



**PUBLIC SUMMARY  
1<sup>st</sup> SURVEILLANCE AUDIT (1<sup>st</sup> CYCLE) ON  
SAPULUT FOREST MANAGEMENT UNIT  
FOR FOREST MANAGEMENT CERTIFICATION**

**Certificate Number: FMC-NF 00117  
Date of First Certification: 11<sup>th</sup> June 2018  
Audit Date: 9<sup>th</sup> - 12<sup>th</sup> April 2019  
Date of Public Summary: 9<sup>th</sup> November 2019**

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## **EXECUTIVE SUMMARY**

The Surveillance I audit for forest management certification on the Sapulut Forest Management Unit (Sapulut FMU 14) was conducted from 9<sup>th</sup>-12<sup>th</sup> April 2019. This was an audit conducted following the Stage II audit which was conducted in 5<sup>th</sup>-9<sup>th</sup> September 2017 on the overall forest management system and practices of the FMU against the requirements of the Malaysian Criteria and Indicators for Forest Management Certification [MC&I (Natural Forest)] using the verifiers stipulated for Sabah, Malaysia.

The audit was conducted with the full cooperation of the Sapulut Forest Development Sdn. Bhd. The audit was conducted by a three-member team comprising Ismail Adnan Abdul Malek (lead Auditor), Puteri Arlydia and Abdul Khairul Najwan Ahmad Jahari. The scope of the audit is limited to the Management of Natural Forest (54,643 ha) in part of Forest Management Unit (FMU 14) within the Sapulut Forest Reserve. The audit involved the verification of documentations and field visits and inspections. There were also consultations being held with the relevant stakeholders.

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

## 1 INTRODUCTION

### 1.1 Name of FMU

Sapulut Forest Management Unit

### 1.2 Contact Person and Address

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

### 1.3 General Background on the Sapulut FMU

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

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

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

Currently, the FMU is conducting logging activities at Compartment 229, 230, 258 and 259.

The Sapulut Forest Development has prepared a ten (10) year of 3<sup>rd</sup> Forest Management Plan (FMP) (January 1, 2016 - December 31, 2025), FMU 14 Sapulut Forest Reserve (Part of) which had been completed and presented during the audit. General SOP's for the Natural Forest Management were also available. The forest is managed under a Natural Forest Management System (NFM) on a 25-year rotation period. Under the 3<sup>rd</sup> Forest Management Plan (3<sup>rd</sup> FMP), the Annual Allowable Cut (AAC) for the Sapulut FMU has been set to 2,102 ha a year or a total of 52,552 ha over the duration of the plan.

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

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

### 1.4 Date First Certified

11<sup>th</sup> June 2018

### 1.5 Location of the FMU

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

## 1.6 Forest Management System

The FMU had followed the principles of sustainable forest management (SFM). A Forest Management Plan (FMP) the *3<sup>rd</sup> Forest Management Plan (FMP) (January 1, 2016 -December 31, 2025) FMU 14 Sapulut Forest Reserve (Part of)* was presented during this audit.

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

The annual allowable cut (AAC) for the FMU had been set at 2,102 ha. During this Surveillance I audit, the size of the FMU is 54,643 ha.

## 1.8 Environmental and Socioeconomic Context

A SEIA at landscape level was conducted for Sapulut FMU 14 (Forest Logging and Plantation) and report produced in February 2005, prior to the commencement of forest operations. The SEIA assessment covered potential impacts on ERT species (Ecology) in Para 4.3.3. The need for wildlife corridors, for the protection of ERT fauna, in the FMU was also suggested (Para. 5.1, Para 5.2.6 (e)) and Recommendation # 6) were also mentioned. Recommended mitigation measures for flora and fauna protection was also suggested in the SEIA report (Para. 5.2.6) including recommendations on compliance monitoring for flora and fauna (Para 6.1.5) and Impact monitoring for wildlife (Para 6.2.3). This is in-line with Environment Protection Enactment, 2002 – Sections 12, 20 and 37.

Quarter report of an EIA Compliance Audit and Report were conducted and prepared for FMU 14 areas (combined Natural Forest and Plantation). The latest EIA compliance report for (Y3/2018) i.e. (July - Oct 2018) dated 17-19 Oct 2018 was verified. The findings showed that SFDSB has complied with the Water Protection and Quality EIA requirements. It was noted non-compliance on bund on lubricant and oil storage. Action has been taken to construct the bund on 24 October 2019, as required by the EIA compliance report.

The potential impacts and strategies to mitigate the impacts on-site and at landscape level were considered in the SEIA. Provisions in the SEIA report provided for guidelines for the protection of ERT species which included management of special conservation of biological features such as seed trees, salt licks, nesting and feeding areas (Para. 5.2.6). The SEIA report also provisioned guidelines for establishing representative conservation and protection areas such as buffer zone along the common boundary with the Maliau Basin Conservation Area (Para. 5.2.6 (a)), protected sensitive areas (Para. 5.2.6 (b)) and protected wildlife areas (Para. 5.2.6 (c)).

The Forest Management Plan of Sapulut FMU 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 7.3 – Environmental Impact Considerations, and Chapter 2.6 – Wildlife Survey, Table 2.6 – List of Mammal Encountered during Field Assessment, Table 2.7 – The List of Birds Encountered during Field Assessment and Table 2.5 – Critically Endangered, Endangered, Vulnerable and Protected Plants Identified during baselines studies in the FMU. The mitigation measures of the potential impacts on endangered, rare and threatened species of flora and fauna (ERT) and the need for biological corridors were stated in Chapter 6 - HCV Management and Monitoring of High Conservation Value (HCV) Assessment Report. Mitigation measures were also explained in Chapter 7.4 – List of Mitigation Measures in the FMP.

Standard Operating Procedures (SOP)s regarding Protection for Wildlife (SOP #6.1), Forest Protection (SOP# 1.1,1.2), RIL (SOP# 5.1), HCVF (SOP#9.1, 9.2,9.3) has been established and implemented. Sighted SOPs for HCVF were on Identification, Management and Monitoring (SOP# 9.1,9.2 and 9.3 respectively).

There is no local and indigenous community living within the FMU area. All settlements near to the FMU are located outside the FMU area. These (Murut) indigenous people have no legal rights within the FMU area. Correspondence (SAR/FPD/CF/44/18 dated 15/10/2018) had been sent to Nabawan District Office to update the latest registered village and no changes in number of settlements were found since the last audit in 2018.

Forest manager have recognised, respects and collaborates with holders of customary tenure or use rights within the FMU area. This is evidenced from marking of GPS location on a map entitled *Village Water Intake* surrounding FMU area. The map shows three local village water intake points (namely those of Kg. Tonomon, Kg. Nantayap and Kg. Bigor) within the FMU natural forest area and one (for Kg. Simatuoh (previously known as Bukokoh)) outside FMU natural forest area with water source from FMU area. FMU's *Village Goodwill Reports* sighted during the audit i.e. for Kg. Nantayap 28/03/2013, 22/06/2016 and 2/03/2017, 9/08/2018, Kg. Simatuoh dated 24/06/2012, 14/08/2013, and 22/05/2018, Kg. Tonomon 22/06/2018, Kg. Samuran 6/03/2018 and on-site interviews at the above mention villages confirmed there were no complaints with regards to water quality due to FMU logging operations.

Consultation via meeting is the appropriate mechanisms employed to resolve disputes over tenure claims and use rights between Sapulut FMU and local communities. No changes were found since the last meeting on cancellation of names from old compensation's recipients list and formation of new compensation's recipients within FMU (*Bil. 1/2015* dated 6 May 2015), where its minutes recorded the discussion on land claims. Based on the sighted *Goodwill Visit reports* by the company and stakeholder consultation during current audit, it has been confirmed that no disputes over tenure and use rights (including land claim) had been raised since the last audit. Verified minutes of the meeting between FMU representatives and community representatives (i.e. *Goodwill Visit reports*) also confirmed that the FMU had consulted the local communities to identify, document and protect sites of significant importance to them (e.g. burial ground and water catchments).

## 2 AUDIT PROCESS

### 2.1 Audit Dates

9<sup>th</sup>-12<sup>th</sup> April 2019 (12 auditor man-days)

### 2.2 Audit Team

Ismail Adnan Abdul Malek (Lead Auditor)

Puteri Arlydia Abdul

Khairul Najwan Ahmad Jahari

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 Sabah, Malaysia.

### 2.4 Stakeholder Consultations

A stakeholder consultation was conducted in March 2019 for a period of one month. There is no comment received from the stakeholders.

### 2.5 Audit Process

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

For each Indicator, the auditors had conducted either a documentation review, consultation with the relevant personnel of the FMU, local community or stakeholders or field audit or a combination of these methods. Depending on the compliance with the verifiers for a particular indicator, the auditors then decided on the degree of the FMU's overall compliance with the indicator and decided whether or not to issue a major or minor NCR or an OFI which is defined as follows:

- (i) a major NCR is a non-compliance with the requirements of the MC&I (Natural Forest);
- (ii) a minor NCR is a deviation or a lapse in complying with the requirements of the MC&I (Natural Forest); and
- (iii) an OFI is a situation where the auditor has noted an area of concern on the capability of the forest management system to achieve conformance to the requirements of the MC&I (Natural Forest) but without sufficient objective evidence to support a non-conformance.

