



**PUBLIC SUMMARY
SURVEILLANCE 2 AUDIT (1ST CYCLE) ON
BORNION TIMBER SDN BHD –
FOREST MANAGEMENT UNIT (FMU) 11
FOR FOREST MANAGEMENT CERTIFICATION**

**Certificate Number: FMC 0009
Date of First Certification: 22nd – 26th February 2016
Audit Date: 22nd – 24th May 2018
Date of Public Summary: 2nd October 2018**

Certification Body:

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EXECUTIVE SUMMARY

This surveillance 2 audit on the Bornion Timber Forest Management Unit (unit 11)(hereafter referred as the (Bornion Timber FMU) was conducted on 22nd -24th May 2018 to assess the continued compliance of the overall forest management system of the Bornion Timber 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 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 Hj.Roslee Jamaludin (Lead Auditor), Dr. Nazre Saleh (Auditor), Dr. Lim Hin Fui (Auditor),Angelica Sinimis Suimin (Trainee Auditor) and Mr Mohd Razman Salim (Observer/Evaluator)),

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 six (6) minor Non-Conformity Reports (NCRs). In addition, one (1) Observation for Improvements (OFI) was raised.

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 INTRODUCTION

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, Sabah
Phone # : +6088 240111
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2.3 General Background on the Bornion Timber FMU

The Bornion Timber FMU11 is managed by the Bornion Timber Sdn Bhd which consists of the Management of natural forest within Forest Management Unit (FMU) 11 located in Ulu Sg Milian Forest Reserve (Block A) and part of Sapulut Forest Reserve (Block B). The previous audit scope covers 40,645.50 ha. However due to the adjustment of compartment boundaries to match with permanent and natural terrain features such as ridges, rivers and permanent infrastructure such as roads has resulted in an increase in the FMU area from 40,645.50 ha. to 40924.72 ha. an increase of 279.22ha. This area verification is based on the IFSAR digital terrain model (DTM). This is also supported by the 'Training Report on the Correction & Adjustment of Topographical Map Features Using IFSAR-DTM & SPOT6/7 Data for FMU 11 – March 2017.

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 nonforest 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 o 40' N, 116° 15' E and 5 o 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 40,924.72 ha.

2.8 Environmental and Socioeconomic Context

Special Environmental Impact Assessment (SEIA) SFMLA 3/97 FMU 11 Bornion Timber Sdn Bhd 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 conducted. The FMU has set aside conservation and protection area with total area 9678.94ha. (23.74 %) which consisting of steep area, portion lower montane forest, lowland dipterocarp forest and water catchment area. The revised FMP had mentioned the protection of animal corridors with the maintenance of the protected forest belt.

Forest managers had recognized, respected and collaborated with holders of duly recognised legal or customary tenure or use rights of the local communities. The Final Report of "Social Impact Assessment" for Bornion Timber Sdn. Bhd. (FMU No. 11) dated December 2016 was available. The SIA results were incorporated in the "2nd Forest Management Plan: Natural Forest Management (revised May 2018) 2012-2021 for FMU 11" on land use and claim issues under Section 3.7 (Social-economic environment). No traditional forest-related knowledge and practices of indigenous communities were used in the FMU in forest operations. Qualified villagers in the surrounding FMU area were employed. As of May 2018, of the total 157 local employees for NFM, 32 (20%) were from local communities in the region.

3. AUDIT PROCESS

3.1 Audit Dates

22nd – 24th May 2018 / 9 auditor day(s)

3.2 Audit Team

Hj.Roslee Jamaludin (Lead Auditor)
Dr. Nazre Saleh (Forester)
Dr. Lim Hin Fui (Sociologist)
Angelica Sinimis Suimin (Trainee Auditor)
Mohd. Razman Salim (Observer/ Evaluator)

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 stakeholder notification was issued in April 2017 for a period of one month inviting relevant stakeholders to give comments on the FMU. There were two (2) comments received from the stakeholders on Bornion Timber - FMU11 during the period. The comments by the stakeholders and responses by the audit team are shown in **Attachment 3**.

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. Masaum, Kg. Kipaliu Baru, Kg. Pontas-Mondolong, and Kg. Dumbun. The audit team had also held meeting with the workers.

The coverage of this surveillance audit is as shown in the surveillance Audit Plan in **Attachment 4**.

Bornion Timber Sdn.Bhd FMU 11 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 6 Minor NCRs. The details on the NCRs raised are shown in **Attachment 5**. The audit team had reviewed, verified and accepted the corrective action plans by the Bornion Timber to address the 6 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 2 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 6**. 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 audit team had therefore recommended that the Certificate for Forest Management that has been awarded to Bornion Timber - FMU 11 be maintained.

