



**PUBLIC SUMMARY  
STAGE 2 AUDIT (2020) ON  
GERENAI FOREST MANAGEMENT UNIT  
FOR FOREST MANAGEMENT CERTIFICATION**

**Certificate number: FMC-NF 00125  
Date of First Certification: 12 April 2020  
Audit Date: 22 – 27 July 2019  
Date of Public Summary: 9 May 2020**

**Certification Body:**

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## EXECUTIVE SUMMARY

The Stage 2 audit for forest management certification on the Samling Plywood (Miri) Sdn. Bhd. – Gerenai FMU was conducted from 22 to 27 July 2019. This was an audit conducted following the Stage 1 audit which was conducted in 16-18 October 2018 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 Sarawak, Malaysia.

The audit was conducted with the full cooperation of the Samling Plywood (Miri) Sdn. Bhd. by a four-member team comprising Khairul Najwan Ahmad Jahari (Lead Auditor), Ismail Adnan Abdul Malek, Dr. Mohd Nazre Salleh, Mohd Annas Hj Amin, Rahayu Zulkifli (Technical Expert) and two observers from Standard Malaysia comprising Benardos Binkang and Mark Mariba Rantai

The Forest Management Unit (FMU) is to be known as Gerenai FMU. The total area to be certified for Gerenai FMU only covers an area of 148,305 ha with the combination of Nakan-Kalulong Forest Reserved (8,794 ha), Tapang-Baiong Protected Forest (52,490 ha), proposed Ang Moh Protected Forest (19,694 ha), proposed Mujan Julan National Park (8,601 ha) and State Land (58,726 ha). It is worth to note that 48% (71,227 ha) of the FMU is within the Heart of Borneo (HoB) Corridor. The FMU has U-shape with the western section shared a common boundary with Usun Apau National Park, while on the East-Southern section with Sg, Moh Wildlife Sanctuary. On the Southern part, about 47,859 ha have been excised for Provisional Lease which will be developed into a commercial oil palm plantation. The audit involved the verification of documentations and field visits and inspections. There were also consultations being held with the Forest Department Sarawak, Sarawak Forestry Corporation and relevant indigenous settlements within FMU

In general, the findings of this stage 2 audit have indicated that the Gerenai FMU had complied with most of the requirements of the MC&I (Natural Forest) despite the issuance of total four (4) Major and five (5) Minor Non-Conformance Report (NCRs), against the requirements of the MC&I (Natural Forest).

The audit team had also verified on the issues of concern taken by the Gerenai FMU to address all the finding raised during the last stage 1 audit.

The Audit Team Leader after consultation with team members recommends that certification of Gerenai FMU against the MC&I (Natural Forest) for certification conditional upon acceptance of corrective action plans within one (1) month from the date of the stage 2 audit and subject to comments by peer reviewers.

The FMU had submitted a proposed corrective action plans to address the NCRs raised during the stage 2 audit via email on 23 August 2019 which has been accepted by the audit team leader. The last evidences of corrective action taken for Major NCR was received on 22 and 30 October 2019 and 24 December 2019 has been accepted and closed 6 November 2019 and 26 December 2019 respectively.

The effectiveness of the corrective actions taken by the FMU to address the Minor NCRs shall be verified by the audit team during the next surveillance audit.

## 1.0 INTRODUCTION

### 1.1 Name of FMU

Gerena Forest Management Unit

### 1.2 Organizational Information/Contact Person

Name: David Marsden

Designation: Chief Forester

Address: Wisma Samling, Lot 296, Jalan Temenggong Datuk Oyong Lawai Jau, 98000 Miri, Sarawak.

### 1.3 General Background of the Forest Management Unit

The Forest Timber Licence (FTL) No. T/0413 was issued to Samling Plywood (Miri) Sdn. Bhd by the Forest Department of Sarawak on 1<sup>st</sup> September 1993 to 31<sup>st</sup> August 2018 to manage a total 182,902 ha of the Nakan-Kalulong Forest Reserved, Tapang-Baiong Protected Forest and State Land, which is located within the Long Lama Baram District, Miri Division, Sarawak for an initial period of 25 years. It was subsequently renewed for another one-year form 26<sup>th</sup> July 2018 to 31<sup>st</sup> August 2019. The licence area was revised with effect from 18 September 2018 to 196,164 ha by Forest Department of Sarawak.