### **3 SUMMARY OF AUDIT FINDINGS**

Based on the findings of this Surveillance I Audit; it was found that the Sapulut Forest Development Sdn Bhd had continued to manage the Sapulut FMU in compliance with most of the requirements of the MC&I(Natural Forest). This Surveillance I Audit had resulted in the issuance of three (3) Major, two (2) Minor Non-Conformance Report (NCRs) and no (0) Opportunities of Improvements (OFI) on the Sapulut FMU 14 against the requirements of the MC&I (Natural Forest). The details on the NCRs/OFIs raised are shown in **Attachment 5**.

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

Principle	Strengths	Weaknesses
<b>Principle 1</b> <b>Compliance With Laws and Principles</b>	<p>Records and up-to-date relevant federal and state laws, regulations and policies, in particular those related to forest management were available and sighted by the auditors at Sapulut Forest Development Sdn Bhd (SFDSB) Base Camp.</p> <p>Interviewed forest manager and record clerk were aware of the federal and state laws and regulatory framework related to forest management.</p> <p>Forest managers are aware of all binding international agreements relevant to forest management such as International Labour Organisations Conventions (ILO), Convention of Biological Diversity (CBD), International Tropical Timber Agreement 1994, Convention on Wetlands of International Importance Especially as Waterfowl Habitat 1971, United Nations Framework Convention on Climate Change (UNFCCC) and Convention of International Trade of Endangered Species (CITES) which Malaysia is signatory. They copy of the agreements were available at the Sapulut Forest Development Sdn Bhd (SFDSB) Base Camp.</p> <p>Reviewed records had indicated that Sapulut FMU has followed and complied with all Sabah Forestry Department regulations in 2019. It was also verified that the Environmental Monitoring Reports (EMR) were submitted at quarterly intervals as scheduled.</p> <p>Legal provisions were available for the establishment and protection of the FMU. The Sapulut FMU operates under the Forest Timber License (SFMLA 04/97 issued to Sapulut Forestry Development Sdn. Bhd. "No entry to Permanent Forest Reserve" signage has been erected along FMU 14 external boundaries with Jawala. "No hunting" signage was also erected at several entrance points and on poster boards at workers' camp and field offices.</p> <p>Sapulut FMU management had acknowledged there were no conflicts between the laws, regulations and the</p>	<p>There were no negative findings</p>



Principle	Strengths	Weaknesses
	<p>MC&amp;I (Natural Forest) Principles and Criteria. This was confirmed by the Sabah Forestry Department through the letter (Ref: JPHTN/SFM 800-1/1/4 [KLT.7]/65) dated 22<sup>nd</sup> June 2017</p> <p>A statement of commitment to forest management certification was available in Para 1.3 in the Sapulut FMU FMP. Policies or statements were communicated throughout the organization, stakeholders (goodwill visits) and contractors during “ Wildlife, EIA, OSH and OP Refresher Awareness” briefings.</p>	
<p><b>Principle 2 Tenure and Use Rights and Responsibilities</b></p>	<p>Licensed agreement of FMU found to be valid for 99 years, covering period of 1997-2096. The agreement has been signed between the Chief Minister of the State of Sabah and Sapulut Forest Development Sendirian Berhad on 10 September 1997.</p> <p>There is no local and indigenous community living within the FMU area. All settlements near to the FMU are located outside the FMU area. These (Murut) indigenous people have no legal rights within the FMU area.</p> <p>Forest manager have recognised, respects and collaborates with holders of customary tenure or use rights within the FMU area evidenced from marking of GPS location on a map entitled <i>Village Water Intake Surrounding FMU area</i>. i.e. three local village water intake points (namely those of Kg. Tonomon, Kg. Nantayap and Kg. Bigor) within the FMU natural forest area and one (for Kg. Simatuoh (previously known as Bukokoh)) outside the FMU natural forest area with water source from FMU area.</p> <p>Consultation via meeting is the appropriate mechanisms employed to resolve disputes over tenure claims and use rights. No changes were found since the last meeting on cancellation names from old compensation's recipients list and formation of new compensation's recipients list regarding claims/compensation. It has been confirmed that no disputes over tenure and use rights has been raised since the last audit.</p>	<p>There were no negative findings</p>

Principle	Strengths	Weaknesses
<b>Principle 3 Indigenous People's Rights</b>	<p>The FMU does not use the legal and customary land of the 28 indigenous Murut settlements located outside the FMU area. Located in Nabawan district, the Murut is the third largest indigenous group in Sabah.</p> <p>As the forest management practices does not make use of indigenous people's lands outside the FMU area, the existing practices also do threaten or diminish, either directly or indirectly, their resources or tenure rights</p> <p>Issue of delegation of control with free prior informed consent from these indigenous communities on the use of their lands outside the FMU area does not arise.</p> <p>No issues have been raised or complaints/grievance received from villagers since last audit has been recorded. Interview conducted during audit</p>	<p>There were no negative findings</p>
<b>Principle 4 Community Relations and Workers' Rights</b>	<p>Sapulut 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.</p> <p>FMU record shows that locals are given priority in employment.</p> <p>Records of dissemination of up to-date safety and health information to forest workers based on the following laws and regulations were verified and complied with Occupational Safety and Health Act, 1994, NADOPOD, 2004 were presented.</p> <p>The FMU has also maintained the CSR Project Phase I with donation of RM100-RM200 monthly basis per village and RM100 for CSR Phase II monthly basis per village.</p> <p>Measures were taken by the FMU to prevent loss or damage affecting the local communities' legal or customary rights, property, resources, or their livelihoods. To date, the issue of these loss or damage abovementioned does</p>	<p>Record of equipment and maintenance found Certificate of fitness from DOSH for air compressor EP0000013774 was not made available.</p> <p><b>Hence, a Minor NCR (LYD-01/2019) against Indicator 4.2.3 was raised.</b></p> <p>Review of employment record for the following Megabig Enterprise employees found no evidence of insurance coverage for the following names:</p> <p>Edhi Usman (No Passport: AU268399)</p> <p>Agnes Declaro Mascardo (No. Passport: Pt 351123A)</p> <p>Rey Ricky (No. Passport: 234/99)</p> <p>Rey Baldado Diauna (No. Passport: P0014419B)</p> <p><b>Therefore, a Major NCR (IAM 01/2019) against Indicator 4.2.4 was raised.</b></p> <p>Verification of record of equipment and maintenance found the Certificate of fitness from DOSH for</p>

Principle	Strengths	Weaknesses
	<p>not arise</p> <p>Operational procedure for nursery, workshop and logging activities together with Operational procedures SOP OSH-Logging Operation and Accident/incident reporting at workplace were available.</p> <p>The FMU management has supported the formation of Tender Love Care (TLC) committee on 15 January 2015 confined within the organization, equivalent to the union. The purpose to form a committee comprising of workers representatives and management representatives who will meet up regularly to discuss various issues brought up by the workers.</p>	<p>air compressor EP0000013774 was not available. <b>Hence, a Minor NCR (LYD-01/2019) against Indicator 4.2.3 has been raised.</b></p> <p>Site inspection during the audit also found:</p> <ol style="list-style-type: none"> <li>1. Improper schedule waste information (as per Third Schedule) e.g. <ol style="list-style-type: none"> <li>a. Nursery – SW 408 &amp; SW 410 at genset room, SW 409 (chemical store),</li> <li>b. Workshop – SW 305</li> </ol> </li> <li>2. Secondary containment has not been prepared for sprayer container rack/stacking. No further alternative protection to this e.g. bunding</li> <li>3. Spillage kit has been partially store at water pump room with no scoop etc. to handle, shall emergency occur</li> </ol> <p><b>Hence, a previous Minor NCR was upgraded to a Major NCR (LYD-02/2019) against Indicator 4.2.5.</b></p>
<b>Principle 5 Benefits From the Forest</b>	<p>Investments and reinvestments in forest management at Sapulut FMU included provisions for forest administration, forest development, research (scientific collaboration and PSP), human resource development, protection (patrolling), economic (operating), conservation (HCV), environmental (EMR) and social aspects (CSR, compensation) evidenced in <i>“Table 10.8: Projection of Cashflow for Sapulut Forest Development Sdn Bhd - FMP”</i>. Actual sales for 2018 was around RM11.6 million whilst total Administrative and General Harvesting expenses totalled RM600K.</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.</p> <p>No minor forest produce had been extracted.</p> <p>Implementation of guidelines for reduced/low impact logging to minimise damage to residual stand or Log</p>	<p>There were no negative findings</p>

