



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

**Certificate Number: FMC-NF 00124  
Date of First Certification: 16<sup>th</sup> March 2020  
Audit Date: 4<sup>th</sup> – 9<sup>th</sup> November 2019  
Date of Public Summary: 26<sup>th</sup> April 2020**

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## TABLE OF CONTENTS

	Page No.
EXECUTIVE SUMMARY .....	3
1 INTRODUCTION .....	4
1.1 Name of FMU .....	4
1.2 Contact Person and Address .....	4
1.3 General Background on the Pasin Sdn Bhd – Pasin FMU .....	4
1.4 Date First Certified .....	4
1.5 Location of the FMU .....	4
1.6 Forest Management System.....	4
1.7 Annual Allowable Cut/Annual Harvest under the Forest Management Plan .....	4
1.8 Environmental and Socioeconomic Context.....	5
2. AUDIT PROCESS .....	5
2.1 Audit Dates .....	5
2.2 Audit Team.....	5
2.4 Stakeholder Consultations.....	6
2.5 Audit Process.....	6
3 SUMMARY OF AUDIT FINDINGS .....	6
<u>Attachment</u>	
Map of Pasin Sdn Bhd – Pasin FMU .....	15
Experiences and Qualifications of Audit Team Members .....	16
Comments Received from Stakeholders and Responses by Audit Team Leader .....	19
Stage 2 Audit Plan .....	20
Details on NCRs and OFIs Raised During this Stage 2 Audit and Corrective Actions Taken .....	22

## EXECUTIVE SUMMARY

This Stage 2 Audit on the Pasin Sdn Bhd - Pasin Forest Management Unit (hereafter referred as the Pasin FMU) was conducted on 4 – 9 September 2019 to assess the compliance of the overall forest management system of the Pasin 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 Protected Forest (PRF) and Stateland Forest within the Pasin FMU.

This Stage 2 Audit was conducted by a 4-member team comprising Mohd Razman Salim (Lead Auditor), Dr Samsudin Musa (Auditor), Mohd Annas Amin Hj Omar (Auditor), and Angelica Sinimis Suimin (Sociologist).

Based on the findings of this Stage 2 Audit, it was found that Pasin FMU had complied with the requirements of the MC&I (Natural Forest). This Stage 2 Audit had resulted in the issuance of one (1) major, and nine (9) minor Non-Conformity Reports (NCRs) respectively. There was also four (4) Opportunity for Improvements (OFIs) was raised.

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

## 1 INTRODUCTION

### 1.1 Name of FMU

Pasin Sdn Bhd - Pasin Forest Management Unit

### 1.2 Contact Person and Address

Name : Mr. Nelson Bijack James Chas  
Designation : Forest Manager  
(Sustainable Forest Management Department, Ta Ann Holdings Berhad)  
Address : Ta Ann Building,  
No. 6, Jalan Rawang,  
96008 Sibul  
Sarawak, Malaysia  
Phone # : (+60-84) 312 299)  
Fax # : (+60-84) 349 813)

### 1.3 General Background on the Pasin Sdn Bhd – Pasin FMU

Pasin FMU is located in the central region of Sarawak within Kapit Division. The FMU covers 65,625 ha of Protected Forest (PF) and 66,526 ha of Stateland Forest. The Protected Forest consists of 35,351 ha of Baleh PF, 27,804 of Katibas Bangkit PF and 2,470 ha of Tekalit PF. It consists of logged-over lowland mixed dipterocarp forest (MDF) with elevation from 75 to 880 m above sea level. The camp office and workers quarters' are located at Woodley Camp in Coupe 2.

The FMU is bordered by alienated land along Batang Rajang in the North. The eastern FMU boundary is bordered with Kapit FMU (T/3491 Tanjung Manis Holdings Sdn Bhd). The western area is bounded by Sg. Katibas. For southern area, it reached Malaysia-Indonesia International boundary, LPF0010 Ta Ann Plywood Sdn Bhd and Lanjak Entimau Wildlife Sanctuary.

Pasin FMU is under the Forest Timber Licence No. T/3135 issued to Pasin Sdn. Bhd. for Natural Forest Management (NFM). Currently, the license of this FMU is annually renewed for one year to 13 January 2020. The 60 year tenure will be granted once the area is certified.

The FMU covers 89,554 ha (68%) are production areas, 37,465 ha (28%) are set aside for community use areas and 5,132 ha (4%) are conservation areas. Conservation areas were identified and protected and these were confined mostly on areas with steep terrain  $\geq 35^\circ$ , river area and river buffer. The forested area of the FMU primarily consists of (a) logged-over hill mixed dipterocarp forest and (b) secondary forests.

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

### 1.4 Date First Certified

16<sup>th</sup> March 2020

### 1.5 Location of the FMU

The FMU is located between  $1^\circ 32' 00''$  and  $2^\circ 00' 00''$  N and  $112^\circ 22' 00''$  and  $112^\circ 43' 00''$  E.

### 1.6 Forest Management System

Pasin 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 for Pasin FMU (2018 – 2027) was presented during this audit.

### 1.7 Annual Allowable Cut/Annual Harvest under the Forest Management Plan

The Annual Allowable Cut (AAC) was calculated at 102,915.457 m<sup>3</sup>/year or not more than 3,582.20 ha/year on average for the 25 years of cutting cycle.

The quota of monthly production limit approved by Sarawak FD for July – October 2019 and November – December 2019 were 8,646 m<sup>3</sup> as verified during the audit. Log is the main product, hence, no non-timber forest products were harvested from the FMU.

During this Stage 2 Audit, the size of the FMU is 132,151 ha.

## 1.8 Environmental and Socioeconomic Context

An EIA for the proposed Timber Harvesting Operation in Pasin FMU under Forest Timber Licence (FTL) No. T/3135 was conducted as required under item 2(i) of the First Schedule of the said Order (Section 11A (1) of the Natural Resources and Environmental Ordinance). The EIA report was acknowledged by the NREB on 21 December 2017. The potential impacts and strategies to mitigate the impacts on-site and at landscape level were considered.

The Forest Management Plan had also incorporated an assessment of environmental impacts specific to potential impacts on endangered, rare and threatened species of flora and fauna (ERT), and the need for biological corridors in the FMU as seen in Chapter 7.2.3 – Environmental Impact Considerations, Chapter 10 – Wildlife Management, and Chapter 11 Identification and Management of Protected Areas. The need for biological corridors were stated in Chapter 12 – High Conservation Value Forest (HCVF). Mitigation measures were also explained in Chapter 7.2.4 – Mitigation Measures in the FMP.

A social impact evaluation has been conducted and a report titled “Social Impact Assessment for the Timber Harvesting within the Pasin FMU Under Forest Timber Licence No T/3135 at Sg Katibas-Batang Rajang Area, Kapit Division, Sarawak, 2019”. Based on the SIA report, the FMU had identified 112 settlements of local communities (53 settlements living inside the FMU and 59 settlements located within 3 kilometres from the FMU boundaries. Some of them have legal Native Customary Right (NCR) land (base on Sarawak Land Code, Chapter 81) including shifting agriculture that was officially gazetted by Land and Survey Department under Land Code Ordinance (1958). The report outlined the socio-economic environment, social impact and mitigation, land ownership and land issues, and also mitigation measures and monitoring on these communities during forest operation.

Pasin FMU also had acknowledged and identified the local communities’ settlements in the FMU area which was called ‘Shifting Agriculture (SA) land’ as directed by the Sarawak Forest Department. This area has been demarcated in the map titled ‘Forest Zoning Map of Pasin FMU’ and General Harvesting Plan (GP) which were attached in the FMP. On site demarcation between FMU areas and “Shifting agriculture” areas had been continually implemented. The total area of Shifting Agriculture (SA in Kapit FMU area is 37,465 hectares.

Forest managers had recognized, respected and collaborated with holders of duly recognised legal or customary tenure or use rights of the local communities. This was verified from the minutes of the meeting with Community Representative Committee (CRC). During the meeting, the FMU had consulted with the local communities to identify, document and protect sites of significant importance to them (e.g. burial ground and water catchments). Mitigation measures on local communities was explained in the FMP at Chapter 7.3.5 Socio-economic management recommendations.

## 2. AUDIT PROCESS

### 2.1 Audit Dates

4 - 9 September 2019 (24 man-days)

### 2.2 Audit Team

Mohd Razman Salim (Lead Auditor)  
Dr Samsudin Musa (Forester)  
Mohd Annas Amin Hj Omar (Forester)  
Angelica Sinimis Suimin (Sociologist)

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

### 2.3 Standard Used

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

### 2.4 Stakeholder Consultations

A one-month stakeholder consultation was conducted on October 2019 to solicit feedback from stakeholders on the compliance of the Kapit FMU against the requirements of the MC&I (Natural Forest). The comments by the stakeholders and responses by the audit team are shown in **Attachment 3**.

