



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

**Certificate Number: FMC–NF 00119
Date of First Certification: 16th July 2018
Audit Date: 26th September- 3rd October 2017
Date of Public Summary : 13th August 2018**

**Certification Body:
SIRIM QAS International Sdn. Bhd.
Block 4, SIRIM Complex
No. 1, Persiaran Dato' Menteri
Section 2, 40700 Shah Alam
Selangor
MALAYSIA
Tel : 60-3-5544 6400/5544 6448
Fax : 60-3 5544 6763
Website : www.sirim-qas.com.my**

TABLE OF CONTENTS

	Page No.
TABLE OF CONTENTS	
EXECUTIVE SUMMARY	3
2.1 Name of FMU	4
2.2 Contact Person and Address	4
2.3 General Background on the Linau FMU	4
2.4 Date First Certified	4
2.5 Location of the FMU	4
2.6 Forest Management System	4
2.7 Annual Allowable Cut/Annual Harvest under the Forest Management Plan	4
2.8 Environmental and Socioeconomic Context	4
3. AUDIT PROCESS	5
3.1 Audit Dates	5
3.2 Audit Team	5
3.3 Standard Use	5
3.4 Stakeholder Consultations	5
3.5 Audit Process	5
4 SUMMARY OF AUDIT FINDINGS	6
Attachment 1 Map of Linau FMU	13
Attachment 2 Detail of the Auditor and their Qualification	14
Attachment 3 Stage 2 Audit Plan	16
Attachment 4 Stage 2 Audit Findings and Corrective Action Taken	18
Attachment 5 Peer Reviewer Comments	25

EXECUTIVE SUMMARY

This stage 2 audit on Linau Forest Management Unit (FMU), hereafter referred as the Linau FMU was conducted on 26th September – 3rd October 2017 to assess the compliance of the overall forest management system of Linau FMU against the requirements of the *Malaysian Criteria and Indicators for Forest Management Certification (Natural Forest)* [MC&I (Natural Forest)] using the verifiers stipulated for Sarawak. The scope of this stage 2 audit was limited to the forest management system and practices on the Permanent Reserved Forest (PRF) within Linau FMU.

This stage 2 audit was conducted by a two (2)-member audit team comprising Hj. Roslee Jamaludin (Trainee Lead Auditor) and Khairul Najwan Ahmad Jahari (Auditor) for 15 auditor-days.

Based on the findings of this stage 2 audit, it was found that Linau FMU had complied with the requirements of the MC&I (Natural Forest). This stage 2 audit had resulted in the issuance of 3 (three) and 4 (four) major and minor Non Conformity Reports (NCRs) respectively. After the closing of the major NCR the audit team had therefore recommended that the Certificate for Forest Management be awarded to the Linau FMU.

This public summary contains the general information on the Linau FMU, the findings of the stage 2 audit, NCRs raised as well as the decision on the certification of the FMU.

2 INTRODUCTION

2.1 Name of FMU

Linau Forest Management Unit

2.2 Contact Person and Address

Mr. Lau Keiw Hieng / Mr Andy Wong Ko Hock
(Assistance Operation Manager)

Address : Lot 515, Jalan Datuk Edward Jeli,
Piasau Industrial Estate,
P.O. Box 1599, 98000 Miri, Sarawak.

Contact details: Phone #: 085 656699 / 019 8152099

Fax #: 085 664999 / 085 668299

E-mail : khlau@shinyang.com.my
andywong@shinyang.com.my

2.3 General Background on the Linau FMU

Linau FMU is managed by the Shin Yang Trading Sdn. Bhd. Shin Yang Trading Sdn. Bhd. is committed in the management of the FMU on a sustainable basis. The administration of the FMU covers an area of 72,685 ha of Linau Permanent Forest, Balui Permanent Forest and a small portion of Bahau Permanent Forest located in Kapit Division.

The inland forest is managed under a Sustainable Forest Management System (SFMS) on a 25 -year rotation period. The Annual Allowable Cut (AAC) was calculated to 89,253m³/year or no more than 2,353 ha/year for 25 years of cutting cycle. A Forest Management Plan (FMP) covering the period from 2017 to 2026 had been presented during the audit.

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

2.4 Date First Certified

16th July 2018

2.5 Location of the FMU

The FMU is located approximately between Latitudes 20 02' 000' N to 20 20' 000" N and Longitudes 1140 27' E to 1140 56'

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) 2017 to 2026 was presented during this audit.

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

The Annual Allowable Cut (AAC) was 89,253m³/year or no more than 2,353 ha/year.
During this stage2 audit, the size of the FMU is 72,685 ha.

2.8 Environmental and Socioeconomic Context

The Final Report of Environmental Impact Assessment (EIA), "Proposed Re-entry Forest Logging at Linau, Kapit Division, Sarawak Under Licence T/3228" was produced in April 2009 by CNF Consultancy Sdn Bhd. The potential impacts and strategies to mitigate the impacts were written in this report. The Environmental Monitoring Report (EMR) was conducted quarterly. Forest Management Plans have incorporate measures to mitigate the environmental impacts identified in the assessments as in Chapter 7.5: Mitigation Measures.

Features of special biological interest such as seed trees, salt licks, nesting and feeding areas in the FMU were stated in Chapter 11.1. Protected Areas Identified in the FMU in the Forest Management Plan. The FMU had identified the Protected area such as water catchment area, terrain IV or Kerangas, HCVF and International Buffer Zone areas. These areas were demarcated on the ground and mapped.

Long Lidem is the only community living adjacent to Linau FMU. Based on the Social Impact Assessment, Long Lidem only have farm and has no Native Customary Right (NCR) land (base on law of Sarawak, Chapter 81) that officially gazetted by Land and Survey Department under Land Code Ordinance (1958). A bilateral agreement was signed on 14th August 2017 by local community and the Linau FMU management. The bilateral agreement identified and agreed to ensure that the water catchment areas, burial ground and cultivated farm areas of the community were maintained during the forest operation. Linau FMU was given the right to conduct forest operation in the license areas of Linau FMU T/3228 without any obstruction and disturbance by the local community.

Qualified people in communities living within, or adjacent to the FMU has been given preference for employment and contract works. The level of dependency on forest resources for Long Lidem's community is very high, especially on forest products for food, handicraft, medicinal and tools. This is due to the fact that they do not plant paddy for almost 6 – 7 years. They collect jungle products, hunting and fishing almost every day to sustain their food supply apart from being given monthly allowances by the Linau FMU management company. As informed by the Tuai Rumah of Long Lidem, the local community was highly interested in rattan handicraft making than working with the FMU.

3. AUDIT PROCESS

3.1 Audit Dates

26th September – 3rd October 2017 (15 auditor-day(s))

3.2 Audit Team

Hj.Roslee Jamaludin (Trainee Lead Auditor)
Khairul Najwan Ahmad Jahari (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 Sarawak.

3.4 Stakeholder Consultations

A one-month stakeholder consultation was conducted beginning August 2017 to solicit feedback from stakeholders on the compliance of the Linau FMU against the requirements of the MC&I (Natural Forest). However, there was no comment received from the stakeholders on Shin Yang Trading Sdn. Bhd. – Linau FMU during the period.