Principle	Strengths	Weaknesses
	<p>extraction operations was undertaken to minimise product wastage, degradation and foregone revenue opportunities.</p> <p>Harvesting activities area were in Compartment 229, 230, 258 and 259 in Sapulut FMU using the <i>Log Fisher system</i> thus damage to residual stand was reduced. Silviculture (Climber and bamboo (climbing bamboo) cutting) was carried out in Compartment 269 (next harvest compartment)</p> <p>Compliance Report to the AWP for year 2018 (83% achievement) was verified. The Annual Work Plan for 2019 was approved on 12<sup>th</sup> March 2019.</p> <p>Regular training was conducted for the staff on techniques of reduced-impact logging. Training program for 2019 was available.</p> <p>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>Annual Coupe is calculated based on Net Harvestable Production Area divided by Cutting Cycle Length (2,102ha/yr) and Annual volume removed be less than or equal to Mean Commercial Annual Increment (45.5m<sup>3</sup>/ha/yr) for regulated forests</p> <p>The latest approved 3<sup>rd</sup> FMP had stated the NFM AAC is 2,102 ha/year or not more than 95,644m<sup>3</sup>/year for the 10 years management plans. Records of quantity of timber and important non-timber forest products harvested was monitored by Central Stumping Manager (CS).</p>	
<b>Principle 6 Environmental Impact</b>	<p>A SEIA at landscape level was conducted for Sapulut FMU14 (Forest Logging and Plantation) and report produced in February 2005, prior to the commencement of forest operations.</p> <p>Provisions in the SEIA report provided for guidelines for the protection of ERT species which included management of special conservation of biological features such as seed trees, salt licks ,nesting and feeding areas.</p> <p>Hunting fishing and collecting activities were controlled and inappropriate</p>	<p>The implementation of management guidelines to assess post-harvest natural regeneration, and measures to supplement natural regeneration showed that forest regeneration and succession that affect SFDSB FMU 14 harvest productivity in the next 25-years were not sufficient. Therefore, a <b>Minor NCR( KN01/2019) against Indicator 6.3.1 was raised.</b></p> <p>Inventory of schedule waste has not been conducted properly as per required by 5<sup>th</sup> Schedule</p>

Principle	Strengths	Weaknesses
	<p>activities strictly prohibited in the FMU. "No entry to Permanent Forest Reserve" and "No hunting" signage has been erected along FMU external boundaries, FMU access points (gates) and posters on notice boards at workers' camps.</p> <p>Guidelines for post-harvest regeneration assessment in Natural Forest of FMU were available which include Equipment, Method, Evaluation and Silvicultural information on Post-harvest stand.</p> <p>Site visit to Post Harvest activity in Compartment 261 showed the SOP on Systematic Line Plot Sampling Methodology (Post F) had been followed.</p> <p>RIL guidelines were implemented on areas demarcated and conserved against impact from management operations especially harvesting. Such areas included Kerangas forest, riparian reserves, areas with slopes &gt; 25° (Compt. 229 and 230 in NFM), watershed and designated HCVF areas. In addition, designated wildlife corridors were also conserved (SEIA).</p> <p>Protected areas were demarcated and mapped in the CHPs following RIL guidelines. Harvesting is excluded from these areas to minimize environmental impacts.</p> <p>Protected areas were demarcated and mapped in the CHPs following RIL guidelines. Harvesting is excluded from these areas to minimize environmental impacts. To minimize harvesting impacts, length of skid trails for tractor and log fisher was limited.</p> <p>Handling of chemical (SOP 10.6.1 Pest and Disease Control at nursery) has been implemented accordingly e.g. weedicide herbicide at nursery found to be adequate. Guidelines on Usage, Labelling, Storage and Disposal of Hazardous Goods (SOP# 6.2 V2), Pest and Disease Control in Nursery (SOP# 10.6.1) were available.</p>	<p>under <u>Environmental Quality (Scheduled Wastes) Regulations 2005</u>.</p> <p><u>Site inspection found the following:</u></p> <ol style="list-style-type: none"> <li>1. Workshop - SW 408 contaminated sawdust generated 4/05/2018 (2 drum)</li> <li>2. Workshop – SW 305 spent lubricant oil generated 20/07/2018, 4/05/2018</li> <li>3. Workshop – SW 410 used oil filter rags generated 4/05/2018 (2 drum)</li> </ol> <p>Hence, the effectiveness of the action taken since the last audit was not sufficient, therefore, the <b>Minor NCR (LYD02/2017) in the previous audit was upgraded to a Major NCR (LYD03/2019) against Indicator 6.7.1.</b></p>
<b>Principle 7 Management Plan</b>	<p>The 3<sup>rd</sup> Forest Management Plan (1<sup>st</sup> January 2016 – 31<sup>st</sup> December 2025) for Sapulut FMU 14 was approved on 17 March 2017 taking into consideration the (a) to (i) requirements specifically mentioned in Criterion 7.1.</p> <p>Forest managers were generally found aware of new scientific and technical</p>	There were no negative findings

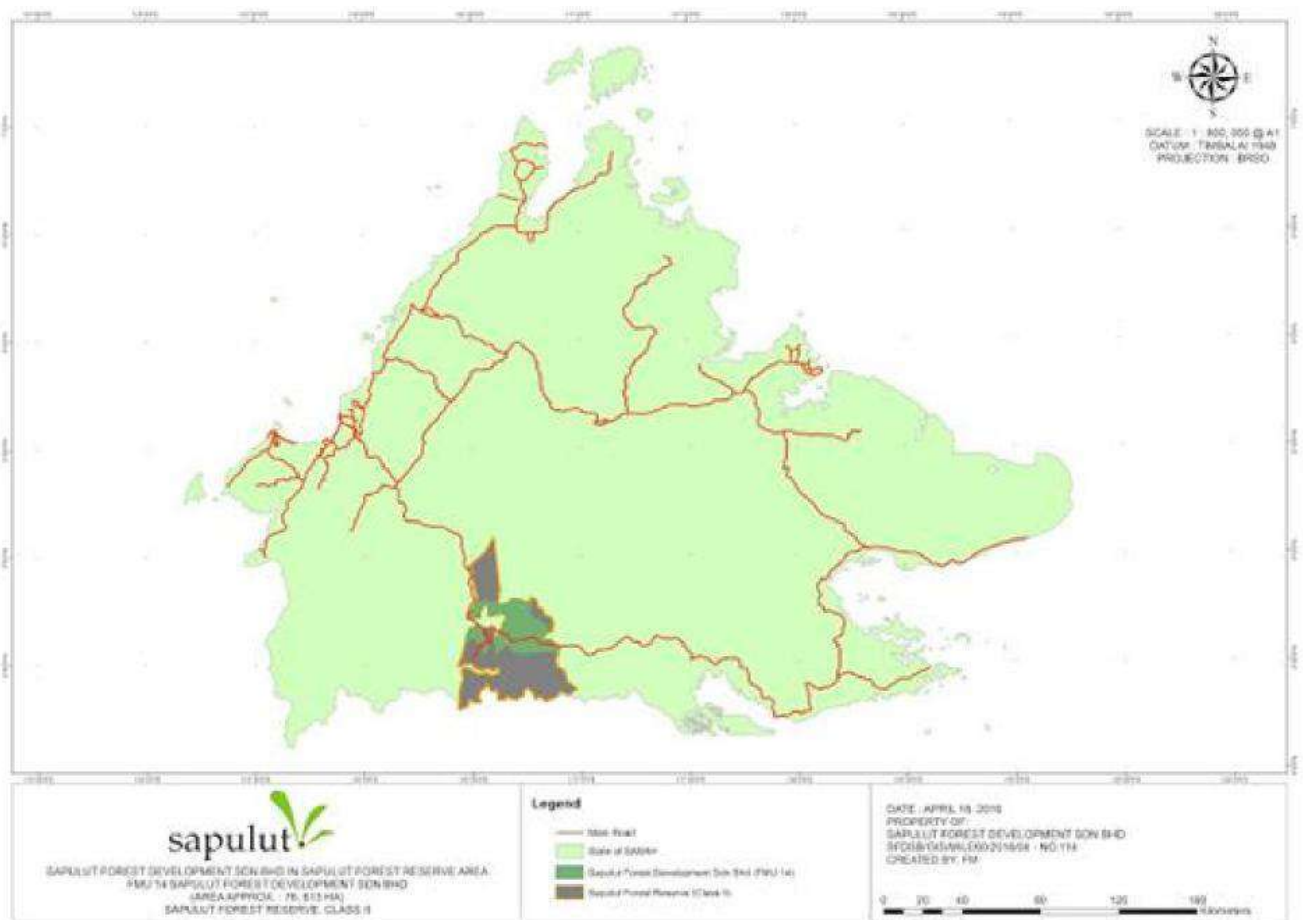
Principle	Strengths	Weaknesses
	<p>information pertinent to the management of the area under certification.</p> <p>Training/briefing of workers in their respective roles in the implementation of the FMP was provided by Sapulut FMU and Forest Department Sabah which included RIL, Tree Felling, MC&amp;I and others</p> <p>The FMU provides classroom facility and in-situ field sites, stumping ground and nursery for staff training. Training programmes were listed in the Annual Working Plan for 2019.</p> <p>Training was mostly conducted externally in established centers with proper facilities(e.g.,at the Forestry Department in Sandakan HQ and Tibow district).</p> <p>A summary of the primary elements (a) to (i) of the Sapulut FMU Forest Management Plan (2016 – 2025) implemented under Indicator 7.1.1 was made publicly available through website:</p> <p><a href="http://mysapulutfmu14.blogspot.my">http://mysapulutfmu14.blogspot.my</a></p>	
<b>Principle 8 Monitoring and Assessment</b>	<p>Total of 65 Permanent Sample Plots (PSPs) were established to assess growth of forest stand. Data collated were analysed by SDSB and the results were incorporated in the 3<sup>rd</sup> FMP.</p> <p>Appropriate monitoring procedures and monitoring report for assessing social, ecological, environmental and economic impacts were available i.e. (SOP#13.0 Monitoring Social, Environmental and Economic Impacts) dated 31 Oct 2017 which was sighted.</p> <p>The physical environment was regularly monitored through the quarter-monthly ECR Compliance Report. The Environmental Compliance Report (ECR) Y3/2018 was verified during the audit.</p> <p>Social impacts were monitored via scheduled visits to surrounding communities. A visit report was seen in the relevant documents (<i>Village Goodwill Visit Report</i>).</p> <p>Monitoring the movement of harvested log from Sapulut FMU 14 certified forest to its destination, a process known as the “<i>chain of custody</i>”, was enabled through relevant</p>	<p>There were no negative findings</p>

