activities are being conducted accordingly</p> <p>The FMU operating only for the production and harvesting of timber products particularly logs. The production mix of forest product including the utilization of non-timber forest products by local community enterprises was not available.</p> <p>Sapulut FMU management has established standard procedures named “Land Survey” for the identification and demarcation of sensitive areas to serve for the protection of soil and water resources.</p> <p>Annual Coupe is calculated based on Net Harvestable Production Area divided by Cutting Cycle Length (2,102ha/yr) and Annual volume removed be less than or equal to Mean Commercial Annual Increment (45.5m³/ha/yr) for regulated forests</p>	
<p>Principle 6 Environmental Impact</p>	<p>A SEIA at landscape level was conducted for Sapulut FMU 14 (Forest Logging and Plantation) and report produced in February 2005, prior to the commencement of forest operations.</p> <p>Provisions in the SEIA report provided for guidelines for the protection of ERT species which included management of special conservation of biological features such as seed trees, salt licks, nesting and feeding areas.</p> <p>Hunting fishing and collecting activities were controlled and inappropriate activities strictly prohibited in the FMU. “No entry to Permanent Forest Reserve” and “No hunting” signage has been erected along FMU external boundaries, FMU access points (gates) and posters on notice boards at workers’ camps.</p> <p>Guidelines for post-harvest regeneration assessment in Natural Forest of FMU were available which include Equipment, Method, Evaluation and Silvicultural information on Post – harvest stand.</p> <p>Site visit to Post Harvest activity in Compartment 231B showed the SOP on Systematic Line Plot Sampling Methodology (Post F) had been followed.</p>	<p>Standard operating procedures on waste disposal and solid non-organic waste were made available. Records on disposal of used tire 29/07/2016, 4/08/2016, and 5/08/2016 at Centralised Landfill in Keningau, Keningau District Council. Approval letter from Keningau District Council dated 1.8.2014 was verified during the audit.</p> <p>Scheduled wastes has not been properly disposed in an environmentally appropriate manner and Minor NCR on Indicator 6.7.1 has been raised for the following non-compliance:</p> <ol style="list-style-type: none"> 1. During demonstration of cleaning sprayer pump, the pesticides sprayer pump has been clean at specific emergency shower area, whereby the outlet pipe has directly release the contaminated water to the land and stream nearby

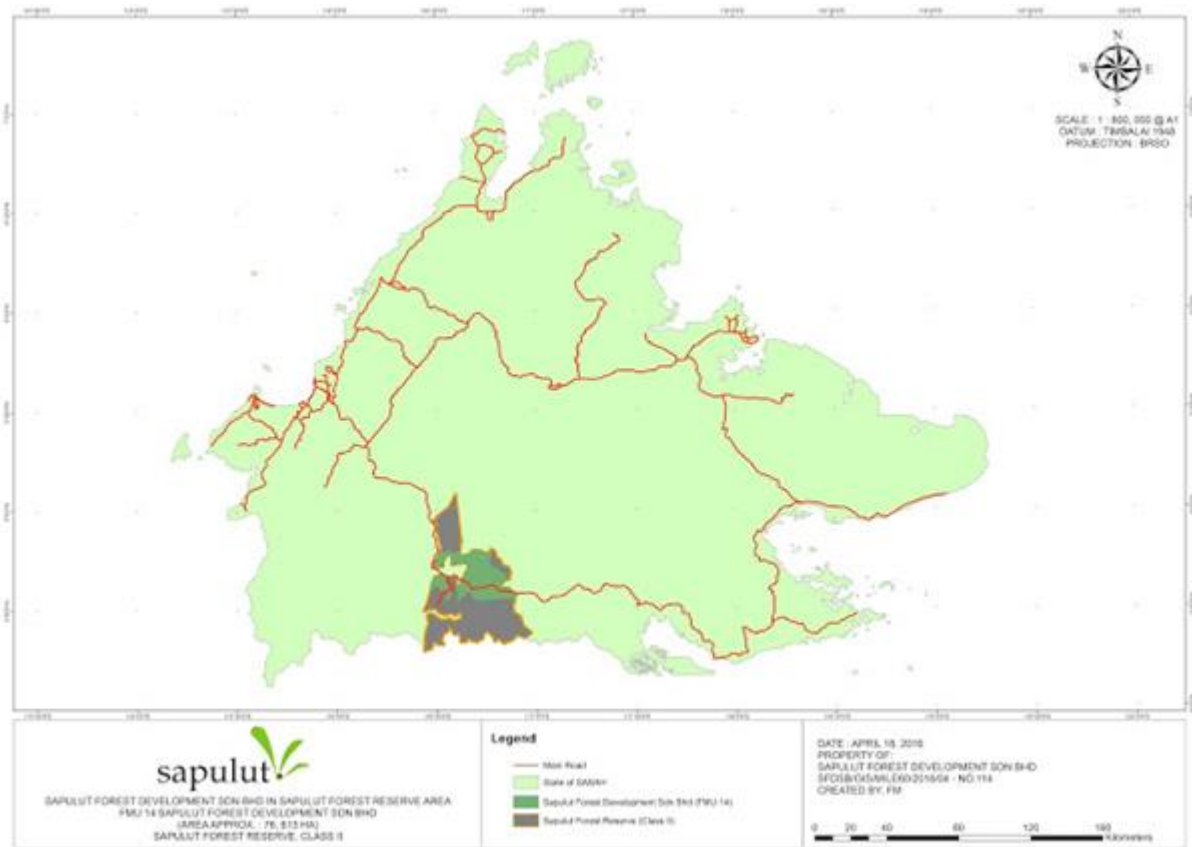
Principle	Strengths	Weaknesses
	<p>Protected areas were demarcated and mapped in the CHPs following RIL guidelines. Harvesting is excluded from these areas to minimize environmental impacts. To minimize harvesting impacts, length of skid trails for tractor and log fisher was limited.</p>	<p>2. Inventory of scheduled waste has not been conducted properly as per required by 5th Schedule under Environmental Quality (Scheduled Wastes) Regulations 2005</p>
<p>Principle 7 Management Plan</p>	<p>The 3rd Forest Management Plan (1st January 2016 – 31st December 2025) for Sapulut FMU 14 was approved on 17 March 2017 taking into consideration the (a) to (i) requirements specifically mentioned in Criterion 7.1.</p> <p>Forest managers were generally found aware of new scientific and technical information pertinent to the management of the area under certification.</p> <p>The FMU provides classroom facility and in-situ field sites, stumping ground and nursery for staff training. Training programmes were listed in the Annual Working Plan for 2017. Training was mostly conducted externally in established centers with proper facilities (e.g., at the Forestry Department in Sandakan HQ and Tibow district).</p>	<p>Workers were trained according to their respective roles in the implementation of the FMP.</p> <p>However, an OFI on Indicator 7.3.2 has been raised as the FMU has conducted SIA on 2009 and 2015 and from time to time conducted goodwill visit to the local communities living adjacent to the FMU area. Hence, recording of the consultation can be further enhanced e.g.;</p> <ul style="list-style-type: none"> • the significant environmental impact (noise, dust, release of chemical (oil etc.) or sedimentation river/stream • significant safety impact to the villagers (dangerous / unsafe driving by timber lorry driver)
<p>Principle 8 Monitoring and Assessment</p>	<p>Total 10 Permanent Sample Plots (PSPs) were established to assess growth of forest stand. Data collated were analysed by the SDSB and results were incorporated in the 3rd FMP.</p> <p>Monitoring the movement of harvested log from Sapulut FMU 14 certified forest to its destination, a process known as the “chain of custody”, was enabled through relevant documentations and implementation of computer – based “Log Flow Information System (LFIS)”. Through input of information from prepared forms into the LFIS, the movement of logs from the forest after felling until exiting the Central Stumping Station point can be traced.</p>	<p>Forest managers were required to identify and implement appropriate monitoring procedures as stated in the 3rd FMP, for assessing social, ecological, environmental and economic impacts. However, appropriate monitoring procedures and monitoring report for assessing social, ecological, environmental and economic impacts were not available. Therefore, Major NCR on Indicator 8.1.2 was raised.</p> <p>During the inspection of Permanent Sample Plot, it</p>