3.5 Audit Process

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

This stage 2 audit was conducted by a two (2)-member audit team comprising Hj. Roslee Jamaludin (Trainee Lead Auditor) and Khairul Najwan Ahmad Jahari (Auditor). Initially it was a three (3)-member audit team, however auditor Mohd Razman Salim has to withdraw from the audit due to unavoidable and emergency family obligation before travelling to the FMU. Thus, the audit days were extended to cover for the 15 auditor- days.

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 during the audit were held with the Local communities in Kampung Long Lidem located adjacent to the Linau FMU. Long Lidem is the only community living adjacent to Linau FMU. The audit team had also held meetings with the workers and workers representative of the Linau FMU

The coverage of this stage 2 audit is as shown in the stage 2 Audit Plan in **Attachment 3**.

The Linau FMU had sent a corrective action plan to the audit team to address the major and minor NCRs which the audit team had reviewed and accepted them. The audit team had prepared an interim stage 2 audit report and sent it to the Linau FMU for comment. A second draft of stage 2 audit report which had incorporated the comments received from the Linau FMU was then prepared and sent to two peer reviewers for independent reviewing. A final recertification audit report was prepared after incorporating the comments from peer reviewers. The peer reviewer comment in **Attachment 5 and 6**.

4 SUMMARY OF AUDIT FINDINGS

Based on the findings of this stage 2 audit, it was found that the Linau FMU had managed the Linau FMU in compliance with the requirements of the MC&I (Natural Forest). This stage 2 audit had resulted in the issuance of 3 major, and 4 minor NCRs. The details on the NCRs raised are shown in **Attachment 4**.

The audit team had reviewed, accepted and verified the evidence of implementation and the corrective actions taken by the Linau FMU to address the 3 major NCR raised during this stage2 audit as stated in Attachment 4. The audit team was satisfied that the corrective action had been effectively implemented and had therefore closed out this major NCR. The audit team had also reviewed and accepted the Linau FMU proposed corrective actions to address the 4 minor NCRs. However, these corrective actions shall be verified by the audit team during the next audit.

On local community rights, there were mechanisms in place to resolve disputes over tenure and use rights through Standard Operating Procedure on "Conflict Resolution Procedure"- Dispute Form and meetings held with FMU Liaison Committee. It was observed that there was no recorded civil court case pertaining to legal or customary tenure or use rights filed against the Linau FMU.

As the major NCR raised during this stage 2 audit had been closed out, the audit team had therefore recommended that the Certificate for Forest Management be awarded to the Linau FMU.

The summary on the findings of the Stage 2 audit on the Linau 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>The forest management of Linau FMU had maintained records of all relevant national, local laws, regulations and policies related to forest management. Copies of all relevant laws, policies and regulations stipulated in the MC&I (Natural Forest) fundamental for the FMU management were available in the office at the Abit Stumping Office or Research Central Office of T3228 FMU.</p> <p>The senior forest managers had demonstrated knowledge of the federal, state and local laws and regulatory framework.</p> <p>Forest managers continue to demonstrate awareness of all the binding international agreements such as International Labour Organizations Conventions (ILO), Convention of Biological Diversity (CBD), and International Tropical Timber Agreement 1994.</p> <p>The record of violation and action taken, and recorded as dispute were available. One (1) case was recorded as a logging road get into terrain iv area in block 41, 42 dated 11 July 2107. The action taken by FMU to construct the signboard of No Entry, Terrain IV" at the point of entry to the area.</p> <p>Forestry Policy Statement stated that the FMU is committed to ensure compliance to MC&I (Natural Forest), laws and other regulation associated with its forest operation, and was included in the Forest Management Plan (2017-2026). The policies or statement were clearly explained to organisations workers. The Policies were made available in Public Summary in website https://www.shinyang.com.my/products-services/forest-management-unit.html and accessible by the public and the FMU workers.</p>	<p>Site visit to External License boundary at Sungai Melarang adjacent to license boundary T/3433 Okarina FMU and Linau FMU, the boundaries were marked with red paint. Based on Linau FMU Forest Management Plan under Chapter 5, para 5.3 and Table 5.3 the colour for external license boundary should be orange, coupe boundary red and block boundary yellow. Therefore, a Minor NCR RJ 01/2017 for indicator 1.5.2 was raised.</p>

Principle	Strengths	Weaknesses
Principle 2 Tenure and Use Rights and Responsibilities	<p>Long-term tenure and use rights to the land and forest resources has been clearly defined, documented and legally established. Documents were available upon request and approved by the authorized personnel. Forest Timber License Agreement No. T/3228 was issued to Shin Yang Trading Sdn. Bhd. and it was extended until 29th April 2020. Forest managers had continued to recognise, respect and collaborate with holders of duly recognised legal or customary tenure or use rights of the local communities.</p> <p>There were mechanisms in place at various levels for use to resolve disputes over tenure and use rights.</p>	<p>There was no negative findings</p>
Principle 3 Indigenous People's Rights	<p>Long Lidem is the only community living adjacent to Linau FMU. Based on the Social Impact Assessment, Long Lidem only have farm and has no Native Customary Right (NCR) land.</p> <p>A bilateral agreement of prior informs consent has been signed by the representative of local community and the management of Linau FMU to safeguard their resources and use right.</p>	<p>Based on the interview with the local community, their knowledge and services were used for identification of community use zone, for collecting rattan, herbs, firewood, SA area, Ipoh root. FMU has paid for the service. However, there was no specific mechanism or procedure to determine the fair rate for the service. As evidence a cash payment voucher dated 16th September 2017 to a local Villager being payment for one day to identify water catchment and HCV areas within the FMU. Therefore, a Minor NCR RJ02/2017 for indicator 3.4.2 was raised.</p>
Principle 4 Community Relations and Workers' Rights	<p>The FMU management had continued to maintain the long-term social and economic well-being of the forest workers and local communities. The FMU has provided training, retraining, local infrastructure, facilities and social program for all levels of its employees.</p> <p>Qualified people in communities living within, or adjacent to, the FMU has been given preference for employment and contract works.</p> <p>All applicable laws and/or regulations covering health and safety of employees were made available and explained to them.</p> <p>Up-to-date safety and health information</p>	<p>During site inspection, auditor has found numbers of non-compliance as stated below:</p> <ol style="list-style-type: none"> 1. First Aid Kit was not available at the workshop and fuel depot in Linau Base Camp 2. Bottles with drinking water were mixed with other wire and chemical container in the wireman store 3. Hydraulic oil was stored in wireman and hardware store which is not in designated storage area 4. The hose without nozzle were used for filling diesel to machineries and vehicle in fuel depot, Linau base camp

