



**PUBLIC SUMMARY
SURVEILLANCE 1 AUDIT (FIRST CYCLE) ON
FOREST MANAGEMENT UNIT 11
FOR FOREST MANAGEMENT CERTIFICATION**

**Certificate Number: FMC 0009
Date of First Certification: 22 – 26 February 2016
Audit Date: 13 – 15 June 2017
Date of Public Summary: 7 October 2017**

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1 EXECUTIVE SUMMARY

This surveillance audit on the Bornion Timber Sdn Bhd Forest Management Unit 11 (hereafter referred as the Bornion Timber FMU11) was conducted on 13th to 15th June 2017 to assess the continued compliance of the overall forest management system of the Bornion Timber FMU11 against the requirements of the *Malaysian Criteria and Indicators for Forest Management Certification (Natural Forest)* [MC&I (Natural Forest)] using the verifiers stipulated for Sabah. The scope of this surveillance audit was limited to the forest management system and practices on the Permanent Reserved Forest (PRF) within the Bornion Timber FMU11.

This surveillance audit was conducted by a 3-member team comprising of Mr Mohd Razman Salim (Lead Auditor), Mr Hj. Roslee Jamaludin (Auditor) and Mr Ismail Adnan Abdul Malek (Auditor).

Based on the findings of this surveillance audit, it was found that Bornion Timber FMU11 had continued to comply with the requirements of the MC&I (Natural Forest). This surveillance audit had resulted in the issuance of two (2) minor Non-Conformity Reports (NCRs) respectively.

This public summary contains the general information on Bornion Timber FMU11 findings of the surveillance audit, NCRs raised as well as the decision on the continued certification of the FMU.

2 INTRODUCTIONS

2.1 Name of FMU

Bornion Timber Sdn Bhd Forest Management Unit 11

2.2 Contact Person and Address

Mr Timothy Pan
(Operation Manager)
3rd Floor, Lot 16-18,
Block K, Jalan Ikan Juara Satu,
Sadong Jaya, Karamunsing,
88000 Kota Kinabalu,
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2.3 General Background on the Bornion Timber FMU11

The Bornion Timber FMU11 is managed by the Bornion Timber Sdn Bhd which consists of the Ulu Sg. Milian Forest Reserve (Block A - 30,244.60 ha) and part of the Sapulut Forest Reserve (Block B - 10,400.90 ha). Within the administrative subdivision of the Sabah's forests, the area is also referred to as Forest Management Unit No. 11. Bornion Timber is committed in the management of the FMU on a sustainable basis.

The licensed area was granted by the Sabah State Government to Bornion Timber Sdn Bhd under the Sustainable Forest Management License Agreement (SFMLA: No.03/97) to manage the area based on sustainable forest management principles. A Forest Management Plan (FMP) covering the period from 2012 to 2021 (2nd revision) had been presented during the audit. The 1st FMP was covered from 2002 to 2011 for 10 years. The AAC for the FMU was revised to 27,059 m³ per annum or 34.41 m³/ha for cutting cycles of 30 years.

The surveillance audit found that there was no conversion of the FMU to forest plantations or other non-forest land uses since the last audit.

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

2.4 Date First Certified

22 to 26 February 2016

2.5 Location of the FMU

The FMU is located between 4° 40' N, 116° 15' E and 5° 30' N, 116° 50' E longitude in the Sook District, Keningau, Sabah.

2.6 Forest Management System

The FMU had followed the principles of sustainable forest management (SFM) and the requirements of the Licence Agreement of the State government. A Forest Management Plan (FMP) 2012 to 2021 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 34.41 m³/ha. During this surveillance audit, the size of the FMU is 40,645.50 ha.

2.8 Environmental and Socioeconomic Context

41% of the Licensed Area is managed under Natural Forest Management, which is covered under the scope of the audit, whereas the rest is managed under Forest Plantation Management. Out of 40,645.50

ha of the FMU, 30,998.0 ha is for production forest while the balance of 9,647.5 ha was classified as conservation area. The FMU had collaborated with *Kraftangan Malaysia* and local communities for wood and bamboo handicraft production to improve their socioeconomic.

3. AUDIT PROCESS

3.1 Audit Dates

13th to 15th June 2017 (9 man-days)

3.2 Audit Team

- 1) Mohd Razman Salim (Lead Auditor)
- 2) Tn. Hj. Roslee Jamaludin (Auditor)
- 3) Ismail Adnan Abdul Malek (Auditor)

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 Sabah.

3.4 Stakeholder Consultations

A one-month stakeholder consultation was conducted beginning May 2017 to solicit feedback from stakeholders on the compliance of Bornion Timber FMU11 against the requirements of the MC&I (Natural Forest). However, there was no comment received from the stakeholders on Bornion Timber FMU11 during the period.

3.5 Audit Process

The audit was conducted primarily to evaluate the level of continued compliance of the Bornion Timber FMU11's current documentation and field practices in forest management with the standard of performances (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.

Consultations were held with local communities living adjacent to Bornion Timber FMU11 namely Kg. Pinipi, Lanas, Nabawan, Kg. Kabatang Baru, Kg. Simpang Empat, Kg. Masaum, Kg. Nandangan, Kg. Binuou Laut, Batu Lunguyan, Tulid, Sinua, Kg. Mansiat, Kg. Kipaliu Baru, Kg. Malima, Kg. Mangkawago, Kg. Kilo, Kg. Empat Murni (D) and Kg. Bunang.

The coverage of this surveillance audit is as shown in the surveillance Audit Plan in **Attachment 3**.

Bornion Timber had sent a corrective action plan to the audit team to address the minor NCRs which the audit team had reviewed and accepted. The audit team had prepared an interim surveillance audit report and sent it to Bornion Timber for comments. A second draft of the audit report which had incorporated the comments received from the Bornion Timber was then prepared.

4 SUMMARY OF AUDIT FINDINGS

Based on the findings of this surveillance audit, it was found that the Bornion Timber had continued to manage Bornion Timber FMU11 in compliance with most of the requirements of the MC&I (Natural Forest). This surveillance audit had resulted in the issuance of 2 Minor NCRs. The details on the NCRs raised are shown in **Attachment 4**.

The audit team had reviewed, verified and accepted the corrective action plans by the Bornion Timber to address the 2 Minor NCRs raised during this surveillance audit. However, these corrective actions shall be verified by the audit team during the next audit.

The audit team had also verified the corrective actions taken by the Bornion Timber to address the Minor NCRs which were raised during the previous audit. The responses made by the audit team leader on these corrective actions and on the final status of the NCRs are as in **Attachment 5**.

On indigenous peoples' rights, mechanisms had been put in place by the FMU to resolve conflicts and grievances between the FMU and local communities. The *Milian-Sapulut Community Forestry Committee (MSCFC)* was formed to ensure that the communities were informed, engaged, and their concern about potential impact of forest operations were adequately addressed. The membership of MSCFC-NFM consists of population from nearby villages including Kg. Simbuan, Kg. Sg. Mantanid, Kg. Maatol, Kg. Pandiwan, Kg. Tataluan, Kg. Langkuku, Kg. Kagupil, Kg. Tompusison, Kg. Solog and Kg. Melugus. Pertaining to Native Customary Rights, the management of Bornion Timber FMU11 had updated the SOP on "*Management of Community Disputes in FMU 11*" to resolve disputes over tenure and use rights.

With regard to Criterion 6.10, there was no conversion of the FMU to forest plantations or other non-forest land uses during the intervening period since the last audit. Conversion of natural forest into non-forest land use had not occurred within the FMU.