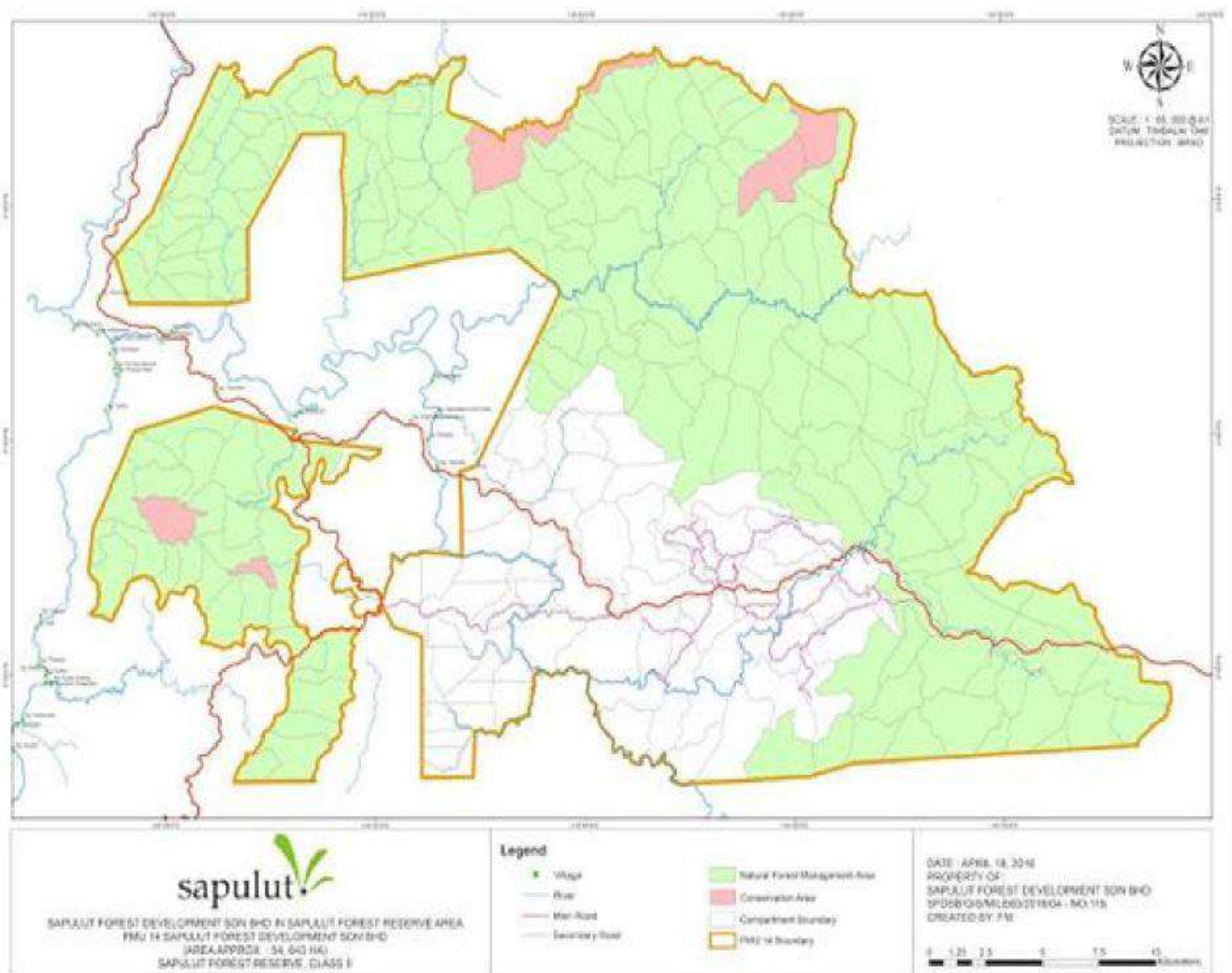
Principle	Strengths	Weaknesses
	<p>documentations and implementation of computer-based “<i>Log Flow Information System (LFIS)</i>”. Through input of information from prepared forms into the LFIS, the movement of logs from the forest after felling until exiting the Central Stumping Station point can be traced.</p> <p>Relevant information necessary to monitor the various items in Criterion 8.2 was included in the 3<sup>rd</sup> FMP, in Chapter 8 "Monitoring, Internal Auditing and Reporting" namely;</p> <ul style="list-style-type: none"> <li>a) Yield of all forest products harvested.</li> <li>b) Growth rates, regeneration and condition of the forest.</li> <li>c) Composition and observed changes in the flora and fauna.</li> <li>d) Environmental and social impacts of harvesting and other operations.</li> <li>e) Costs, productivity and efficiency of forest management</li> </ul>	
<b>Principle 9 Maintenance of High Conservation Values</b>	<p>The SFDSB Forest managers had determined the presence of HCVF attributes in FMU 14 in accordance with relevant federal, state and local laws in consultation with relevant stakeholders as evidenced by Executives summary of HCVF report dated 28/9/2017 and Letter of stakeholder invitation (Ref:MD/NW/SFD/Misc/097/17/cc) dated 28/9/2017. The HCVF report titled “HIGH CONSERVATION VALUE FORESTS (HCVFs) OF FMU 14 SAPULUT FOREST DEVELOPMENT SDN. BHD.” dated 4<sup>th</sup> January 2018 including attendances list and pictures of stakeholder meeting dated 10 Oct 2017 were evidences of stakeholders’ consultation..</p> <p>Stakeholders briefing session was also held on the 10/10/2017 at Wisma Manikar</p> <p>The protected HCV areas had been mapped and incorporated into the 3<sup>rd</sup> Forest Management Plan for Sapulut Forest Development Sdn Bhd – Forest Management Unit No.14 (2016 – 2025).</p> <p>The management prescriptions to maintain and / or enhance HCV attributes on measures taken by Sapulut Forest Development Sdn Bhd – (SMFLA 04/97) had been included in the publicly available forest management plan</p>	<p>There were no negative findings</p>

Principle	Strengths	Weaknesses
	<p>summary. The HCVF attributes and map were updated in Sapulut FMU 14 website's  <a href="http://mysapulutfmu14.blogspot.my/">http://mysapulutfmu14.blogspot.my/</a></p> <p>Provision for conducting appropriate forest management operations and annual monitoring, to gauge the effectiveness of measures taken for HCVF areas in the FMU, was specifically stated in Para. 6.4.2 in the 3<sup>rd</sup> Forest Management Plan. Specific monitoring procedures and records to assess the effectiveness of the measures in the management of the HCV area were also available</p>	