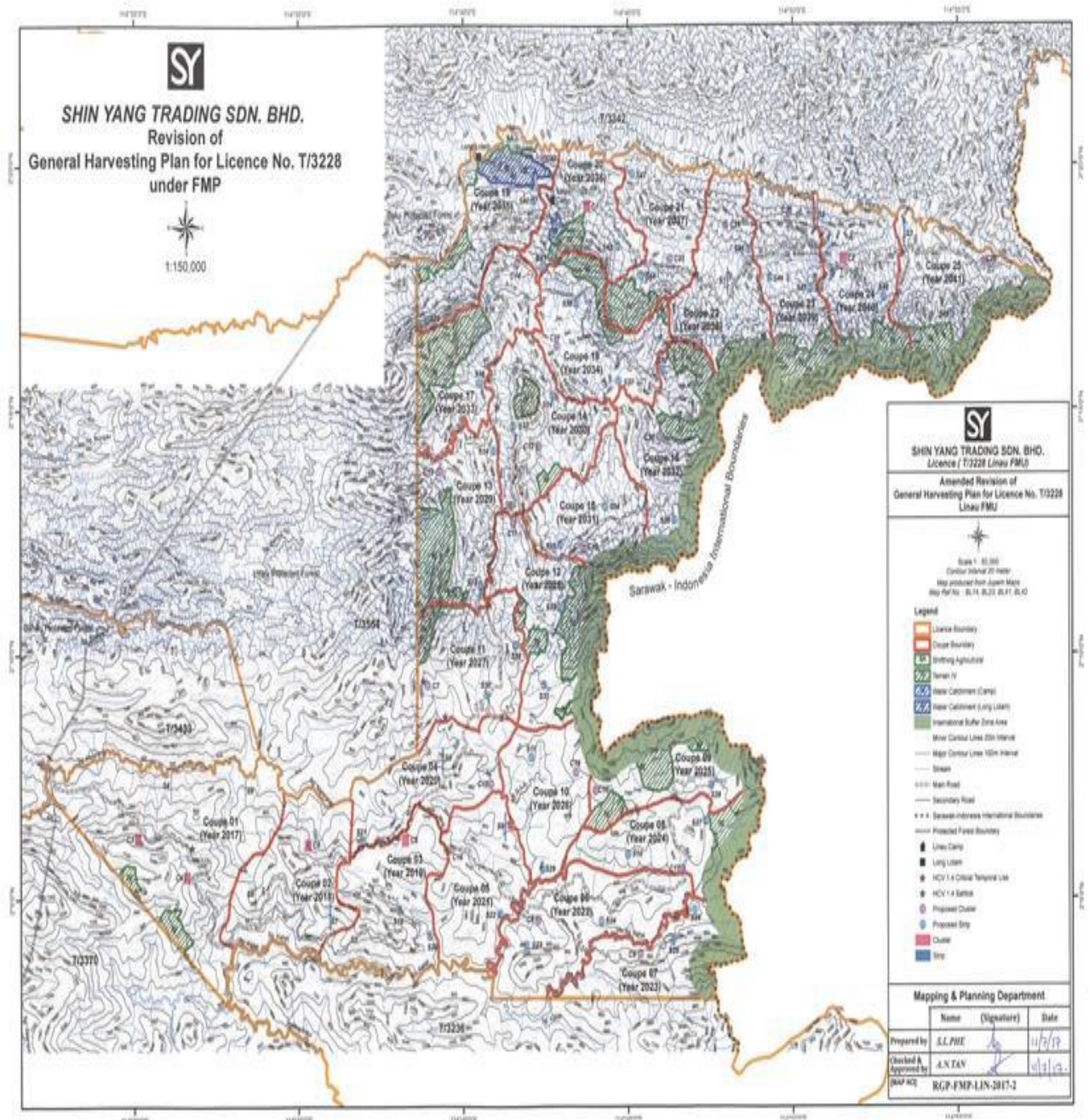
Principle	Strengths	Weaknesses
	<p>to forest workers had been briefed during Safety Induction dated 18 April 2017 and 15 September 2017.</p> <p>Safety and Health Committee had been established by FMU, and Safety & Health Meeting have been conducted quarterly.</p> <p>The FMU had communicated to the staff and workers of their rights to freely organise into union of their own choice.</p> <p>Provisions and measures within relevant federal, state and local laws was taken to prevent loss or damage affecting the local communities' legal or customary rights, property, resources, or their livelihoods as stated in FMP, Clause 12.5.3 – Community's Issue resolving.</p>	<p>5. Almost all Chain Lock used in the Linau Workshop were not in good condition which is without safety latch. Appropriate safety and operational equipment was not made available in the work place. Therefore, a Major NCR KN01/2017 for Indicator 4.2.3. was raised.</p>
Principle 5 Benefits From the Forest	<p>Investments and reinvestments had continued in forest management, including aspects of forest administration, research, human resource development, protection, economy, conservation, environment and social.</p> <p>Timber was still the main product being extracted from the forest in the FMU, No minor forest produce had been extracted.</p> <p>Protection Areas of terrain IV, watershed area, shifting cultivation area, low density mix dipterocarp forest, Kerangas were excluded from logging and were demarcated on the map.</p>	<p>Site inspection of buffer zone for the stream at block 79/80 in Coupe 25 and Coupe 24 were not mark as buffer zone and the signboard of buffer zone were not erected. Therefore, Minor NCR RJ03/2017 for Indicator 5.5.1 was raised.</p> <p>The estimated net volumes from the PSPs result were 60.55m³/ha, and it was not in line with the result of enumerated volume of current active harvesting area. The forest management practices do not take into consideration of the estimated regrowth of the residual stand based on permanent sample plots within a pre-defined cutting cycle. Therefore, Major NCR KN02/2017 for Indicator 5.6.1 was raised.</p>
Principle 6 Environmental Impact	<p>The Final Report of Environmental Impact Assessment (EIA), "Proposed Re-entry Forest Logging at Linau, Kapit Division, Sarawak Under Licence T/3228" was produced in April 2009 by CNF Consultancy Sdn Bhd.</p> <p>The FMU had identified the Protected area such as water catchment area, terrain IV or Kerangas, HCVF and International Buffer Zone areas. These areas were demarcated on the ground and mapped.</p>	<p>There was no negative finding.</p>

Principle	Strengths	Weaknesses
	<p>Measures to mitigate the environmental impacts identified in the environmental impacts assessment was adequately incorporated into the FMP.</p> <p>There was continuous cooperation between forest managers, conservation organizations and regulatory authorities on implementing conservation and management activities.</p> <p>Hunting, fishing and collecting activities were controlled and inappropriate activities were prevented. Signages for no hunting were erected at the main entrance and at strategic location and posters had been posted at the main entrance, office, workshop, canteen and the staff quarters.</p> <p>The silvicultural treatment will be carried out by multi-layer approach, based on "Manual of Silviculture for the Permanent Forest Estate of Sarawak, 1999". The areas selected for the silvicultural treatment were shown in Table 9.1 of the FMP for 2017 coupe.</p> <p>The FMU had been adhering to specifications on the harvesting procedures to protect soil from compaction, reduce/low impact logging, forest road, log landing and stream buffer zone through their SOPs and Guidelines.</p> <p>The FMU has established SOP related to waste disposal such as Storage of scheduled waste, Handling of scheduled waste, Labelling of scheduled waste, Scheduled wastes spillage, Removal and disposal of solid waste and Storage, handling and disposal of hazardous goods.</p> <p>There was no application of biological control agents in the FMU. No exotic species were planted in the forest.</p> <p>Conversion of natural forest into non forest land use had not occurred within the FMU.</p>	