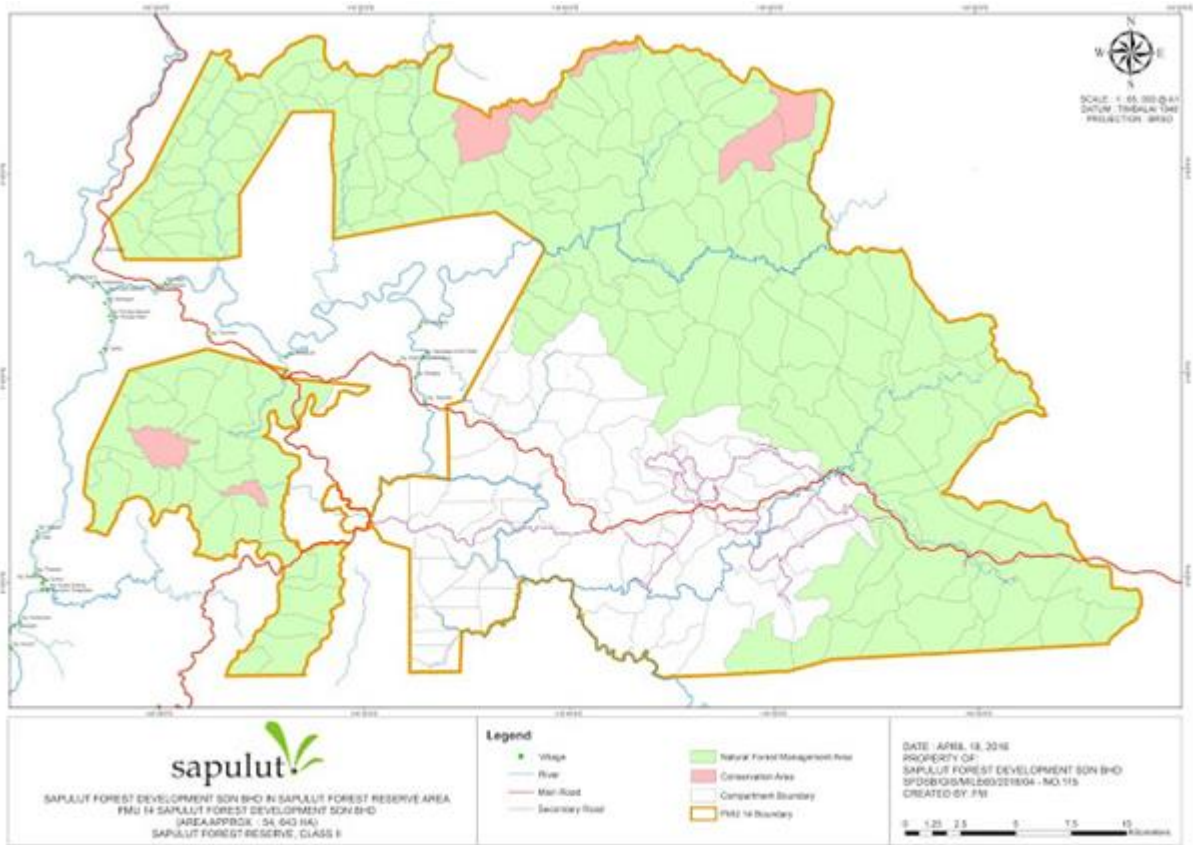
Principle	Strengths	Weaknesses
		<p>was found only ten (10) were established at NFM East area. Establishments of new PSP was not fully implemented in the NFM Central and NFM West of the FMU. Therefore, Minor NCR KN00/2017 was raised.</p>
<p>Principle 9 Maintenance of High Conservation Values</p>		<p>The SFDSB Forest managers are yet to determine the presence of HCVF attributes in FMU 14 in accordance with relevant federal, state and local laws in consultation with relevant stakeholders. Entailing this, potential HCV areas in the FMU are yet to be identified.</p> <p>Report and record on consultations with relevant stakeholders regarding the HCV area were not available i.e.</p> <ul style="list-style-type: none"> • The report on assessment, identification and demarcation on maps of proposed HCVFs from discussion with relevant stakeholders regarding HCV was not available. • Record as evidence of consultation with stakeholders on HCV was not available at Sapulut Forest Development Sdn Bhd <p>Hence, a Major NCR for indicator 9.1.1 was raised.</p> <p>On verification of the list and evidence of relevant stakeholders who had been consulted regarding the HCV area it was found that:</p> <ol style="list-style-type: none"> 1) The list of relevant stakeholders consulted regarding HCV which should include NGOs,