The summary on the findings of the surveillance audit on the Bornion Timber FMU11 against the requirements of the MC&I (Natural Forest) are as follows:

Principle	Strengths	Weaknesses
Principle 1 Compliance with Laws and Principles	<p>The forest management had maintained records of all relevant national, local laws, regulations and policies related to forest management where copies were available in the office at the Ulu Sg. Milian Base Camp.</p> <p>Three cases of encroachment were detected and recorded in the Records of <i>Forest Encroachment by Local Community</i> and <i>Illegal Logging</i>. Official letter was sent to Sook District Forest Officer to inform about the encroachment.</p> <p>Current list of all legally prescribed fees, royalties, taxes, and other charges was available at the Camp Office.</p> <p>The forest managers were aware of all the binding international agreements 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 to.</p> <p>The forest managers had expressed their willingness to participate in resolution of any conflicts if they arise. This was confirmed through consultation with neighbouring local communities from Kg. Sasagahan, Kg. Mantanid, Kg. Maatol, Kg. Mokotog, Kg. Pandiwan and Kg. Kagupil. Currently, there are two (2) issues related with community forest zone and land claims by local communities during this audit.</p> <p>Documents governing the legal establishment and protection of the FMU were maintained in the base camp office.</p> <p>Signboards on control of hunting and forest reserve signboards have been erected at significant place such as security check points, base camp office and FMU's boundary. Posters on Total Protected Wildlife in Sabah were also observed at the Base Camp office, security check point and notice board at local community's hall. Patrol system had been established in 9 zones of the FMU.</p> <p>The FMU had conducted boundary inspection and rebrushing of boundary mark with red paint for about 74.27 km in 2016 and targeted for 99.01 km in 2017.</p> <p>The FMU's commitments to adhere to the Malaysian Criteria and Indicators for Forest Management</p>	Nil

Principle	Strengths	Weaknesses
	Certification (Natural Forest) [MC&I (Natural Forest)] had been translated into policy on Sustainable forestry, Employment Policy; Policy Statement on Labour Rights; and Policy Statement on Safety and Health at Work. These policies were presented in the public summary available in www.bornion.com .	
Principle 2 Tenure and Use Rights and Responsibilities	<p>Bornion Timber Sdn. Bhd. had been given the approval to manage the Ulu Sg. Milian Forest Reserve (Block A) and part of Sapulut Forest Reserve (Block B) through a Sustainable Forest Management Licence Agreement (SFMLA No.03/97).</p> <p>Forest managers had continuously supported legally recognized mechanisms for resolving land claims through the establishment of Milian-Sapulut Community Forestry Committee (MSCFC). Land claims had been made by Kg. Masaum at Tongod, a village located adjacent to the FMU. The claim was made using the “<i>Borang Aduan Dan Tindakan Pertikaian</i>” recorded as “No. Aduan 2017-(01). Bornion Timber is still in the process of checking and verifying the claim.</p> <p>Forest managers had recognized, respected and collaborated with holders of duly recognised legal or customary tenure or use rights of the local communities.</p> <p>Application to convert Compartment 32 by the community of Kg. Kipaliu into Community Forest Zone had been rejected by the Sabah Forestry Department as the area was zoned under NFM management. The community of Kg. Kipaliu has sent an appeal letter to YTY Governor of Sabah and pending for reply.</p> <p>The Standard Operating Procedure; the <i>Management of Community Disputes in FMU11 Doc. No BTSB-SOP-CF-01</i> was updated where a form: “<i>Community Grievances and Action Taken</i>” was used as a mechanism to report any grievances by the community and action taken by Bornion Timber Sdn. Bhd.</p>	Nil
Principle 3 Indigenous People’s Rights	<p>Bornion Timber had established a Standard Operating Procedure (SOP) titled “<i>Social Impact Assessment & Monitoring</i>” to assess and predict the potential social impact that may affect the local communities as the result of the forest management operation, to recommend mitigation measure to avoid or minimize social impact, to recommend measure to enhance the beneficial social impact and to develop monitoring programme to evaluate the mitigation/enhancement measure after the implementation.</p> <p>Any grievances, disputes or comments received</p>	Nil

Principle	Strengths	Weaknesses
	<p>from the communities and actions taken had been recorded in the <i>“Community Grievances and Action Taken Record”</i> form. There are two (2) issues related with community forest zone and land claims by local communities during this audit. And the FMU has conducted stakeholders meeting with the Milian-Sapulut Community Forestry Committee (MSCFC) at Nabawan District Forest Office on 29th March 2017 to discuss these issues.</p> <p>Mechanisms had been put in place by the FMU to resolve conflicts and grievances between the FMU and local communities. The <i>Milian-Sapulut Community Forestry Committee (MSCFC)</i> was formed to ensure that the communities were informed, engaged, and their concern about potential impact of forest operation were adequately addressed. The membership of MSCFC- NFM consists of population from Kg. Simbuan, Kg. Sg. Mantanid, Kg. Maatol, Kg. Pandiwan, Kg. Tataluan, Kg. Langkuku, Kg. Kagupil, Kg. Tompusison. Kg. Solog and Kg. Melugus. The MSCFC scheduled a minimum of three (3) meetings per year.</p> <p>Mechanisms to resolve any conflicts and grievances between parties involved have been set through committee meeting and SOP <i>“Management of Community Dispute in FMU 11”</i>. Documents specified under the verifiers were made available in the office of the Milian-Sapulut base camp.</p> <p>Based on Final Report of the <i>“Social Impact Assessment”</i> on FMU 11, the FMU is willing to accommodate the Native Customary Rights claims. But the FMU could not offer solutions to land claims as this was not under the jurisdiction of the FMU but the Sabah Forestry Department. Under the Forest Enactment, native customary rights land claims could not be accepted within a forest reserve.</p> <p>The <i>“2nd Forest Management Plan: Natural Forest Management (revised June 2017) 2012-2021 for FMU 11”</i> had also incorporated land use issues in Section 3.7 Social-economic environment. The FMU has listed measures under Para 3.7.2 to avoid further complication regarding the NCR land. FMU will continue to monitor, record and report any encroachments into the licence area to the relevant government agencies. The FMU management had taken steps to determine the areas utilized by local communities and exclude these from forest management operations.</p> <p>Mitigation Measures has been incorporated in the <i>“2nd Forest Management Plan: Natural Forest Management (revised June 2017) 2012-2021 for FMU 11”</i> based on the result of Rapid Impact Assessment Matrix analysis (RIAM).</p> <p>The Bornion Timber Sdn Bhd. FMU had conducted an assessment of High Conservation Values Forest</p>	

Principle	Strengths	Weaknesses
	<p>in its Licenced area using the WWF-Toolkit for Malaysia <i>A National Guide for Identifying, Managing and Monitoring High Conservation Value Forest</i>, (WWF- Malaysia 2009).</p> <p>Two burial sites had been identified in Compartments 32 and 33 in Ulu Sg. Milian Forest Reserve as claimed by the local communities. The FMU had consulted with Milian-Sapulut Community Forestry Committee (MSCFC) during their 1st stakeholders meeting on 20 December 2015 to confirm these burial sites. A 10-m buffer zone had been established around each of these sites. SOP “<i>Survey and Identification of HCVF and Other Protected Areas</i>” of was issued and revised. The SOP on “<i>Management, Effectiveness Monitoring and Enhancement of HCVF</i>” was issued and revised to safeguard the HCVF areas.</p> <p>List and maps depicting locations of graveyard, ecological and economic sites in the FMU are kept with authorised personnel at Geographic Information System unit and were reported in the 2nd FMP Natural Forest Management (2012-2021).</p> <p>Appropriate mechanisms for conflict resolution has been set by the FMU and made available at the FMU office. Records of dialogue and consultation held with local communities and relevant stakeholders were kept in Milian-Sapulut Community Forestry Committee (MSCFC) meeting file at the FMU office. The committee has schedule minimum of three (3) meeting per year to meet and discuss on these issues.</p> <p>The FMU had established mechanisms for conflict resolution where records of dialogue and consultation held with local communities and relevant stakeholders were maintained. The records were kept in Milian-Sapulut Community Forestry Committee (MSCFC) file at the FMU office. Records include “Summary Record of Consultation/Meeting/Dialog with Community/Natives/and relevant stakeholders for 2017 and Consultation Form with questionnaires for the representative to give suggestion on culture, ecological and economic aspects affecting their community.</p> <p>The FMU also had collaboration with Kraftangan Malaysia and local community from Kg. Batu Lunguyan on wood and bamboo handicraft in order to assist local communities to improve their socioeconomic condition.</p> <p>Although there was no traditional forest-related knowledge from neighbouring local communities, the Bornion Timber Sdn Bhd. had established a Standard Operating Procedure for the “<i>Management of Community Traditional and Practices Uses in FMU 11</i>”.</p>	