Principle	Strengths	Weaknesses
Principle 7 Management Plan	<p>A Forest Management Plan (FMP) for the FMU for the period 2017-2026 had been prepared and approved by Forest Department Sarawak. The forest management system had been elaborated in the FMP which has classified the forest reserve within the FMU into 3 categories namely production, communal and protection forests.</p> <p>The presence of ERT species had been documented and protective measures for them had been included in the revised FMP.</p> <p>Forest manager was aware of new scientific and technical information pertinent to the management of the area to be certified.</p> <p>The FMU has its training room in the Linau FMU main office. Training programs for the FMU for the year 2017 was available. The training was divided into two categories, i.e. internal and external training program.</p> <p>Summary of Forest Management Plan has been prepared, implemented and made available to the public through website link as follows https://www.shinyang.com.my/products-services/forest-management-unit.html</p>	<p>The Management Objectives in the FMP were not clearly stated for the long term objectives of management and means of achieving them. Therefore, Minor NCR RJ04/2017 for indicator 7.1.1 was raised.</p>
Principle 8 Monitoring and Assessment	<p>The Linau FMU complies with the regulatory monitoring procedures in accordance with relevant federal and state guidelines of the Forestry Departments and other relevant agencies.</p> <p>Appropriate procedures to monitor social, ecological, environmental and economic impacts in process of development and the intensity of forest operations were in "Monitoring Mitigation and Measurements for Forest Management Plan, appendix MA/01/01".</p> <p>The forest managers had provided relevant documents for identifying all forest products leaving the Linau FMU area so that their origin could be easily determined.</p> <p>A summary of the monitoring results for (a) Yield of all forest products harvested, (c) Composition and observed changes in the flora and fauna, and (e) Costs,</p>	<p>The relevant information, appropriate to the scale and intensity of the forest management operations, implementation to monitor the items (b) Growth rates, regeneration and condition of the forest were not sufficient. The establishment and monitoring of Permanent Sample Plots were not satisfactorily enumerated. Therefore, Major NCR KN03/2017 for Indicator 8.2.1 was raised.</p>

Principle	Strengths	Weaknesses
	<p>productivity and efficiency of forest management has been made available to the public at the Shin Yang's website: https://www.shinyang.com.my/products-services/forest-management-unit.html</p>	
<p>Principle 9 Maintenance of High Conservation Values</p>	<p>A report on assessment, identification and management of High Conservation Value Forests Guidelines for Linau FMU had been established by the FMU, titled "High Conservation Value (HCV) Assessment Report T/3228-Linau FMU".</p> <p>The status or information of HCVF was incorporated into the Forest Management Plan for Linau Forest Management Unit.</p> <p>All the identified sites in the report had been protected as conservation area and riparian buffer belts. The HCVF's areas were demarcated on map in the FMP in "Revision of General Harvesting Plan for Licence No. T/3228 under FMP".</p> <p>FMU has established HCV area:</p> <ol style="list-style-type: none"> 1. Critical temporal areas important for wildlife at Block 31 (bat roosting), 2. Coupe 14 (Salt Licks and pigeon drinking area/feeding site) and 3.Coupe 19 (Flora – Ipoh tree) these areas were conserved and remain undisturbed. 	<p>There was no negative finding.</p>

Map of Linau FMU



Details of the Auditors and their Qualification

Audit Team	Role/Area of MC&I Requirement	Qualification and Experience
Hj.Roslee Jamaludin	Trainee Lead Auditor/ Forester	<p>Academic Qualification: B.Sc. of Forestry (Forest Management), University Putra Malaysia. Diploma in 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>Training / Research Areas:</p> <p>Had Attended and Passed the following Training programmes:</p> <p>Auditor Training Course on Malaysian Criteria and Indicators for Forest Management Certification [MC&I (Natural Forest)] & [MC&I (Plantations)] organised by MTCC, 9 – 10 July 2015</p> <p>EMS 14001: 2004 Lead Assessor Training Course organised by SIRIM Training Services Sdn Bhd, 23 Nov. – 27 Nov. 2015.</p> <p>Briefing on RSPO Principle & Criteria (HCV) organised by SIRIM QAS (Food ,Agri & Forestry Section) 21 August 2015.</p> <p>Workshop on Auditing Technique for FMC (2) organised by SIRIM QAS (Food , Agri & Forestry Section) 26 Jan 2016. FMC Workshop 28th -29th November 2017</p>

<p>Khairul Najwan Ahmad Jahari</p>	<p>Assessor/ Forester</p>	<p><u>Academic Qualification:</u></p> <p>B.Sc of Forestry (Forest Management), University Putra Malaysia.</p> <p><u>Work Experience:</u></p> <p>Appointed as contract Research Officer in the Natural Forest Division, Forest Research Institute of Malaysia (FRIM), since 2001. Conduct and coordinate a research on 8th Malaysian Plan Project; Research on Forest Resource Classification and Determination of Optimum Silviculture Option for Second Growth Forest. Produce technical reports, meeting, seminar and conferences reports as well as quarterly physical and financial reports. Coordinate and participate field works, multi-level meetings, seminars, conferences and workshops. Spent some time in other existing FRIM projects (inter divisional) as an organizing committee member, division level activities and projects. Currently as Auditor at the Food, Agriculture and Forestry Section (FAF), SIRIM QAS International, since 2009. Involved in conducting audit on forest management certification (MC&I and FSC P&C), MYNI of RSPO P&C and other management system on ISO 9001, 14001 and OHSA 1800</p> <p><u>Training / Research Areas:</u></p> <p>Had attended and passed the following training programmes:</p> <p>Auditor Training Course on Malaysian Criteria and Indicators for Forest Management Certification [MC&I (2002)] organized by MTCC, 30 March - 2 April 2009.</p> <p>EMS 14001: 2004 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 2-6 March 2009.</p> <p>OHSAS 18001: 2007 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 23-27 Feb 2009.</p> <p>QMS 9001: 2008 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 16 – 21 Feb 2009.</p>
--	-------------------------------	---

Stage 2 Audit Plan

DAY	TIME	PROGRAM	
		(AUDITOR 1)	AUDITOR (2)
Day 0 25.9.17 Monday	6:00 am - 11:00am 11.00am-7.00pm	All Auditors travelling from KLIA to Bintulu on 25 Sept 2017. Flight from Kuala Lumpur (KUL) to Bintulu (BTU)- MH2742 ETD-08:25, ETA-10:45 Travel to Linau Camp site	
Day 1 26.9.17 Tuesday	8.00 am – 1.00 pm 2.00 pm – 5.00 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 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 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 27.9.17 Wednesday	7.30 am – 5.00pm	Site visit <ul style="list-style-type: none"> Consultation with Local Communities of Long Lidem Consultation with workers and worker's representative Inspection of workshop, nursery and chemical store. Inspection of staff quarters Consultation with Stakeholders-Sarawak Forestry Department. 	
		<ul style="list-style-type: none"> Review of Day 2 Findings by Audit Team Leader 	
Day 3 28.9.17 Thursday	7.30 am – 5.00pm	Site visit <ul style="list-style-type: none"> Inspection of active harvesting area Coupe 01AR Block 25 & 26 Inspection of FMU License external's boundary bordering licence T3842 area at Sg. Kajang Consultation with contractors and workers operating in active harvesting area, bulldozer, hookman, chainsaw and supervisor 	