### 2.5 Audit Process

The audit was conducted primarily to evaluate the level of compliance of the 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.

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 the communities of 27 longhouses (Zone Kapit, Zone Katibas Hilir and Rajang, Zone Katibas and Tekalit, Zone Katibas Tengah and Bangkit and Zone Katibas Hulu) including members of the Community Representative Committee (CRC) as well as contractors and workers operating in the FMU. The audit team had also held meetings with representatives of the Sarawak Forestry Corporation and Sarawak Forest Department.

The coverage of this Stage 2 Audit is as shown in the Stage 2 Audit Plan in **Attachment 4**.

The Pasin 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 Pasin FMU for comment. A second draft Stage 2 Audit report which had incorporated the comments received from Pasin FMU was then prepared and sent to two peer reviewers for independent reviewing. A final Stage 2 Audit report was prepared after incorporating the comments from peer reviewers.

## 3 SUMMARY OF AUDIT FINDINGS

Based on the findings of this Stage 2 Audit, it was found that Pasin Sdn Bhd had managed the Pasin FMU in compliance with most of the requirements of the MC&I (Natural Forest). This Stage 2 had resulted in the issuance of 1 major, 9 minor NCRs and 4 OFIs. The details on the NCRs raised are shown in **Attachment 5**.

The audit team had reviewed, accepted and verified the corrective actions taken by Pasin Sdn Bhd - Pasin FMU to address the 1 major NCR raised during this Stage 2 Audit. 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 Pasin FMU proposed corrective actions to address the 9 minor NCRs. However, these corrective actions shall be verified by the audit team during the next audit.

On indigenous peoples' rights, there were mechanisms in place to resolve disputes over tenure and use rights through the SOP 'Communication with Natives' and 'Native Claims and Compensation' established by Kapit FMU). It was observed that there was no recorded civil court case pertaining to legal or customary tenure or use rights filed against Pasin 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 Pasin Sdn Bhd – Pasin FMU.

The summary on the findings of the Stage 2 Audit on the Pasin FMU against the requirements of the MC&I (Natural Forest) are as follows:

Principle	Strengths	Weaknesses
<p><b>Principle 1 Compliance With Laws and Principles</b></p>	<p>Pasin FMU management has respected all applicable laws and international treaties and agreements to which Malaysia is a signatory and complied with all the Principles and Criteria contained herein.</p> <p>Documents on all the binding international agreements which Malaysia is a signatory were present at Woodley Base Camp and made available to the forest managers.</p> <p>Interviewed forest managers had demonstrated knowledge of the federal, state and local laws and regulatory framework. They were aware of the relevance of these laws and regulatory framework on the management of the FMU. In addition, in house briefings at regular intervals were conducted to familiarize field workers on these requirements.</p> <p>All records of violations have been kept in files and were inspected during the audit. Action had been taken by the FMU. The record was kept in the Records/ Principle 1 (01) at base camp.</p> <p>Consultations with officers from Sarawak Forestry Corporation (SFC) and Forestry Department Sarawak had indicated that Pasin FMU has followed and complied with all SFC and SFD regulations in 2019.</p> <p>The Environmental Monitoring Reports (EMR) were submitted to NREB at quarterly intervals as scheduled.</p> <p>Safety records inspection at the office showed no violations of the Department on Safety and Health (DOSH) regulations.</p> <p>The FMU is protected under both the provisions of the Sarawak Forest Ordinance and Wildlife Protection Ordinance. Signage stating no hunting and fishing had been erected at prominent spots within the FMU.</p>	<p>Audit team has found that salary deductions were made in excess of 50% of wages earned by workers. And, no permission was obtained from labour department to accumulate the rest day for each week and utilize the four accumulated rest days at once per month. The objective evidence as below:</p> <p>(1) Worker No HWW L004 earned RM5711.30 in September 2019. A sum of RM 5222.00 was deducted from his September 2019 salary to pay for his canteen expenses and cash advance. However, this requires approval from Labour Department under Section 114(8) Labour Ordinance Sarawak which prohibits salary deductions in excess of 50% of wages earned by that worker in that month.</p> <p>(2) In the terms and conditions of employment of Mathew Anak Lang and Pawa Anak Jasa, it was stated that employees are entitled for 4 accumulated rest days at the end of the month. However permission from the Labour Department is needed to allow this. There was no evidence of such permission being granted.</p> <p><b>Thus, a Major NCR ANS 01/2019 for Indicator 1.1.1 was raised</b></p>

	<p>A Sustainable Forest Management policy was available for Pasin FMU which included a statement “Commitment to forest management of our natural resource via implementation of Malaysian Criteria and Indicators (MC&amp;I) for Forest Management Certification (Natural Forest)”. The statement of commitment was also available in the publicly available summary <a href="http://www.pasinfmu.com.my/about-us/">(http://www.pasinfmu.com.my/about-us/)</a></p> <p>There were no conflicts documented between these Principles and Criteria, laws and regulations. The forest managers had expressed their willingness to participate in resolution of such conflicts if they arise.</p>	
<p><b>Principle 2 Tenure and Use Rights and Responsibilities</b></p>	<p>Long-term tenure and the use rights to the land and forest resources had been clearly defined, documented and legally established. The forest use rights were provided in the <i>Forest Timber Licence No. T/3135</i> issued to Pasin Sdn Bhd and valid from 14/01/1985 - 13/1/2020 for 132,194 hectares. The latest renewal given by the Forest Department Sarawak in their letter dated 21 January 2019 has given extension of the licence until 13 January 2020.</p> <p>Forest managers had continued to support legally recognized mechanisms for resolving land claims through the SOP ‘Communication with Natives’ and ‘Native Claims and Compensation’ established by Pasin FMU. The FMU with Sarawak Forestry Corporation and also villagers had formulated the Forest Management Certification Liaison Committee (FMCLC) and Community Representative Committee (CRC) on 15 August 2019. This committee is a forum for consultation by members and to arbitrate social grievances affecting the FMU. Minutes from the Committee meetings showed that there were no court case or land claims made by the villagers.</p>	<p>During the audit consultations from the 5-7 November, it was discovered that majority of the communities at Sg. Bangkit especially those with close proximity to the current operation Coupe 02; Rh. Sebastian, Rh. Selat, Rh. Gong, and Rh. Kunyo confirmed that the FMU pay the compensation to the communities through the headmen or community elders. The community at large was not aware of the actual NCR area affected in particular owners were not in the village. Communities consulted were not happy with the terms and conditions of the agreement including the rate of compensation. Based on the inspection of the agreement compensation is between 6-10 hopus per ton for log extraction in their SA area. It was also displayed by the communities of Rh. Selat, tree tags from block 54 coupe 02 being taken down by the longhouse community during the consultation. Communities of these long-houses reaffirmed that boundary marking and tree inventory was carried out by Pasin FMU without the participation of the NCR owner which deemed not respectful of their rights. <b>Thus, a Minor NCR ANS02/2019 was raised under Indicator 2.2.2.</b></p>
<p><b>Principle 3 Indigenous People’s Rights</b></p>	<p>Relevant documents on the customary rights of indigenous peoples’ lands were kept at Woodland Base Camp office. Map of Annual Coupe (T/3135) and General Harvesting Plan (GP) for Pasin FMU presented showed locations of longhouses, burial ground and water</p>	<p>Consultations with the communities in the respective 17 longhouses indicated that written grievance to the company was not given response in due time. Inspection of documents at the Woodley office revealed that several complaints and other</p>