The summary on the findings of the Surveillance 2 audit on the Bornion Timber 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 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>Base on the “Summary of Patrol and Enforcement daily Patrolling for the Year 2018” there was no cases of encroachment and illegal logging were detected in 2018 and the record were verified during the audit.</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.</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.</p> <p>The FMU had conducted boundary inspection and maintenance and mark with red paint, and about 36.8 km as at 28 Mach 2018 has been inspected and maintained.</p> <p>The FMU’s commitments to adhere to the Malaysian Criteria and Indicators for Forest Management 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.</p>	<p>There was no negative finding.</p>

Principle	Strengths	Weaknesses
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).</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>Previous record of Community Grievance and Action Taken was shown. However, it only provided description of grievance cases but do not provide summary of the current status on action taken, feedback to the community and status of case closed or pending for resolution. Therefore a Minor NCR LHF01/2018 for indicator 2.3.1 was raised.</p>
Principle 3 Indigenous People's Rights	<p>The legal and customary rights of local communities to own, use and manage their lands, territories, and resources had continued to be recognised and respected by the Bornion Timber FMU 11.</p> <p>There were appropriate mechanisms in place for resolving conflicts with regards to tenure claims, use rights and other complaints.</p> <p>Based on Final Report of the "Social Impact Assessment" 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>There was no evidence that local communities traditional forest-related knowledge and practices in the use of forest species or management systems were utilized by the FMU in managing its forest. There was also no record of commercial utilization of their traditional forest-related knowledge and practices.</p>	<p>There was no negative finding.</p>
Principle 4 Community Relations and Workers' Rights	<p>The Bornion Timber FMU had provided sufficient support for training, retraining, local infrastructure, facilities and social programs for departmental staff.</p> <p>There were record to confirm that local communities living within or adjacent to the FMU were given preference for employment and contract works.</p> <p>All applicable laws and/or regulations covering health and safety of employees were made available and explained to them.</p>	<p>BTSB has outlined lists of Awareness Programme for all the villages within and at the fringe of the Natural Forest Management Unit in the Annual Working Plan but there was no evidence of Stakeholder engagement plan to be implemented for the year. This stakeholder engagement plan was mentioned in the 2nd Forest Management Plan: Natural Forest management (2012-2021) for FMU 11 1st Revision 2018 and Social Impact</p>

Principle	Strengths	Weaknesses
	<p>Safety and Health Committees had been established by FMU. Safety and Health Committees Meeting also had been conducted once in three months.</p>	<p>Assessment BTSB/UMS/15/11-01 2016.</p> <p>Therefore a Minor NCR LHF02/2018 for indicator 4.1.1 was raised.</p> <p>During site inspection at the workshop, the auditor has found that, the FMU did not comply to the Regulation 21 of Occupational Safety and Health Regulations, 2000 as the following non-conformity were observed;</p> <p>1) in the schedule waste storage, a 1.5L mineral water bottle (with its label still attached) was used as oil container and not label.</p> <p>2) a bottle of mineral drinking water was kept together with spare parts in the storage area of the workshop.</p> <p>3) Mineral drinking water bottles (with the labels still attached) were re-used as detergent container found in the workshop's office and not label.</p> <p>Therefore, a Minor NCR MN001/2018 for indicator 4.2.5 was raised.</p> <p>SOP of Employee Grievances FMU 11 BTSB –SOP-HR-01 pg.2 and 3 refrain employees from taking unilateral action with regard to any industrial dispute and this contradicts to</p> <p>(a) ILO Conventions No. 87 (Freedom of Association and Protection of the Rights to Organize Convention, 1948) and Convention No. 98 (The Rights to Organise Collective Bargaining Convention, 1949).</p> <p>(b) 2nd Forest Management plan: Natural Forest Management (2012-2021) For FMU 11, 1st Revision 2018 at page 34 on Policy Statement and Commitments has also stated to respect core labour rights as defined by national and international laws, agreements and conventions particularly all provisions made in International Labour Organisation Conventions No 87. and 98.</p> <p>Therefore MINOR NCR LHF03/2018 for indicator 4.3.4 was raised.</p>