The Forest Management Unit (FMU) is to be known as Gerena Forest Management Unit. The total area to be certified for Gerena Forest Management Unit only covers an area of 148,305 ha with the combination of Nakan-Kalulong Forest Reserved (8,794 ha), Tapang-Baiong Protected Forest (52,490 ha), proposed Ang Moh Protected Forest (19,694 ha) proposed Mujan Julan National Park (8,601 ha) and State Land (58,726 ha). It is worth to note that 48% (71,227 ha) of the FMU is within the Heart of Borneo (HoB) Corridor. The FMU has U-shape with the western section shared a common boundary with Usun Apau National Park, while on the East-Southern section with Sg, Moh Wildlife Sanctuary. However, on the Southern part, about 47,859 ha have been excised for Provisional Lease by Sarawak State Government which will be developed into a commercial oil palm plantation; thus, this area was not part of the audit scope.

The forest area is situated approximately between Latitudes 2° 40' N to 3° 15' N and Longitudes 114° 34' E to 115° 16' E in within the Miri Division, Sarawak, and accessible from Miri by the 111km sealed government road, then continues to the Miri-Bintulu Highway to Tuyut Logpond. The travelling continues with 79km logging roads to Baram Central Base (CTB). The Gerena Camp is about 77km south-east Baram Central Base (CTB). It covers a total distance of about 267 kilometers and took about 6-7 hours of travelling time from Miri to Gerena Camp.

The forest types in the FMU consist of dominant Mixed Dipterocarp Forest (MDF), Lower Sub-Montane Forest, Kerangas Forest scattered on sandy terraces, riparian forest along rivers, and secondary or degrade forest. The FMU has about 16.6 % under terrain Class II, 71.7% terrain Class III and the remaining 11.7% under Terrain Class IV. The general landform of the FMU ranges from narrow riverside flat terrain behind which lies the more undulating relief leading to rugged, mountainous terrain with elevation between 150m to 1,800m a.s.l.

### 1.4 Date of First Certified

12 April 2020

### 1.5 Location of the FMU

The FMU is located between between Latitudes 2° 40' N to 3° 15' N and Longitudes 114° 34' E to 115° 16' E. The map of the FMU showing the locations of the PRFs is attached in **Appendix 1**.

## **1.6 Forest Management System**

Ten (10) Years Forest Management Plan (FMP) for Forest Timber Licence No. T/0413, Samling Plywood (Miri) Sdn Bhd (2018-2027) dated June 2019 was made available during the audit. A review of the FMP found that the plan had addressed all issues and requirements of Criterion 7.1. The FMP also provides maps specific to planned management activities and references to supporting documents that include Tables, Figures Charts, Graphs, Schedules, Budgets, SOPs and operation guidelines either as Annexes or Appendices. The FMP was approved by Forestry Department Sarawak (FDS) on 17 July 2019.

## **1.7 Annual Allowable Cut / Annual Harvest under the FMP**

The rate of harvest for forest product was stated FMP (2018-2027), it stated that the operable area for Gerenai FMU is 100,004 ha and mean annual operable area is 4,000 ha with cutting cycle of 25 years. The AAC was determined by the Forest Department Sarawak based on the data simulation using FORMIND growth simulation programme. The AAC is calculated at 22.02 m<sup>3</sup>/ha.