	<p>catchment within and adjacent the FMU all in the Shifting Agriculture (SA) sites.</p> <p>The FMU also had acknowledged and identified the local communities “Shifting Agriculture (SA)” areas in the FMU as directed by the Sarawak Forest Department. The management and use of shifting agriculture (SA) areas were controlled by the local communities unless they had delegated control with free, prior and informed consent to other parties.</p> <p>Appropriate procedures for identifying and protecting sites of special cultural, ecological, economic or religious significance to indigenous peoples was available through an SOP titled ‘Management and monitoring of native forest – related traditional knowledge and special sites’ which specified community resource mapping (present land use, permanent crop land, water catchment area, agriculture infrastructure, religious and cultural sites, high conservation value area, communal use forest).</p> <p>Mechanism to resolve any conflicts and grievances was established through Communities Representatives Committee (CRC) and SOP titled ‘Communication with Natives’. However, there was no record of conflict and grievance from local communities.</p> <p>There was no application of any traditional forest-related knowledge and practices of natives in forest operations. However, SOPs titled ‘Compensation for commercial utilization of traditional forest related knowledge’ and ‘Management and monitoring of native forest – related traditional knowledge and special sites’ were available whenever applicable.</p>	<p>communications forwarded by the communities have no written response. It was mention in the conflict and grievance mechanism SOP SFM/001 procedure on land claim Rev.0 dated 15/03/17 section 2.0 land claim flow chart provided by the FMU that grievances are to be addressed, resolved in timely and satisfactory manner. <b>A Minor NCR AS01/2019</b> was raised under <b>Indicator 3.3.2.</b></p>
<p><b>Principle 4 Community Relations and Workers’ Rights</b></p>	<p>Pasin FMU had provided training, retraining, local infrastructure, facilities and social program for all levels of its employees. Management has conducted various internal training related to forest management and logging operation for their staff and sent workers for training by external agencies such as Sarawak Timber Association (STA) and Sarawak Forestry Corporation (SFC).</p> <p>Qualified people in communities living within, or adjacent to, the FMU are given preference for employment and contract works. Records show that out of a total of 162 workers were employed in the FMU</p>	<p>The FMU has also briefed CRC committee on the MC&amp;I Forest Certification and their roles as Community Representatives however communities of 27 longhouses consulted in Zone Katibas Ulu, Zone KatibasTengah/Bangkit/ Zone Katibas/Tekalit, Zone Katibas Hilir &amp; Batang Rejang and Zone Kapit indicated that they were not aware of MC&amp;I forest certification and roles of CRC. <b>An OFI was raised under Indicator 4.1.1.</b></p> <p>Communities in the 17 longhouses in Katibas, Hilir, Tengah and Hulu consulted indicate that employment</p>

	<p>with 21 workers coming from 5 Rumah Kana, 1 Rumah Gilbert Nyadang, 2 Rumah Saging , 3 Rumah Ijau, 1 Rumah Melayu,1 Song Camp,1 Rumah Endah, 1 Rumah Bilon, 1 Rumah Layang, 1 Rumah Langga, 1 Rumah Jinggong, 1 Rumah Kawin, 1 Rumah Achau.</p> <p>The right of workers to benefits and protection at Pasin FMU was assured under applicable laws, i.e. Labour Ordinance 1952 (Sarawak, Cap 76), Employees Provident Fund Act 1991 and Employees’ Social Security Act 1969. An appropriate Standard Operating Procedures to address grievances raised by workers and for worker conflict resolution was available (Ref: ‘Employee Grievances’: TA-SOP-HR-01).</p> <p>All applicable laws and/or regulations covering health and safety of employees were made available and had been explained to them.</p> <p>Management Policies on Safety and Health had been clearly established and implemented. Posters on Occupational Safety and Health Policy were displayed at the store, camp office, workshop and store.</p> <p>Safety and Health Committee had been established by the FMU and meetings had been conducted.</p> <p>The FMU had established and compensate local communities for loss or damage on their legal or customary rights, property, resources, or their livelihoods caused by forest operations through a mechanism to resolve grievances and fair compensation i.e. SOP titled ‘Native Claims and Compensation’. Community Representative Committee (CRC) meeting.</p>	<p>opportunities were not given to the longhouse communities adjacent to the FMU area in particular those areas where the logging operations were carried out. <b>An OFI was raised under Indicator 4.1.2.</b></p> <p>An assessment from the audit consultation with 27 villagers in Zone Kapit, Zone Katibas Hilir and Rajang, Zone Katibas and Tekalit, Zone Katibas Tengah and Bangkit and Zone Katibas Hulu from 5-7 Nov, 2019 showed that villagers were aware about the Social Impact Assessment being carried out at the villagers but outcome of the findings were yet to be shared with the communities at the longhouses. A <b>Minor NCR AS02/2019 was raised under indicator 4.4.1</b></p> <p>Interview with the community leaders indicate that Grievance Report form was not made available to the headmen. This is confirmed through the consultation with CRC representatives from Rh. Kawin, Rh. Ribut, Penghulu from Zone Katibas and Kapit and communities consulted in 27 longhouses, Rh Garuma, Rh Lucas, Rh Japok , Rh Bagan, Rh Guntor, Rh Serit, Rh Philip, Rh Melayu,Rh Menkan, Rh.Sebastian, Rh. Kawin Pau, Rh.Sa, RH.Jabu, Rh.Selat,Rh. Belagok, Rh Jimpai, Rh.Gindi, Rh.Kawin Laja, Rh.Peter, Rh Bangau, Rh.Kunyo, Rh.Jabu, Rh.Gong, Rh. Ribut, Rh. Untang, Rh. Jagok and Rh Kana confirmed that they were not aware of the procedures. <b>A Minor NCR AS03/2019 is raised under Indicator 4.5.2</b></p>
<p><b>Principle 5 Benefits From the Forest</b></p>	<p>The “Pasin FMU 2018 (Budget vs Actual)” and “Annual Budget for Pasin FMU 2019” statements showed investments and reinvestments in forest management which included provisions for forest administration, research (scientific collaboration and PSP), human resource development, protection (patrolling), economic (operating), conservation (HCV), environmental (EMR) and social aspects (CSR, compensation).</p>	<p>There was no negative finding.</p>

Initially, growth and yield predictions are based on 81 units of Forest Resource Assessment (FRA). The FMU will be selected 27 out of 81 FRAs to be converted the PSPs plot. The projected AAC for logged over forest in Pasin FMU was obtained through FORMIX3 and FORMIND simulation software. At the time of audit, 2 out of 81 FRAs has been converted to PSPs.

The Annual Allowable Cut (AAC) was calculated at an average of 102,915.457 m<sup>3</sup>/year or not more than 3,582.2 ha/year on average for the 25 years of cutting cycle.

As log is the main product, no non-timber forest product shall be harvested from the FMU. Monitoring on the compliance of AAC was sighted in the record on "Quantity & Percentage of Timber Forest Products Processed Locally and Exported - Quota Period (01.07.19 – 31.12.19)", updated 4 September 2019 verified actual production versus AAC for Pasin FMU.

RIL implemented at Pasin FMU followed following SOPs:

- Implementation of Reduced Impact Logging (RIL) In Harvesting Operation (TA-SOP-RIL-04)
- Planning and Marking of Log Landing and Skid Trail (TA-SOP-RIL-03)
- Monitoring and Inspection for Reduced Impact Logging (RIL) operation (TA-SOP-RIL-06)
- Basic Chainsaw Maintenance and Directional Tree Felling 2001, First Edition, dated October 2001

Regular training was also conducted for the staff on techniques of reduced-impact logging.

Pasin FMU has no plan for production of a mixed commercial forest product including the utilisation of non-timber forest products.

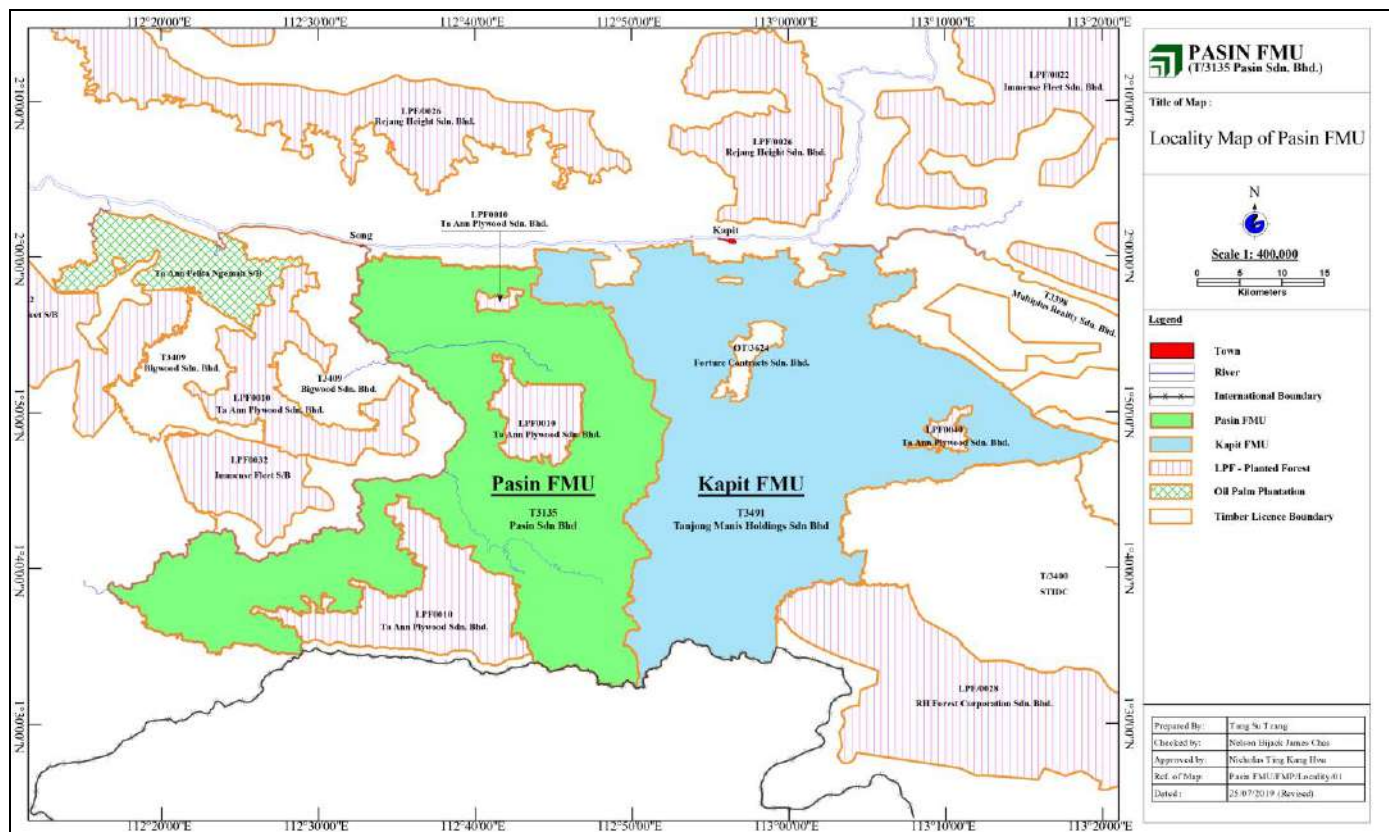
Sensitive areas were demarcated and protected for protection of soil and water, watercourses and wetlands which include Riparian buffers, Terrain IV, Water Catchments and other HCVF according to procedures titled 'Identification and Demarcation of Buffer Zones for the Protection of Permanent Waterway' (TA-SOP-CON-04, ver. 02 dated 1 Nov 2016).