Principle	Strengths	Weaknesses
		<p>government bodies, universities and/ or related local communities was not available.</p> <p>2) Evidence of consultation with stakeholders on HCV was not available at Sapulut Forest Development Sdn Bhd - Forest Management Unit No.14.</p> <p>Hence, a Major NCR for indicator 9.2.1 was raised</p> <p>The protected HCV areas have yet to be incorporated of into the 3rd Forest Management Plan at Sapulut Forest Development Sdn Bhd – Forest Management Unit No.14 (2016 – 2025).</p> <p>Thus, a Major NCR for indicator 9.2.2 was raised.</p> <p>The auditors found that the HCV areas have yet to be mapped and incorporated progressively into the 3rd Forest Management Plan at Sapulut Forest Development Sdn Bhd – Forest Management Unit No.14 (2016 – 2025).</p> <p>Additionally, measures to ensure maintenance and/or enhancement of the applicable conservation attributes have not been implemented on the ground.</p> <p>Therefore, a Major NCR for indicator 9.3.1 was raised</p> <p>The management prescriptions to maintain and / or enhance HCV attributes on measures taken by Sapulut Forest</p>

Principle	Strengths	Weaknesses
		<p>Development Sdn Bhd – (SMFLA 04/97) have not been included in the publicly available forest management plan summary.</p> <p>Hence, a Major NCR for indicator 9.3.2 was raised.</p> <p>Provision for conducting appropriate forest management operations and annual monitoring, to gauge the effectiveness of measures taken for HCVF areas in the FMU, was specifically stated in Para. 6.4.2 in the 3rd Forest Management Plan at Sapulut Forest Development Sdn Bhd – Forest Management Unit No.14 (2016 – 2025).</p> <p>However, specific monitoring procedures and records to assess the effectiveness of the measures in the management of the HCV area were not available</p> <p>Hence, a Major NCR for indicator 9.4.1 was raised.</p>

Map of Sapulut FMU





Experiences and Qualifications of Audit Team Members

Assessment Team	Role / Area of MC&I Requirement	Qualifications and Experience
1. Khairul Najwan Ahmad Jahari	Audit Team Leader	<p>Academic Qualification: B.Sc of Forestry (Forest Management), Universiti Putra Malaysia.</p> <p>Work Experience: 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. 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 assessments on forest management certification (MC&I and FSC P&C), MYNI of RSPO P&C and other management system on ISO 9001, 14001 and OHSAS 1800</p> <p>Training / Research Areas:</p> <p>Attending and passed in the following training programmes:</p> <ul style="list-style-type: none"> • Auditor Training Course on Malaysian Criteria and Indicators for Forest Management Certification [MC&I (2002)] organized by MTCC, 30 March - 2 April 2009. • EMS 14001: 2004 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 2-6 March 2009. • OHSAS 18001: 2007 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 23-27 Feb 2009. • QMS 9001: 2008 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 16 – 21 Feb 2009.
2. Puteri Arlydia Abdul	Auditor	<p>Academic Qualification:</p> <p>Work Experience: February 2012 – April 2015 Intertek Certification International Sdn Bhd Business Assurance / Management Certification Audit Certification Administration Executive / Auditor Assist in RSPO P&C, RSPO SCC, RSPO RED, PEFC COC, ISSC DE, ISSC EU (Contract, Audit preparation, Certificate, Etrace) Conduct ISO 9001 Audits</p> <p>May 2011 - January 2012 Transparency International Malaysia Non-Government Organisation (NGO) / Forest Governance Integrity Awareness Program Project Research Officer</p>