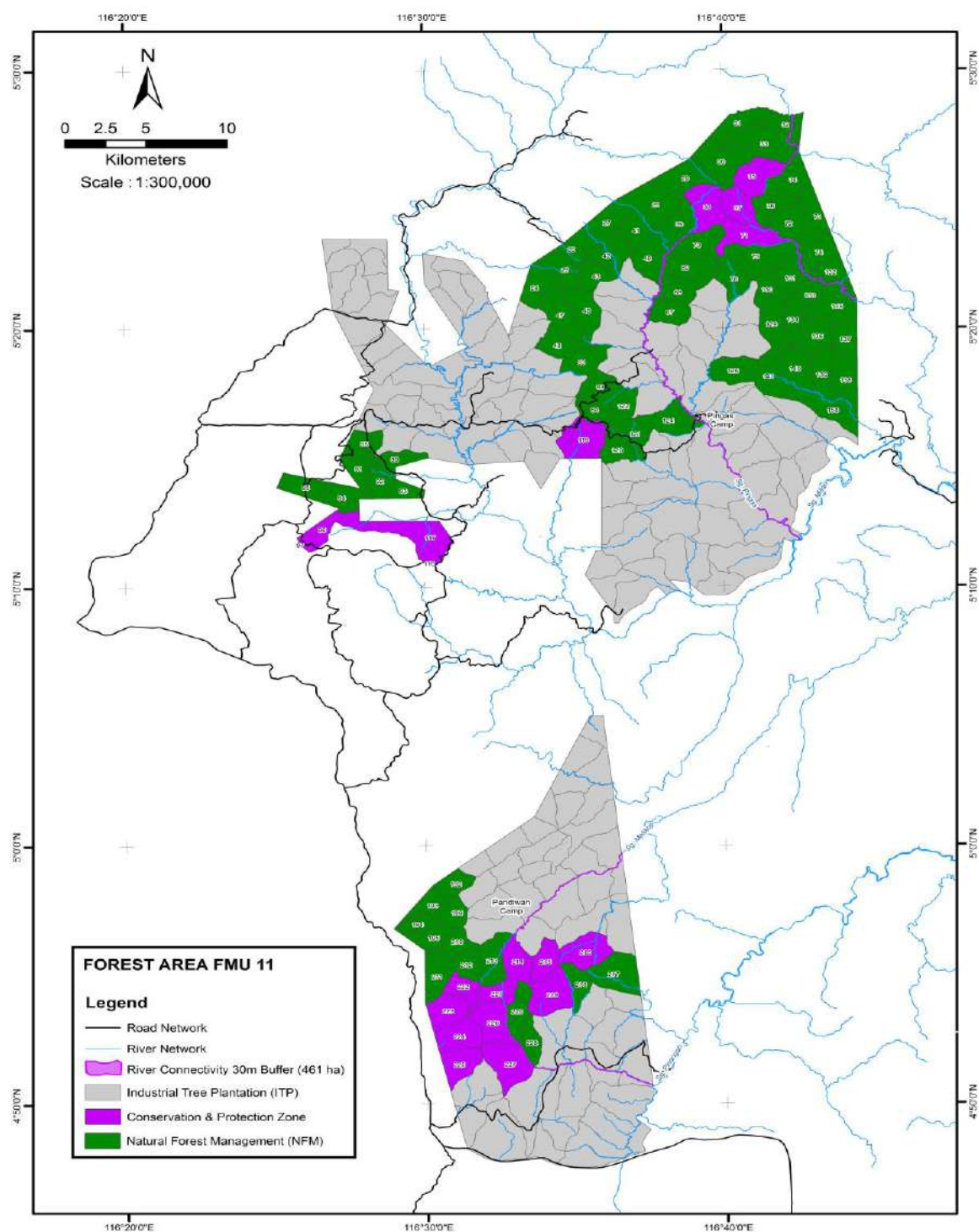
Principle	Strengths	Weaknesses
		<p>Villagers in Kg. Kipaliu and Kg. Padiwan have yet to have access to information on the results of the social impact evaluation on their significance sites. Assessment local consultation with 5 villagers in Kg. Kipaliu Baru on 23 May 2018 showed that villagers were aware of the social assessment on their significant sites, but they did not know the outcome of the findings. Therefore, a Minor NCR LHF04/2018 for indicator 4.4.1 was raised.</p> <p>The 2018 revised FMP did not incorporate findings from the social impact assessment on Kg. Kipaliu villagers' graveyard Kg. Pandiwan villagers' water catchment area. Therefore, a Minor NCR LHF05/2018 for indicator 4.4.2 was raised.</p>
<p>Principle 5</p> <p>Benefits From the Forest</p>	<p>Investments and reinvestments were made in forest management, including for forest administration, research, human resource development, protection, economic, conservation environmental and social aspects, consistent with the tenure of the FMU.</p> <p>During this audit, the FMU does not engaged in any logging activities, but the company's 'Mission and Policy Statements' stated in (Para 1.3), in the FMP [2nd Forest Management Plan: Natural Forest Management (2012-2021) for FMU 11 [1st Revision 2018] clearly support the optimal use of forest resources in their practices.</p> <p>The main products extracted from the forest in the FMU were logs. The harvesting processes were in accordance to RIL guidelines and the comprehensive harvesting plans, and followed by post harvesting compliance assessment. No minor forest produce had been extracted.</p> <p>The FMU management has established standard procedures for the identification and demarcation of sensitive areas to serve for the protection of soil and water resources, slopes of more than 25 degrees, watershed area were excluded from logging and were demarcated. Riparian reserve had been demarcated and marked out on the field. These buffer belts had been established within the FMU in accordance with the RIL Guidelines.</p> <p>A Forest Resource Assessment (FRA) had been conducted for the licensed area that include both Satellite Image interpretation</p>	<p>There was no negative finding.</p>