		<ul style="list-style-type: none">Review of Day 3 Findings by Audit Team Leader	
Day 4 29.9.17 Friday	7.30 am – 5.00pm	Site Visit <ul style="list-style-type: none">Inspection of HCV No.1-Bat's cave in Block 31, Coupe 01AR.	
		<ul style="list-style-type: none">Inspection of Tagging Area Block 19 coupe 01ARInspection of PSP plots no 5 Coupe 01AR.Inspection of FMU licence external boundary bordering Licence T 3433 Okarina at Sg. Melarang.	<ul style="list-style-type: none">Inspection of PSP plots no. 3 in Block 37 Coupe 01AR.Inspection of FMU external boundary in Coupe 01AR at block 82 bordering Ankura/ Subur TiasaInspection of FMU external boundary in coupe 01AR bordering Licence no.T3340 Rimbunan Hijau at Block 6 and 4.
Day 5 30.9.17 Saturday	7.30 am-5.00pm	<ul style="list-style-type: none">Inspection of HCV no.4 (salt Lick) in coupe 14Inspection of PSP No.2 coupe 24.Inspection of external licence boundary bordering licence T3342 Danum FMU.	<ul style="list-style-type: none">Inspection of HCV no. 05 (Ipoh tree) in coupe 19Inspection of PSP No.1 in coupe 20.Stumping area
Day 6 1.10.2017 Sunday	8.00am-5.00pm	Documentation and Record Review	
Day 7 2.10.2017 Monday	8.00am-5.00pm	<ul style="list-style-type: none">Documentation and Record ReviewInterview with Workers Representatives	
Day 8 3.10.2017 Tuesday	8.00am-10.00am	Preparation for Closing meeting and audit Finding	
	11.00am-12.30pm	Closing Meeting and presentation of findings of audit and discussion on follow-up activities	
	12.30	Adjourned meeting and travelled to Bintulu.	
All Auditors travel back to Kuala Lumpur on 4 th October 2017, Flight MH2743 – ETD 11:20, ETA 13:25			

Stage 2 Audit Findings and Corrective Action Taken

Indicator	Specification Major/Minor/ OFI	Detail Non-conformances	Corrective Action Plans Taken	Comments by Audit team
4.2.3 KN01/2017	Major	<p><u>Appropriate safety and operational equipment in good working condition, including operational procedures, shall be made available to forest workers in the work place.</u></p> <p>Finding: Appropriate safety and operational equipment was not made available to forest plantation workers in the work place</p> <p>Objective evidence: During site inspection, auditor has found numbers of non-compliance as stated below:</p> <ol style="list-style-type: none"> 1) First Aid Kit was not available at the workshop and fuel depot in Linau Base Camp. 2) Bottles with drinking water were mixed with other wire and chemical container in the wireman store. 3) Hydraulic oil were stored in wireman and hardware store which is not in designated storage area. 4) The hose without nozzle were used for filling diesel to machineries and vehicle in fuel depot, Linau base camp. 5) Almost all Chain Lock used in the Linau Workshop were not in good condition which is without safety latch. 	<p>Result of investigation and determination of root cause:</p> <ul style="list-style-type: none"> • Supplement of First Aid kit in Linau FMU as planned is for block and store only, however the person in charge overlook plan for the workshop and fuel depot as thinking the distance from the said place is near to the store. • Safety instruction for the findings 2-5 were provided, however the same staffs at workshop and fuel depot were unaware on the said matter. <p>Correction and corrective action plan including completion date:</p> <ul style="list-style-type: none"> • First Aid Kit were immediately provided to the workshop and Fuel Depot in Linau Base Camp: • Bottles with drinking water were label with "drinking water only", stored separately and no reuse of drinking bottles to fill with M-oil especially in the wireman store. • Hydraulic oil container was instructed immediately to be stored in designated storage area. • Nozzle was installed on hose used for filling diesel to machineries and vehicles in fuel depot • Chain lock repaired and installed with safety latch immediately. 	<p>Auditors has verified the action plan and evidence of implementation on the non-compliance raised.</p> <p>First Aid Kit are immediately provided to the workshop and fuel depot in Linau Base Camp.</p> <p>Bottles with drinking water will be labelled with "drinking water only", stored separately and no reuse of drinking bottle to fill the M-Oil bottles/containers especially in the wireman store.</p> <p>Hydraulic oil container was instructed immediately to be stored in designated storage area.</p> <p>Nozzle is installed on hose that used for filling diesel to machineries and vehicles in fuel depot.</p> <p>Chain Lock is to be repaired and installed with safety latch immediately</p> <p>Safety program will be conducted by OSHA committee weekly to minimize/prevent reoccurrence of the non-compliance.</p> <p>Based on the evidence and pictorial report of implementation provided regarding the first aid kits, drinking water bottles, hydraulic oil containers, nozzle, chain lock and safety training program, the evidence of implementation were accepted.</p> <p>Status: Closed</p>

			<ul style="list-style-type: none"> Safety program will be conducted weekly by OSHA committee to minimize /prevent the re-current of the non-compliance activities of the safety behavior at the workplace. 	
5.6.1 KN02/2017	Major	<p>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.</p> <p>Guidelines for Reduced Impact Logging Systems in Forest Management Certification (Natural Forest) Area, Second Edition, 2014 – para 3.3 – Tree marking and preparation of the tree stand map</p> <p>Finding: The forest management practices do not take into consideration of the estimated regrowth of the residual stand based on permanent sample plots within a pre-defined cutting cycle.</p> <p>Objective evidence: The Guidelines for Reduced Impact Logging Systems in Forest Management Certification (Natural Forest) Area, Second Edition, 2014 and FMP chapter 3.7 – AAC Verification requires block only be harvested when the commercial timber stand exceeded 22m³/ha.</p> <p>However, during the site inspection at active harvesting area in block 25 and 26, at Coupe 1AR, it was found</p> <ul style="list-style-type: none"> Enumerated volume for block 25, with area of 84ha, only 463.41m³ or 5.5m³/ha (1.9 trees/ha), and Enumerated volume for block 26, with area of 80 ha, only 496.00m³ or 6.2m³/ha (1.6 trees/ha) to be harvested. <p>The estimated net volumes from the PSPs result were 60.55m³/ha, and it does not in line with the result of enumerated volume of</p>	<p>Result of investigation and determination of root cause:</p> <ol style="list-style-type: none"> Due to the management overlook for the requirement of Forest management Plan Chapter 3.7-AAC, block can only be harvested when the commercial timber stand exceed 22m³/ha, the management only focus on the production (M³) cannot be more than Annual Allowable Cut (AAC). The enumeration error in PSP (Major NCR raised under indicator 8.2.1) may result in estimation of net volume from the PSPs did not tally with the result of the enumerated volume of the current active harvesting area. <p>Correction and corrective action plan including completion date:</p> <ol style="list-style-type: none"> The management has stopped operating in the areas with less than 22m³/ha. based on the memo dated 3/1/2018, and only to proceed to block 60 which has more than 22m³/ha from 9 block been enumerated for volume. The management has sticked to follow its management to uphold the requirement of MC&I (Natural Forest) for indicator 5.6.1 and also to fulfill the management objective in FMP, only areas with volume 	<p>Auditors have verified action plan and evidence of implementation on block to be harvested only when commercial timber stands exceed 22m³/ha. Based on the memo from Forest Manager Shin Yang Sdn Bhd. to Camp Manager of Linau FMU dated 3rd Jan.2018, the management decided not to harvest blocks with low volume density less than 22m³/ha. and only block with more than 22m³/ha will be harvest. From the result of pre-f inventories for 9 block of coupe 1AR, i.e block 13, 19,20,22,25,26,27,28 and 60, only block 60 was chosen for next harvesting area as the result of Pre-F inventory showed that this block has 26.12m³/ha., which is more than 22m³/ha. The evidence of implementation was accepted.</p> <p>Status: Closed</p>