Assessment Team	Role / Area of MC&I Requirement	Qualifications and Experience
		<p>Assist in Forest governance integrity awareness programs / events</p> <p>November 2008 – January 2011 Forest Plantation Development Sdn Bhd Government Link Company (GLC) / Special Purpose Vehicle by Government to Provide Softloan and Monitor Forest Plantation Program Project Officer / Forester Audit Forest Plantation Against MC&I - Forest Plantation for government grant approval</p> <p>Training / Research Areas: ISO 9001: 2008 Lead Auditor Course dated 19-23 March 2012 & Training on ISO 9001:2015 (final version) dated 21 Sep 2015 Specialisation: Silviculture, Forest Ecology, Agroforestry. Latest research: Mapping and Assessment of Present and Future Potential Carbon Storage in Malaysian Forest: Soil Carbon, Woody Debris and Vegetation. RUGs, UPM, 2009-2011</p>
3. Ismail Adnan	Auditor/ Forester	<p>Academic Qualification: Master of Forestry, University of British Columbia, Canada</p> <p>Work Experience: One year (1974-1975) experience as Sub Assistant Conservator of Forest at the Pahang Forest Department, involved with Forest Administration/Management and Enforcement. Next, seven years (1979-1986) experience as Forest Officer/Logging Superintendent at Syarikat Jengka Sdn. Bhd (SJSB), an integrated timber complex in Pahang. Responsible for Forest Licensing/ Administration, Forest Mapping, Road Construction and Logging Operations. Senior Lecturer at the Forestry Faculty, Universiti Putra Malaysia (UPM) from 1986 to 2014. Responsible for teaching and research in Forest Mensuration, Forest Survey, Forest Road, GIS/Remote Sensing and Forest Mapping. Responsible for academic supervision of more than 100 Bachelor/Master/Phd students in their research and thesis writing. Own research at UPM include various areas such as forest mapping using geo spatial tools, forest inventories, forest harvesting and forest management system (SMS). Also involved with consultancy works which include RPH development and Forest Mapping. Participate in organizing local/international seminars on Forestry areas. Published and presented research findings at seminars/conferences and journals. Currently as Auditor at the Food, Agriculture and Forestry /ion (FAF), SIRIM QAS International Sdn Bhd, since 2016. Involved in conducting assessments on forest management certification MC&I (Natural Forest) & MC&I (Forest Plantations).</p> <p>Training / Research Areas:</p> <ul style="list-style-type: none"> • Auditor Training Course on MC& I (Natural Forest) and MC&I (Forest Plantation V2), 9th-10th July 2015, SIRIM QAS International Sdn Bhd

Assessment Team	Role / Area of MC&I Requirement	Qualifications and Experience
		<ul style="list-style-type: none"> • ISO 14001:2004 Lead Assessor Training, 23rd-27th Nov 2015, SIRIM Training Services Sdn. Bhd • Training on Auditing Techniques, 26th January 2016, SIRIM QAS International Sdn Bhd

	Stakeholders Comment	Auditors Comment
<p>Datuk Sam Mannan, Chief Conservator of Forests, Sabah Forestry Department.</p>	<p>a) General Comments</p> <ul style="list-style-type: none"> • Sapulut Forest Development Sdn Bhd (SFDSB) is one of the first ten (10) pioneer private companies venturing into Sustainable Forest Management (SFM) concept when it was introduced in 1997 in Sabah. • The licensed area is located within Sapulut Forest Reserved with an original area of about 96,300 ha. The 1st Forest Management Plan (FMP) was valid for the period of 2004 to 2013. • In 2014, as to support the State policy on Forest Conservation, as well as to established the forest connectivity for wildlife corridor, they had surrendered about 7,644 ha of their licensed area for the establishment of Maliau Buffer Zone, a protection forest reserve (Class I). Therefore, under 2nd FMP (2014-2023), their licensed area was reduced to 87,656 ha. • Subsequently, in 2015, another 11,043 ha of licensed area were excised for the socioeconomic development needs of the State. Thus, under the 3rd FMP (2016-2025), their licensed area was further reduced to 76,613 ha. • The land use of the licensed area has been zoned into three (3) main land uses ha, i.e. Natural Forest Management (NFM) (52,552 ha), Industrial Tree Plantation (ITP) (21,970 ha) and Conservation (2,001 ha) • The production zone comprises of the two main-land use, the NFM and ITP, approximately 52,552 ha (±68%) and 21,970 ha (±28%) respectively. The long-term management goals of the production zones are to ensure a continuous and sustainable production of timber and bio-diversity, with the aims that these areas be certified under the PEFC-MTCS as well managed, natural forest and forest plantation, in stages. <p>b) Specific comments</p> <ul style="list-style-type: none"> • A brief summary of the management regimes: - <ul style="list-style-type: none"> - The NFM areas are managed based on a 25 year cutting cycle with Annual Allowable Cut (AAC) of about 2,100 ha year⁻¹. Timber harvesting shall strictly follow the allowable minimum DBH cutting limit with RIL, including the application of log-fisher technique. - The AAC provides only a general guideline on how forest harvesting is regulated in forest planning. The most important factor for a decision to allow next harvesting in any compartment, is subject to a sufficient number of mature trees above specified harvest maturity thresholds 	<p>Comments received and noted</p>

	<p>(above 60 cm DBH) based on the Diagnostic Sampling results and Comprehensive Harvesting Plan (CHP).</p> <ul style="list-style-type: none"> - In order to improve quality and stimulate the tree growth, human interventions in the form of Timber Stand Improvement and Enrichment Planting are also actively carried out. - For sustainability of the FMU, the Licensee has adopted innovative restoration techniques, such as mosaic restoration planting system and Skid Trail Planting (STP) to restore the degraded areas and poorly stocked forests before and after harvesting. - For ITP areas, the Licensee has adopted the Buffer Alternate Strip Line (BASIL) planting system as opposed to conventional practice of clear fell. In this approach, the planting lines are inter-rowed with buffer lines or strips of natural forests so that the adverse effect of ITP plantings on the environment and wildlife can be minimized. - The Licensee has also maintained old rubber trees planted in the previous FMPs, for latex and timber production. <p>c) Environmental protection</p> <ul style="list-style-type: none"> - The Licensee has an approved Environmental Impact Assessment (EIA) report. Monitoring on the environmental compliance is carried out by the Licensee's consultant, and Environmental Compliance Reports (ECR) are submitted to EPD quarterly. <p>d) Biodiversity Conservation</p> <ul style="list-style-type: none"> - Important HCVPs attributes/sites in the FMU are identified and marked on the ground. These areas are conserved and will not be converted into other land use types. - Regular patrolling and surveillance are conducted, including joint patrolling with other adjacent FMU holders, to protect the FMU areas and all designated HCVP sites from any illegal activities, such as encroachment, poaching, fires, etc. Monitoring of wildlife is also conducted regularly. - Data collected from the monitoring of wildlife and PSPs should continue to be established and analysed, and translated into meaningful results as to support forestry decision making and forest management planning. These can be done in collaboration with the FRC, UMS or other researchers and higher institution. - Similarly, the environmental awareness programme on Sustainable Forest Management (SFM) and biodiversity conservation to be continuously carried out to their workers and village communities surrounding the FMU area. <p>e) Opportunities for Employment</p> <ul style="list-style-type: none"> • The FMU Holder is giving opportunities to the local communities living adjacent for employment where appropriate. Some training programmes to staff were carried out to improve their skills and competencies. 	
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f) Community relation and Workers Right