Principle	Strengths	Weaknesses
	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.	
Principle 6 Environmental Impact	<p><i>Special Environmental Impact Assessment (SEIA) SFMLA 3/97 FMU 11 Bornion Timber Sdn Bhd</i> was produced in February 2003. The report had included ERT species. The FMP had incorporated mitigation measures identified in the EIA.</p> <p>An <i>SOP Identification and Protection of Rare, Threatened and Endangered (RTE) Species and their Habitats BTSB-SOP-CP-03</i> had been prepared. There was also a SOP for the <i>Survey and Identification of HCVF and Other Protected Areas BTSB-SOP-CP-01</i>. Signage and posters had been posted at the main entrance and office. Signs prohibiting hunting were also erected at strategic points.</p> <p>The FMU has set aside conservation and protection area with total area 9678.94ha. (23.74 %) which consisting of steep area, portion lower montane forest, lowland dipterocarp forest and water catchment area.</p> <p>Representative areas of existing forest ecosystem had been demarcated and mapped for protection with the criteria stated in the HCV report.</p> <p>There was continuous cooperation between forest managers, conservation organizations and regulatory authorities on implementing conservation and management activities.</p> <p>The FMU has established SOP related to waste disposal such as Storage of scheduled waste, Handling of scheduled waste, Labelling of scheduled waste, Scheduled wastes spillage, Removal and disposal of solid waste and Storage, handling and disposal of hazardous goods.</p> <p>There was no application of biological control agents in the FMU.</p> <p>The FMU had no plans to convert the forest area to plantations. Conversion of natural forest into nonforest land use had not occurred within the FMU.</p>	There was no negative finding.
Principle 7 Management Plan	A 2 nd Forest Management Plan: Natural Forest Management (2012-2021) for FMU 11 1 st Revision 2018 was presented. The FMP	There was no negative finding.

Principle	Strengths	Weaknesses
	<p>had included all the items listed from a) to i) in Criterion 7.1. The forest management system had been elaborated in the FMP which has classified the forest reserve within the FMU into production and protection forests.</p> <p>The presence of ERT species had been documented and protective measures had been included in the revised FMP.</p> <p>Forest manager was found aware of new scientific and technical information pertinent to the management of the area to be certified.</p> <p>Forest managers had provided training to the workers and training records were made available to the audit team.</p> <p>Summary of Forest Management Plan has been prepared, implemented and made available to the public through website link as follows: www.bornion.com</p>	
<p>Principle 8 Monitoring and Assessment</p>	<p>Appropriate monitoring procedures for ecological and environmental impacts in accordance with various guidelines of the Sabah Forestry Department appropriate to the intensity of forest operations were developed.</p> <p>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>Relevant information necessary to monitor on the various items in Criterion 8.2 was included in the 2 nd 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>Despite no logging operation during this audit, which is schedule to be in 2021, the SOP for Chain of Custody (COC) [BTSB-SOP-LP-0] was available and verified. The SOP outlined the flow of the COC process so that the origin of the logs could easily be determined.</p> <p>Summary of the results of monitoring indicators were made available to the public via website</p>	<p>During inspection in the PSP area, Compt. 124 SU100, it was found that information on the data, namely the quality of boles-damage (Tree #1, 2 & 3 in SSU 04A) did not match or absent in the recorded datasheet. Therefore, an OFI was raised for indicator 8.1.2</p>

Principle	Strengths	Weaknesses
	(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.	
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. The summary and map of the HCVF were presented in Chapter 6.3 (pg. 125-127) in the 2nd Forest Management Plan: Natural Forest Management (2012-2021) For FMU 11.</p> <p>These HCVFs were found to be monitored regularly based on the evidences of Work Plan for Annual Monitoring of HCV's NFM 2018 and HCVF Monitoring Activity Report that were presented during the audit.</p> <p>A list of stakeholders was presented to the auditors which include NGOs, Government Agencies and Village JKKs.</p> <p>Mitigation measures to demarcate, maintain and/or enhance the HCVF attributes were documented in the 2nd Forest Management Plan.</p> <p>The FMP summary entitled "Public Summary of HCVF Management by Bornion Timber Sdn. Bhd. /FMU 11-Natural Forest" was available and accessible to the public through www.bornion.com/HCVFNFM.html.</p>	There was no negative finding.