		current active harvesting area.	<p>exceed 22m³/ha. will be harvested.</p> <p>3) The management has communicated with the FMU through memo dated 3/1/2018 to continue to choose better block and to ensure the management objective only to harvest when the commercial timber volume exceed 22m³/ha.</p>	
8.2.1 KN03/2017	Major	<p><u>Forest managers shall gather the relevant information, appropriate to the scale and intensity of the forest management operations, needed to monitor the items (a) to (e) listed in Criterion 8.2.</u></p> <p>Finding: The relevant information, appropriate to the scale and intensity of the forest management operations, needed to monitor the items (b) Growth rates, regeneration and condition of the forest was not sufficient. The establishment and monitoring of Permanent Sample Plots were not satisfactorily enumerated.</p> <p>Objective evidence: 1. During the site inspection of Permanent Sample Plots Cluster No.03, in block 37, Coupe 1AR, it was found;</p> <ul style="list-style-type: none"> • Three (3) trees outside of sample plot boundaries were measured • Sample plot boundaries along 20m interval were not demarcated on the ground • The sample plot map was not in scale and wrongly recorded in opposite direction <p>2. The SOP on Permanent Sample Plots (PSP) for Study of Growth and Regeneration of Forest Resources, Module 3, SOP Ref: FR/01 does not clearly explain the process of the PSP design and working instruction</p>	<p>Result of investigation and determination of root cause:</p> <p>1) The trees measured outside the sample plot were due to sample plot boundary were not demarcated at 20m interval on the ground. The survey crew only demarcated at 100m interval based on the "Forest Resource Assessment Guideline."</p> <p>2) Sample plot map were wrongly shown during the audit, the map was only the rough sketched map, and it has caused misleading to the auditor during the ground inspection.</p> <p>3) The establishment of PSP (Strips & Clusters) were based on Forest Resource Assessment, in which the length of strips and cluster were long and only at 100m the boundary was demarcated, as a result the error occurred as the control boundary at 20m interval were not demarcated on the ground.</p> <p>4) Standard Operating Procedure (SOP) on PSP did not provide adequate information to survey crews, especially the mitigation to reduce or minimize error and how to do correction if error occurred.</p>	<p>Auditors has received the action plan and evidence of implementation on PSP enumeration, sample plot boundary demarcation, sample plot map and Standard Operating Procedure (SOP) on Permanent Sample Plot (PSP) were verified. The PSP for cluster no.03 has been improved by the survey crews. The improvement was based on the revised Standard Operating Procedure for PSP. The FMU has improved and established the Standard Operating Procedures (SOP) regarding the PSP, the SOPs were:</p> <ul style="list-style-type: none"> • SOP/FR/03 Quality Assurance/ Quality Control to double check the data collection as to ensure accuracy of data; • SOP/FR/04 Use of Clinometer to ensure the accuracy of measurement of distance and slope correction; • SOP/FR/05 PSP Plot Design to ensure the sampling design be adhered to by survey crews; • SOP/FR/06 Establishment of PSP Plot: to ensure the PSP Plot were properly located and set up to minimize errors during sampling.

			<p>Correction and corrective action plan including completion date:</p> <p>1) Rechecked and carry out correction of the PSP plots immediately and monitored by Headquarter (HQ) surveyor representative.</p> <p>2) Revised the procedure of PSP to be more comprehensive for the surveyor crews to implement on the ground.</p> <p>3) Double checked the 1st round enumerated data of PSP plots immediately by the HQ Surveyors.</p> <p>4) Established the correction form for PSP to record the errors for PSP data recorded.</p> <p>5) Frequent training on PSP to be conducted to avoid error in sampling activities, especially sample at the strip or cluster boundary.</p>	<ul style="list-style-type: none">• SOP/FR/07 Measurement of trees.• SOP/FR/08: Recording on Tally Sheet.• The evidences for implementation were accepted. <p>Status: Closed</p>												
1.5.2 RJ 01/2017	Minor	<p><u>Control of encroachment, illegal harvesting, hunting, and settlement, and other unauthorised activities in the FMU.</u></p> <p>Finding: The licence boundary marked with red paint.</p> <p>Objective evidence: The FMU has marked the license boundary with red paint not orange paint as requirement under Chapter 5 of Forest Management Plan 2017-2027 for Linau FMU under para 5.3, Table 5.3:</p> <table><tr><td>No. Paint</td><td>Feature</td><td>Colour</td></tr><tr><td>1</td><td>Licence Orange</td><td>Boundary</td></tr><tr><td>2</td><td>Coupe Red</td><td>Boundary</td></tr><tr><td>3</td><td>Block Yellow</td><td>Boundary</td></tr></table>	No. Paint	Feature	Colour	1	Licence Orange	Boundary	2	Coupe Red	Boundary	3	Block Yellow	Boundary	<p>Result of investigation and determination of root cause:</p> <p>1) Conflicts of two (2) standard for the Licence Boundary Guidelines in Sarawak, red colour (Forest Department Guidelines) and orange colour (Sarawak Forestry Corporation), as a result the demarcation on the ground with red color.</p> <p>2) The FMU has marked the licence boundary with red paint based on the Sarawak Forestry Department Guidelines (Procedure for the inspection of harvesting areas 1999, clause 6.0 labeling and painting along boundary)</p> <p>Correction and corrective action plan including completion date:</p>	<p>Auditor has received the action plan on external boundary demarcation on the ground. The action plan has been carried out on the ground, the external boundary has been coloured with orange. The FMU has revised the SOP on Boundary Demarcation & Protection.</p> <p>Status: The implementation and effectiveness of the corrective action will be verified during next audit.</p>
No. Paint	Feature	Colour														
1	Licence Orange	Boundary														
2	Coupe Red	Boundary														
3	Block Yellow	Boundary														