- There are no villages or settlements established within the FMU area.
- The FMU holder has also actively engaged with the local communities living adjacent to the FMU area through providing direct employment and conducting various community programmes such as training on the application of System of Rice Intensification (RCI) to enhance the productivity of planted crops (hill rice), promoting handcrafts, offering scholarships for pursuing tertiary education in selected disciplines, and awareness programs on prohibiting of hunting, encroachment, open burning, etc.

g) Benefit from the Forest

- Under the 3rd FMP, the regulated timber harvesting is sufficient to provide a desirable financial support to manage the FMU area sustainably and contributes a significant amount of revenue to state coffers from timber royalty, etc. and to support operational and conservation activities.
- The ITP areas will become an important supply of timber for the future. 21,970 ha of well managed plantations can fulfill all gaps for sustainable timber production of the licensed area.
- There are also some potential economic benefits from NTFPs, which can be explored such as revenue from carbon, biodiversity prospecting, recreation/eco-tourism etc.
- The department is more concerned with bio-diversity sustainability, not timber supply sustainability, in the NFM areas.

h) Your relationship with the FMU

- As a regulator of the FMU, we are responsible to ensure the management and planning of forest reserves are in accordance with SFM principles and practices, meeting the international standards for responsible forestry and good governance.
- The Licensee has demonstrated very high commitment in implementing SFM, financially and operationally. The Licensee has been awarded with the Compliance Certificate (CC) every year which indicates that they have fully complied with the terms and conditions of the licence agreement. In addition to that, they have successfully complied with the Timber Legality Assurance System (TLAS) standard requirements and were awarded with the Sabah TLAS Compliance Certificate (STCC) in 2015 and 2016, conducted by a Third-party auditor.
- Based on our comments above, we are fully satisfied with the Licensee's performance and we recommended for this FMU-NFM area to be certified under the MTCS (Natural Forest)

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Attachment 4

Stage 2 Audit Plan

DAY	TIME	PROGRAM	
		(AUDITOR 1 & 2)	AUDITOR (3)
Day 0 4.9.17	7:00 am - 12:00pm	All Auditors travelling from KLIA to Kota Kinabalu on 4 Sept 2017 Flight from Kuala Lumpur (KUL) to Kota Kinabalu (BKI)- MH2610 ETD - 09:15, ETA - 11:55	
	2.00pm-7.00pm	Travel to Sapulut Camp site	
Day 1 5.9.17	8.00 am – 1.00 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 <ul style="list-style-type: none"> • Check on complaints, stakeholder comments and follow-up actions (if any) <ul style="list-style-type: none"> ○ Local Communities ○ Government agencies ○ NGOs • Evaluate on internal audit and management review 	
	2.00 pm – 5.00 pm	Documentation and records review Principle 1 – Compliance with Laws and Principles Principle 2 – Tenure and Use Rights and Responsibilities Principle 3 – Indigenous Peoples’ Right Principle 4 - Community Relations and Worker’s Right Principle 5 – Benefits from the forest Principle 6 – Environmental Impact Principle 7 – Management Plan Principle 8 – Monitoring and Assessment Principle 9 – Maintenance of High Conservation Value (HCV) <ul style="list-style-type: none"> • Review of Day 1 Findings by Audit Team Leader 	
Day 2 6.9.17 Rabu	7.30 am – 1.00 pm	Site visit <ul style="list-style-type: none"> • Inspection of active harvesting area Coupe 232A and 232B • Inspection of Coupe Boundary 232A and 232B • Silviculture treatment (climber cutting) (CC) activities Compartment 231 • Conservation area and PSP plots Compartment 144, No.10 and Compartment 150, no. 8, compartment 157, No.11 • Fauna monitoring sites/HCVF sites 	Site visit <ul style="list-style-type: none"> • Consultation with Local Communities of Murut • Consultation with stakeholders – Tibow Forestry Department Office
	2.00 pm – 5.00pm		

		<ul style="list-style-type: none"> Review of Day 2 Findings by Audit Team Leader 	
Day 3 7.9.17 Khamis	7.30 am – 1.00 pm	Site visit <ul style="list-style-type: none"> Inspection of Central Stumping Site (CS) Consultation with contractors and workers operating in active logging area, bulldozer, hook-man, chainsaw and supervisor. 	Site visit <ul style="list-style-type: none"> Consultation with Local Communities of Murut
	2.00 pm – 5.00pm	<ul style="list-style-type: none"> HCVF area Inspection of FMU Licenses Boundaries 	
		<ul style="list-style-type: none"> Review of Day 3 Findings by Audit Team Leader 	
Day 4 8.9.17 Jumaat	7.30 am – 1.00 pm	<ul style="list-style-type: none"> Inspection of tree tagging area and Inspection of Pre-harvesting area Compt 229 	<ul style="list-style-type: none"> Consultation with workers and worker's representative
	2.00 pm – 5.00pm	<ul style="list-style-type: none"> Inspection of PSP plots Boundary of FMU License boundaries with FMU25 	<ul style="list-style-type: none"> Check on workshop, nursery and chemical store Inspection of staff quarters
Day 5 9.9.17	8.30 am – 1.00 pm	<ul style="list-style-type: none"> Documentation and records review 	
	2.00pm-3.00 pm	<ul style="list-style-type: none"> Preparation of audit report and finding Briefing to representatives of FMU on the findings of audit 	
	3.00pm	<ul style="list-style-type: none"> Closing Meeting and presentation of findings of audit and discussion on follow-up activities Adjourn Closing Meeting Travel back to KK check-in at Klagan Hotel. 	
All Auditors travel back to Kuala Lumpur on 10 September 2017, Flight MH2621 – ETD 12:05, ETA 14:30			