**Map of Sapulut FMU**





## Experiences and Qualifications of Audit Team Members

Assessment Team	Role/Area of MC&I Requirement	Qualifications and Experience
Ismail Adnan Abdul Malek	Assessment Team Leader / Forester	<p><b><u>Academic Qualification:</u></b></p> <p>Master of Forestry, University of British Columbia, Canada</p> <p><b><u>Work Experience:</u></b></p> <p>One year (1974-1975) experience as Sub Assistant Conservator of Forest at the Pahang Forest Department, involved with Forest Administration/Management and Enforcement. Next, seven years (1979-1986) experience as Forest Officer/Logging Superintendent at Syarikat Jengka Sdn. Bhd (SJSB), an integrated timber complex in Pahang. Responsible for Forest Licensing/ Administration, Forest Mapping, Road Construction and Logging Operations. Senior Lecturer at the Forestry Faculty, Universiti Putra Malaysia (UPM) from 1986 to 2014. Responsible for teaching and research in Forest Mensuration, Forest Survey, Forest Road, GIS/Remote Sensing and Forest Mapping. Responsible for academic supervision of more than 100 Bachelor/Master/Phd students in their research and thesis writing. Own research at UPM include various areas such as forest mapping using geo spatial tools, forest inventories, forest harvesting and forest management system (SMS). Also involved with consultancy works which include RPH development and Forest Mapping. Participate in organizing local/international seminars on Forestry areas. Published and presented research findings at seminars/conferences and journals. Currently as Auditor at the Food, Agriculture and Forestry /ion (FAF), SIRIM QAS International Sdn Bhd, since 2016. Involved in conducting assessments on forest management certification MC&amp;I (Natural Forest) &amp; MC&amp;I (Forest Plantations).</p> <p><b><u>Training / Research Areas:</u></b></p> <ul style="list-style-type: none"> <li>• Auditor Training Course on MC&amp; I (Natural Forest) and MC&amp;I (Forest Plantation V2), 9th-10th July 2015, SIRIM QAS International Sdn Bhd</li> <li>• ISO 14001:2004 Lead Assessor Training, 23rd-27th Nov 2015, SIRIM Training Services Sdn. Bhd</li> <li>• Training on Auditing Techniques, 26th January 2016, SIRIM QAS International Sdn Bhd</li> </ul>
Puteri Arlydia Abdul	Auditor/ Forester	<p><b><u>Academic Qualification:</u></b></p> <p><b><u>Work Experience:</u></b></p> <p>February 2012 – April 2015 Intertek Certification International Sdn Bhd Business Assurance / Management Certification Audit Certification Administration Executive / Auditor Assist in RSPO P&amp;C, RSPO SCC, RSPO RED, PEFC COC, ISSC DE, ISCC EU (Contract, Audit preparation, Certificate, Etrace) Conduct ISO 9001 Audits</p>

		<p>May 2011 - January 2012  Transparency International Malaysia  Non-Government Organisation (NGO) / Forest Governance Integrity Awareness Program  Project Research Officer  Assist in Forest governance integrity awareness programs / events</p> <p>November 2008 – January 2011  Forest Plantation Development Sdn Bhd  Government Link Company (GLC) / Special Purpose Vehicle by Government to Provide Softloan and Monitor Forest Plantation Program  Project Officer / Forester  Audit Forest Plantation Against MC&amp;I - Forest Plantation for government grant approval</p> <p><b>Training / Research Areas:</b>  ISO 9001: 2008 Lead Auditor Course dated 19-23 March 2012 &amp; Training on ISO 9001:2015 (final version) dated 21 Sep 2015  Specialisation: Silviculture, Forest Ecology, Agroforestry.  Latest research: Mapping and Assessment of Present and Future Potential Carbon Storage in Malaysian Forest: Soil Carbon, Woody Debris and Vegetation. RUGs, UPM, 2009-2011</p>
Khairul Najwan Ahmad Jahari	Auditor / Forester	<p><b>Academic Qualification:</b>  B.Sc of Forestry (Forest Management), Universiti Putra Malaysia.</p> <p><b>Work Experience:</b>  Appointed as contract Research Officer in the Natural Forest Division, Forest Research Institute of Malaysia (FRIM), since 2001. Conduct and coordinate a research on 8th Malaysian Plan Project. Produce technical reports, meeting, seminar and conferences reports as well as quarterly physical and financial reports. Coordinate and participate field works, multi-level meetings, seminars, conferences and workshops. Spent some time in other existing FRIM projects (inter divisional) as an organizing committee member, division level activities and projects. Currently as Lead Auditor at the Food, Agriculture and Forestry Section (FAF), SIRIM QAS International, since 2009. Involved in conducting assessments on forest management certification (MC&amp;I and FSC P&amp;C), MYNI of RSPO P&amp;C and other management system on ISO 9001, 14001 and OHSAS 1800</p> <p><b>Training / Research Areas:</b>  Attend and pass in the following training programmes:</p> <p>Auditor Training Course on Malaysian Criteria and Indicators for Forest Management Certification [MC&amp;I (2002)] organized by MTCC, 30 March - 2 April 2009.</p> <p>EMS 14001: 2004 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 2-6 March 2009.</p> <p>OHSAS 18001: 2007 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 23-27 Feb 2009.</p> <p>QMS 9001: 2008 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 16 – 21 Feb 2009.</p>

## Surveillance 1 Audit Plan

DAY	TIME	PROGRAM		
		Auditor 1 (Ismail Adnan)	Auditor 2 (Khairul Najwan)	Auditor 3 (Puteri Arlydia)
<b>Day 0</b>  <b>8.4.2019</b> <b>(Monday)</b>	7:00 am - 12:00pm  2.00pm-7.00pm	All Auditors travelling from KLIA to Kota Kinabalu on 8 April 2019 Flight from Kuala Lumpur (KUL) to Kota Kinabalu (BKI)- MH2610 ETD - 09:15, ETA - 11:55)  Travel to Sapulut Camp site		
<b>Day 1</b>  <b>9.4.2019</b> <b>(Tuesday)</b>	8.00 am – 1.00 pm	<ul style="list-style-type: none"> <li>Opening Meeting with representatives of FMU</li> <li>Briefing session by Forest Manager of the FMU</li> <li>Q&amp;A Session</li> <li>Follow up on issues of concern from Stage 2 Audit</li> <li>Check on complaints, stakeholder comments and follow-up actions (if any) <ul style="list-style-type: none"> <li>Local Communities</li> <li>Government agencies</li> <li>NGOs</li> </ul> </li> <li>Evaluate on internal audit and management review</li> </ul>		
	2.00 pm – 5.00 pm	<u>Documentation and records review</u>  Principle 1 – Compliance with Laws and Principles Principle 5 – Benefits from the forest Principle 7 – Management Plan	<u>Documentation and records review</u>  Principle 6 – Environmental Impact Principle 8 – Monitoring and Assessment Principle 9 – Maintenance of High Conservation Value (HCV)	<u>Documentation and records review</u>  Principle 2 – Tenure and Use Rights and Responsibilities Principle 3 – Indigenous Peoples' Right Principle 4 - Community Relations and Worker's Right
		Review of Day 1 Findings by Audit Team Leader		
<b>Day 2</b>  <b>10.4.2019</b> <b>(Wednesday)</b>	7.30 am – 1.00 pm  2.00 pm	<u>Site visit</u>  <ul style="list-style-type: none"> <li>Inspection of active harvesting area</li> <li>Inspection of Coupe Boundary</li> <li>Conservatio</li> </ul>	<u>Site visit</u>  <ul style="list-style-type: none"> <li>Inspection of active harvesting area</li> <li>Inspection of Coupe Boundary</li> <li>Post F areas</li> </ul>	<u>Site visit</u>  <ul style="list-style-type: none"> <li>Consultation with Local Communities of Murut</li> <li>Consultation with stakeholders – Tibow Forestry Department Office</li> </ul>

	– 5.00pm	<ul style="list-style-type: none"> <li>• n area and PSP plots</li> <li>• Pre-Felling areas</li> <li>• HCVF site</li> </ul>	<ul style="list-style-type: none"> <li>• Silviculture treatment (climber cutting) (CC) activities</li> <li>• Fauna monitoring sites/HCVF sites</li> </ul>	
		Review of Day 2 Findings by Audit Team Leader		
<b>Day 3</b>  <b>11.4.2019</b>  <b>(Thursday)</b>	7.30 am – 1.00 pm          2.00 pm – 5.00pm	<u>Site visit</u> <ul style="list-style-type: none"> <li>• Inspection of Central Stumping Site (CS)</li> <li>• Consultation with contractors and workers operating in active logging area, bulldozer, hook-man, chainsaw and supervisor.</li> </ul>	<u>Site visit</u> <ul style="list-style-type: none"> <li>• Consultation with contractors and workers operating in active logging area, bulldozer, hook-man, chainsaw and supervisor.</li> <li>• HCVF area</li> <li>• Inspection of FMU Licenses Boundaries</li> </ul>	<u>Site visit</u> <ul style="list-style-type: none"> <li>• Consultation with Local Communities of Murut</li> <li>• Consultation with contractors and workers at camp area</li> <li>• Consultation with workers and worker's representative</li> <li>• Inspection of staff quarters</li> </ul>
		Review of Day 3 Findings by Audit Team Leader		
<b>Day 4</b>  <b>12.4.2019</b>  <b>(Friday)</b>	7.30 am – 1.00 pm	<ul style="list-style-type: none"> <li>• Check on workshop, nursery and chemical store</li> <li>• Documentati on and records review</li> </ul>	<ul style="list-style-type: none"> <li>• Check on workshop, nursery and chemical store</li> <li>• Documentation and records review</li> </ul>	<ul style="list-style-type: none"> <li>• Check on workshop, nursery and chemical store</li> <li>• Documentation and records review</li> </ul>
	2.00 pm – 5.00pm	<ul style="list-style-type: none"> <li>• Preparation of audit report and finding</li> <li>• Briefing to representatives of FMU on the findings of audit</li> <li>• Closing Meeting and presentation of findings of audit and discussion on follow-up activities</li> <li>• Adjourn Closing Meeting</li> <li>• Travel back to KK check-in at Klagan Hotel.</li> </ul>		
<b>Day 5</b>  <b>13.4.2019</b>  <b>(Saturday)</b>		All Auditors travel back to Kuala Lumpur on 13 April 2019, Flight MH2641 – ETD 14:55, ETA 17:25		