## **1.8 Environmental and Socioeconomic Context**

Generally, there are about ten (10) local settlements (Long Selatong Dikan, Long Apu, Long Julan, Long Anap, Long Silat, Long Mekaba, Long Moh, Ba Jawi, Long Selaan and Long Semiyang) which are located within Gerenai FMU. Seven (7) local settlements (Tg Tepalit, Long Julan Pelutan, Long Palai, Long Selawan, Long Jeeh, Long Tungan and Lio Mato) are adjacent to the FMU, and five (5) settlements inside Provisional Lease (PL) area (Long Belaong, Long Jekitan, Ba' Purau, Long Tikan and Long Taan), with estimated population of 11,472 peoples. The main ethnicity of the communities is Kenyah and Penan with most of them are Christian. The Kenyah originated from Usun Apau plateau while the Penan in the Western Penan which is semi-settled for more than 25 years ago. The local communities living within and adjacent to the FMU still practicing shifting cultivations along the logging roads from CTB to Gerenai Camp.

The mechanisms to resolve disputes over tenure and use rights were found to be in place. Even though there were no known disputes over tenure and use rights in Gerenai FMU, these mechanisms continued to be maintained by the Gerenai FMU. There was documentation of the customary rights of indigenous peoples' lands was available. Procedures on Land Claim and Guidelines on Conflict Resolution will be used if complaint arise against conflicts and grievances between parties involved.

In term of environmentals, an EIA for the Re-entry Hill logging within Coupe 01AR to 07AR and 15AR Under the Forest Timber License (FTL) No. T/0413 at the Batang Baram-Sg Silat Area, Miri, Sarawak 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. Two (2) EIA reports were approved by the NREB, first dated on 15<sup>th</sup> June 2012 and the second on 10<sup>th</sup> September 2014. The Gerenai FMU Forest Management Plan (Revised June 2019) had incorporated information from assessment of environmental impacts.

The Forest Management Plan of Gerenai 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.

## **2.0 AUDIT PROCESS**

### **2.1 Audit dates**

The Stage 2 audit for forest management certification on the Samling Plywood (Miri) Sdn. Bhd. – Gerenai FMU was conducted from 22 – 27 July 2019. This was an audit conducted following the Stage 1 audit which was conducted in 16-18 October 2018. The stage 2 audit plan as attached in **Appendix 4**

## 2.2 Audit Team

The audit team comprised of the following members:

1. Khairul Najwan Ahmad Jahari (Lead Auditor)
2. Ismail Adnan Abdul Malek (Auditor)
3. Dr. Mohd Nazre Salleh (Auditor)
4. Mohd Annas Hj Amin (Auditor)
5. Rahayu Zulkifli (Technical Expert)
6. Benardos Bingkang (Observer Standard Malaysia)
7. Mark Mariba Rantai (Observer Standard Malaysia)

The details on the experiences and qualifications of the audit team members are as in **Appendix 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, Malaysia.

## 2.4 Stakeholder Consultations

A stakeholder notification was issued in 21 June 2019 for a period of one month inviting relevant stakeholders to give comments on the FMU. one (1) comment received from the stakeholders on Gerenai FMU during the period. The comments showed in **Appendix 3**

The audit team had conducted an onsite consultation with the relevant stakeholders during the Stage 2 audit with 18 Long Houses of local indigenous communities within and adjacent to Gerenai FMU of Long Palai and Long Moh [23/7/2019], Long Selatong Dikan, Long Selatong Tanjung Tepalit, Long Anap, Long Julan, Long Pelutan, and Long Apu [24/7/2019], Long Mekaba and Long Jekitan, Long Selaan, Long Semiang [25/7/2019], Long Silat, Long Belaong, Long Jeeh, Long Selawan, Lio Matoh and Long Tungan [26/7/2019].

## 2.5 Audit Process

The assessment was conducted as planned using the methodology described in Section 2.0. Findings against each of the MC&I (Natural Forest) are reported below.

The audit was conducted primarily to evaluate the level of compliance of the FMU, current documentation, Standard Operating Procedures (SOPs) and field practices in forest management with their detail listed in the MC&I (Natural Forest), using the verifiers stipulated for Sarawak, Malaysia.

For each Indicator, the auditors had conducted either a documentation review, consultation with the relevant personnel of the FMU or stakeholders or field audit or a combination of these methods.