<p><b>Principle 6 Environmental Impact</b></p>	<p>An EIA was available titled 'Environmental Impact Assessment For Timber Harvesting Within Pasin Forest Management Unit (FMU) Under the Forest Timber Licence (FTL) No. T/3135 at the Sg. Katibas-Batang Rajang Area Kapit Division, Sarawak'. It outlined mitigation measures to be implemented against impacts from forest operations.</p> <p>The Pasin FMU FMP (2018-2027) had also incorporated an assessment of environmental impacts specific to potential impacts on endangered, rare and threatened species of flora and fauna (ERT), and the need for biological corridors in the FMU.</p> <p>Guidelines to identify and protect endangered, rare and threatened species of forest flora and fauna, including features of special biological interest such as seed trees, salt licks, nesting and feeding areas in the FMU were available through the procedures "Identification and Protection of Rare, Threatened and Endangered Species of Flora and Fauna" dated 31 March 2017 (TA-SOP-CON-05, version 02) and SFC Guidelines on ERT Species (October 2013).</p> <p>There was existing cooperation between forest managers, and conservation organizations and regulatory authorities in implementing conservation and management activities at Pasin FMU.</p> <p>Awareness training/briefing on ERT's was conducted using slide shows, training material. Posters and Leaflets on Endangered Species (Totally Protected Animals of Sarawak, Protected Animals of Sarawak, and Totally Protected Plants of Sarawak), were posted at various locations in the FMU.</p> <p>Harvesting procedures to protect the soil from compaction by harvesting machinery and erosion during harvesting operations followed the "Guidelines for Reduced Impact Logging Systems in Forest Management Certification (Natural Forest) Area, Second Edition, 2014". Guidelines for forest road lay-out and construction, including log landings and drainage requirements were available in the "Guidelines for Forest Road Layout and Construction, Sarawak Forestry Department".</p> <p>An SOP 'Handling of Agrochemicals'</p>	<p>The FMU has not identified and set aside representative areas of the existing forest ecosystem within the FMU which needs to be protected in their natural state. <b>Thus, a Minor NCR SAM01/2019 for Indicator 6.4.1 was raised.</b></p> <p>Main access roads were found to be well constructed and graveled in most parts. However, inspection of feeder roads in the active harvesting areas in Coupe 1 indicated that constructed bridges lacked retaining walls to prevent loose soil from entering into waterways. Adequate sediment trap also needs to be constructed and maintained to prevent soil being washed into waterways when it rains. <b>A Minor NCR MRS 01/2019 is raised for Indicator 6.5.1.</b></p> <p>There was also a lack of adequate cross drains curb soil erosion. In addition, it was also found that some portions of the roads have been widened unnecessarily exceeding specifications. Inspection of roads in the active harvesting areas and in Coupe 1 and pre-harvest areas in Coupe 2 indicated that there are several areas along the roads where quarrying is done to collect materials for road construction and maintenance. Some of the quarried sites showed evidence of landslides. There is no procedure to control the intensity and size of quarrying operations and mitigation measures to control soil erosion and landslides. <b>A Minor NCR SAM03/2019 was raised under Indicator 6.5.2.</b></p> <p>It was also found that due to heavy rains many parts of the roads are being maintained and repaired. The maintenance operations however were not conducted properly resulting in excessive earthworks mainly due to scraping of the road surface. Most the excess soil has been pushed to the sides. These loose soil will easily be washed away during heavy rains and will result in erosion and silting of waterways. Adequate sediment traps and cross drains need to be constructed and maintained to reduce the amount of soil being washed into waterways. Portions of the roads have been widened unnecessarily exceeding specifications <b>A Minor NCR. SAM02/2019 is raised under</b></p>
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	<p>(TAP-SOP-CHL) dated 18 Sept 2017 was also made available. It was found that there was no handling of pesticide by the FMU staff and field workers. The nursery is located outside the FMU. Seven nursery staff of the FMU has recently attended training on Handling of hazardous Chemicals dated 1 Nov 2019.</p> <p>Waste disposal and recycling of liquid and solid non-organic wastes was implemented through the SOP titled "Waste Management" (TA-SOP-EMS-01).</p> <p>There is no use of biological control agents and planting of exotic species in Kapit FMU. There is also no conversion of natural forest to plantation or other land use in the FMU.</p>	<p><b>Indicator 6.5.3.</b></p>
<p><b>Principle 7 Management Plan</b></p>	<p>The Forest Management Plan for Pasin Forest Management Unit for period 10 years (1<sup>st</sup> January 2018 – 31<sup>st</sup> December 2027) Rev.1, October 2019), approved on 22 October 2019 by Forest Department of Sarawak was presented for verification during the audit.</p> <p>Kapit FMU forest manager is aware of new scientific and technical information pertinent to the management of the natural forest.</p> <p>The FMU has planned annual training programme for 2019 titled '2019 Briefing and Training Program for Tag FMU's'. Training of workers in their respective roles in the implementation of the FMP was implemented in 2019.</p> <p>A summary of the primary elements (a) to (i) of the Pasin FMU Forest Management Plan (2018 – 2027) implemented under Indicator 7.1.1 was made publicly available through website: <a href="http://www.pasinfmu.com.my/fmp/">http://www.pasinfmu.com.my/fmp/</a>.</p>	<p>The summary elements for Permanent Sample Plots (PSP) was yet to be uploaded at the website. <b>Thus, an OFI for Indicator 7.4.1 was raised.</b></p>
<p><b>Principle 8 Monitoring and Assessment</b></p>	<p>The Pasin FMU monitoring procedure implemented complied with the Sarawak Forestry Department's, 'Instructions for the Inspection of Logging Areas 1982' and 'Procedures for the Inspection of Harvesting Areas 1999. It is outlined in the Pasin FMU FMP in particular; Chapter 2: Forest Resource Base; Chapter 8: Forest Research and Chapter 11: Identification and Management of Protection Areas'.</p> <p>Pasin FMU management has appropriately included all relevant information needed to</p>	<p>During site visit at PSP#54 and PSP#75, the auditor has found some mistake in tree tagging, measurements and recordings as described below:</p> <ol style="list-style-type: none"> <li>1. Some of tree tags were nailed at the point of measurement which may contribute to errors during future measurements.</li> <li>2. Useful information on unique tree location and tree shape were not recorded in the inventory form (Remarks column). Such</li> </ol>