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

Indicator	Specification Major/Minor/ OFI	Detail Non-conformances	Corrective Action Taken	Verification by Assessor
<b>Indicator 4.2.4</b>  <b>NCR: (IAM 01/2019)</b>	Major	<p><b>Requirement:</b></p> <p><b>Indicator 4.2.4</b> - Forest managers shall maintain up-to-date safety records in compliance with all applicable laws and/or regulations covering health and safety of forest workers</p> <p><b>Finding:</b> Employment record for Megabig Enterprise found no evidence of insurance coverage.</p> <p><b>Objective evidence:</b> Review of employment record for the following Megabig Enterprise employees found no evidence of insurance coverage</p> <ol style="list-style-type: none"> <li>1. Edhi Usman (No Passport: AU268399</li> <li>2. Agnes Declaro Mascardo (No. Passport: Pt 351123A)</li> <li>3. Rey Ricky (No. Passport: 234/99)</li> <li>4. Rey Baldado Diauna (No. Passport: P0014419B)</li> </ol>	<p>Email on Corrective action evidence received 28<sup>th</sup> August 2019 is referred:</p> <p>Result of investigation, determination of root cause and corrective action plan including completion date were accepted</p> <p><b>Evidence of Corrective Actions received:</b></p> <p>The workers of Megabig Enterprise had been insured through PERKESO, the following evidence were sighted:</p> <ol style="list-style-type: none"> <li>1. Megabig Enterprise staff payroll documents for the months of April and May 2019 showed deductions for PERKESO AND PERKESO(SIP).</li> <li>2. Document 'Borang 8A PERKESO: Caruman Gaji Bulan' for the months of April, May and June 2019 for Megabig Ent. Employees were available.</li> <li>3. Megabig Enterprise "Permohonan Kuota Pekerja' to Jabatan Imigresen Malaysia Negeri Sabah on 26<sup>th</sup> June 2019 and is still being processed by the department. Letter was dated 26<sup>th</sup> June 2019</li> <li>4. Three (3) of the workers as per findings in the indicator 4.2.4 has resigned, while the other one (1) has been included in the application for insurance.</li> <li>5. Megabig's workers are covered by SOCSO evidenced by document on monthly payment made.</li> <li>6. A clause that indicated 'contractor's workers were to be protected by Insurance' had been added into the Deed of Agreement (DOA) between worker and Sapulut FMU.</li> </ol>	<p><b>Auditors' Conclusion:</b> <b>Corrective action evidence accepted.</b></p> <p><b>Status:</b> <b>Closed</b></p>

<p><b>Indicator 4.2.5</b></p> <p><b>NCR: (LYD-02/2019)</b></p>	<p>Major</p>	<p><b>Requirement:</b>  <b>Indicator 4.2.5 -</b>  Demarcation of hazardous areas and provision of guidelines for storage and handling of hazardous materials</p> <p><b>Finding:</b>  <u>Provision of Environmental Quality (Scheduled Wastes) Regulations 2005</u> for storage and handling of hazardous materials has not been implemented accordingly</p> <p><b>Objective evidence:</b>  <u>Provision of Environmental Quality (Scheduled Wastes) Regulations 2005</u> for storage and handling of hazardous materials has not been implemented accordingly:</p> <p>4. Improper schedule waste information (<b>as per Third Schedule</b>) e.g.</p> <p>a. Nursery – SW 408 &amp; SW 410 at genset room, SW 409 (chemical store),</p> <p>b. Workshop – SW 305</p> <p>5. Secondary containment has not been prepared for sprayer container rack/stacking. No further alternative protection to this e.g. bunding</p> <p>6. Spillage kit has been partially store at water pump room with no scoop etc. to handle, shall emergency occur.</p> <p><i>Upgraded from previous Minor NCR LYD- 01/2017</i></p>	<p>Email on Corrective action evidence received 28<sup>th</sup> August 2019 is referred:</p> <p>Result of investigation, determination of root cause and corrective action plan including completion date were accepted</p> <p><b>Evidence of Corrective Actions received:</b></p> <ul style="list-style-type: none"> <li>• Refresher training on scheduled wastes management has been given to Mechanics, person-in-charge of Nursery, Genset and Water pump keeper and all staffs who were involved in handling scheduled wastes including its storage, labelling and disposal ). Workshop staff training held on (24<sup>th</sup> April 2019). Nursery staff training held on (29<sup>th</sup> May 2019). Participants were made aware that scheduled wastes needed to be treated appropriately.</li> <li>• EIA briefing to Contractors, Gen-set, Store and Water pump operators on 24<sup>th</sup> April 2019.</li> <li>• Scheduled waste labelling had been improved by providing clear information on the date generation, waste code, contact number and suitable hazard sign/symbol. See attachment LYD-012019_Spillkit_labelling</li> <li>• Bund wall at Nursery store had been constructed and completed on 27<sup>th</sup> May 2019. See attachment <b>LYD-012019_Spillkit_labelling</b></li> <li>• Proper spillage kit which are saw dust and shovel are made available at water pump room. See attachment <b>LYD-012019_Spillkit_labelling</b></li> <li>• Internal departmental quarterly checklist was done by HOD/OIC for self-check and compliance</li> <li>• Yearly internal audit was conducted by Internal Auditor Team led by Mrs. Renny Jinoleh.</li> <li>• Officer in charge (Ms. Jeffica Jaihon) has attended CePSWaM training on 1-5/7/2019 which was organized by Institut Teknologi Petroleum Petronas (INSTEP) at Klagan Hotel. See attachment</li> </ul>	<p><b>Auditors' Conclusion:</b>  <b>Corrective action evidence accepted.</b></p> <p><b>Status:</b>  <b>Closed</b></p>
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			<b>LYD-012019_CePSWaM_Training</b>	
<b>Indicator 6.7.1</b>  <b>NCR: (LYD-03/2019)</b>	Major	<b>Requirement:</b>  <b>Indicator 6.7.1-</b> Oil, fuel, containers, liquid and solid nonorganic wastes shall be disposed of in an environmentally appropriate and legal manner  <b>Finding:</b> Schedule wastes has not been properly disposed in an environmentally appropriate and legal manner  <b>Objective evidence:</b>  Inventory of schedule waste has not been conducted properly as per required by 5 <sup>th</sup> Schedule under <u>Environmental Quality (Scheduled Wastes) Regulations 2005</u> e.g.:  <ol style="list-style-type: none"> <li>1. Workshop - SW 408 contaminated sawdust generated 4/05/2018 (2 drum)</li> <li>2. Workshop – SW 305 spent lubricant oil generated 20/07/2018, 4/05/2018</li> <li>3. Workshop – SW 410 used oil filter rags generated 4/05/2018 (2 drum)</li> </ol> <i>Upgrade from previous NCR LYD-02/2017</i>	Email on Corrective action evidence received 28 <sup>th</sup> August 2019 is referred:  Result of investigation, determination of root cause and corrective action plan including completion date were accepted  <b>Evidence of Corrective Actions received:</b>  <ol style="list-style-type: none"> <li>1. Scheduled wastes have been transported and disposed by Legenda Bumimas (certified disposal contractor) on 29th May 2019. Proper management and disposal of scheduled wastes will be maintained and continued to be done by consulting and engaging with DOE from time to time. See attachment <b>LYD-022019_SW_disposal_report290519</b>.</li> <li>2. Environmental officer has improved his knowledge in using E-Swis by consulting with Mrs. Mardianah Aliska from DOE and the appointed disposal contractors. Inventory date can only be displayed by filtering the summary according to the month it was recorded in the system. Hence, inventory as per required by fifth schedule under Environmental Quality (Scheduled Wastes) Regulations 2005 was done properly. Hard copy of inventory was filed for reference. Attached summary of inventory for reference. See attachment <b>LYD_022019_Inventory</b> and <b>LYD-022019_Eswis_DOE_Email</b></li> <li>3. Report on Scheduled Waste Disposal dated 29<sup>th</sup> May 2015 (through Contractor Legenda Bumimas Sdn. Bhd) was verified</li> </ol>	<b>Auditors' Conclusion:</b>  <b>Corrective action evidence accepted.</b>  <b>Status:</b> <b>Closed</b>
<b>Indicator 4.2.3</b>	Minor	<b>Requirement:</b> Indicator 4.2.: appropriate safety and operational	<b>Corrective action plan including completion date:</b>	<b>Auditors' Conclusion:</b>