Map of Bornion Timber – FMU 11



Experiences and Qualifications of Audit Team Members

Audit Team	Role/Area of MC&I Requirement	Qualification and Experience
Hj. Roslee Jamaludin	Audit Team Leader / Forester	<p>Academic Qualification: B.Sc. of Forestry (Forest Management), University Putra Malaysia. Diploma of Forestry, Mara Institute of Technology, Malaysia.</p> <p>Work Experience: 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 positions since appointment in 1979, 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. Had 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 (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. • FMC Workshop 28th -29th November 2017
Dr.Lim Hin Fui	Audit Team Member / Sociology	<p>Academic Qualification: Trained in social anthropology, Dr. Lim Hin Fui graduated in 1983 with a BA. Honours in Anthropology and Sociology from the UKM, Master's Degree in social science from University Science Malaysia and PhD from University of Malaya. He was a Senior Research Officer (Sociologist) at Forest Research Institute of Malaysia, (FRIM) from 1989 till 2017.</p> <p>On forestry, he authored a book on the indigenous people entitled Orang Asli, Forest and Development in 1997 and The Role of Research and Development in Sustainable Utilisation of Matang Mangroves in Malaysia in 1999. He co-authored Essential Oils Rich in Safrrole: Survey on Production, Trade and Use in East and South East Asia in 2007</p>

		<p>published by United Nations Office on Drugs and Crime, Regional Centre for East Asia and the Pacific.</p> <p>Work Experience: He was a Senior Research Officer (Sociologist) at Forest Research Institute of Malaysia, (FRIM) from 1989 till 2017.</p> <p>On forestry, he authored a book on the indigenous people entitled Orang Asli, Forest and Development in 1997 and The Role of Research and Development in Sustainable Utilisation of Matang Mangroves in Malaysia in 1999. He co-authored Essential Oils Rich in Safrole: Survey on Production, Trade and Use in East and South East Asia in 2007 published by United Nations Office on Drugs and Crime, Regional Centre for East Asia and the Pacific.</p> <p>Attended training programmes:</p> <ul style="list-style-type: none"> • Evaluation of Perak State FMU against the Malaysian Criteria, Indicators, Activities and Standards of Performance (MC&I) for Forest Management Certification (Forest Management Unit Level), Peninsular Malaysia (Malaysia-The Netherlands Ad-Hoc Working Group) - [conducted by SGS (Malaysia) Sdn Berhad 2001] • Member of the audit team to field test the Malaysian Criteria and Indicators for Forest Management Certification [MC&I (2002)] in the Perak State FMU, 1-6 March 2004. • Since 2005 till 2018, he was member of the audit team in conducting forest management certification : <ul style="list-style-type: none"> (a) against the MC&I (Natural Forest and Forest Plantation) in Peninsular Malaysia (Johor, Kedah, Negeri Sembilan, Perak, Pahang, Selangor, Terengganu), Sarawak (Kubaan Puak FMU, Anap Muput FMU, Shin Yang Forestry Sdn Bhd, Ravenscourt FMU, Lana Reforestation Forest Plantation), Sabah (KTS Plantation Sdn Bhd Sagaliud Lokan FMU, Sapulut FMU, Bornion Timber Sdn Bhd). (b) Against FSC Surveillance 4 on Deramakot FR, Sabah.
Dr. Nazre Saleh	Assessment Team Member / Forester	<p>Academic Qualification: Diploma in Forestry, UPM B. Sc. Conservation Biology & Ecology (UKM) MSc. Botany (UKM) PhD. Botany (Edinburgh)</p> <p>Work Experience: One year as Research Assistant in WWF-Malaysia in the year from 1999-2000. Become an academic staff in Faculty of Forestry, Universiti Putra Malaysia (UPM), Serdang Selangor from 2000 to present (16 years), starting as a tutor promoted as Senior Lecturer in 2009, and currently as an Associate Professor since 2013. Main responsibility is teaching the undergraduates in the subject of Dendrology, Forest Ecology and Ethnobotany, and Forest Dynamics for postgraduate students. Main research subjects are botany, forest ecology and, forest conservation and management done by supervising both undergraduate and postgraduate (Master/PhD) students funded by local and international grants. Appointed as Head of Department since 2010 for Department of Forest Production (2010-2012) and Department of Forest Management (2013-present). Has sat in many committees for university and ministry (national) related to forestry subjects such as</p>