Details on NCRs and OFIs Raised During this Stage 2 Audit and Corrective Actions Taken

Indicator	Specification Major/Minor/ OFI	Detail Non-conformances	Corrective Action Taken	Verification by Assessor
<p>Indicator 8.1.2</p> <p>NCR: KN02/2017</p>	<p>Major</p>	<p>Indicator 8.1.2 - Forest managers shall identify and implement appropriate monitoring procedures, in accordance with the scale and intensity of the forest management operations, for assessing social, ecological, environmental and economic impacts.</p> <p>Appropriate monitoring procedures and monitoring report for assessing social, ecological, environmental and economic impacts were not available</p> <p>Procedures to monitor social, ecological, environmental and economic impacts to monitor on impacts of harvesting and management operation were not available.</p>	<p>Procedures was available but monitored by others division respectively</p> <p>Correction (if applicable) and Corrective action plan including completion date:</p> <p>A. Procedure. To prepare a procedure to monitor social, ecological, environmental and economic impacts on harvesting and management operations.</p> <p>B. Date Completion. By 06 October 2017.</p> <p>Procedure to monitor social, ecological, environmental and economic impacts on harvesting and management operations has been prepared and adopted. As in SOP#13.0 Monitoring Social, Environmental and Economic Impacts</p>	<p>Monitoring Social, Environmental and Economic Impacts dated 31 Oct 2017 was verified during verification audit on 31 January – 1 February 2018, and found the FMU had identify and implement appropriate monitoring procedures, in accordance with the scale and intensity of the forest management operations, for assessing social, ecological, environmental and economic impacts.</p> <p>Status: Closed</p>

<p>Indicator 9.1.1</p> <p>NCR: IAAM01/2017</p>	<p>Major</p>	<p>Indicator 9.1.1 - Forest managers shall determine the presence of HCVF attributes in the FMU in accordance with relevant Federal, State and Local laws, appropriate to scale and intensity of forest management operations in the FMU and in consultation with relevant stakeholders. provide the assessors with a list of relevant stakeholders</p> <p>Report and record on consultations with relevant stakeholders regarding the HCV area were not available.</p> <p>The report on assessment, identification and demarcation on maps of proposed HCVFs from discussion with relevant stakeholders regarding HCV was not available.</p> <p>Record as evidence of consultation with stakeholders on HCV was not available at Sapulut Forest Development Sdn Bhd - Forest Management Unit No.14</p>	<p>Unavailable of HCVF report which unable to proceed with the other indicators requirements. HCVF Report is being in progress by the consultant.</p> <p>A. HCVF Report Final HCVF report is in progress prepared by consultant. First draft of the report has been ready on the 27/9/2017.</p> <p>B. Consultation with stakeholders. First draft of the report will be used and distribute to stakeholders for consultation on 28/09/2019 via letter (Ref:MD/NW/SFD/Misc/097/17/cc) and given until 06/10/2017 to revert feedback.</p> <p>C. Date Completion. By 06 October 2017.</p>	<p>Letter of stakeholder invitation (Ref:MD/NW/SFD/Misc/097/17/cc) dated 28/9/2017 was verified</p> <p>Status: Closed</p>
<p>Indicator 9.2.1</p> <p>NCR: IAAM02/2017</p>	<p>Major</p>	<p>Indicator 9.2.1 - Forest managers shall provide the assessors with a list of relevant stakeholders who have been consulted regarding the HCV area.</p> <p>The list of relevant stakeholders consulted</p>	<p>Unavailable of HCVF report which unable to proceed with the other indicators requirements.</p> <p>HCVF Report is being in progress by the consultant.</p>	<p>Letter of stakeholder invitation (Ref:MD/NW/SFD/Misc/097/17/cc) dated 28/9/2017 was verified</p> <p>Attendances list and pictures of stakeholder meeting dated 10 Oct 2017 was verified during</p>

		<p>regarding the HCV area was not available</p> <p>The list of relevant stakeholders consulted regarding HCV which should include NGOs, government bodies, universities and/ or related local communities was not available.</p> <p>Evidence of consultation with stakeholders on HCV was not available at Sapulut Forest Development Sdn Bhd - Forest Management Unit No.14</p>	<p>Correction (if applicable) and Corrective action plan including completion date:</p> <p>Stakeholders briefing session will be held on the 10/10/2017 at Wisma Manikar via invitation letter Ref:MD/NW/SFD/Misc/097/17/cc dated 28/09/2017.</p> <p>Feedback from the stakeholders' consultation will be kept for record. The stakeholders to be invited for consultation are as follow; -</p> <ul style="list-style-type: none"> a) WWF (Sabah, Malaysia); b) Borneo Rhino Alliance (BORA); c) Sabah Environmental Trust (SET); d) PACOS Trust; e) Dr. Yoganand f) Maliau Basin Conservation Area. g) Anna Wong of Institute Biology Tropical and Conservation, UMS. h) Bornion Timber Sdn Bhd (FMU 11) i) Forever Sabah (NGO). 	<p>the Verification Audit on 31 January – 1 February 2018</p> <p>Status: Closed</p>
<p>Indicator 9.2.2</p> <p>NCR: IAAM03/2017</p>	<p>Major</p>	<p>Indicator 9.2.2 Forest managers shall demonstrate that the forest management operations consider and protect areas</p>	<p>Unavailable of HCVF report which unable to proceed with the other indicators requirements.</p>	<p>The amendment has been made to the 3rd FMP and approval letter from Sabah Forestry Department (Amendment no</p>