Depending on the level of compliance with the verifiers on a particular indicator, the auditors had reviewed and verified the degree of the overall compliance in the indicator before a finding was raised either a non-conformity (NCR) (minor or major) or opportunities for improvement (OFI).

An NCR raised during the audit and categorized by the audit team as either major or minor or is defined as follows:

(i) A major NCR is a non-compliance deemed by the Auditor to be critical and is likely to result in an immediate hazard to the quality or standard of forest management system and practices in the FMU.

The FMU is requested to notify SIRIM QAS International Sdn Bhd (SIRIM QAS International) of the proposed corrective actions taken within one month from the last date of the audit. The corrective actions as notified by the FMU shall be verified by the Audit Team Leader or a member of the audit team within three months from the last date of audit.

(ii) A minor NCR is a single observed lapse in compliance by the FMU to the MC&I

The FMU shall respond in writing to SIRIM QAS International within one month from the last date of audit detailing the actions to be taken to address all minor NCRs. The effectiveness of the resulting actions taken by the FMU must be verified at the next surveillance visit.

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 but without sufficient objective evidence to support a non-conformity. The FMU shall submit a corrective action plan within three months from the last date of the audit. The closing of an OFI shall be made during the next surveillance audit.

## 2.6 Peer Reviewer

1. Dr. Woon Weng Chuen
2. Noorainie Awang Anak

## 3.0 SUMMARY OF AUDIT FINDINGS

A total of four (4) Major NCR(s) [Indicator 1.1.1, 2.2.2, 4.2.5, 5.3.2] and five (5) Minor NCR(s) [Indicator 1.5.2, 4.3.4, 6.7.1, 7.3.1, 9.2.1] against requirements of MC&I (Natural Forest) were raised during the Stage 2 Audit. The FMU management has taken necessary corrective actions in order to close the Major NCR and accepted corrective action plans for all Minor NCRs raised. Details of the findings and corrective action as attached in **Appendix 5**

The FMU had submitted a proposed corrective action plans to address the NCRs raised during the stage 2 audit via email on 23 August 2019 which has been accepted by the audit team leader. The last evidences of corrective action taken for Major NCR was received on 22 and 30 October 2019 and 24 December 2019 has been accepted and closed 6 November 2019 and 26 December 2019 respectively. The Audit Team Leader after consultation with team members recommends the Gerenai FMU to be certified against the MC&I (Natural Forest) on 12 April 2020 after acceptance of comments by peer reviewers and Certification Panel of SIRIM QAS International.

The effectiveness of the corrective actions taken by the FMU to address the Minor NCRs shall be verified by the audit team during the next surveillance audit.

Principle	Strengths	Weaknesses
<b>Principle 1 Compliance with Laws and Principles</b>	The forest management had maintained records of all relevant national, local laws, regulations and policies related to forest management, and were available in the office at the Gerenai Camp Office of FMU. The list of documents was updated on 20 July 2019.	Audit found one (1) employee No. FM0003 was paid RM1,000 in January 2019 and one (1) excavator operator was paid RM117 for in June 2019.  This contravenes Section 3 of the Minimum Wages (Amendment) Order 2018 which sets minimum wages at