			<ol style="list-style-type: none"> 1) Redo the demarcation of license boundary with orange colour based on the Linau Forest Management Plan 2) Refreshed the procedures on boundary demarcation to the surveyors and to ensure they follow the colour as planned in the Linau Forest Management Plan (FMP). 3) Frequent boundary monitoring by HQ surveyors representative to check on the colour. 	
3.4.2 RJ 02/2017	Minor	<p><u>Availability of appropriate mechanisms and fair and equitable compensation for the commercial utilisation of traditional forest-related knowledge and practices of indigenous peoples in accordance with existing legislation or by mutual agreement.</u></p> <p>Finding: An appropriate mechanism for fair and equitable compensation for the utilization of traditional forest related knowledge and practices were not available.</p> <p>Objective evidence:</p> <p>The FMU has used a local community knowledge for identification of community use zone, for collecting rattan, herbs, firewood, water catchment, SA area, Ipoh root. FMU has paid for the service. However, there was no specific mechanism or procedure to determine the fair rate for the service.</p>	<p>Result of investigation and determination of root cause:</p> <ol style="list-style-type: none"> 1) The requirement for indicator 3.4.2 was misunderstood by the CSR team as for commercial purpose only. Thus the Linau FMU CSR committee excludes the mechanism for this requirement. <p>Correction and corrective action plan including completion date:</p> <ol style="list-style-type: none"> 1) The Standard Operating Procedure (SOP) was established by CSR committee for the fair and equitable compensation for commercial utilization of traditional forest related knowledge and practices of Local Community in Linau. 2) The CSR Committee consulted local Community and explained about the SOP. 3) The CSR Committee has added addendum in the mutual agreement for both parties and ensure both party agreed on the determination of the fair rate for the services provided. 	<p>Auditors has verified action plan to established the Standard Operating Procedure (SOP) "Procedure to Use the Knowledge and Skills of Local Community" and has consulted the local community regarding the SOP and the mutual agreement with the local community has been signed.</p> <p>Status: The implementation and effectiveness of the corrective action will be verified during next audit.</p>

<p>5.5.1 RJ 03/2017</p>	<p>Minor</p>	<p><u>Availability and implementation of guidelines for conservation of buffer strips along streams and rivers.</u></p> <p>Finding: Buffer zones were not marked and signboards were not erected on the ground.</p> <p>Objective evidence: Buffer zone for the stream at block 79/80 in Coupe 25 and Coupe 24 were not mark as buffer zone and the signboard of the buffer zone were not erected.</p>	<p>Result of investigation and determination of root cause:</p> <p>1) The signboards for buffer zone were only erected at the main river especially along the bridges, the small stream were mainly marked with blue paint only, therefore the buffer zone for the stream at block 79/80 in coupe 25 and coupe 24 were not mark as buffer zone and the signboards were not erected.</p> <p>2) Coupes 25 and 24 of Linau FMU were the old coupe, the demarcation of buffer zone with blue colour were done several years ago and also due to the closure of coupes 25 and 24, the colour faded. The demarcation team focusing the maintenance of buffer zone in the new coupe.</p> <p>Correction and corrective action plan including completion date:</p> <p>1) The signboard and demarcation of buffer zone were reestablished at the stream buffer zone areas in coupe 25 and 24.</p> <p>2) Include the demarcation monitoring into the HCVF monitoring program so that the monitoring crew will patrol the stream buffer area to ensure the buffer zone were clearly demarcated.</p>	<p>Auditors has verified action plan to establish the signboards and demarcation of buffer zone in coupe 25 and 24. The monitoring of buffer zone was included in the Monitoring Program of HCVF.</p> <p>Status: The implementation and effectiveness of the corrective action will be verified during next audit.</p>
<p>7.1.1 RJ 04/2017</p>	<p>Minor</p>	<p><u>Availability and Implementation of Forest Management Plan.</u></p> <p>Finding: The Management Objectives in the FMP were not clearly stated for the long term objectives of management and means of achieving them.</p> <p>Objective evidence: The Management Objectives in the FMP did not mention</p>	<p>Result of investigation and determination of root cause:</p> <p>1) The management objectives in Linau Forest Management Plan was written based on the management objectives in Linau Forest Timber Licence T-3228, the management objective</p>	<p>Auditor has verified action plan for the management objectives in the FMP. The FMU will includes the new management objectives in Linau Forest Management Plan. The FMU has provided the copy of the new management which include all component of forest resource and local community.</p> <p>Status: The implementation and</p>

		<p>specific size of trees selectively be removed and did not include other component of forest resource such as wildlife, fish, water, air and local community. The management objective under Chapter 3 para 3.3 of FMP only list out the following objective:</p> <ol style="list-style-type: none"> 1. Selective removal of the old growth stands on a sustained yield basis in the FMU operable area; 2. Protection of the soils through proper planning for roads and harvesting method; 3. Regeneration and improvement of the forest by suitable silvicultural techniques. 	<p>in Forest Timber Licence list out as follows:</p> <ul style="list-style-type: none"> • Selective removal of the old growth stands on a sustained yield basis in the FMU operable area; • Protection of the soils through proper planning for roads and harvesting method; • Regeneration and improvement of the forest by suitable silvicultural techniques. <p>Correction and corrective action plan including completion date:</p> <p>1) In order to fulfill the requirement, the management objective should include the balance, in management of ecology, social and economy. The management objective of Linau FMU will include: The overall and specific objectives, this will include management of timber, fauna, flora, water and soil resources, also ecological/HCVFs, research and development for social and ensure legal framework and management.</p>	<p>effectiveness of the corrective action will be verified during next audit.</p>
--	--	--	--	--

Peer Reviewer Evaluation of Audit Report

Peer Reviewer 1

No	Item	Comments	Auditor's Comments
1.	Comprehensiveness and quality of reporting	The audit report was comprehensive and of good quality.	Noted
2.	Has the audit been conducted objectively and professionally?	In my opinion the audit has been conducted in an objective and professional manner.	Noted
3.	Has each Principles and Criterion been adequately addressed? Please include comments on each principles and Criterion	All the Principles and Criterion have been adequately addressed. Please refer to the Peer Reviewer's Comments for further details.	Noted
4.	Are the conclusions of the findings appropriate?	In my opinion the conclusions of the findings were appropriate.	Noted
5.	Agreement/Disagreement with the NCRs raised by the Audit Team	I fully agreed with the Major and Minor NCRs raised by the Audit Team.	Noted
6.	Are the recommendations by the audit team appropriate?	The Audit Team recommended the certification for Linau FMU against the MC&I (Natural Forest). In my opinion this is an appropriate recommendation.	Noted
7.	Areas where additional information is required	No additional information is required.	Noted
8.	Others	The Audit Team may have mistakenly marked the Indicator of 9.4.1 and 9.4.2 as not comply. However the write up on the Objective evidence(s) – there was not major or minor NCR raised. The Auditors may need to check on this and do the necessary corrections to update the Audit Report.	Noted. The report has been updated as it was mistakenly marked for non-compliance.