	<p>monitor items listed in (a) to (e) of Criterion 8.</p> <p>For Pasin FMU, tracing the forest product (logs) from its origin, a process known as the “chain of custody”, leaving the certified area, was verified through presented records and relevant documents sighted which include Permit to enter coupe.</p> <p>Public summary of the forest monitoring indicators a) to e) under Criterion 8.2 is available at the website: <a href="http://www.pasinfmu.com.my/monitoring">http://www.pasinfmu.com.my/monitoring</a>.</p>	<p>information is needed in explaining unusual tree growth</p> <p>3. Measurement of tree diameter for big trees were not directly measured but only estimated and included the buttress</p> <p><b>Thus, a Minor NCR MRS 02/2019 for Indicator 8.2.1 was raised.</b></p>
<p><b>Principle 9 Maintenance of High Conservation Values</b></p>	<p>The assessment on the presence of the attributes consistent with HCVF was reported in ‘Assessment of High Conservation Value (HCV) Site within Pasin Forest Management Unit (FMU), Song’, revised in June 2019.</p> <p>Consultation with relevant stakeholders was conducted on 21 December 2015. Consultation with relevant stakeholders also had been conducted with Forest Department of Sarawak, Sarawak Forestry Corporation (SFC), Wildlife World Fund (WWF), and Sarawak Timber Association (STA). Both stakeholders had commented on the content of the report without suggestion/recommendation for any new HCV area.</p> <p>Consultation with local communities was conducted on 15 August 2019 during FMCLC and CRC formation.</p> <p>Specific measure was outlined in the Pasin FMP for recognizing HCVF areas in the form of map entitled “HCV within Pasin FMU” dated 17 September 2019. It was also stated in FMU public summary at <a href="http://www.pasinfmu.com.my/hcv/">http://www.pasinfmu.com.my/hcv/</a></p> <p>The FMP clearly stated the management and monitoring recommendation for the HCVs at Chapter 12 – Section 12.2 HCV Management and Monitoring Recommendation to assess the effectiveness of the measures employed.</p>	<p>The FMU yet to consult others relevant stakeholders such as local communities, Forest Department of Sarawak, Sarawak Forestry Corporation (SFC), Wildlife World Fund (WWF), and UNIMAS. <b>Thus, an OFI for Indicator 9.2.1 was raised.</b></p>

Map of Pasin Sdn Bhd – Pasin FMU



## Experiences and Qualifications of Audit Team Members

Assessment Team	Role/Area of MC&I Requirement	Qualifications and Experience
Mohd Razman Salim	Assessment Team Leader / Forester	<p><u>Academic Qualification:</u></p> <p>B.Sc of Forestry (Forest Production), University Putra Malaysia.</p> <p><u>Work Experience:</u></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 &amp; 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&amp;I (Natural Forest)] &amp; [MC&amp;I (Plantations)], MYNI of RSPO P&amp;C and other management systems on ISO 9001, 14001 and OHSAS 18001</p> <p><u>Training / Research Areas:</u></p> <p>Has attended and passed in the following training programmes:</p> <ul style="list-style-type: none"> <li>• Auditor Training Course on Malaysian Criteria and Indicators for Forest Management Certification [MC&amp;I (Natural Forest)] &amp; [MC&amp;I (Plantations)] organized by MTCC, 1-4 December 2013.</li> <li>• EMS 14001: 2004 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 18-22 March 2013.</li> <li>• OHSAS 18001: 2007 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 11-15 March 2013.</li> <li>• QMS 9001: 2008 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 4-8 March 2013.</li> </ul>
Dr. Samsudin Musa	Auditor	<p>Dr. Samsudin bin Musa is a Senior Research Officer at the Forest Research Institute of Malaysia (FRIM) since 1997. He graduated in 1984 with a B Sc. Forestry from the University Putra Malaysia and has completed his PhD studies in Universiti Kebangsaan Malaysia (UKM) in 2011. From 1993 to 1997 he was the Forest Inventory Officer at the Forestry Department Headquarters, Peninsular Malaysia. Prior to that, he was the Head of Inventory Unit of the ASEAN Institute of Forest Management in Kuala Lumpur from 1987 to 1993. His area of expertise include silviculture, climate change and forest certification.</p>



		<p>He was involved in the following forest management/chain-of-custody certification training programmes:</p> <p>Workshop on Forest Management Certification, Institut Penyelidikan Perhutanan Malaysia, Kepong. (12-13 December 1996). – Resource person</p> <p>XXI IUFRO Pre-Congress Workshop on Sustainable forest management and Criteria &amp; Indicators, FRIM, Kepong, Malaysia (1-4 August, 2000) – Resource person</p> <p>Workshop on Methodologies for Assessing Forest Biodiversity and Estimating its Recovery. Kuala Lumpur, Malaysia (30-31 October, 2001). – Resource person</p> <p>Training in Forest Management Certification by Scientific Certification System, SIRIM, February 2000, Shah Alam, Selangor</p> <p>Quality Assurance Auditor/Lead Auditor Training Course and Examination, 25-29 March 2003, Moody International Certification., FRIM, Kepong, Selangor</p> <p>Forest Management Certification Procedures, SIRIM QAS, 19 February 2009, Shah Alam, Selangor</p> <p>ISO 14001:2004 EMS Lead Auditor Training Course under SIRIM Training Services Sdn Bhd, 2-6 March 2009</p> <p>Auditor Training Course on MC&amp;I 2002, 30 March – 2 April 2002 by MTCC, Kuala Lipis, Pahang</p> <p>His auditing experiences include the following:</p> <p>Conducted by SIRIM QAS International against the MC&amp;I (2002), 9-13 April 2007</p> <p>Lead Auditor in Field Tests of MC&amp;I (2002) in Sarawak FMU for the Malaysian Timber Certification Council.</p>
<p>Mohd Annas Amin bin Haji Omar</p>	<p>Assessment Team Member/ Forester</p>	<p>Academic Qualification:</p> <p><i>Diploma in Forestry, UPM</i></p> <p><i>B. Sc. In Forestry, UPM</i></p> <p>Work Experience:</p> <p>Six year as Assistant Forest Officer at Perak Forestry State Department in the year from 2013-2018. Main responsibility is Assisting District Forest Officers in administrative work, forest development and forest operations.</p> <p>Conduct forest Enforcement Team Activities such as The Prevention of illegal logging. Appointed to be Raid Officer in Raid Eradicating Illegal Refinery in Kinta Manjung Forest District. Also appointed to be Investigative Officer in Investigations into a case involved Ayer Chepam Forest Reserve and Cased Prosecuted in Court.</p> <p>Training / Research Areas:</p> <p>Program of MTCS Training Course (MC&amp; I) in Kuantan (9-12 July 2018)</p>

		Lead Auditor ISO 9001,ISO 14001 & ISO 45001 Exemplar Global Certified (13-18 Ogos 2018)
Angelica Sinimis Suimin	Auditor/ Sociology	<p><b>Academic Qualification:</b> 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><b>Work Experience:</b> 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><b>Attended training programmes:</b></p> <ol style="list-style-type: none"> <li>1. MTCC Forest certification Standards for Forest Management and Plantations, 2013,SIRIM QAS</li> <li>2. FSC Forest Certification standards for Forest Management and Control Wood, 2015;Nepcon</li> <li>3. LEAD ASSESSOR COURSE ISO 14001(EXEMPLAR GLOBAL CERTIFIED LEMS01) , 2016; SIRIM QAS</li> <li>4. DIPLOMACY TRAINING (Human Rights, Indigenous People, the Private Sector and Development), 2017; Faculty of law, Uni New South Wales</li> <li>5. MC&amp;! *Natural Forests and Plantation v.2 standards, 2017 – MTCC</li> </ol>