Principle	Strengths	Weaknesses
Principle 4 Community Relations and Workers' Rights	<p>Community support and development programs had been incorporated into the “<i>2nd Forest Management Plan: Natural Forest Management (2012-2021) for FMU 11(revised June 2017)</i>” which includes preference for employment and contract opportunities to local communities, wherever practical. The FMU Management has conducted various training related to forest management, administration and logging operation for their staff. The training conducted was effective as verified during site visit and interview with staff and workers.</p> <p>List of Employment Statistics of Villages Within and Adjacent to the Forest Reserve (FMU11) was presented during the audit. Qualified people in communities living within, or adjacent to the FMU has been given preference for employment. The employees were from communities of Kg. Pinipi, Lanas, Nabawan, Kg. Kabatang Baru, Kg. Simpang Empat, Kg. Masaum, Kg. Nandangan, Kg. Binuou Laut, Batu Lunguyan, Tulid, Sinua, Kg. Mansiat, Kg. Kipaliu Baru, Kg. Malima, Kg. Mangkawago, Kg. Kilo, Kg. Empat Murni (D) and Kg. Bunang.</p> <p>Record of Staff Resignation 2016 was presented during the audit. The record included information on “Reason of Resignation” which were mainly due to new job offers and to manage own land and crop. The FMU management had also formulated two form: (i) “Exit Interview Questionnaires” to record the reason for the resignation by the employee and (ii) an analysis form “<i>Employees From Local Communities Within And Adjacent to FMU 11</i>” which to be fill by the FMU to find reasons for their resignation.</p> <p>As part of the updating process for the forest workers on applicable laws and/or regulations covering occupational safety and health safety, the list of training for 2017 were available at the office of the Milian-Sapulut Base Camp. The training was organised internally which includes, Personal Protective Equipment (PPE), Chemical Handling, First Aid Management, and “<i>Kesedaran Keselamatan dan Kesehatan</i>”. An External training which involved the speakers from Department of Health Keningau includes training on “<i>Kawalan Malaria</i>” List of the participants was provided.</p> <p>The “<i>Guidelines on Occupational Safety and Health in Logging Operation</i>” were made available at the base camp.</p> <p>Policy Statement On Safety And Health at Work dated 23rd February 2015 was displayed at the Millian-Sapulut Base Camp. The policy addressed the occupational safety and health of forest workers and others who may be affected by the company's activities. The Policy Statement and Commitment of the “<i>2nd Forest Management Plan: Natural Forest</i></p>	Nil

Principle	Strengths	Weaknesses
	<p><i>Management (2012-2021) for FMU 11 (revised June 2017)</i>" had incorporated the commitment of the FMU on safety and health.</p> <p>Safety and Health Committee had been established and meeting had been conducted quarterly. Auditor has verified that safety and health committee meeting minutes were up-to-date and issues that were raised from previous meeting has been discussed and followed up.</p> <p>As observed during the audit, appropriate safety and operational equipment (safety boots, helmets and goggles) were in good working condition, supplied by the FMU to its employees while the contractors had provided the same for their workers. All forest workers had been made aware on the operational procedures in the work place. Records of equipment and maintenance were available during the audit. Minutes of the Safety and Health Committee meeting Series 1/2017 was sighted during the audit.</p> <p>Based on the Annual Accident Summary 2017 for natural forest management (NFM) and Forest Plantation, there was no accident occurred in 2017. A briefing on First Aid Kit was conducted and attended by the office, stumping and workshop staff.</p> <p>The first aid kit content was inspected and confirmed that it is in accordance with the checklist dated 7th May 2017. It was observed that the oral medical kit for external use and internal use were kept in different first aid kit.</p> <p>Guidelines for storage and handling of hazardous materials has been established and made available by FMU. Safety data sheet (SDS) was made available at the storage area where forest workers interviewed showed their awareness. The FMU has formulated the SOP on Storage of Schedule Wastes (BTSB-SOP-EM-01) and SOP on Handling of Schedule Wastes (BTSB-SOP-EM-02. Person-in charge has attended training on handling of scheduled waste as required under Environmental Quality (Scheduled Wastes) Reg. 2005, under Reg. 15. Conduct of training.</p> <p>During site visit, the auditor found that hazardous areas at workshop and scheduled waste storeroom had been clearly demarcated with proper signage.</p> <p>Provisions for FMU staff and workers to freely organise into union of their own choice have been communicated from the FMU management to all personnel. The FMU has established policy on freedom of association titled 'Policy Statement on Labor Rights' dated 9th January 2015 and is displayed at the office at the base camp. However, there were no records of workers organised into unions at the FMU. The workers welfare was</p>	

Principle	Strengths	Weaknesses
	<p>protected under the Employment Act, 1955, Employees Provident Fund (EPF), Social Security Organisation (SOCSO), Employment Injury Scheme, Scheme of Disability, Minimum Wages Order 2016 and also insured under LONPAC Insurance.</p> <p>A refresher training on ILO Convention No. 87 on workers right to freely organise into union of their own choice had been conducted on 17 May 2017. Consultation with office workers indicated that they were aware of this right.</p> <p>A briefing on “<i>Taklimat Untuk Persijilan (Kesedaran Hidupan Liar, Polisi & Kilanan Pekerja, Pensijilan Hutan dan HCVF dan Keselamatan & Kesihatan Pekerjaan)</i>” was conducted on 2nd June 2017 attended by the staff and workers from Administration and Management, Forest Resource Assessment (FRA) Survey and Mapping Unit of Bornion Timber Sdn. Bhd. to refresh and enhance their understanding on issues with regards to certification.</p> <p>The Policy Statement on Labour Rights was posted on the notice board at the Base Camp. The Bornion Timber Sdn. Bhd. supports the relevant convention of the ILO as signed by Malaysian Government, and all workers were not forbidden to join any legal union.</p> <p>Grievances raised by workers would be resolved based on SOP on <i>Employee Grievances BTSSB-SOP-HR-01</i> issued on 14 March 2015. Each stage of the resolution process had been clearly defined and person in charge designated. The FMU management has formulated a format “<i>Borang Aduan Pekerja</i>” for the workers to raise their grievances to the management. However, there was no official complaint or grievances received from workers from last year until this surveillance audit.</p> <p>The Final Report on Social Impact Assessment dated December 2016 of the FMU’s operations on the local communities situated within and/or close to the FMU was included in Environmental Impact Assessment (EIA) undertaken by the FMU. The 2nd <i>Forest Management Plan: Natural Forest Management (2012-2021)</i> for FMU 11 (revised June 2017) had also incorporated land use issues in Section 3.7 Social-economic environment. In addition to this, Community and Forestry Officer carried informal/formal interviews, dialog, consultation and meeting with local communities and recorded their findings. Consultation forms with questionnaires were distributed to the representatives for them to list out suggestion regarding the culture, ecological and economic aspects.</p> <p>A site visit to the local communities living</p>	

Principle	Strengths	Weaknesses
	<p>surrounding and adjacent to the FMU were made. Consultation with the “Ketua Kampung” and ‘Pengerusi JKKK’ of Kg. Mokotog, Kg. Maatol, Mantanid and Sasagahan, Kg. Pandiwan B and Kg. Kagupil showed that Bornion Timber Sdn.Bhd. has committed to manage the social aspects of forest operation. No grievances raised during the consultation, as any grievances was discussed in the MSCFC meeting. The opportunities and preference for employment were given to the local communities, the advertisement of job vacancy was distributed to the surrounding village. A library project was established by the FMU at Kg. Mokotog as community support.</p> <p>The FMU had developed a Standard Operating Procedure titled: <i>Community Claim and Compensation</i>, to provide a guiding framework for compensation for damaged or destroyed farm crops, livestock, graveyards, boats, fishing equipment, unauthorized land use and other items or situation where compensation have been prescribed by Native Courts/other state law or national law. A “<i>Community Grievances and Action Taken Record Form</i>” was formulated by the FMU for the community to raise their complaints, and the action taken by the FMU would be recorded.</p>	
<p>Principle 5 Benefits from the Forest</p>	<p>Documents on provisions and management prescriptions made by the Bornion Timber management to maintain, restore or enhance the productive capacity and ecological integrity of the FMU to ensure its economic viability were made available and verified.</p> <p>Budgeted Investments and reinvestments in forest management included forest administration, research, human resource development, protection, economic, conservation environmental and social aspects, consistent with the tenure of the FMU as stipulated in the 2nd revision Forest Management Plan (FMP) and Annual Work Plan (AWP) for 2017.</p> <p>Operating expenditures and Capital expenditures allocated were about RM 2.9 million and RM 4.2 million, respectively. Actual expenditures recorded for 2016 for Management, Growth Monitoring, Conservation and Protection Management, Resource assessment, Survey and Mapping, Consulting/Support services, Community development, Vehicle Operating costs, Forest Certification, Forest Protection, Wildlife Monitoring and Capital Costs totalled up to RM 2.4 million.</p> <p>Up to 85% of planned activities for 2016 was found to be implemented. Among activities implemented include, Approval of the AWP 2016, Earmarking of areas under Community Forest for Compartments 8, 9, 54, 56 and 59; Employment and Training and</p>	