		<p>Mangrove Conservation, Forest Management, Forest Protection and Forest Plantation. Published more than 50 articles in local and international book, journals, chapters in books, conference proceeding and technical reports. Attended and presented in many workshops, conferences, seminars held at both local and international levels.</p> <p>Attended training programmes:</p> <p>Attended and pass the following training programmes:</p> <ul style="list-style-type: none"> • Auditor Training Course on MC& I (Natural Forest) and MC&I (Forest Plantation V2) (SIRIM QAS Sdn. Bhd), 9th-10th July 2015. • EMS 14001: 2004 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 18th – 22nd July 2016. • Forest Management Certification (FMC) Workshop, SIRIM Bhd, 6th –7th December 2016 • Training on Auditing Techniques (SIRIM QAS Int. Sdn. Bhd), 26th January 2016.
Angelica Sinimis Suimin	Trainee Auditor/ Sociology	<p>Academic Qualification:</p> <p>She has a Bachelor of Arts in Social Science and MSc in Environmental Management and Social Development. Has a certificate in Paralegal Studies and Diploma in Emergency Medical Technician (UK) and Human Resources Management (UM).</p> <p>Work Experience:</p> <p>A competent One to One Competency Based and Education Trainer from De Taffe University, Australia. Independent Auditor under SIRIM QAS Malaysia and Technical Expert for FSC audit under SCS Global services.Has worked as Rural Sociologist under the World Bank project under the Japanese Trust Fund for Community Forestry Project in Sabah for 3 years. She has over 30 years of working experience and was working in the Forestry Related Industries both in Sabah and Sarawak for 28 years in different capacities(e.g independent Researcher, Rural Sociologist, Sr.Training and Administrator, Human Resources Executive, Emergency Medical Technician, Training Officer, CSR Manager, Chief Operation Officer for Avantha Foundation Malaysia).</p> <p>Attended training programmes:</p> <p>Has attended the following courses:</p> <ol style="list-style-type: none"> 1. MTCC Forest certification Standards for Forest Management and Plantations, 2013,Sirim QAS 2. FSC Forest Certification standards fro Forest Management and Control Wood, 2015;Nepcon 3. LEAD ASSESSOR COURSE ISO 14001(EXEMPLAR GLOBAL CERTIFIED LEMS01) , 2016; Sirim QAS 4. DIPLOMACY TRAINING (Human Rights, Indigenous People, the Private Sector and Development), 2017; Faculty of law, Uni New South Wales 5. MC&I *Natural Forests and Plantation v.2 standards, 2017 – MTCC

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

No.	Stakeholder	Comments/Issues Raised	Response by Audit Team
1	Sabah Forestry Department	As regulator of FMU holder, the Sabah Forestry Department are monitoring their performance in term of implementation of the SFM activities and targets as spell out in the Forest Management Plan and Annual Work Plan. Sabah Forestry Department satisfied with the Licensee's in implementing SFM is consistent with the requirements of MC&I (Natural Forest) in NFM area.	Noted
2	Wildlife Department of Keningau	The FMU has applied to the Wildlife Department to appoint their staffs as Honorary Wildlife Warden. These wardens have carried out their enforcement activities in the designated FMU area.	Noted

Surveillance 2 Bornion Timber Audit Plan

DAY	TIME	PROGRAM		
		AUDIT TEAM LEADER (Hj.Roslee Jamaludin)	AUDITOR (2) (Dr.Lim Hin Fui)(Angelica Sinimis) (Mohd Razman)	AUDITOR (3) (Dr. Nazre Saleh)
Day 0 (Mon) 21/5/2018		<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) 22/5/2018	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	Documentation Review <ul style="list-style-type: none"> Principle 1 – Compliance with Laws and Principles Principle 6 – Environmental Impact Principle 7 – Management Plan 	Documentation Review <ul style="list-style-type: none"> Principle 2 – Tenure and Use Rights and Responsibilities Principle 3 – Indigenous Peoples' Right Principle 4 – Community Relations and Workers' Right 	Documentation Review <ul style="list-style-type: none"> Principle 5 – Benefits from the forest Principle 8 – Monitoring and Assessment Principle 9 – Maintenance of High Conservation on Value Forests
	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) 23/5/2018	8.00 am – 5.00 pm	Site Visits <ul style="list-style-type: none"> PSP - SU 83 Cpt. 83 HCVFs – Bornion Educational Trail - Conservation area of Compartment 119 Silvicultural Treatment Plot Cpt 120 Boundaries between NFM at Compartment 124 and ITP at Compartment 147 at the location N05°15' 	Site Visit <ul style="list-style-type: none"> Local communities within and around the perimeter of the FMU -Kg. Masaum -Kg. Kipaliu -Kg. Pontas-Mondolong -Kg. Dumbun 	Site Visit <ul style="list-style-type: none"> Permanent sample Plot- SU 100 Cpt.124 HCVF – Cpt 124 (Belian) Workshop