## Comments Received from Stakeholders and Responses by Audit Team Leader

No.	Comments/Issues Raised	Response by Audit Team
1	<p>Bagi aspek komuniti di mana FMU memainkan peranan penting misalnya tanggungjawab social. Selain itu juga dengan adanya peluang pekerjaan kepada masyarakat setempat terutamanya kawasan yang terlibat secara langsung.</p>	Noted.
2	<p>Briefly, an orang-utan was sighted in Coupe 5 of the Pasin FMU (T3135 concession) adjacent to the Ulu Katibas extension of the Lanjak-Entimau Wildlife Sanctuary (LEWS) in 2011. Logging operations at Coupes 4, 5 and 6 were subsequently suspended pending investigations. As there were orang-utan nests in Coupe 5, there were possibilities of orang-utan presence in other Coupes within the Pasin FMU, i.e. Coupes 4, 6, 10, 11 and 12.</p> <p>Five agencies collaborated for the joint recce surveys conducted in July 2015: FDS (as the lead organization), Sarawak Forestry Corporation (SFC), Ta Ann Group, WWF-Malaysia and WCS Malaysia. The study area includes Extension III of LEWS, and Coupes 4AR, 6AR, 10C, 11C and 12C of the Pasin FMU; all are within the Heart of Borneo (HoB) spine.</p> <p>All teams recorded orang-utan nests at all selected Pasin FMU Coupes during the surveys.</p> <p>In view of the critical findings, the joint partners recommend the following:</p> <p>1.1 Establishment of a wildlife corridor connecting LEWS, Ulu Katibas (Extension II), Ulu Pasin (Extension III), Pasin FMU and the Malaysia-Indonesia (or Sarawak-West Kalimantan) international boundary buffer zones. The primary purpose of the proposed wildlife corridor is to connect forests and landscapes as orang-utans need vast areas to commute and search for food, to breed and survive. The corridor is proposed to stretch from the Bloh river system and includes radius distance of up to 3 km radius away from the nests recorded during the joint recce survey. The radius distance is based on actual orang-utan travel distance from their nest per day. The most recommended area size of the corridors is estimated at 8,500 ha for a 3 km buffer width.</p> <p>1.2 Collaborative management and monitoring of the wildlife corridor with the aim to conserve the riparian vegetation along the Bloh river system and as buffer zones to LEWS. The suggested activities include the enrichment of canopy gaps, regular wildlife monitoring, and joint enforcement patrols to stop encroachment by outsiders.</p> <p>1.3 Future orang-utan research opportunities including a habitat preference study.</p> <p>Community empowerment through economic incentives and capacity-building of local communities at Ulu Katibas, including community-based eco-tourism initiatives. The aim of these activities is to gradually reduce community dependence and extraction of natural resources in the corridor and the protected areas.</p>	<p>Based on the approved Forest Management Plan for Pasin Forest Management Unit for period 10 years (1<sup>st</sup> January 2018 – 31<sup>st</sup> December 2027) Rev.1, October 2019) which was approved on 22 October 2019 by Forestry Department of Sarawak (FDS), the mentioned Coupes 4, 5, 6, and 12(partly) have been change to new coupe number which are Coupe 23, 24 and 25. While for Coupe 10, 11 and 12 (partly) were not in the audit scope of MC&amp;I and has been licensed as LPF/0010 under Ta Ann Plywood Sdn Bhd.</p> <p>As directed by FDS, the FMU has demarcated a conservation area of Terrain IV for steep terrain <math>\geq 35^{\circ}</math>, river area and river buffer in Coupe 23, 24 and 25. These conservation area purposely serve as buffer zone area and for wildlife corridor connecting to Lanjak-Entimau Wildlife Sanctuary (LEWS).</p> <p>For the monitoring of wildlife, a systematic assessment has been conducted with the collaboration of Leibniz Institute for Zoo and Wildlife Research (Leibniz-IZW). The report of the assessment for May-August 2018 was inspected. Wildlife is also monitored by FMU's Honorary Wildlife Ranger at salt lick area with UNIMAS. A Report on wildlife assessment based on camera trap data prepared by UNIMAS.</p> <p>The FMU conducted ground patrolling by monthly and annual intensive monitoring of the whole FMU using helicopter surveys with latest monitoring on 30 October 2019. It was reported that there were no occurrence of unauthorized activities.</p>

## Stage 2 Audit Plan

DAY	TIME	PROGRAM			
		AUDITOR 1 (Razman)	AUDITOR 2 (Dr Samsudin)	AUDITOR 3 (Anas)	AUDITOR 4 (Angelica)
<b>Sunday (3/11/2019)</b>		<ul style="list-style-type: none"> <li>Travel from KLIA to Sibul (MH2712 – ETA:8:25 – 10:20)</li> <li>Express boat from Sibul Ferry Terminal to Song town</li> <li>Travel from Kapit town to Pasin FMU on 4-wheel drive vehicle (1 hour 30 minutes)</li> <li>Audit team stay at Woodley Base Camp</li> </ul>			<ul style="list-style-type: none"> <li>Travel from KKIA to Sibul (AirAsia AK6090 – ETA:06:05 – 07:20)</li> <li>Express boat to Kapit</li> <li>Check-in hotel in Kapit town</li> </ul>
<b>Day 1 Monday (4/11/2019)</b>	8.00 am – 5.00 pm	<ul style="list-style-type: none"> <li>Opening Meeting with representatives of FMU</li> <li>Briefing session by Forest Manager on progress of forest activities</li> <li>Evaluation of changes to the management of the FMU</li> <li>Check on progress of planned activities aimed at enhancing the operation system</li> <li>Check on complaints, stakeholder comments and follow-up actions with Government agencies and NGOs</li> <li>Evaluate on internal audit and management review</li> <li>Follow up on issues of concern from Stage 1</li> <li>Q&amp;A Session</li> </ul>			
		<b>AUDITOR 1 (Razman)</b>	<b>AUDITOR 2 (Dr Samsudin)</b>	<b>AUDITOR 3 (Anas)</b>	<b>AUDITOR 4 (Angelica)</b>
		Documentation and records review <ul style="list-style-type: none"> <li>Principle 4 - Community Relations and Worker's Right</li> <li>Principle 5 – Benefits from the forest</li> <li>Principle 7 – Management Plan</li> <li>Principle 9 – Maintenance of High Conservation Value Forests</li> </ul>	Documentation and records review <ul style="list-style-type: none"> <li>Principle 1 – Compliance with Laws and Principles</li> <li>Principle 6 – Environmental Impact</li> <li>Principle 8 – Monitoring and Assessment</li> </ul>	Documentation and records review <ul style="list-style-type: none"> <li>Principle 2 – Tenure and Use Rights and Responsibilities</li> <li>Principle 3 – Indigenous Peoples' Right</li> <li>Principle 4 - Community Relations and Worker's Right</li> </ul>	<ul style="list-style-type: none"> <li>Consultation with Labour Dept &amp; Land and Survey Dept</li> <li>Consultation with local community in Zone Kapit</li> </ul>
<ul style="list-style-type: none"> <li>Review of Day 1 Findings by Audit Team Leader</li> <li>Auditor 1, 2 and 3 stay at basecamp</li> </ul>				<ul style="list-style-type: none"> <li>Travel to Song town</li> <li>Check-in hotel in Song town</li> </ul>	
<b>Day 2 Tuesday (5/11/2019)</b>	8.00 am – 5.00 pm	<b>AUDITOR 1 (Razman)</b>	<b>AUDITOR 2 (Dr Samsudin)</b>	<b>AUDITOR 3 (Anas)</b>	<b>AUDITOR 4 (Angelica)</b>
		<ul style="list-style-type: none"> <li>Inspection of pre-harvesting</li> <li>Inspection of active harvesting</li> <li>Inspection of post harvesting</li> <li>Enrichment planting</li> </ul>			<ul style="list-style-type: none"> <li>Interview with CRC at Song</li> <li>Consultation with Zone Katibas Hilir (Rh. Mengkan &amp; Rh. Lucas)</li> <li>Zone Batang Rejang (Rh. Garuma)</li> </ul>
<ul style="list-style-type: none"> <li>Review of Day 2 Findings by Audit Team Leader</li> <li>Auditor 1 and 2 stay at basecamp</li> <li>Auditor 3 overnight in Song</li> </ul>					<ul style="list-style-type: none"> <li>Overnight at longhouse</li> </ul>