Principle	Strengths	Weaknesses
	<p>provision of Housing, Medical and Educational facilities for employees and their children.</p> <p>There was no logging planned and implemented for both 2016 and 2017. Hence, record of revenue and receivables from logging and other non-timber resource utilization were not available.</p> <p>A Forest Resource Assessment (FRA) had been conducted for the licensed area that include both Satellite Image interpretation and Ground inventory as stated in the FMP. Data from the FRA were used in the management planning towards forest resource optimal use which includes growth and yield monitoring and AAC calculation for future harvesting volumes.</p> <p>There was yet extraction of logs and non-timber forest products by the FMU since 2016. Logging was expected to commence in 2018. As indicated in FMP, the harvesting processes will be implemented in accordance with the RIL guidelines and the Comprehensive Harvesting Plans. It will be followed by post harvesting compliance activities which include forest operations monitoring and assessment.</p> <p>Guidelines for reduced/low impact logging to minimise damage to residual stand were available. The guidelines, "RIL Operation Guide Book: code of practice for Forest Harvesting in Sabah, Malaysia Third Edition" was available at the FMU main office. Log extraction operations to minimise product wastage, degradation and foregone revenue opportunities will be implemented when logging commences in 2018. In ensuring of RIL competency, training on "Techniques on reduced-impact logging (RIL)" had been provided for relevant staff on August 26th to September 15th 2016.</p> <p>The FMU harvesting operation is planned specifically for the felling and removal of logs which is scheduled to start in 2018. Consultation with local communities surrounding the FMU indicated that non-timber forest products were only collected for personal use.</p> <p>The Standard Operating Procedure (SOP) for identification and demarcation of sensitive areas to serve for the protection of soil and water resources (BTSB-SOP-CP-04) was established by the FMU. Areas with slopes greater than 25 degrees and watershed areas in the FMU were also demarcated and will be excluded from logging.</p> <p>The width of riparian buffer belts established was in accordance with the regulations as evidenced from the visit to riparian reserve of Sg Pingas (HCV 4.2), Compartment 124. The buffer width of 30 meters was marked with red paint in conformance to</p>	<p>The Comprehensive Harvesting Plan was not yet available for verification.</p> <p>Records of the production mix of forest products including the utilization of non-timber forest products by local community's home enterprises were not available for verification.</p>

Principle	Strengths	Weaknesses
	<p>requirements.</p> <p>Maps of sensitive areas protected under riparian reserve and slopes more than 25 degrees were available in the 2nd Forest Management Plan. The maps showed parts of Compartment 35, 37, 38 and 71 at Ulu Sg Milan FR and Compartment 214, 216, 218, 221, 222, 223 at Sapulut FR identified as HCV 4.1 (Watershed Protection) and HCV 4.2 (Protection of Hill Slopes and River Buffer Zones), which will be protected from future logging.</p> <p>The rate of harvest and Annual Allowable Cut (AAC) had been determined through the application of FORMIND simulation software. The stand data used in the FORMIND simulation was collected from the Forest Resource Assessment plots established throughout the FMU.</p> <p>The rate of harvest indicated in the FMP was 27,059 m³ per annum within a pre-defined cutting cycle of 30 years (3-6 harvested trees per hectare) and not greater than estimated regrowth of the residual stand predicted by the model.</p> <p>Records on the quantity of timber and important non-timber forest products harvested were unavailable and cannot be verified because there were no harvesting activities at present.</p>	
Principle 6 Environmental Impact	<p><i>Special Environmental Impact Assessment (SEIA)</i> report was produced in February 2003. The report had included ERT species. The FMP had incorporated mitigation measures identified in the EIA. The prescribed mitigation measures shall be implemented once harvesting is conducted.</p> <p>The FMU had also established river buffer zones (30 m) as biological corridors along large rivers including Sg. Pingas, Sg. Labau, Sg. Pinangah and Sg. Melikop.</p> <p>The FMU had incorporated measures to mitigate the environmental impacts in the 2nd revision of the FMP as identified in the SEIA.</p> <p>Signage and posters had been posted at the main entrance and office. Signs prohibiting hunting were also erected at strategic points. The local community at Simbuan had proposed possibility of establishing Tagal system for forested sites.</p> <p>The FMU had set aside conservation and protection area with total area 9,647.50 ha (23.74 %) which consisting of steep area, lower montane forest, lowland dipterocarp forest and water catchment area. Among the conservation areas are (i) Bornion Educational Trail (Bornion Rainforest Research</p>	

Principle	Strengths	Weaknesses
	<p>Area) in Compartment 119, (ii) 44 Belian Plot (<i>Eusideroxylon zwageri</i>) in Compartment 124 and (iii) the Rafflesia Plot in Compartment 210.</p> <p>Cooperation was established with conservation organizations and regulatory authorities in implementing conservation and management which activities include:</p> <ol style="list-style-type: none"> 1. Workshop on wildlife monitoring with HUTAN on 8-10 May 2017 2. Training on wildlife monitoring with HUTAN on 7 – 13 August 2016 3. Training on HCV: Identification with WWF on 1-3 November 2016 4. Wildlife monitoring with Sabah Wildlife Department on 9 – 15 January 2017 <p>30 staffs were awarded as Honorary Wildlife Ranger by Sabah Wildlife Department in 2015 whereby their certificates must be renewed every 3 years.</p> <p>Briefing on RTE was provided to staff and contractors on 7 June 2017, while for local communities from Kg. Tataluan & Kg. Fontas was on 27 January 2017 and 23 October 2016, respectively. This was verified during the consultation with the “Ketua Kampung” and ‘Pengerusi JKKK’ of Kg. Mokotog, Kg. Maatol, Mantanid and Sasagahan, Kg. Pandiwan B and Kg. Kagupil.</p> <p>Procedure to assess post-harvest in the SOP Silvicultural Operations in Natural Forest and SOP Enrichment Planting Operations were made available.</p> <p>Guidelines on conservation of genetic, species and ecosystem diversity titled ‘SOP on Identification of Representative Conservation and Protection Sites’ was made available. The implementation of the procedure was verified during site visit at HCVF area – Rafflesia in Block B.</p> <p>Riparian buffer for Sg. Pingas in the FMU has been marked and maintained as verified at Compartment 124.</p> <p>Representative areas of existing forest ecosystem had been demarcated and mapped for protection with the criteria stated in the HCV report. An area of 571.54 ha which is riparian buffer for Sg. Pingas, Sg. Labau, Sg. Pinangah and Sg. Melikop (HCV 4.2) had been set aside for conservation. Additional sites with steep slopes had been protected under Terrain IV.</p> <p>Other protected area such as Bornion Rainforest Research Area or Bornion Educational Trail in Compartment 119 was protected whereby these areas consists of residual big trees. Additionally, the</p>	

Principle	Strengths	Weaknesses
	<p>Belian Plot in Compartment 124 and the Rafflesia Plot in Compartment 210 are also protected, including an area of 60 ha which had been demarcated for protection of the newly discovered Rafflesia family in Compartment 210 in Block B.</p> <p>Within the NFM area, 16,455 ha had been protected and excluded from forest activities. These areas were marked on maps and demarcated in the field.</p> <p>The following SOPs were made available during the audit:</p> <ol style="list-style-type: none"> SOP Road Construction, Upgrading and Maintenance, SOP Reduced Impact Logging Operations, and SOP Comprehensive Harvesting Plan <p>Steep slopes of above 25° and riparian buffers within the production forests was protected. During a site visit at Sg. Pingas, the riparian buffer observed was marked and maintained.</p> <p>Chemicals were not used in forest operation except for paints and fuel.</p> <p>SOP with regards to waste disposal such as "Storage of scheduled waste", "Handling of scheduled waste", "Labelling of scheduled waste", "Scheduled wastes spillage", "Removal and disposal of solid waste" and "Storage handling and disposal of hazardous goods" were available.</p> <p>Disposal of non-organic solid wastes and Scheduled Wastes (Lubricant & Oil) was in accordance with the Fifth Schedule (Regulation 11) Environmental Quality Act 1974 Environmental Quality (Scheduled Wastes) Regulations 2005.</p> <p>Scheduled waste disposal was done by DOE's registered contractors (Legenda Bumimas SB). Scheduled waste disposed include:</p> <ol style="list-style-type: none"> used batteries - SW102, used lubricating oil - SW305, contaminated soil/debris - SW408, used contaminated container - SW409, used oil filter - SW410 <p>Solid wastes such as steel scrap was sold to Toko Bersatu for recycle while used tyres were sent to <i>Tapak Pelupusan Sisa Pepejal Kayu Madang</i>.</p> <p>There was no application of biological control agents in the FMU.</p> <p>The FMU had no plans to convert the forest area to plantations. Conversion of natural forest into non-forest land use had not occurred within the FMU.</p>	<p>The implementation of these SOPs couldn't be verified due to no logging activities during the audit.</p>