Peer Reviewer 2

No	Item	Comments	Auditor's Comments
1.	Comprehensiveness and quality of reporting	<p>All auditing aspects and evaluation processes are covered and reported. It observes and examines the level of compliance of FMU's current documentation and field practices in the management of forest according to <i>MC&I (Natural Forest)</i>.</p> <p>The report was comprehensively written. However, there is typo mistake made on page 35. As Linau FMU complies with Criterion 9.4 and no negative remarks or NCR were given by the auditor, the ticks at the lower part of page 37 should be moved to the left boxes (Comply).</p>	<p>Noted.</p> <p>The report has been updated as it was mistakenly marked for non-compliance.</p>
2.	Has the audit been conducted objectively and professionally?	Yes. The auditing was objectively conducted and of high proficiency.	Noted
3.	Has each Principle and Criterion been adequately addressed? Please include comments on each principles and Criterion	<p>All the criteria evaluated under the nine (9) principles were thoroughly addressed by the audit team. They checked all the relevant documents and records. Their findings as reviewed are summarized below:</p> <ol style="list-style-type: none"> 1. Linau FMU is in compliance with 3 out of 9 principles. The three (3) are: <ol style="list-style-type: none"> i. Principle 2: Tenure and User Rights and Responsibilities; ii. Principle 6: Environmental Impacts iii. Principle 9: Maintenance of High Conservation Value Forests. 2. The auditors made the correct decisions to issue Linau FMU 3 Major NCRs and 4 Minor NCRs. Five (5) of the NCRs were raised after on-side inspections been made. The other two (2) are results of thorough evaluation on documents related to plans and procedures. 3. Three (3) Major NCRs were rightly issued. The root causes were identified and the corrective actions taken and/or planned by Linau FMU are adequate for the NCRs to be closed. The Major NCRs were: <ol style="list-style-type: none"> i. Major NCR KN01/2017 for Indicator 4.2.3 - Appropriate safety and 	Noted

		<p>operational equipment in good working condition, including operational procedures, shall be made available to forest workers in the work place: Five (5) <i>unconformities of safety and operation equipment such as no First Aid Kit at base camp; improper storage of drinking water; incomplete hose for filling diesel; and chain lock of poor condition. The problems were handled and the pictorial reports sent to the auditor. Linau FMU will have OSHA committee to conduct safety program on a weekly basis to minimize/prevent the re-currence of the non-compliance activities of the safety behavior at the workplace.</i></p> <p>ii. Major NCR KN02/2017 for Indicator 5.6.1: 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: <i>There was logging in two blocks with commercial stand much less than 22m³/ha. The management pointed out that the estimation of net volume from permanent sample plots does not tally with the results of the enumerated volume of the active harvesting areas. To adhere to their logging procedure, the management stopped the logging in low or poorly productive forest areas and asked the FMU to choose more productive blocks. The communication was accepted as evident of implementation, hence the NCR is therefore closed</i></p> <p>iii. Major NCR KN03/2017 for 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: <i>Item (b) was not appropriately and sufficiently monitored. This is on the growth rates, regeneration and condition of the forest. The auditor observed sample plot boundaries demarcated along 100m interval (not 20m); hence a few trees outside of sample plot boundaries were measured; and sample plot map shown was only the rough sketched map. The SOP on PSP was blamed for not providing adequate information to survey crews, especially on means to minimize error and how to correct the error if occurred. The PSP plots were</i></p>	
--	--	--	--

		<p><i>rechecked and corrected; the PSP procedures revised; the correction form for PSP established to record the errors for PSP data recorded; and to provide frequent training on PSP to avoid error in sampling activities. The evidences of the steps taken and to be taken above were accepted, therefore the NCR is closed.</i></p> <p>4. Four (4) Minor NCRs were correctly issued. The root causes were identified and the action plans for correction accepted by the auditors. The implementation and effectiveness of the corrective action will be verified during next audit. The Minor NCRs are:</p> <p><i>i. Minor NCR RJ 01/2017 raised for indicator 1.5.2 - Control of encroachment, illegal harvesting, hunting, and settlement, and other unauthorised activities in the FMU: Based on Linau FMU Forest Management Plan, the colour for license boundary should be orange (not red), coupe boundary red (not orange) and block boundary yellow. There was a mixed up of coloring for boundaries due to conflicts of two (2) standard for the Licence Boundary Guidelines in Sarawak, (Forest Department & Sarawak Forestry Corporation). The management will redo the demarcation of license boundary with orange colour based on the Linau Forest Management Plan; refreshed the procedures on boundary demarcation to the surveyors; and conduct frequent boundary monitoring by HQ surveyors representative.</i></p> <p><i>ii. Minor NCR RJ02/2017 for indicator 3.4.2- Availability of appropriate mechanisms and fair and equitable compensation for the commercial utilisation of traditional forest-related knowledge and practices of indigenous peoples in accordance with existing legislation or by mutual agreement: The knowledge and service of the local communities were also used for identification of community use zone, for collecting rattan, herbs, firewood, SA area, Ipoh root. FMU paid for the services without any specific mechanism or procedure to determine the fair rate for the service. Linau FMU CSR committee misunderstood it for commercial purpose only, thus</i></p>	
--	--	--	--

		<p>excluded the mechanism for this requirement. SOP was established by CSR committee for the fair and equitable compensation for commercial utilization of traditional forest related knowledge and practices of Local Community in Linau. The local Community was consulted and explained about the SOP. This has been verified by the auditor.</p> <p>iii. Minor NCR RJ03/2017 for Indicator 5.5.1 - Implementation of guidelines and/or procedures to identify and demarcate sensitive areas for the protection of soil and water, watercourses and wetlands: The auditor observed the buffer zone for the stream at block 79/80 in Coupe 25 and Coupe 24 were not marked and signboard not erected. The management only erected signboards at the main river especially along bridges, while small stream within Coupe 25 and Coupe 24 were marked with blue paint. This was done several years before. The signboard and demarcation of buffer zone were then reestablished at the stream buffer zone areas in coupe 25 and 24. As also verified by the auditor, the management includes the demarcation monitoring into the HCVF monitoring program for monitoring crew to patrol the stream buffer area in ensuring its clear demarcation.</p> <p>iv. Minor NCR RJ04/2017 for indicator 7.1.1 - Availability and implementation of Forest Management Plan: The Forest Management Plan (FMP) for the FMU for the period 2017-2026 has objectives which are not clear stated of the long term management aims and means of achieving them. In order to fulfill the requirement, Linau FMU came up with the amended Forest Management Plan that was verified by the auditor. The overall and specific management objectives of Linau FMU I include the management of timber, fauna, flora, water and soil resources, ecological aspects, HCVFs, research and development for social (local community). I have no information whether the new FMP include the means of achieving these objectives.</p>	
--	--	---	--

4.	Are the conclusions of the findings appropriate?	Yes. The conclusions made from the findings are appropriate, based on all the indicators verified, and according to the verified corrective plans and action taken.	Noted
5.	Agreement/Disagreement with the NCRs raised by the Audit Team	Yes. I am in full agreement with all the NCRs raised by the audit team.	Noted
6.	Are the recommendations by the audit team appropriate?	I agree with the recommendation made for Linau FMU be certified against the MC&I Natural Management of Natural Forest.	Noted
7.	Areas where additional information is required	No.	Noted
8.	Others	None.	Noted

- End of Report -