<b>Day 3 Wednesday (6/11/2019)</b>	8.00 am – 5.00 pm	<b>AUDITOR 1 (Razman)</b>	<b>AUDITOR 2 (Dr Samsudin)</b>	<b>AUDITOR 3 (Anas)</b>	<b>AUDITOR 4 (Angelica)</b>
		<ul style="list-style-type: none"> <li>• HCVF and conservation area</li> <li>• Fauna monitoring sites</li> <li>• Inspection of FMU license boundary</li> </ul>			<ul style="list-style-type: none"> <li>• Consultation with Zone Katibas Hilir (Sg. Musah) – Rh. Japok &amp; Rh. Bagan</li> <li>• Consultation Zone Katibas Hilir (Sg. Takan) - Rh. Guntor &amp; Rh. Serit</li> </ul>
		<ul style="list-style-type: none"> <li>• Review of Day 3 Findings by Audit Team Leader</li> <li>• Auditor 1 and 2 stay at basecamp</li> <li>• Auditor 3 overnight in Song</li> </ul>			<ul style="list-style-type: none"> <li>• Overnight at longhouse</li> </ul>
<b>Day 4 Thursday (7/11/2019)</b>	8.00 am – 5.00 pm	<b>AUDITOR 1 (Razman)</b>	<b>AUDITOR 2 (Dr Samsudin)</b>	<b>AUDITOR 3 (Anas)</b>	<b>AUDITOR 4 (Angelica)</b>
		<ul style="list-style-type: none"> <li>• FRA / PSP</li> </ul>			<ul style="list-style-type: none"> <li>• Consultation with Zone Tekalit – Rh. Philip, Rh. Melayu &amp; Rh. Kana</li> </ul>
		<ul style="list-style-type: none"> <li>• Review of Day 4 Findings by Audit Team Leader</li> <li>• Auditor 1, 2 and 3 stay at basecamp</li> </ul>			<ul style="list-style-type: none"> <li>• Overnight at longhouse</li> </ul>
<b>Day 5 Friday (8/11/2019)</b>	8.00 am – 5.00 pm	<b>AUDITOR 1 (Razman)</b>	<b>AUDITOR 2 (Dr Samsudin)</b>	<b>AUDITOR 3 (Anas)</b>	<b>AUDITOR 4 (Angelica)</b>
		<ul style="list-style-type: none"> <li>• Inspection of CoC at PoRM and CDC</li> <li>• Camp inspection</li> </ul>			<ul style="list-style-type: none"> <li>• Consultation with staff and workers</li> </ul>
<b>Day 6 Saturday (9/11/2019)</b>	8.00 am – 5.00 pm	<b>AUDITOR 1 (Razman)</b>	<b>AUDITOR 2 (Dr Samsudin)</b>	<b>AUDITOR 3 (Anas)</b>	<b>AUDITOR 4 (Angelica)</b>
		<ul style="list-style-type: none"> <li>• Continue documentation and records review</li> <li>• Audit team discussion and preparation of audit finding and reports</li> <li>• Closing meeting</li> </ul>			
		*Overnight at Tanahmas Hotel, Sibul			
<ul style="list-style-type: none"> <li>➤ Dr Samsudin &amp; Annas travel from Sibul to KLIA on Sunday (MH2715 – ETA: 11:05 – 12:55)</li> <li>➤ Razman travel from Sibul to KKIA on Sunday (AirAsia AK6091 – ETA: 07:45 – 09:00)</li> <li>➤ Angelica travel from Sibul to Bintulu on Sunday (MH3740 – ETA: 10:00 – 10:35)</li> </ul>					

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

Indicator	Specification Major/Minor/OFI	Details of Non-conformances	Corrective Action Taken	Verification by Assessor
1.1.1  ANS 01/2019	Major	<p><b>Requirement:</b> Indicator 1.1.1 Records and availability of up-to-date applicable federal, state and local laws, and regulations and policies, in particular those related to forest management</p> <p><b>Finding:</b></p> <ol style="list-style-type: none"> <li>Salary deductions were made in excess of 50% of wages earned by workers.</li> <li>No permission was obtained from labour department to accumulate the rest day for each week and utilize the four accumulated rest days at once per month.</li> </ol> <p><b>Objective evidence:</b></p> <p>(3) Worker No HWW L004 earned RM5711.30 in September 2019. A sum of RM 5222.00 was deducted from his September 2019 salary to pay for his canteen expenses and cash advance. However, this requires approval from Labour Department under Section 114(8) Labour Ordinance Sarawak which prohibits salary deductions in excess of 50% of wages earned by that worker in that month.</p> <p>(4) In the terms and conditions of employment of Mathew Anak Lang and Pawa Anak Jasa, it was stated that employees are entitled for 4 accumulated rest days at the end of the month. However permission from the Labour Department is needed to allow this. There was no evidence of such permission being granted.</p>	<p>Directive to be issued to the FMU (licensee and contractors) to manage and monitor the total of any amount deduction from wages of an employee in respect of any one month shall not exceed 50% of the wages earned by that employee in that month.</p> <p>The FMU to check with labour department on the status of submitted written permission to accumulate rest days from Labour Department.</p>	<p>The Ta Ann Holdings Berhad – Human Resource Manager has issued and circulated an Inter-Office Memo titled 'Directive on Monthly Wages Deduction for Upstream Forestry Operations' dated 15 November 2019 to the Pasin FMU management. The letter stated that total of pay amount deducted from the wages of an employee of any one month shall not exceed fifty per centum (50%) of the wages earned in that month.</p> <p>Verified also request letter from Hariwood Sdn Bhd to Labour Department of Kapit titled 'Application for Permit of Rest Day for Each Week on any Day of the Month (Accumulate Rest Days)' dated 5 November 2019.</p> <p><b>Status: Closed</b></p>
2.2.2  ANS 02/2019	Minor	<p><b>Indicator 2.2.2</b> Forest Managers shall recognize, respect and collaborative with holders of duly recognized legal or customary tenure or</p>	<p>The FMU to prepare a strategic plan for social visit / program covering identified longhouses within and adjacent to the</p>	<p>Audit team has accepted the corrective action plan.</p>

		<p>user rights within relevant federal, state and local laws in activities that may affect such rights.</p> <p><b>Finding:</b> Consultation with stakeholders and keeping of records of consultation were insufficient.</p> <p><b>Objective evidence:</b> Discussions with 27 longhouses, Rh Garuma, Rh Lucas, Rh Japok , Rh Bagan, Rh Guntor, Rh Serit, Rh Philip, Rh Melayu, Rh Menkan Rh Ribut, Rh Kawin Laja, Rh Beragok, Rh Untang, Rh Jagok, Rh Sebastian, Rh Kunyo, Rh Selat, Rh Malai, Rh Sa, Rh Jabu, Rh Gong, Rh Lasin, Rh Gendi, Rh Jabu, Rh Jimpai and Rh Kana showed that the FMU consultation with the respective longhouses was not sufficient. Majority of the communities were not aware of the Forest Management Certification process, CRC concept and the background of the FMU.</p>	<p>FMU on phased approached focusing on the directly affected settlements.</p> <p>The FMU to progressively implement the plan and disseminate relevant information e.g. FMU background, Forest Management Certification process, CRC concept, and result/outcome of social impact assessment on their significant sites</p>	<p><b>Status:</b> <b>Implementation and effectiveness of the corrective action plan will be verified during next audit.</b></p>
<p>3.3.2</p> <p>AS 01/2019</p>	<p>Minor</p>	<p><b>Indicator 3.3.2</b> Availability of appropriate mechanisms for Conflict Resolution.</p> <p><b>Finding:</b> 1. Written response of grievances raised by communities were not available. 2. Implementation of conflict and grievances mechanism contradict with the SOP provided by FMU. Reference SFM/001 Procedure on Land Claim Rev.0 dated 15/03/2017 - Section 2.0 Land claim flow chart.</p> <p><b>Objective evidence:</b> Consultations with the communities in the respective longhouses indicated that written grievance to the company was not given response in due time.</p>	<p>The FMU management or representatives to adhere with the provided SOP (SOP ID: TA-SOP-COM-01) in dealing with grievances raised by communities.</p> <p>The FMU to prepare a written response and to record any communications or negotiations held with affected party according to the time frame as per stipulated in the SOP.</p>	<p>Audit team has accepted the corrective action plan.</p> <p><b>Status:</b> <b>Implementation and effectiveness of the corrective action plan will be verified during next audit.</b></p>
<p>4.4.1</p> <p>AS 02 2019</p>	<p>Minor</p>	<p><b>Requirement:</b> Indicator 4.4.1 – Forest managers shall evaluate, through consultations, social</p>	<p>The FMU to prepare a strategic plan for social visit / program covering identified longhouses</p>	<p>Audit team has accepted the corrective action plan.</p>

		<p>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><b>Findings:</b> Social impact assessment results was not shared with the communities of longhouses within and adjacent to the FMU.</p> <p><b>Objective evidence:</b> Assessment local consultation with 27 villagers in Zone Kapit, Zone Katibas Hilir and Rajang, Zone Katibas and Tekalit, Zone Katibas Tengah and Bangkit and Zone Katibas Hulu from 5-7 Nov, 2019 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>within and adjacent to the FMU on phased approached focusing on the directly affected settlements.</p> <p>The FMU to progressively implement the plan and disseminate relevant information e.g. FMU background, Forest Management Certification process, CRC concept, and result/outcome of social impact assessment on their significant sites.</p>	<p><b>Status:</b> <b>Implementation and effectiveness of the corrective action plan will be verified during next audit.</b></p>
<p>4.5.2  AS 03 2019</p>	<p>Minor</p>	<p><b>Requirement :</b> Indicator 4.5.2 Appropriate mechanism are employed to expeditiously resolve grievances and provide fair and equitable compensations for any loss and damage affecting the local communities legal or customary rights, property, resources or their livelihoods caused by forest operations.</p> <p><b>Finding :</b> Grievance Report form was not made available to community leaders.</p> <p><b>Objective Evidence :</b> Consultation with CRC representatives from Rh. Kawin, Rh. Ribut, Penghulu from Zone Katibas and Kapit and communities Consulted in 27 longhouses, Rh Garuma, Rh Lucas, Rh Japok , Rh Bagan, Rh Guntor, Rh Serit, Rh Philip, Rh Melayu,Rh Menkan, Rh.Sebastian, Rh. Kawin Pau, Rh. Malai, Rh. Selat,Rh. Belagok, Rh Jimpai,Rh.Gindi,Rh.Kawin, Rh.Peter Laja,, Rh.Kunyo,Rh.SA,Rh.Jabu,Rh</p>	<p>The FMU to brief the CRC representatives on the availability of the mechanism and appropriate procedure to relay their grievances to the FMU management accordance with SOP Communication with Natives (SOP ID: TA-SOP-COM-01). The FMU representatives who dealing with communities to also adhere with the provided SOP Native Claims and Compensations (SOP ID: TA-SOP-COM-02).</p> <p>The FMU to distribute the grievance report form to the CRC representatives and community leaders.</p>	<p>Audit team has accepted the corrective action plan.</p> <p><b>Status:</b> <b>Implementation and effectiveness of the corrective action plan will be verified during next audit.</b></p>