Principle	Strengths	Weaknesses
	<p>Current list of all legally prescribed fees, royalties, taxes, and other charges was available at the Gerenai Camp Office, as stated in the Licence Agreement. The following Schedules were verified at the Base Camp office</p> <p>Documentation of any conflicts between laws, regulations and these principles and criteria was made available in “Principle 1 File”, in Gerenai Camp. The forest managers had expressed their willingness to participate in resolution of such conflicts if they arise. The forest managers had expressed their willingness to participate in resolution of such conflicts if they arise. This was evidence by the establishment of “<i>Community Representative Committee (CRC)</i>” and “<i>Forest Management Certification Liaison Committee (FMCLC)</i>”. The establishment ceremony was held on 10 May 2019 at related Long Houses.</p> <p>The policy statement was displayed at prominent sites within the Gerenai FMU and had been communicated throughout the organization.</p>	<p>RM1100 per month, and Section 2 of the Guidelines on the Implementation of Minimum Wages Order 2012 which stipulates that workers paid by piece-rate and tonnage are also entitled to minimum wages.</p> <p>Worker No SL0327 earned RM1,423.75 in June 2019. However, a sum of RM1,287.60 was deducted from his June 2019 salary to pay for his canteen expenses. This contravenes Section 114(8) Labour Ordinance Sarawak which prohibits salary deductions more than 50% of wages earned by that worker in that month.</p> <p>Therefore, a <b>Major NCR for Indicator 1.1.1</b> was raised.</p> <p>Inspection of Gerenai FMU’s external boundary (Coupe 2041/24A) vicinity of Long Palai (T/0413) (along Sg Baram) found was not demarcated and not painted. External Gerenai FMU boundary marking work schedule for 2019 was unavailable. In addition, a control measures were not sufficient for established ‘temuda’ areas located along ‘M2’ in Coupe 01/A</p> <p>Therefore, a <b>Minor NCR against Indicator 1.5.2</b> was raised</p>
<p><b>Principle 2 Tenure and Use Rights and Responsibilities</b></p>	<p>All relevant documents of legal or customary tenure or use rights of the FMU were made available during the audit. Document entitled Forest Timber License (FTL) No. T/0413 was issued to Samling Plywood (Miri) Sdn Bhd (licensee) for the period of 26 years valid from 1/9/1993 till 31/8/2018 and has been renewed to be valid up to 31/8/2019 from Forest Department Sarawak (FDS).</p> <p>Samling’s Gerenai FMU had consulted the local indigenous communities of Long Jekitan with Ba’ Purau and Ba’ Jawi on 5/05/2019, Consultation at Long Silat with community of Long Silat and Long Mekaba on 6/05/2019, Consultation at Long Apu with community with Long Apu, Long Selatong Dikan, Long Julan, Long Anap, Long Selatong</p>	<p>Consultation with 10 longhouses (out of 18 Longhouses consultations) at Long Moh, Long Anap, Long Apu, Lio Mato, Long Selatong Dikan, Long Selatong Tanjung Tepalit, Long Palai, Long Jekitan, Long Mekaba and Long Selaan indicated that consultation was not sufficient. Majority of the communities were not aware of the objective and function of Community Relation Committee (CRC) which is yet to be established.</p> <p>Therefore, a <b>Major NCR against Indicator 2.2.2</b> was raised.</p>



Principle	Strengths	Weaknesses
	<p>Tanjong Tepalit, Long Pelutan and Long Palai on 7/5/2019, and consultation at Long Semiyang with community of Long Semiyang, Long Moh, Long Selaan, Long Tungan and Lio Mato on 8/5/201</p> <p>Records showed that a total of 23,697 ha has been demarcated as Shifting Cultivation Area (SA) area inside the FMU, to villagers from Lio Mato upper river Batang Baram, to Long Selatong Dikan downstream Batang river.</p> <p>Sirim’s Auditors have consulted with 18 Longhouses of local indigenous communities within and adjacent to Gerenai FMU of Long Palai and Long Moh on 23/7/2019, Long Selatong Dikan, Long Selatong Tanjung Tepalit, Long Anap, Long Julan, Long Pelutan, and Long Apu on 24/7/2019, Long Mekaba and Long Jekitan, Long Selaan, Long Semiang on 25/7/2019, Long Silat, Long Belaong, Long Jeeh, Long Selawan, Lio Matoh and Long Tungan on 26/7/2019.</p> <p>During the consultation at Longhouses, it was found no further conflict issues against local communities with regards to legal or customary tenure or use rights has been raised. Management and use of such lands and resources are controlled by indigenous peoples, unless they delegate control with free, prior and informed consent to other parties.</p> <p>The mechanisms to resolve disputes over tenure and use rights were found to be in place. Even though there were no known disputes over tenure and use rights found during the audit, forest manager found to support legally recognised mechanisms for resolving land claims and has established the SFM/PR 001 Procedures on Land Claim Rev. 0 dated 15/03/2017 and SFM/GL 001 Guidelines on Conflict Resolution Rev. 0 dated 15/03/2017. The FMU also has set the Community Relation Committee (CRC) as a platform to cater shall any issue arise with local communities.</p>	
<p><b>Principle 3 Indigenous People’s Rights</b></p>	<p>Documentation of the customary rights of indigenous peoples’ lands was available. Procedures on Land Claim [Rev. 0] and Guidelines on Conflict Resolution [Rev. 0] will be used if complaint arise against conflicts and grievances between parties involved. Management and use of</p>	<p>There were no negative findings.</p>