		53.8" E 116° 38' 47.2". • External Boundary at location N05° 16' 36.2" E 116° 27' 48.5". • Riparian buffer zone Cpt 83 and Cpt 121 • Workshop		
	5.00 – 5.30 pm	• Review of Day 2 Findings by Audit Team Leader		
Day 3 (Thu) 24/5/2018	8.00 – 10.00 am	• Continue auditing on unfinished area • 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) 25/5/2018		• Travel from Kuala Lumpur to Kota Kinabalu (MH2613; 09:50 – 12:20)		

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

Indicator	Specification Major/Minor/ OFI	Detail Non-conformances	Corrective Action Plans Taken	Comments by Audit team
2.3.1 LHF 01/2018	Minor	<p>Requirement: Availability of appropriate mechanisms to resolve disputes over tenure and use rights.</p> <p>Finding: Record of Community Grievance and Action Taken has no description of current grievance/dispute status, i.e. Action taken by FMU, feedback to the complainants and status of resolution resolved are not recorded.</p> <p>Objective evidence: Field visit and Interviews with 14 villagers (3 female, 11 male) from Kg. Masaum and (5 villagers- 1 female and 4 male) from Kg Kipaliu Tongod indicated that there was no official notification or feedback from FMU on the status of the complaints. Communities were expecting FMU or Forestry Department to respond to their grievances in black and white.</p>	<p>1. Develop grievances log record for Bornion Timber Sdn. Bhd.</p> <p>2. Give feedback to complainants (Community Kg. Kipaliu Tongod and Kg. Masaum) by letter and brief the status of complaint.</p> <p>3. Follow-up status of complaint (case) to Sook District Forestry Office and consult community involved.</p>	<p>The corrective action plan was accepted by audit team.</p> <p>Status: The implementation and effectiveness of corrective action plan will be verified during next audit.</p>
4.1.1 LHF 02/2018	Minor	<p>Requirement: Forest managers provide appropriate support for training, retraining, local infrastructure, facilities and social programs that commensurate with the scale and intensity of forest management operations.</p> <p>Finding: The FMU has conducted awareness programme for Kg. Sasagahan and Kg. Masaum on the Sustainable Forest Management practices at BTSB this year. However, there was no</p>	<p>1. Review stakeholder list (identify stakeholder, i.e. Community Group, NGOs, Government, and other private interests).</p> <p>2. Develop stakeholder analysis and stakeholder engagement approach (based on the potential role and interest in FMU 11).</p> <p>3. Develop stakeholder engagement</p>	<p>The corrective action plan was accepted by audit team.</p>

		<p>stakeholder Engagement plan provided.</p> <p>Objective evidence: BTSB has outlined lists of Awareness Programme for all the villages within and at the fringe of the Natural Forest Management Unit in the Annual Working Plan but there was no evidence of Stakeholder engagement plan to be implemented for the year. This stakeholder engagement plan was mentioned in the 2nd Forest Management Plan: Natural Forest management (2012-2021) for FMU 11 1st Revision 2018 and Social Impact Assessment BTSB/UMS/15/11-01 2016.</p>	<p>activity for the year of 2018.</p> <p>4. Implementation of Stakeholder Engagement Plan.</p> <p>5. Develop monitoring and reporting.</p>	<p>Status: The implementation and effectiveness of corrective action plan will be verified during next audit.</p>
4.2.5 MN001/2018	Minor	<p>Requirement: Demarcation of hazardous areas and provision of guidelines for storage and handling of hazardous materials.</p> <p>Finding: The FMU did not comply to the Regulation 21 of Occupational Safety and Health Regulations, 2000.</p> <p>Objective Evidence: During site inspection to the workshop, the following non-conformity were observed;</p> <p>1) in the schedule waste storage, a 1.5L mineral water bottle (with its label still attached) was used as oil container and not label.</p> <p>2) a bottle of mineral drinking water was kept together with spare parts in the storage area of the workshop.</p> <p>3) Mineral drinking water bottles (with the labels still attached) were re-used as detergent container found in the workshop's office and not label.</p>	<p>1. Hold a special briefing to all workshop / store staffs on hazardous material awareness, especially on private belongings in the workplace.</p> <p>2. Reckless storage of personal belongings to be added to monitoring schedule.</p> <p>3. As usual, apply monthly monitoring. Results to be discussed during Safety & Health Committee meeting.</p>	<p>The corrective action plan was accepted by audit team.</p> <p>Status: The implementation and effectiveness of corrective action plan will be verified during next audit.</p>