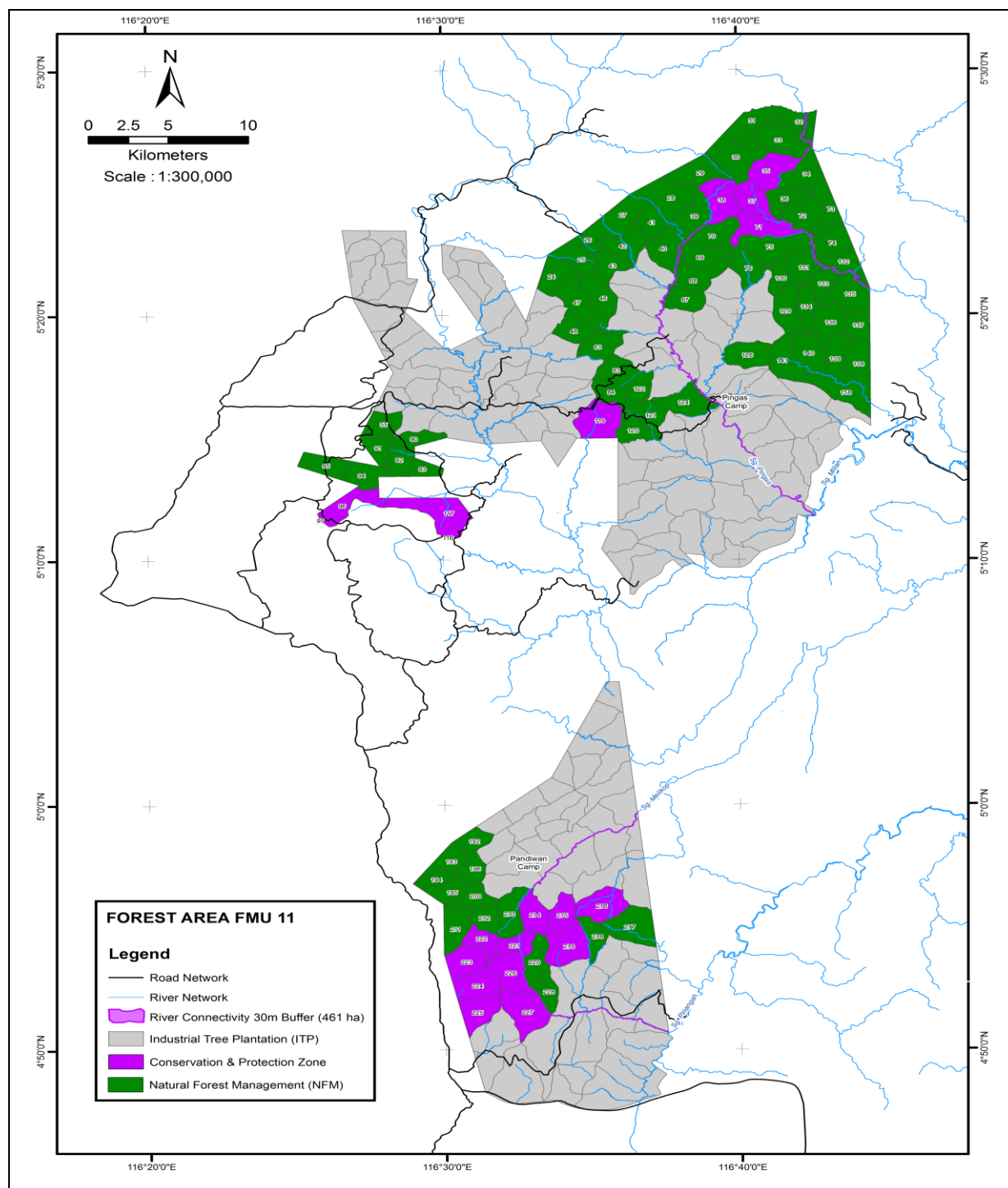
Principle	Strengths	Weaknesses
Principle 7 Management Plan	<p>FMP for the period of 2012-2021 was presented. 2nd revision was conducted in June 2017. The FMP had included all items listed from a) to i) in Criterion 7.1. The forest management system had been elaborated by classification of the forest reserve within the FMU into production and protection forests.</p> <p>The FMP (2nd revision) had further specified the area for logging in accordance with the AAC. The AAC for the FMU has been revised to 27,059 m³ per annum or 34.41 m³/ha for cutting cycles of 30 years. The production forests continue to be managed based on Comprehensive Harvesting Plan (CHP). Harvesting shall be conducted in accordance with the RIL specifications where pre-felling and post-felling inventories will also be conducted. Steep slopes of above 25° and riparian buffers within the production forests shall be protected.</p> <p>The presence of ERT species had been documented and protective measures had been included in the revised FMP.</p> <p>The FMP was in the process of mid-term review. The review is expected to be completed by the end of 2017 (every 5 years) and to be submitted to Sabah Forestry Department for approval. The latest revision of the FMP was conducted in June 2017.</p> <p>Forest manager was found aware of new scientific and technical information pertinent to the management of the area to be certified. This was achieved through participation in trainings such as:</p> <ol style="list-style-type: none"> 1. Enhancing awareness of genetic issues in the private forestry sector in Sabah at Universiti Malaysia Sabah on 19 – 20 January 2017 2. Train the trainer course by NIOSH on 6 – 10 March 2017 3. Correction and adjustment of topographical map features using IFSAR – DTM and Spot 6/7 Data for FMU No. 11 on 13 – 17 March 2017 4. Phytosanitary Certificate by Universiti Malaysia Sabah on 28 March 2017 <p>6 cameras trap for monitoring wildlife species in the FMU were used. The monitoring activities observed wildlife species such as porcupine, skunk and Malayan sun bear within the FMU.</p> <p>Training program for the year 2017 (Jan - June) and 2016 (Mar – Dec) were made available to the audit team.</p> <p>List of training conducted by the FMU in 2016 and 2017 include:</p> <ol style="list-style-type: none"> 1. Awareness on MC&I (Natural Forest), HCVF 	

Principle	Strengths	Weaknesses
	<p>& environmental management on 21 May 2017</p> <ol style="list-style-type: none"> Awareness on safety and health on 14 May 2017 RTE (wildlife) and HCVF on 29 April 2017 First Aid Management on 22 April 2017 Personal Protective Equipment (PPE) on 21 January 2017 Boundary marking and monitoring on 21 May 2016 <p>Training activities include a wide variety of aspects from use of field equipment, forest boundary demarcation, computer skills, data management and tree identification. RIL training on tree felling will be conducted before harvesting operation.</p> <p>The Forest Management Plan is made available to the public through website link www.bornion.com</p>	
Principle 8 Monitoring and Assessment	<p>The Monitoring procedures adopted by Bornion Timber are in line with the guidelines of the Sabah Forestry Department. Descriptions include SOP and Guidelines, Responsibilities and Reporting Structures, Monitoring System and Component and Compartment Register. A Monitoring, Compliance and Evaluation (MCE) activities flowchart was also established.</p> <p>The monitoring elements in the FMP include assessment of 15 items ranging from License area, Infrastructure, Timber harvesting, Log transportation, Log yard, HCVF, CGMS, Silviculture, Wildlife, Forest protection, Social, Ecological, Environmental and economic impacts.</p> <p>Implementation of Monitoring and Maintenance of Compartment boundaries was evidenced by the auditors' visit to the boundary between Compartment 124 and 125. The boundary which differentiated the ITP and NFM areas was found clear and painted.</p> <p>Relevant information necessary to monitor on the various items in Criterion 8.2 was included in the 2nd Forest Management Plan: They are (a) yield of forest products (salvage logging in ITP forest), (b) growth rates and regeneration, (c) flora and fauna, (d) Environmental and social impacts, and (e) management costs, productivity and efficiency.</p> <p>The compliance report of 2016 for Bornion Timber confirmed the gathering and availability of the information.</p> <p>The FMU had established 32 permanent sample plot (PSP) to monitor growth and yield, regeneration, composition and observed changes in the flora. Size</p>	<p>During site visit at Compartment 195, a boundary mark has been damaged but not reported and recorded during rebrushing work being conducted on 11 June 2017 at the same location. Thus, a Minor NCR RJ 01/2017 for Indicator 8.1.1 was raised.</p> <p>The FMU has yet to establish a Standard Operating Procedure for</p>