		<p>of high conservation value in the FMU.</p> <p>Incorporation of protected HCV areas into the Forest Management Plan was not done.</p> <p>The protected HCV areas has yet to be incorporated of into the Forest Management Plan at Sapulut Forest Development Sdn Bhd – Forest Management Unit No.14</p>	<p>HCVF Report is being in progress by the consultant.</p> <p>The identified HCVF and its management prescription will be incorporated into FMP as addendum once the HCVF report ready.</p> <p>A letter has been sent to Sabah Forestry Department to notify incorporation of HCV areas and their respective management prescription into the approved FMP via letter ref: MD/NW/SFD/JPHT N/099/17/cc dated 4 Oct 2017</p>	<p>1/2018 (1)) dated 11 January 2018 was verified during Verification Audit on 31 January – 1 February 2018.</p> <p>Status: Closed</p>
<p>Indicator 9.3.1</p> <p>NCR: IAAM04/2017</p>	<p>Major</p>	<p>Indicator 9.3.1 - Measures to demarcate, maintain and/or enhance the HCVF attributes are documented in the forest management plan and effectively implemented.</p> <p>Measures to demarcate, maintain and/or enhance the HCV attributes have not been implemented.</p> <ul style="list-style-type: none"> The HCV areas have yet to be mapped and incorporated progressively into the Forest Management 	<p>Unavailable of HCVF report which unable to proceed with the other indicators requirements.</p> <p>HCVF Report is being in progress by the consultant.</p> <p>The identified HCVF areas to be mapped and to be included in the</p>	<p>The HCV areas has been mapped and incorporated progressively into the Forest Management Plan and demarcated on the ground.</p> <p>It was confirmed by the auditor during the Verification Audit conducted on 31 January – 1 February 2018. Site visit to Kerangas area in Compt 146 and Batu Tantalawau at Compt 229 found a 100m buffer zone has been</p>

		<p>Plan and demarcated on the ground, where appropriate</p> <ul style="list-style-type: none"> Measures to ensure maintenance and/or enhancement of the applicable conservation 	<p>FMP. Identified HCVF Areas to be demarcated on ground</p>	<p>established surrounding of the HCVF area.</p> <p>Status: Closed</p>
<p>Indicator 9.3.2</p> <p>NCR: IAAM05/2017</p>	<p>Major</p>	<p>Indicator 9.3.2 - Measures to demarcate, maintain and / or enhance the HCV attributes shall be included in the forest management plan summary made available to the public.</p> <p>Management prescriptions to maintain and / or enhance HCV attributes on measures taken by Sapulut Forest Development Sdn Bhd – SMFLA 04/97 have not been included in the publicly available forest management plan summary</p> <p>Measures to demarcate, maintain and / or enhance the HCV attributes were not included in the forest management plan summary available to the public</p>	<p>Unavailable of HCVF report which unable to proceed with the other indicators requirements. HCVF Report is being in progress by the consultant.</p> <p>After the HCVF report is completed, then the information on demarcated, maintained and/or the enhancement of the HCVF attributes to be included in FMP summary in Sapulut blogspot under the HCVF button.</p>	<p>The HCVF attributes and map were updated in Sapulut FMU 14 website's http://mysapulutfmu14.blogspot.my/ and was verified during Verification Audit on 31 January – 1 February 2018</p> <p>Status: Closed</p>
<p>Indicator 9.4.1</p> <p>NCR: IAAM06/2017</p>	<p>Major</p>	<p>Indicator 9.4.1 Forest managers shall conduct, appropriate to scale and intensity of forest management, annual monitoring to assess the effectiveness of the measures in the management of the HCVFs in the FMU.</p>	<p>Unavailable of HCVF report which unable to proceed with the other indicators requirements. HCVF Report is being in progress by the consultant.</p>	<p>Verification Audit on 31 January – 1 February 2018 found the Management on HCVF SOP 9.2 V2 dated and Monitoring of HCVF (SOP 9.3 v2 dated 30.10.2017) was verified.</p>

		<p>Monitoring procedures and records to assess the effectiveness of the measures in the management of the HCVF area were not available.</p> <p>Monitoring procedures and records to assess the effectiveness of the measures in the management of the HCVF area were not available at Sapulut Forest Development Sdn Bhd - Forest Management Unit No.14</p>	<p>Existing monitoring activities which are based on the HCVF report in the recommendation and management prescription. The effectiveness of the measures in the management to be prepared once all data monitoring are analysis and reported.</p>	<p>Status: Closed</p>
<p>Indicator 1.5.2</p> <p>NCR: KN04/2017</p>	<p>Minor</p>	<p>Indicator 1.5.2 - Control of encroachment, illegal harvesting, hunting, and settlement, and other unauthorised activities in the FMU.</p> <p>The control of encroachment, illegal harvesting and settlement, and other unauthorised activities in the FMU was not sufficient.</p> <p>During site inspection of external licence boundaries for Compartment 164 with FMU25 (Zilion Fortune), it was found the boundary trees were disturbed and no record on the disturbance was available</p>	<p>The incident was known by officer in charge. However, it was only conveying verbally to Zillion Fortune's Ranger.</p> <p>A. Procedure.</p> <p>To prepare and apply a procedure of reporting boundary related matter.</p> <p>B. Remedial Action.</p> <p>a) A letter dated 27/09/2017 has been sent to Zillion Fortune FMU on the disturbed boundary;</p> <p>b) To plan and conduct a join boundary rectification;</p> <p>c) To prepare report on the boundary</p>	<p>The effectiveness of the action taken to be verified during the next audit</p> <p>Status: Accepted</p>