<p><b>NCR: (LYD-01/2019)</b></p>		<p>equipment in good working condition, including operational procedures, shall be made available to forest workers in the workplace</p> <p><b>Finding:</b> Certificate of fitness from DOSH for air compressor has not been made available.</p> <p><b>Objective evidence:</b> Certificate of fitness from DOSH for air compressor EP0000013774 has not been made available.</p>	<p>Resubmission of application has been submitted to DOSH on 29<sup>th</sup> April 2019. Submission including of attachments as follow:-</p> <ul style="list-style-type: none"> <li>i. Map indicates the Location of Sapulut Forest Development Sdn Bhd (Camp);</li> <li>ii. Layout Plan of Workshop and Indicates the position of the proposed installation of Air Compressor</li> </ul> <p>Pending for reply/feedback from DOSH</p> <p><b>Date Completion.</b> 31<sup>st</sup> August 2019</p>	<p>The effectiveness of the action taken to be verified during the next audit</p> <p><b>Status:</b> <b>Accepted</b></p>
<p><b>Indicator 6.3.1</b></p> <p><b>NCR: IAAM04/2017</b></p>	<p>Minor</p>	<p><b>Requirement:</b></p> <p><b>Indicator 6.3.1</b> Availability and implementation of management guidelines to assess post-harvest natural regeneration, and measures to supplement natural regeneration, where necessary, in the FMU</p> <p><b>Finding:</b> The implementation of management guidelines to assess post-harvest natural regeneration, and measures to supplement natural regeneration showed that forest regeneration and succession that affect SFDSB FMU 14 harvest productivity in the next 25-years were not sufficient.</p> <p><b>Objective evidence:</b></p> <p>Result of the analysis for Post-Harvest Inventory Survey at Compartment 261 shows the stocking of trees (more than 40cm DBH class) is not sufficient and will not be sufficient for harvesting in</p>	<p><b>Corrective action plan including completion date:</b></p> <ul style="list-style-type: none"> <li>i. to ensure the sufficient stock for the next harvest cycle by skipping the harvesting if the compartment to be harvested have low volume</li> <li>ii. to conduct analysis for Comprehensive Harvesting Plan before harvesting conducted to avoid over timber extraction and to ensure the regeneration of the forest is sufficient and provide result to officer to monitor RIL harvesting</li> <li>iii. the marking of wooden peg along the Post-Harvest Inventory baseline is stated in the SOP and the staff need to ensure the marking tape is sufficient before entering the forest.</li> </ul> <p><b>C. Date Completion.</b> December 2019.</p>	<p><b>Auditors' Conclusion:</b></p> <p>The effectiveness of the action taken to be verified during the next audit</p> <p><b>Status:</b> <b>Accepted</b></p>

		<p>the next 25 years (next cutting cycle (year 2044)). The results suggested that the area can only be harvested after 50-years and more. With limited area of 54,643 ha in the FMU, it would affect the sustainability in the FMU</p> <p>Visit to Post-Harvest Inventory Survey area in Compartment 232 found the inventory baseline and boundaries were not demarcated on the ground.</p>		
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## Corrective Actions Taken and Final Status on NCRs and OFIs Raised During Previous Stage 2 Audit

Indicator	Specification Major/Minor/OFI	Details of Non-conformances	Corrective Action Taken	Verification by Assessor
<b>Indicator 8.1.2</b> <b>NCR: KN02/2017</b>	Major	<p><b>Requirement:</b>  <b>Indicator 8.1.2</b> - Forest managers shall identify and implement appropriate monitoring procedures, in accordance with the scale and intensity of the forest management operations, for assessing social, ecological, environmental and economic impacts.</p> <p><b>Finding:</b> Appropriate monitoring procedures and monitoring report for assessing social, ecological, environmental and economic impacts were not available</p> <p><b>Objective evidence:</b>  Procedures to monitor social, ecological, environmental and economic impacts to monitor on impacts of harvesting and management operation were not available.</p>	SOP#13.0 Monitoring Social, Environmental and Economic Impacts dated 31 Oct 2017 was verified during verification audit on 31 January – 1 February 2018. It was found the FMU had identified and implemented appropriate monitoring procedures, in accordance with the scale and intensity of the forest management operations, for assessing social, ecological, environmental and economic impacts.	<b>Corrective action evidence accepted</b> <b>Status: Closed</b>
<b>Indicator 9.1.1</b> <b>NCR: IAAM01/2017</b>	Major	<p><b>Requirement:</b>  <b>Indicator 9.1.1</b> - Forest managers shall determine the presence of HCVF attributes in the FMU in accordance with relevant Federal, State and Local laws, appropriate to scale and intensity of forest management operations in the FMU and in consultation with relevant stakeholders. provide the assessors with a list of relevant stakeholders</p> <p><b>Finding:</b>  Report and record on consultations with relevant stakeholders regarding the</p>	<p>Executives summary of HCVF report dated 28/9/2017 was verified</p> <p>Letter of stakeholder invitation (Ref:MD/NW/SFD/Misc/097/17/cc) dated 28/9/2017 was verified</p> <p>The HCVF report titled “<i>HIGH CONSERVATION VALUE FORESTS (HCVFs) OF FMU 14 SAPULUT FOREST DEVELOPMENT SDN. BHD.</i>” dated 4<sup>th</sup> January 2018 including attendances list and pictures of stakeholder meeting dated 10 Oct 2017 was verified during verification audit on 31 January – 1 February 2018</p>	<b>Corrective action evidence accepted</b> <b>Status: Closed</b>

		<p>HCV area were not available</p> <p><b>Objective evidence:</b></p> <ul style="list-style-type: none"> <li>The report on assessment, identification and demarcation on maps of proposed HCVFs from discussion with relevant stakeholders regarding HCV was not available.</li> <li>Record as evidence of consultation with stakeholders on HCV was not available at Sapulut Forest Development Sdn Bhd - Forest Management Unit No.14</li> </ul>		
<p><b>Indicator 9.2.1</b></p> <p><b>NCR: IAAM02/ 2017</b></p>	Major	<p><b>Requirement:</b> Indicator 9.2.1 - Forest managers shall provide the assessors with a list of relevant stakeholders who have been consulted regarding the HCV area.</p> <p><b>Finding:</b> The list of relevant stakeholders consulted regarding the HCV area was not available</p> <p><b>Objective evidence:</b></p> <ul style="list-style-type: none"> <li>The list of relevant stakeholders consulted regarding HCV which should include NGOs, government bodies, universities and/ or related local communities was not available.</li> <li>Evidence of consultation with stakeholders on HCV was not available at Sapulut Forest Development Sdn Bhd - Forest Management Unit No.14</li> </ul>	<p>Letter of stakeholder invitation (Ref:MD/NW/SFD/Misc/097/17/cc) dated 28/9/2017 was verified</p> <p>Attendances list and pictures of stakeholder meeting dated 10 Oct 2017 was verified during the Verification Audit on 31 January – 1 February 2018</p>	<p><b>Corrective action evidence accepted</b></p> <p><b>Status: Closed</b></p>
<p><b>Indicator 9.2.2</b></p> <p><b>NCR: IAAM03/ 2017</b></p>	Major	<p><b>Requirement:</b> Indicator 9.2.2 Forest managers shall demonstrate that the forest management operations consider and protect areas of high conservation value</p>	<p>Request on amendment of the 3<sup>rd</sup> FMP with letter ref: MD/NW/SFD/JPHTN/099/17/cc dated 4 October 2017 was verified.</p> <p>The addendum has been made to the 3<sup>rd</sup> FMP and approval letter</p>	<p><b>Corrective action evidence accepted</b></p> <p><b>Status: Closed</b></p>

		<p>in the FMU.</p> <p><b>Finding:</b> Incorporation of protected HCV areas into the Forest Management Plan was not done</p> <p><b>Objective evidence:</b> The protected HCV areas has yet to be incorporated of into the Forest Management Plan at Sapulut Forest Development Sdn Bhd – Forest Management Unit No.14</p>	<p>from Sabah Forestry Department (Amendment no 1/2018 (1)) dated 11 January 2018 was verified during Verification Audit on 31 January – 1 February 2018.</p>	
<p><b>Indicator 9.3.1</b></p> <p><b>NCR: IAAM04/2017</b></p>	Major	<p><b>Requirement:</b> <b>Indicator 9.3.1</b> - Measures to demarcate, maintain and/or enhance the HCVF attributes are documented in the forest management plan and effectively implemented</p> <p><b>Finding:</b> Measures to demarcate, maintain and/or enhance the HCV attributes have not been implemented.</p> <p><b>Objective evidence:</b></p> <ul style="list-style-type: none"> <li>The HCV areas have yet to be mapped and incorporated progressively into the Forest Management Plan and demarcated on the ground, where appropriate</li> <li>Measures to ensure maintenance and/or enhancement of the applicable conservation</li> </ul>	<p>It was confirmed by the auditor during the Verification Audit conducted on 31 January – 1 February 2018.</p> <p>The HCV areas has been mapped and incorporated progressively into the Forest Management Plan and demarcated on the ground.</p> <p>Site visit to Kerangas area in Compt 146 and Batu Tantalawau at Compt 229 found a 100m buffer zone has been established surrounding of the HCVF area.</p>	<p><b>Corrective action evidence accepted</b> <b>Status: Closed</b></p>
<p><b>Indicator 9.3.2</b></p> <p><b>NCR: IAAM05/2017</b></p>	Major	<p><b>Requirement:</b> <b>Indicator 9.3.2</b> - Measures to demarcate, maintain and / or enhance the HCV attributes shall be included in the forest management plan summary made available to the public.</p> <p><b>Finding:</b> Management prescriptions to maintain and / or enhance HCV attributes on measures taken by Sapulut</p>	<p>The HCVF attributes and map were updated in Sapulut FMU 14 website's <a href="http://mysapulutfmu14.blogspot.my/">http://mysapulutfmu14.blogspot.my/</a> which was verified during Verification Audit on 31 January – 1 February 2018</p>	<p><b>Corrective action evidence accepted</b> <b>Status: Closed</b></p>