Principle	Strengths	Weaknesses
	<p>of this plot is 20 x 240 m per plot.</p> <p>Harvesting operation in the NFM is scheduled to start in 2018. The SOP for harvested logs' Chain of Custody (COC) (BTSB-SOP-LP-02) was established and made available at the audit.</p> <p>Results and findings of monitoring activities were incorporated in 2nd revision of the Forest Management Plan.</p> <p>Summary of results of monitoring indicators, including those listed in Criterion 8.2, was made available to the public via website (www.bornion.com/Monitoring.html). Information presented include (a) forest yield, (b) growth, regeneration and forest condition, (c) flora and fauna, (d) environmental and social impacts, and (e) costs, productivity and efficiency.</p> <p>"Public summary for Forest Monitoring" prepared by Walter Samunding was also made available.</p>	<p>describing tasks and procedures for monitoring and re-inventory of PSPs. Hence, a Minor NCR IAAM 01/2017 for Indicator 8.2.1 was raised.</p>
Principle 9 Maintenance of High Conservation Values	<p>HCVF sites in Bornion Timber FMU11 were identified in accordance with the WWF-Malaysian Toolkit for Malaysia which then was refined by a consultant team from UMS.</p> <p>In 2016, 5 additional species of mammals were included in the list of HCV 1.2 (Threatened and Endangered spp) and two additional salt licks (in Compartment 43 and 130) were included in HCV 1.4 (Critical Temporal Use). These were done after consultations with stakeholders through letters and meetings (NGOs and surrounding village communities).</p> <p>A list of stakeholders was presented to the auditors which include NGOs, Government Agencies and Village JKKs.</p> <p>Five established SOPs with regards to HCVF were used that include Survey and Identification of HCVF and Other Protected Sites (BTSB-SOP-CP-01); Management, Effectiveness Monitoring and Enhancement of HCVF (BTSB-SOP-CP-02-2); Identification and Protection of RTE species and their habitat (BTSB-SOP-CP-03); Identification of Representative Conservation and Protection Sites (BTSB-SOP-CP-04) and Wildlife Survey and Monitoring (BTSB-SOP-WU-01).</p> <p>Relevant stakeholders in the government agencies, NGOs i.e. Global Forest and Trade Network, WWF and local communities were consulted by the forest manager on the option to maintain or enhance the identified HCVF.</p> <p>The FMU has consulted with Global Forest and</p>	

Principle	Strengths	Weaknesses
	<p>Trade Network on the identified HCVF area in the FMU area as verified by auditor through an email dated 11 July 2016. The Global Forest and Trade Network has commented on improving the format and analysis of the results from HCVF monitoring. The FMU still in process to review the format and analysis of the results from HCVF monitoring.</p> <p>Consultations or “Taklimat Program Kesedaran Pengurusan Hutan Simpan dan Pengurusan Hidupan Liar” with local communities on wildlife were held in October 2016 and January 2017.</p> <p>Mitigation measures to demarcate, maintain and/or enhance the HCVF attributes were documented in the 2nd Forest Management Plan.</p> <p>No illegal logging, poaching, boundary infringement in the licensed area occurred as indicated in the Compliance Report 2016 of Bornion Timber operations.</p> <p>Riparian buffer belts (HCV 4.2) along a major waterway (Sungai Pingas) was also visited and verified by the audit team. The width of the buffer belt (30m) complied with the SOP on river buffer belts specifications. The boundaries of the belt were clearly marked with red paint.</p> <p>Signage was observed to identify HCVF site within the FMU.</p> <p>“Public Summary of HCVF Management by Bornion Timber Sdn. Bhd. /FMU 11-Natural Forest” is available and accessible to the public through www.bornion.com/HCVFNFM.html.</p> <p>The 2nd Forest Management Plan describes the management prescriptions and annual monitoring to assess the effectiveness of the measures for management of the HCVFs. Maps on locations of all HCVFs in Bornion Timber FMU11 were available. Results and findings of the HCVFs monitoring activities were incorporated in the FMP.</p>	

Map of Bornion Timber FMU11



Experiences and Qualifications of Audit Team Members

Audit Team	Role/Area of MC&I Requirement	Qualification and Experience
Mohd Razman Salim	Assessment Team Leader / Forester	<p>Academic Qualification: B. Sc of Forestry (Forest Production), University Putra Malaysia.</p> <p>Work Experience: Five years experienced as Research Officer at the Forest Research Institute Malaysia (FRIM) since 2007 in a various area such as ecological research for lowland and hill dipterocarp forest, Geographic Information Systems, forest inventories, forest harvesting and forest management system (SMS). Participate in organizing committee member, division level activities and projects. Coordinate and collaborate a long term ecological plot and inventory data about 25 years at the Pasoh, Negeri Sembilan with Negeri Sembilan Forestry Department, universities (local & international) and NGOs. Published and presented research findings at the seminars and conferences. Currently as Auditor at the Food, Agriculture and Forestry Section (FAF), SIRIM QAS International Sdn Bhd, since 2013. Involved in conducting assessments on forest management certification [MC&I (Natural Forest)] & [MC&I (Forest Plantations)], MYNI of RSPO P&C and other management systems on ISO 9001, 14001 and OHSAS 18001</p> <p>Attended training programmes:</p> <ul style="list-style-type: none"> • Auditor Training Course on Malaysian Criteria and Indicators for Forest Management Certification [MC&I (Natural Forest)] & [MC&I (Plantations)] organized by MTCC, 1-4 December 2013. • EMS 14001: 2004 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 18-22 March 2013. • OHSAS 18001: 2007 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 11-15 March 2013. • QMS 9001: 2008 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 4-8 March 2013.
Ismail Adnan Malek	Assessment Team Member / 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</p>

		<p>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>Attended training programmes:</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 • 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
Roslee Jamaludin	Assessment Team Member / Forester	<p>Academic Qualification:</p> <p>B.Sc. of Forestry (Forest Management), University Putra Malaysia. Diploma of Forestry, Mara Institute of Technology, Malaysia.</p> <p>Work Experience:</p> <p>A retiree of Forest Conservator from Forestry Department of Peninsular Malaysia, with 36 years of experience in forest management, operation and administration. Has been working in various position since appointment in 1977, which includes Assistant Forest Management officer in Kuantan, Forestry Department of Pahang, Assistant District Forest Officer in Kuala Lipis Pahang and Segamat, Johor. Forest Plantation Officer in Johor and Terengganu, Forestry Officer for the State of Malacca. Assistant Director for Forest Harvesting and Industries in Selangor, District Forest Officer in Dungun Terengganu, Assistant Director for Forest Management in Negeri Sembilan and the State Director of Forestry Penang before retirement in April 2015. Has involved in several Working Committee form by the Forestry Department of Peninsular Malaysia to further improve the existing procedures, such as, Forestry Manual, Forest Road Guidelines, Forestry Rules, other guidelines regarding the MC&I for forest certification. A member of MAJURUS, was appointed as an Internal Auditor for the MC&I. Has attended several forestry Conference overseas and local. A member of IRIM (Institut Rimbawan Malaysia). Appointed as a facilitator and trainer for Forest Road Guidelines by Forestry Department Peninsular Malaysia.</p> <p>Attended training programmes:</p> <ul style="list-style-type: none"> • Auditor Training Course on Malaysian Criteria and Indicators for Forest Management Certification [MC&I (Natural Forest)] & [MC&I (Forest Plantations)] organised by MTCC, 9 – 10 July 2015 • EMS 14001: 2004 Lead Assessor Training Course organised by SIRIM Training Services Sdn Bhd, 23 Nov. – 27 Nov. 2015. • Briefing on RSPO Principle & Criteria (HCV) organised by SIRIM QAS (Food, Agri & Forestry Section) 21 August 2015. • Workshop on Auditing Technique for FMC (2) organised by SIRIM QAS (Food, Agri & Forestry Section), 26 Jan 2016.