Principle	Strengths	Weaknesses
	<p>such lands and resources are controlled by indigenous peoples. unless they delegate control with free, prior, and informed consent to other parties.</p> <p>Indigenous people’s lands recognised within relevant federal, state, and local laws shall not threaten or diminish. Their resources or tenure rights have been identified in Gerenai FMP 2019-2028, while mitigation and enhancement measure were suggested in Chapter 12. Audit also found record of actions taken to prevent or mitigate adverse impacts against indigenous people rights on resources (based on request mutual understanding to respect &amp; recognise their significant economic &amp; cultural (no official legal claim) e.g. <i>Hutan Komunal / Pemakai Menua / Pulau, Temuda</i>, Burial Area &amp; Water Intake Point.</p> <p>Manual, Procedures and Guidelines used by the FMU has addressed the mechanisms to ensure that sites of special cultural, ecological, economic or religious significance to the local community were identified and duly protected. Interview with local community of Long Palai, Long Moh, Selatong Dikan, Long Selatong Tanjung Tepalit, Long Anap, Long Julan, Long Pelutan, Long Apu, Long Mekaba, Long Jekitan, Long Selaan, Long Semiang, Long Silat, Long Belaong, Long Jeeh, Long Selawan, Lio Match and Long Tungan has confirmed mutual understanding on community right of access to these areas. Locality Map in FMP showing the location of local communities’ settlements and latest update are as per Map - Summary of High Conservation Value Assessment at Gerenai FMU. This map comprises access road, river, boundary, settlement location, protection sites of special cultural, ecological, economic or religious significance to indigenous peoples.</p> <p>Manual, Procedures and Guidelines used by the FMU has addressed the mechanisms to ensure that sites of special cultural, ecological, economic, or religious significance to the local community were identified and duly protected.</p>	
<p><b>Principle 4 Community Relations and</b></p>	<p>Qualified people in communities living within, or adjacent to the FMU are given preference for employment and contract works. Records showed that out of a total of 72 workers were employed in</p>	<p>Inspection and document review at the Workshop located at Gerenai FMU Base camp found authorization letter for storage of diesel (including quantum</p>