		<p>Forest Development Sdn Bhd – SMFLA 04/97 have not been included in the publicly available forest management plan summary</p> <p><b>Objective evidence:</b></p> <p>Measures to demarcate, maintain and / or enhance the HCV attributes were not included in the forest management plan summary available to the public</p>		
<p><b>Indicator 9.4.1</b></p> <p><b>NCR: IAAM06/2017</b></p>	Major	<p><b>Requirement:</b></p> <p><b>Indicator 9.4.1</b> Forest managers shall conduct, appropriate to scale and intensity of forest management, annual monitoring to assess the effectiveness of the measures in the management of the HCVFs in the FMU.</p> <p><b>Finding:</b></p> <p>Monitoring procedures and records to assess the effectiveness of the measures in the management of the HCVF area were not available</p> <p><b>Objective evidence:</b></p> <p>Monitoring procedures and records to assess the effectiveness of the measures in the management of the HCVF area were not available at Sapulut Forest Development Sdn Bhd - Forest Management Unit No.14</p>	<p>Verification Audit on 31 January – 1 February 2018 found the Management on HCVF SOP 9.2 V2 dated and Monitoring of HCVF (SOP 9.3 v2 dated 30.10.2017 were available and verified.</p>	<p><b>Corrective action evidence accepted</b></p> <p><b>Status: Close</b></p>
<p><b>Indicator 1.5.2</b></p> <p><b>NCR: KN04/2017</b></p>	Minor	<p><b>Requirement: Indicator 1.5.2</b> - Control of encroachment, illegal harvesting, hunting, and settlement, and other unauthorised activities in the FMU.</p> <p><b>Finding:</b> The control of encroachment, illegal harvesting and settlement, and other unauthorised activities in the FMU was</p>	<ol style="list-style-type: none"> <li>1. A letter dated 27/09/2017 sent to Zillion Fortune FMU to inform them on the disturbed joint boundary (between Zillion/Sapulut) was presented.</li> <li>2. Joint boundary inspections had been conducted for rectification as evidenced by "Boundary Patrolling Forms" record in 2019.</li> </ol>	<p><b>Corrective action evidence accepted</b></p> <p><b>Status: Close</b></p>

		not sufficient.  <b>Objective evidence:</b> During site inspection of external licence boundaries for Compartment 164 with FMU25 (Zilion Fortune), it was found the boundary trees were disturbed and no record on the disturbance was available	Joint patrol by SFDSB included JawalaZillion (13-20/3/2019; Jawala (12/6 and 6/7/2018); Tibow FD/Keningau Wildlife Dept /Maliau Basin Game Warden on 8/4/2018.	
<b>Indicator 4.2.5</b>  <b>NCR: LYD01/2017</b>	Minor	<b>Requirement:</b> <b>Indicator 4.2.5</b> - Demarcation of hazardous areas and provision of guidelines for storage and handling of hazardous materials  <b>Finding:</b> Provision of Environmental Quality (Scheduled Wastes) Regulations 2005 for storage and handling of hazardous materials has not been conducted in proper manner  <b>Objective evidence:</b> Site visit to chemical/pesticides/fertilizer stores, workshop at contractor camp site, carpenter workshop, clinic has found that provision of Environmental Quality (Scheduled Wastes) Regulations 2005 for storage and handling of hazardous materials has not been conducted in proper manner whereby:  <ul style="list-style-type: none"> <li>• Improper signage and labelling e.g. SW 404 (clinical waste), SW 416 (disposed paints container), SW 408 (contaminate sawdust from cleaning-up of a spill of chemical, mineral oil or scheduled waste), SW 409 (disposed fertilizer container, disposed pesticides container, disposed diesel drum) etc.</li> <li>• Improper housekeeping / segregation of chemical materials</li> <li>• Secondary containment</li> </ul>	1. Workers' Training record on Usage, Labelling, Storage and Disposal of Hazardous waste was sighted. 2. Person in charge has confirm the understanding towards the requirement are sufficient and she has attended Schedule Waste Training Management dated 5-6/12/2017 by Excellence Training and Consultancy Sdn Bhd (Extac/2017/12/0395) while waiting for DOE training for competent person (CePSSWAM).  3. SOP# 6.2 v2 (Usage, Labelling, Storage and Disposal of Hazardous had been improved and sighted  4. Implementation and monitoring of Hazardous Waste Storage and Disposal were in accordance to the improved SOP  However, during site inspection these were found:  <u>Provision of Environmental Quality (Scheduled Wastes) Regulations 2005</u> for storage and handling of hazardous materials has not been implemented accordingly: 1. Improper schedule waste information ( <b>as per Third Schedule</b> )	<b>Minor NCR LYD01/2017 in previous Stage 2 Audit was upgraded to Major NCR LYD02/2019 in this Surveillance 1 audit</b>



		has not been prepared for SW 416 (disposed paints container) and SW 409 (disposed fertilizer container, disposed pesticides container, disposed diesel drum)	<p>e.g.</p> <ol style="list-style-type: none"> <li>Nursery – SW 408 &amp; SW 410 at genset room, SW 409 (chemical store),</li> <li>Workshop – SW 305</li> </ol> <ol style="list-style-type: none"> <li>Secondary containment has not been prepared for sprayer container rack/stacking. No further alternative protection to this e.g. bunding</li> <li>Spillage kit has been partially store at water pump room with no scoop etc. to handle, shall emergency occur</li> </ol> <p>Hence this <b>Minor NCR (LYD01/2017) in previous audit was upgraded to Major NCR (LYD02/2019)</b></p>	
<p><b>Indicator 6.7.1</b></p> <p><b>NCR: LYD02/2017</b></p>	Minor	<p><b>Requirement:</b> Indicator 6.7.1 - Oil, fuel, tyres, containers, liquid and solid nonorganic wastes, shall be disposed of in an environmentally appropriate and legal manner</p> <p><b>Finding:</b> Schedule wastes has not been properly disposed in an environmentally appropriate and legal manner</p> <p><b>Objective evidence:</b></p> <ul style="list-style-type: none"> <li>During demonstration of cleaning sprayer pump, the pesticides sprayer pump has been clean at specific emergency shower area, whereby the outlet pipe has directly release the contaminated water to the land and stream nearby</li> <li>Inventory of schedule waste has not been conducted properly as per required by 5th Schedule under Environmental Quality (Scheduled Wastes) Regulations 2005</li> </ul>	<p>However, it was found the Inventory of schedule waste has not been conducted properly as per required by 5<sup>th</sup> Schedule under <u>Environmental Quality (Scheduled Wastes) Regulations 2005</u> i.e.</p> <ol style="list-style-type: none"> <li>Workshop - SW 408 contaminated sawdust generated 4/05/2018 (2 drum)</li> <li>Workshop – SW 305 spent lubricant oil generated 20/07/2018, 4/05/2018</li> <li>Workshop – SW 410 used oil filter rags generated 4/05/2018 (2 drum)</li> </ol> <p>The effectiveness of the action taken of the last audit was not sufficient. <b>Thus, Minor NCR (LYD02/2017) in the previous audit was upgraded to Major NCR (LYD03/2019).</b></p>	<p><b>Minor NCR LYD02/2017 in previous Stage 2 Audit was upgraded to Major NCR LYD03/2019 in this Surveillance 1 audit</b></p>

<p><b>Indicator 8.2.1</b></p> <p><b>NCR: KN03/2017</b></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 operations, needed to monitor the items (a) to (e) listed in Criterion 8.2.</p> <p>Finding: Location of permanent sample plots (PSP) were not well distributed in the FMU</p> <p>Objective evidence: During the inspection of Permanent Sample Plots, it was not found only ten (10) were established at NFM East area. Establishments of new PSP were also not fully implemented in the NFM Central and NFM West of the FMU.</p>	<p>Record verified showed three (3) plots were established at NFM West on the 11/09/2017 and continued at NFM Central according to proposed permanent sample plot plan</p>	<p><b>Corrective action evidence accepted</b></p> <p><b>Status: Close</b></p>
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