Surveillance Audit Plan

DAY	TIME	PROGRAM		
		AUDIT TEAM LEADER (Razman)	AUDITOR (2) (Ismail Adnan)	AUDITOR (3) (Roslee Jamaludin)
Day 0 (Mon)		<ul style="list-style-type: none"> Travel from Kuala Lumpur to Kota Kinabalu (MH2614; 12:55 – 15:30) Travel to Kota Kinabalu to Ulu Sg. Milian Base Camp Briefing by Audit Team Leader on the surveillance audit plan 		
Day 1 (Tue)	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 Evaluation of changes to the management of the FMU Check on progress of planned activities aimed at enhancing the operation system to achieve improvement in overall performance Check on complaints and follow-up actions Evaluate on procedures for internal audit Evaluate on management review system Verification of NCRs raised during the previous audit. 		
	2.00 – 5.00 pm	<ul style="list-style-type: none"> Documentation Review ○ Principle 1 – Compliance with Laws and Principles ○ Principle 6 – Environmental Impact ○ Principle 7 – Management Plan 	<ul style="list-style-type: none"> Documentation Review ○ Principle 5 – Benefits from the forest ○ Principle 8 – Monitoring and Assessment ○ Principle 9 – Maintenance of High Conservation on Value Forests 	<ul style="list-style-type: none"> Documentation Review ○ Principle 2 – Tenure and Use Rights and Responsibilities ○ Principle 3 – Indigenous Peoples' Right ○ Principle 4 – Community Relations and Workers' Right
	5.00 – 5.30 pm	<ul style="list-style-type: none"> Briefing to representatives of FMU on the progress of audit Review of Day 1 Findings by Audit Team Leader 		
Day 2 (Wed)	8.00 am – 1.00 pm	Site Visits <ul style="list-style-type: none"> Riparian buffers - Sg. Pingas at Compartment 124 FMU Boundary between NFM (Compartment 124) and ITP (Compartment 80 & 125) Permanent Sample Plot (PSPs) <ul style="list-style-type: none"> SU 83, Compartment 83 SU 95, Compartment 84 HCVFs <ul style="list-style-type: none"> Bornion Educational Trail Conservation area of Compartment 119 		Site Visits <ul style="list-style-type: none"> Local communities within and around the perimeter of the FMU <ul style="list-style-type: none"> -Kg. Sasagahan -Kg. Mantanid -Kg. Maatol -Kg. Mokotog -Kg. Pandiwan -Kg. Kagupil Boundary between NFM and ITP at Compartment

			209 & 210 • External FMU boundary with local communities at Compartment 195 • Workshop
	2.00 – 5.00 pm	• Documentation review	
	5.00 – 5.30 pm	• Review of Day 2 Findings by Audit Team Leader	
Day 3 (Thu)	8.00 – 10.00 am	• Continue auditing on unfinished area I. Interview with staff and workers on union, training effectiveness and employee's benefits from the FMU. II. Site visit to workshop, scheduled waste store and workers' quarters III. Verification on NCRs raised during the previous audit • Audit team discussion	
	10.00 – 12.00 pm		
	2.00 – 4.00 pm	• Issuance of NCRs (if any). • Preparation of closing meeting	
	4.00 - 5.00 pm	• Closing Meeting • Travel to Kota Kinabalu • Overnight at 'The Klagan Hotel'	
Day 4 (Fri)		• Travel from Kuala Lumpur to Kota Kinabalu (MH2613; 09:50 – 12:20)	

Details on NCRs Raised During this Surveillance Audit and Corrective Actions Taken

Indicator	Specification Major/Minor/OFI	Detail Non-conformances	Corrective Action Plans Taken	Comments by Audit team
8.1.1 RJ 01/ 2017	Minor	<p>Requirement: Indicator 8.1.1 Forest Manager shall comply with the regulatory monitoring procedures in accordance with relevant federal and state guidelines of the Forestry Departments and other relevant agencies.</p> <ul style="list-style-type: none"> Sustainable Forest Management License Agreement 03/97 - 5.2 Forest Management Programmes – Resource Security and Conservation <p>Finding: The FMU boundary mark has been damaged but not reported or repaired?</p> <p>Objective evidence: It was found that, a boundary mark at Compartment 195 (N 04° 56' 7.81" and E 116° 29' 42.95") has been damaged but not reported and recorded during rebrushing work done on 11th June 2017 at the same location.</p>	<ul style="list-style-type: none"> Report on the damaged boundary mark has been made dated 12 June 2017. Schedule of boundary inspection 'Boundary Maintenance Work Plan January to July 2017' submitted, also with the SOP of Boundary Inspection. 	<p>Auditor has received corrective action plan dated 13 July 2017. The FMU also has submitted encroachment report titled 'Kerosakan pokok penanda sempadan di Kompartment 195' dated 12 June 2017.</p> <p>Status: The implementation and effectiveness of corrective action plan will be verified during next audit.</p>
8.2.1 IAAM 01 2017	Minor	<p>Requirement: 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>Finding: Standard Operating Procedure for monitoring and re-inventory of PSPs was not available.</p> <p>Objective evidence: Standard Operating Procedure for describing tasks and procedures for monitoring and re-inventory of PSPs was not available.</p>	SOP of Permanent Sample Plot has been revised.	<p>Auditor has received and accepted the revised SOP of Permanent Sample Plot (BTSB-SOP-FD-08-02) dated 3 July 2017.</p> <p>Status: The implementation and effectiveness of corrective action plan will be verified during next audit.</p>

Corrective Actions Taken and Final Status on NCRs and OFIs Raised During Previous Audit

Indicator	Specification Major/Minor/ OFI	Detail Non-conformances	Corrective Action Taken	Verification by Assessor
4.2.4 MRS 01 2016	Minor	<p><u>Forest managers shall maintain up-to-date safety records in compliance with all applicable laws and/or regulations covering health and safety of forest workers.</u></p> <p>BTSB-SOP-SH-03: Safety & Health Inspection of workshop & store</p> <p>Finding: Records of the contents in first aid box in the workshop were not monitored.</p> <p>Objective evidence: Records maintained for the first aid box in the workshop in the base camp were not maintained as shown below:</p> <ul style="list-style-type: none"> i). First aid box was not monitored as specified by the FMU's SOP ii). Safety pin and 'kayu anduh' was not listed in the monitoring list 'Permohonan Penambahan Ubat-ubatan / Peralatan Peti Pertolongan Cemas'. iii). Medical aids such as Eye Mo, triangle bandage, and pen were not available in the first aid box at workshop. iv). Medicines for internal consumption (oral medical pills etc.) were included with the medicines for external use 	<ol style="list-style-type: none"> 1) Monitoring schedule on first aid kits by PIC once in three months 2) The FMU has added safety pin and triangle bandage/ <i>kayu anduh</i> in the checklist 'Permohonan Penambahan Peralatan Peti Pertolongan Cemas' 3) Oral medicine has been kept in separated container 4) Training schedule on first aid management will be conducted in June / July 2016 	<p>During the site visit to the workshop, the first aid kit has been monitored as evidence by the checklist available dated 7th May 2017.</p> <p>The Safety and Health Unit has requested the additional relevant medicine on 2nd May 2017 through "<i>Borang Pesanan Barang Stor Base Camp</i>" for the first aid kit.</p> <p>The "<i>kayu anduh</i>" and safety pin was listed in the monitoring list.</p> <p>It was observed that the oral medical kit for external use and internal use were kept in different first aid kit.</p> <p>Status: Closed</p>
4.2.5 MRS 02 2016	Minor	<p><u>Demarcation of hazardous areas and provision of guidelines for storage and handling of hazardous materials.</u></p> <p>BTSB-SOP-EM-01: SOP Storage of scheduled wastes</p> <p>Finding: Hazardous area was not clearly demarcated with proper signage.</p> <p>Objective evidence: 1. Inspection had indicated that hazardous areas at the workshop and scheduled waste store were not clearly demarcated with proper signage such as 'No</p>	<ol style="list-style-type: none"> 1) Hazardous areas have been clearly demarcated with proper signage 2) Monitoring schedule at workshop, store and scheduled waste will be conducted once in three months 3) Training schedule on management of hazardous area will be conducted in July / August 2016 	<p>During site visit, auditor has found that hazardous areas at workshop and scheduled waste store were clearly demarcated with proper signage such as 'No Smoking'.</p> <p>Status: Closed</p>