Principle	Strengths	Weaknesses
<p><b>Workers' Rights</b></p>	<p>the Gerenai FMU, about 10 workers (clerk, mechanics, forest surveyors) are from Long Pelutan (2 persons), Long Selaan (1 person), Lio Mato (2 persons), Long Selatong (2 person), Long Semiyang (2 persons), and Long Makaba (1 person)</p> <p>Gerenai FMU, had provided training, retraining, local infrastructure, facilities and social program for all levels of its employees and local communities.</p> <p>Health, Safety and Environment Policy dated 1 April 2016 had been displayed in the main office at Gerenai Camp, workers camp, workshop, and Central Stumping.</p> <p>Guidelines for storage and handling of hazardous materials of Scheduled Waste Management dated 15 March 2017 was made available. The Guidelines for storage and handling of hazardous material in accordance with the requirement.</p> <p>Document on Right to Organize and Collective Bargaining (ILO Convention No. 98) has also been made available at Gerenai FMU office</p> <p>An initial SIA report was prepared by UPM Bintulu, entitled 'SIA Report for Gerenai FMU dated July 2018', and also can be found in the Gerenai FMP 2018-2028 (Chapter 12) while Mitigation and Enhancement measure were suggested in the same Chapter 12 was made available during audit.</p> <p>Provisions and measures have been taken by the FMU to prevent loss or damage affecting the local communities' legal or customary rights, property, resources, or their livelihoods briefly through Gerenai FMP, Chapter 12. Interview with FMU managers and personnel has confirm the awareness and understanding towards <i>Adat</i> e.g. <i>Hutan Komunal/Pemakai Menoa/Pulau &amp; Temuda</i> (Hunting Area, Shifting Agricultural Area, burial area etc.).</p> <p>Whilst the formation of the CRC is in progress, the meeting was held with indigenous communities. To the date there is no further grievances and fair compensation in the case of loss or damage affecting the legal or customary rights, property, resources, or livelihoods of local communities has been raised. It was also confirmed during</p>	<p>allowed) from authorized agency was not available. <b>Therefore, a Major NCR against Indicator 4.2.5 was raised.</b></p> <p>Consultation session with a total of 19 general workers/office and respective managers in Gerenai Base camp on 26th July 2019 found that available workers grievance procedure is not effective due to no record of grievance found. From the interview also, workers understanding on the procedure was found inadequate and not appropriate for general worker level of education. Therefore, a <b>Minor NCR for Indicator 4.3.4 was raised.</b></p>

Principle	Strengths	Weaknesses
	<p>stakeholder consultation (SIRIM current audit) local communities has not seen any activity been carried out in the buffer zone for both sides of the river near the village. Shall any issue raise, FMU committed to follow their SOP for Conflict Resolution.</p>	
<p><b>Principle 5 Benefits from the Forest</b></p>	<p>Investments and reinvestments were made in forest management by Gerenai FMU. Budget for financial year of 2019/2020 of the FMU only started on 1st June 2019. Details of the allocation were found consistent with FMU tenure particularly on forest, administration, research, human resource development, protection, economic, conservation environmental and social aspects.</p> <p>To encourage the optimal use of forest resources, Gerenai FMU management has conducted forest resource inventories with a total of 32 sampling units from 101 sampling's that was planned earlier.</p> <p>Timber is the main product, no non-timber forest product harvested from the FMU.</p> <p>Consultation with local communities surrounding and within the FMU indicated that non-timber forest products were collected for personal use and dailies subsistence. FMP has identified the protection areas that clearly demarcated in the maps that include Kerangas forest, terrain Class IV, buffer zone, buffer for water catchment, border zone and major rivers that consist of 14.63% from the total areas [shown in pg. C2-5 &amp; C2-6 in the FMU and map H (Forest Zoning)]. Two water catchments areas in two communities namely Lio Mato and Long Semiang also designated as water catchment which is 17.94% from the total FMU area. Several water catchment areas that proposed as HCV also is found in the document entitled "HCV Assessment Report for Gerenai FMU FT Licence No T/0413" prepared by SFC dated on February 2019.</p> <p>The rate of harvest for forest product is clearly stated in Gerenai FMU FMP (2019-2027), Chapter 3: Management Plan Prescriptions. It was stated that the operable area for Gerenai FMU is 100,004 ha and mean annual operable area is 4,000 ha with cutting cycle of 25 years. This is in accordance with the General Harvesting Plan (GP) that was approved by the FDS</p>	<p>Site visit to pre-harvesting area (in Block 17 and 26 of Coupe 01A) found tagged trees for felling were under sized i.e diameter below the cutting limit (for Dipterocarp <math>\geq 50\text{cm}</math> DBH and Non-Dipterocarp <math>\geq 45\text{cm}</math> DBH)</p> <p>Site visit to pre-harvesting area in Block 17 Coupe 01A found records on trees enumerated (based on Operational Inventory Summary Sheet) covering each skid trail of individual block (100% tree enumeration for harvestable tree) found diameter recorded for the tagged trees for felling were incorrect.</p> <p>Therefore, a <b>Major NCR for Indicator 5.3.2</b> was raised.</p>