		.Gong,Rh.Ribut, Rumah Untang, Rh.Jagok and Rh Kana confirmed that they were not aware of the procedures.		
6.4.1  SAM 01 2019	Minor	<p><b>Requirement: Indicator 6.4.1</b> - Representative areas of existing forest ecosystems, appropriate to the scale and intensity of forest operations, identified and selected under 6.2.2, are demarcated, mapped and protected in their natural state</p> <p><b>Finding:</b> Representative areas of existing forest ecosystem have not been identified and set aside for protection.</p> <p><b>Objective evidence:</b> The FMU has set aside areas categorized under HCVF for protection, however there was no evidence that the FMU has set aside representative areas of existing ecosystems which are protected in their natural state.</p>	<p>The FMU will set aside an area as representative area of existing forest ecosystem.</p> <p>The FMU will identify and confirm the boundary of this area, demarcate, record on map and protect its natural state.</p>	<p>Audit team has accepted the corrective action plan.</p> <p><b>Status:</b> <b>Implementation and effectiveness of the corrective action plan will be verified during next audit.</b></p>
6.5.1  MRS 01/2019	Minor	<p><b>Indicator 6.5.1</b> - Availability and implementation of harvesting procedures to protect the soil from compaction by harvesting machinery and erosion during harvesting operations</p> <p><b>Finding:</b> Protection of soil from erosion during harvesting operations is inadequate.</p> <p><b>Objective evidence:</b> Inspection of feeder roads in the active harvesting areas in Coupe 1 indicates construction bridges lack retaining walls to prevent loose soil from entering into waterways. Adequate sediment traps need to be constructed and maintained to prevent soil being pushed into waterways.</p>	<p>To finalize Standard Operating Procedure (SOP) for Forest Road Construction and Maintenance that includes the requirement of sediment traps at strategic locations and also the possibility of construction of retaining walls on certain bridges to prevent loose soil from entering waterways (if required).</p> <p>To conduct briefing and training on the implementation of the SOP.</p>	<p>Audit team has accepted the corrective action plan.</p> <p><b>Status:</b> <b>Implementation and effectiveness of the corrective action plan will be verified during next audit.</b></p>
6.5.2  SAM	Minor	<p><b>Indicator 6.5.2</b> - Implementation of reduced/low impact logging to minimise damage to the</p>	<p>To develop a practical mechanism for quarrying i.e. identify location, erosion control, control of</p>	<p>Audit team has accepted the corrective action plan.</p>

03/2019		<p>environment.</p> <p><b>Finding:</b> Implementation of reduced impact logging to minimise damage to the environment was inadequate.</p> <p><b>Objective evidence:</b> Inspection of roads in the active harvesting areas and in Coupe 1 and pre-harvest areas in Coupe 2 indicated that there are several areas along the roads where quarrying is done to collect materials for road construction and maintenance. Some of the quarried sites showed evidence of erosion. There is no mechanism to control the intensity and size of quarrying operations and mitigation measures to control soil erosion.</p>	<p>size and other control/preventive measure etc.</p> <p>To conduct training and monitoring on the implementation of the mechanism.</p>	<p><b>Status:</b> <b>Implementation and effectiveness of the corrective action plan will be verified during next audit.</b></p>
<p>6.5.3</p> <p>SAM</p> <p>02/2019</p>	<p>Minor</p>	<p><b>Requirement Indicator 6.5.3</b> - Availability and implementation of guidelines for forest road lay-out and construction, including log landings and drainage requirements</p> <p><b>Finding:</b> The implementation of guidelines for forest road lay-out and construction, including log landings and drainage requirements are not adequate</p> <p><b>Objective evidence:</b> During the inspection of feeder roads in the active harvesting areas in Coupe 1, it was found that road maintenance activities had carried out too much scraping resulting in excessive loose soil pushed to the sides. Several portions of the roads have been widened unnecessarily exceeding specifications. Drainage also needs to be improved by increasing the number of cross drains.</p>	<p>To finalize Standard Operating Procedure (SOP) for Forest Road Construction and Maintenance that includes the requirement on road width specification and strategic location/ specific requirement i.e. construction, location, etc. for the cross drain.</p> <p>To conduct briefing and training on the implementation of the SOP.</p>	<p>Audit team has accepted the corrective action plan.</p> <p><b>Status:</b> <b>Implementation and effectiveness of the corrective action plan will be verified during next audit.</b></p>
<p>8.2.1</p> <p>MRS</p> <p>02/2019</p>	<p>Minor</p>	<p><b>Requirement : Indicator 8.2.1</b> - Forest managers shall gather the relevant information, appropriate to the scale and intensity of the forest management</p>	<p>To develop and finalize Standard Operating Procedure (SOP) on the Conversion of FRA to PSP.</p>	<p>Audit team has accepted the corrective action plan.</p>

		<p>operations, needed to monitor the items (a) to (e) listed in Criterion 8.2.</p> <p><b>Finding :</b> Tree tagging, measurements and recordings at PSP plots were not appropriately conducted.</p> <p><b>Objective evidence :</b> During site visit at PSP#54 and PSP#75, the auditor has found some mistake in tree tagging, measurements and recordings as described below:</p> <ol style="list-style-type: none"> <li>1. Some of tree tags were nailed at the point of measurement which may contribute to errors during future measurements.</li> <li>2. Useful information on unique tree location and tree shape were not recorded in the inventory form (Remarks column). Such information is needed in explaining unusual tree growth</li> <li>3. Measurement of tree diameter for big trees were not directly measured but only estimated and included the buttress</li> </ol>	To conduct training on the SOP.	<b>Status:</b> <b>Implementation and effectiveness of the corrective action plan will be verified during next audit.</b>
4.1.1	OFI #1	<p><u>Forest managers provide appropriate support for training, retraining, local infrastructure, facilities and social programmes that commensurate with the scale and intensity of forest management operations.</u></p> <p>Pasin FMU has briefed CRC committee on the MC&amp;I Forest Certification and their roles as Community Representatives. However communities of 27 longhouses consulted in Zone Katibas Ulu, Zone KatibasTengah/Bangkit/ Zone Katibas/Tekalit , Zone Katibas Hilir &amp; batang Rejang and Zone Kapit indicated that they were not aware of MC&amp;I forest certification and roles of CRC.</p>	Not required.	<b>The action taken will be verified during next audit</b>
4.1.2	OFI #2	<p><u>Qualified people in communities living within, or adjacent to, the FMU are</u></p>	Not required.	<b>The action taken will be verified</b>

		<p><u>given preference for employment and contract works.</u></p> <p>Communities consulted in the 27 longhouses consulted indicated that employment opportunities for longhouses communities is given priority to work in the FMU area. Not all the longhouses consulted were informed of any vacant position in the FMU.</p>		during next audit
7.4.1	OFI #3	<p><u>A summary of the primary elements of the forest management plan as prepared and implemented under Indicator 7.1.1 shall be made available to the public.</u></p> <p>The FMU has uploaded all primary elements of the Pasin forest management plan at website <a href="http://www.pasinfmu.com.my/fmp/">http://www.pasinfmu.com.my/fmp/</a> except for Permanent Sample Plots (PSP).</p>	Not required.	The action taken will be verified during next audit
9.2.1	OFI #4	<p><u>Forest managers shall consult with relevant stakeholders on the options to maintain or enhance the identified HCVFs.</u></p> <p>The FMU has consulted the Community Relation Committee (CRC) on 15 August 2019 on the identified conservation attributes, and options for the maintenance for all HCVFs area. However, the FMU has yet to consult other relevant stakeholders such as local communities, Forest Department of Sarawak, Sarawak Forestry Corporation (SFC), Wildlife World Fund (WWF), and UNIMAS.</p>	Not required.	The action taken will be verified during next audit