		Smoking'. 2. Observation indicated that store for the storage of scheduled wastes did not adhere to the SOP- (BTSB-SOP-EM-01) sectionr 7.0 Site Design Criteria 'Adequate signage should be put up clearly and visible with the word 'Danger' and 'Scheduled Wastes Storage', or equivalent phrase.		
5.6.1 KN-1/2016	Minor	<u>Rate of harvest shall not be greater than estimated regrowth of the residual stand based on permanent sample plots within a pre-defined cutting cycle</u> Finding: Evidence of enumeration, yield calculation and harvesting planning presented in the Forest Management Plan was based on preliminary data that had not been supported by enumeration. Objective evidence: The yield calculation for rate of harvest (AAC) in the 2 nd Forest Management Plan shall be supported with enumeration data from sample plots.	The FMU has come out with action plan on AAC based on enumeration data from sample plot for 2016/2017 such as: 1) Selection of permanent sample plots (PSP) 2) Complete forest resource assessment 3) Growth simulation model FORMIX3 4) Annual allowable cut	The rate of harvest and Annual Allowable Cut (AAC) had been determined through the application of FORMIND simulation software (Para 8.6, Page 154). The stand data used in the FORMIND simulation was recently collected from the Forest Resource Assessment plots established throughout the FMU. The current yield calculation for (AAC) is supported by enumeration data from sample plots (FRA)s. Status: Closed
8.2.1 KN-2/2016	Minor	<u>Forest managers shall gather the relevant information, appropriate to the scale and intensity of the forest management operations, needed to monitor the items (b) listed in Criterion 8.2.</u> Finding: Evidence of sample plot (FRA) enumeration for growth rates, regeneration and condition of the forest need to improve Objective evidence: The enumeration on sample plots (FRA) #123 at (Block B) and #104 at (Block A) found the setup of the plot shall be corrected, and the selected of sampled trees including the species to be correctly recorded.	1. Reorganisation of Forest Resource Assessment (FRA) and Permanent Sample Plot (PSP) team in March/April 2016 2. Skills and equipment training in April 2016 3. Tree identification training from Forest Resource Centre (FRC) in April 2016 4. Complete FRA in June 2016	Auditor has found that bearings and measurement of trees and bearings in the Permanent Sample Plot (PSP) at SU-83 in Compartment 83 and SU 95 in Compartment 84 were accurate. Also the sampled trees (Tree No. 1, 4 and 6) in plot 01A were found accurately tagged, numbered and identified. Status: Closed
9.4.1	Minor	<u>Forest managers shall conduct, appropriate to scale and intensity of forest management operations, annual monitoring to assess the effectiveness of the measures in</u>	1. Consultation with WWF officer 2. Revise HCVF report 3. Finalise HCVF report	The 2 nd Forest Management Plan: Natural Forest Management (2012-2021) For FMU 11

SK-1/2016		<p><u>the management of the HCVFs in the FMU</u></p> <p>Finding: The revised HCVF report of February 2016 did not include management operations, annual monitoring to assess the effectiveness of the measures in the management of the HCVFs in the FMU.</p> <p>Objective evidence: The report High Conservation Value Forest (HCVF) of FMU 11 Natural Forest Management (NFM) Bornion Timber Sdn. Bhd. revised on February 2016 did not include management operations, annual monitoring to assess the effectiveness of the measures in the management of the HCVFs in the FMU.</p>	<p>4. Stakeholders consultation</p> <p>Draft of management and monitoring recommendations to be included in the revise HCVF Report.</p>	<p>(revised June 2017) describes the management prescriptions and annual monitoring to assess the effectiveness of the measures in the management of the HCVFs (Chapter 6, Pages 101 -132) in the FMU. Specifically, Management prescription was addressed in Para 6.4, Table 6.9, Enhancement of HCVF areas in Para 6.4.2, Table 6.10 and Effective monitoring in Para 6.5 in the FMP.</p> <p>Status: Closed</p>
9.4.2 SK-2/2016	Minor	<p><u>Forest managers shall incorporate the results and findings of the HCVFs monitoring activities into the implementation and revision of the forest management plan.</u></p> <p>Finding: The section of High Conservation Value Forests in the revised 2nd Forest Management Plan Natural Forest Management (revised February 2016) 2012-2021 for FMU did not incorporate results and findings of the HCVFs monitoring activities.</p> <p>Objective evidence: Chapter 6 of the revised 2nd Forest Management Plan Natural Forest Management (revised February 2016) 2012-2021 for FMU 11 had not incorporated results and findings of the HCVFs monitoring activities.</p>	<ol style="list-style-type: none"> 1. Consultation with WWF officer 2. Revise HCVF report 3. Finalise HCVF report 4. Stakeholders consultation 	<p>The 2nd Forest Management Plan: Natural Forest management (2012-2021) For FMU 11 (revised June 2017) also had incorporated results and findings of the HCVFs monitoring activities (para 6.7, Table 6.13.).</p> <p>Status: Closed</p>
1.5.2	OFI	<p><u>Control of encroachment, illegal harvesting, hunting, and settlement, and other unauthorised activities in the FMU</u></p> <p>Inspection of Compartment 210 and ITP Compartment 209 indicated no buffer belt between the two operation areas. The protection of the natural forest area could be enhanced with a buffer belt.</p>	Not required	<p>Boundary between NFM at Compartment 210 and ITP at Compartment 209 was clearly demarcated with red paint.</p> <p>Status: Closed</p>

3.1.1	OFI	<p><u>Availability of documentation of the customary rights of indigenous peoples' lands within relevant federal, state and local laws, if any.</u></p> <p>Potential and/or actual impacts of forest activities on local communities will be assessed as stated in the SOP Social - Economic Impact Monitoring. However, the FMU has not clearly defined how to record any grievances, disputes or comments received from local communities.</p>	Not required	<p>The "Community Grievances and Action Taken Record" form has been issued as a record of grievances, disputes or comments received from the communities.</p> <p>Status: Closed</p>
4.1.2	OFI	<p><u>Qualified people in communities living within or adjacent to, the FMU are given preference for employment and contract works.</u></p> <p>The <i>List of Employment Statistics of Villages within and Adjacent to the Forest Reserve (FMU 11)</i> indicated 16 locals being employed in 2015 but only 4 remained working as to date. There would be a need to assess the lack of interest for working with the FMU to improve the involvement of local communities.</p>	Not required	<p>Record of Staff Resignation 2016 has been presented during the audit. The record has included a column for "Reason of Resignation", mainly the reason for resignation were new job offered and to manage own land and crop. The FMU management had formulated a form "Exit Interview Questionnaires" to record the reason for the resignation. An analysis of "Employees From Local Communities Within And Adjacent to FMU 11" had been carried out by the FMU management to find reasons for their resignation.</p> <p>Status: Closed</p>
4.3.1	OFI	<p><u>Provisions for workers to freely organise into union of their own choice in accordance with ILO Convention No. 87</u></p> <p>Training had been provided and posters posted at the office at base camp. Consultation with workers indicated that they were not aware of this right. Refresher training required to enhance their understanding.</p>	Not required	<p>Refresher training on ILO Convention No. 87 on workers right to freely organise into union of their own choice had been provided on 17 May 2017. Consultation with office workers indicated that they were aware of this right.</p> <p>Status: Closed</p>
8.3.1	OFI	<p><u>Forest managers shall provide relevant documents for identifying all forest products leaving the</u></p>	Not required	SOP for Chain of

		<p><u>area to be certified so that their origin could be easily determined.</u></p> <p>Harvesting operation in the NFM has yet to be initiated. However, in preparation of this important activity the relevant documentation needs to be prepared such as forms for tracking movement of forest products exiting the harvest area and for certifying their origin.</p>		<p>Custody (COC)(BTSB-SOP-LP-02) was made available and verified.</p> <p>Status: Closed</p>
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