			<p>rectification for record.</p> <p>C. Date Completion.</p>	
<p>Indicator 4.2.5</p> <p>NCR: LYD01/2017</p>	<p>Minor</p>	<p>Indicator 4.2.5 - Demarcation of hazardous areas and provision of guidelines for storage and handling of hazardous materials.</p> <p>Provision of Environmental Quality (Scheduled Wastes) Regulations 2005 for storage and handling of hazardous materials has not been conducted in proper manner</p> <p>Site visit to chemical/pesticides/fertilizer stores, workshop at contractor camp site, carpenter workshop, clinic has found that provision of Environmental Quality (Scheduled Wastes) Regulations 2005 for storage and handling of hazardous materials has not been conducted in proper manner whereby:</p> <ul style="list-style-type: none"> • Improper signage and labeling e.g. SW 404 (clinical waste), SW 416 (disposed paints container), SW 408 (contaminate sawdust from cleaning-up of a spill of chemical, mineral oil or scheduled waste), SW 409 (disposed fertilizer container, disposed pesticides 	<p>Officer in charge was lacking in knowledge of handling waste segregation</p> <p>A. Training.</p> <p>Officer in charge to attend training EIA training related to waste handling and segregation.</p> <p>B. Implementation.</p> <p>a) Officer in charge to train workers related to waste handling and segregation.</p> <p>b) To improve SOP# 6.2 v2 (Usage, Labelling, Storage and Disposal of Hazardous).</p> <p>c) Implementation and monitoring according to improved procedure.</p>	<p>Result of investigation, determination of root cause and corrective action plan including completion date were accepted.</p> <p>The effectiveness of the action taken to be verified during the next audit</p> <p>Status: Accepted</p>

		<p>container, disposed diesel drum) etc.</p> <ul style="list-style-type: none"> • Improper housekeeping / segregation of chemical materials • Secondary containment has not been prepared for SW 416 (disposed paints container) and SW 409 (disposed fertilizer container, disposed pesticides container, disposed diesel drum) 		
<p>Indicator 6.7.1</p> <p>NCR: LYD02/2017</p>	<p>Minor</p>	<p>Indicator 6.7.1 - Oil, fuel, tyres, containers, liquid and solid nonorganic wastes, shall be disposed of in an environmentally appropriate and legal manner</p> <p>Schedule wastes has not been properly disposed in an environmentally appropriate and legal manner</p> <ul style="list-style-type: none"> • During demonstration of cleaning sprayer pump, the pesticides sprayer pump has been clean at specific emergency shower area, whereby the outlet pipe has directly release the contaminated water to the land and stream nearby • Inventory of schedule waste has not been conducted properly as per required by 5th Schedule under Environmental Quality (Scheduled Wastes) Regulations 2005 	<p>Officer in charge was lacking in knowledge of handling waste segregation</p> <p>A. Training.</p> <p>Officer in charge to attend training EIA training related to waste handling and segregation.</p> <p>B. Implementation.</p> <p>a) To re-use the waste by constructing an overflow collecting point.</p> <p>b) To set up handling the overflow collecting point procedure by including OSH and EIA requirement.</p> <p>c) To improve SOP# 6.2 v2</p>	<p>Result of investigation, determination of root cause and corrective action plan including completion date were accepted.</p> <p>The effectiveness of the action taken to be verified during the next audit</p> <p>Status: Accepted</p>

			<p>(Usage, Labelling, Storage and Disposal of Hazardous) by adding the Scheduled Waste Regulation requirement.</p> <p>d) To submit report according improved SOP# 6.2 v2.</p>	
<p>Indicator 8.2.1</p> <p>NCR: KN03/20 17</p>	<p>Minor</p>	<p>Indicator 8.2.1 - Forest managers shall gather the relevant information, appropriate to the scale and intensity of the forest management operations, needed to monitor the items (a) to (e) listed in Criterion 8.2.</p> <p>Location of permanent sample plots (PSP) were not well distributed in the FMU</p> <p>During the inspection of Permanent Sample Plots, it was not found only ten (10) were established at NFM East area. Establishments of new PSP were also not fully implemented in the NFM Central and NFM West of the FMU.</p>	<p>The plan to set up the plots was available. However, the plots establishment was yet to do on the NFM West and NFM North and still in progress</p> <p>Three (3) plots were established at NFM West on the 11/09/2017 and will be continued at NFM Central according to proposed permanent sample plot plan.</p>	<p>The effectiveness of the action taken to be verified during the next audit</p> <p>Status: Accepted</p>
<p>Indicator 4.1.1</p>	<p>OFI</p>	<p>Forest managers provide appropriate support for training, retraining, local infrastructure, facilities and</p>	<p>Not required</p>	<p>To be verified during the next audit</p>

		<p>social programmes that commensurate with the scale and intensity of forest management operations</p> <p>Competency of FMU staff and workers to their respective roles can be further improved for the following area:</p> <ul style="list-style-type: none"> • Handling schedule waste and chemical from generation to the disposal • Chemical handling e.g. mixing pesticides in sprayer pump • Awareness on emergency such as fire & chemical spillage for staff and workers working at workshop - contractor camp site 		
Indicator 7.3.2	OFI	<p>Forest managers shall evaluate, through consultations, social impact of forest operations directly affecting communities, and the people and groups directly affected by the forest operations shall have access to information on the results of the social impact evaluations</p> <p>The FMU has conducted SIA on 2009 and 2015 and from time to time conducted goodwill visit to the local communities living adjacent to the FMU area. Hence, recording of the</p>	Not required	To be verified during the next audit

		<p>consultation can be further enhanced e.g.;</p> <ul style="list-style-type: none">• the significant environmental impact (noise, dust, release of chemical (oil etc.) or sedimentation river/stream• significant safety impact to the villagers (dangerous / unsafe driving by timber lorry driver)		
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-End of Report-