<p>4.3.4 LHF 03/2018</p>	<p>Minor</p>	<p>Requirement: Availability of appropriate procedures to address grievances raised by workers and/or their organisations and for conflict resolution.</p> <p>Finding: BTSB SOP-HR- 01 issued on 14/03/2015 contravenes to the ILO convention 87 and 98 although BTSB Employment and labor rights policy dated 17th May 2015 supports all local labour and international laws.</p> <p>Objective Evidence: SOP of Employee Grievances FMU 11 BTSB –SOP-HR-01 pg.2 and 3 refrain employees from taking unilateral action with regard to any industrial dispute and this contradicts to:</p> <p>(a) ILO Conventions No. 87 (Freedom of Association and Protection of the Rights to Organize Convention, 1948) and Convention No. 98 (The Rights to Organise Collective Bargaining Convention, 1949).</p> <p>(b) 2nd Forest Management plan: Natural Forest Management (2012-2021) For FMU 11. 1st Revision 2018 at pg 34 on Policy Statement and Commitments has also stated to respect core labour rights as defined by national and international laws, agreements and conventions particularly all provisions made in International Labour Organisation Conventions No 87. and 98.</p>	<p>1. To discuss and revise SOP of BTSB SOP-HR- 01 on any statements that are not clear / contradicting to ILO Convention 87 & 98. Refer to legal advisor / consultant.</p> <p>2. To be final approved by the management.</p>	<p>The corrective action plan was accepted by audit team.</p> <p>Status: The implementation and effectiveness of corrective action plan will be verified during next audit.</p>
<p>4.4.1 LHF 04/2018</p>	<p>Minor</p>	<p>Requirement: Forest managers shall evaluate, through consultations, social impact of forest management operations directly affecting communities, and the people and groups directly affected by the forest management operations shall have access to information on the results of the social impact evaluations.</p> <p>Finding: (1) Social impact assessment regarding the progress of Kg. Kipaliu villagers'</p>	<p>1. Analysis social impact (for graveyard site, water catchments area, and others).</p> <p>2. Brief to community Kg. Pandiwan and Kg. Kipaliu Baru on fining and mitigation measure.</p> <p>3. Give community opportunities for comment.</p>	<p>The corrective action plan was accepted by audit team.</p>

		<p>graveyard (Compartments 32 and 33) was made on 1 February 2017 and 9 January 2018. Assessment on Kg. Pandiwan villagers' water catchment area in Compartment 195 was also carried out on 6 May 2017 and 18 February 2018.</p> <p>(2) Villagers in Kg. Kipaliu and Kg. Padiwan have yet to have access to information on the results of the social impact evaluation on their significance sites.</p> <p>Objective Evidence: Assessment local consultation with 5 villagers in Kg. Kipaliu Baru on 23 May 2018 showed that villagers were aware of the social assessment on their significant sites, but they did not know the outcome of the findings.</p>		<p>Status: The implementation and effectiveness of corrective action plan will be verified during next audit.</p>
4.4.2 LHF 05/2018	Minor	<p>Requirement: Forest planning and management practices shall consider and incorporate the results of such evaluations.</p> <p>Finding: The findings from the 2017-2018 social impact on assessments of Kg. Kipaliu villagers' graveyard (Compartments 32 and 33) and Kg. Pandiwan villagers' water catchment area in Compartment 195 are being analyzed and have yet to be considered and incorporated into forest planning and management practices.</p> <p>Objective Evidence: The 2018 revised FMP did not incorporate findings from the social impact assessment on Kg. Kipaliu villagers' graveyard Kg. Pandiwan villagers' water catchment area.</p>	<p>1. Analysis of social impact data (July 2017 to May 2018)</p> <p>2. Prepare report.</p> <p>3. Incorporate finding/result into 2018 revised FMP</p>	<p>The corrective action plan was accepted by audit team.</p> <p>Status: The implementation and effectiveness of corrective action plan will be verified during next audit.</p>

8.1.2	OFI	<p>Requirement: <u>Forest managers shall identify and implement appropriate monitoring procedures, in accordance with the scale and intensity of the forest management operations, for assessing social, ecological, environmental and economic impacts.</u></p> <p>During inspection in the PSP area, Compt. 124 SU100, it was found that information on the data, namely the quality of boles-damage (Tree #1,2 & 3 in SSU 04A) did not match or absent in the data while the rest of the data were correctly entered.</p>	Not required	Auditor will verified during next audit.
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Corrective Actions Taken and Final Status on NCRs and OFIs Raised During Previous Audit

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.</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>Site visit on 23rd May 2018 within the boundary of Compartment 124 and 125 that demarcating the ITP and NFM areas was found to be in order with the clear signage and boundary lines is properly painted in red.</p> <p>Status: Closed</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>SOP for Permanent Sample Plot has been revised which includes in BTSB-SOP-FD-08 Revision 3(updated on 03/03/2018) topic 14: PSP Re-measurement and maintenance.</p> <p>Status: Closed</p>