Principle	Strengths	Weaknesses
	<p>The AAC was determined by the FD Sarawak based on the data simulation using FORMIND growth simulation programme. The report entitled 'Calculation of the AAC for Gerenai FMU' dated July 2019 was available and seen during the audit. The AAC is calculated at 22.02 m<sup>3</sup>/ha.</p>	
<p><b>Principle 6 Environmental Impact</b></p>	<p>An EIA for the Re-entry Hill logging within Coupe 01AR to 07AR and 15AR Under the Forest Timber License (FTL) No. T/0413 at the Batang Baram-Sg Silat Area, Miri, Sarawak 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). Two (2) EIA reports were approved by the NREB, first dated 15<sup>th</sup> June 2012 and the second on 10<sup>th</sup> September 2014.</p> <p>The Forest Management Plan of Gerenai 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.</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.</p> <p>There was existing cooperation between forest managers, and conservation organizations and regulatory authorities in implementing conservation and management activities, Ongoing project with SFC, On-going research by Universiti Putra Malaysia (Bintulu Campus), and Calculation of the AAC for Gerenai FMU – Management and Planning Division, FDS, Kuching, Sarawak.</p> <p>The FMU has conducted field patrolling and monitoring in Coupe 01AR dated 20/6/2019, 28/5/019, 12/5/2019, 18/4/2019, 7/4/2019 and 29/3/2019 to control and monitor any illegal encroachment, harvesting, hunting and settlement.</p> <p>The awareness briefing on ERTs and HCV to local communities also was conducted during Stakeholder Consultation. Poster of Totally</p>	<p>Site inspection at worker's quarter in Gerenai Base Camp at Block 16, 18 and 23 found that household waste and fuel container (drums) were indiscriminately disposed at the back of the quarters. <b>Therefore, a Minor NCR for Indicator 6.7.1 was raised.</b></p>

Principle	Strengths	Weaknesses
	<p>Protected Flora and Fauna Species also distributed to Tuai Rumah for displaying at their longhouses.</p> <p>Protected areas (including HCV, Terrain IV, Water catchment, Stream buffer and others) were mapped in 'Map H: Forest Zoning': 'Map K: Gerenai FMU within Heart of Borneo'; Map E: Forest Type: Map C: Terrain Class" for Gerenai FMU.</p> <p>Timber harvesting procedures were guided by the Sarawak Forestry Corporation's 'RIL Guidelines for Ground Based Harvesting System Volume I &amp; II' revised August 2018 and the Sarawak FD's the Green Book" 2019.</p> <p>Verification of Detail Harvesting Plan titled "Detailed Harvesting Plan (DP)/ Road Plan for Coupe 01A (2019 Coupe Year) of T/0341, Samling Plywood (Miri) Sdn Bhd " dated 25<sup>th</sup> February 2019 (approved by SFC: SFC.600-3/2/1(13)) and the "RIL Map Coupe 01A Block 017" showed harvesting was designed taking into consideration the need for the conservation of biological corridors and river buffer zones (Stream Bank Reserve (SBR)). Auditor visit to SBR buffer zone of Sg Silat and tributaries found the SBR boundary was painted blue with adequate signage.</p> <p>The FMU has conducted environmental monitoring to assess the impacts of forest operations at Gerenai FMU. The EMR on water quality and damage due to logging was submitted to the NREB every quarterly.</p> <p>Management policy on the use of environmentally friendly non-chemical methods of pest management and avoiding the use of chemical pesticides were available in "Environmental Policy" signed by the CEO on dated 5<sup>th</sup> June 2017.</p> <p>There was no application of biological control agents in the FMU.</p> <p>There was no plan for converting the forest area to plantations. Conversion of natural forest into non-forest land use had not occurred within the FMU.</p>	
<p><b>Principle 7 Management Plan</b></p>	<p>The Gerenai Forest Management Plan (FMP) for Forest Timber Licence No. T/0413, Samling Plywood</p>	<p>Verification of the Six (6) forest workers (constituting 2 scalers, 2 Log loader operators, and 2 truck drivers) interviewed</p>

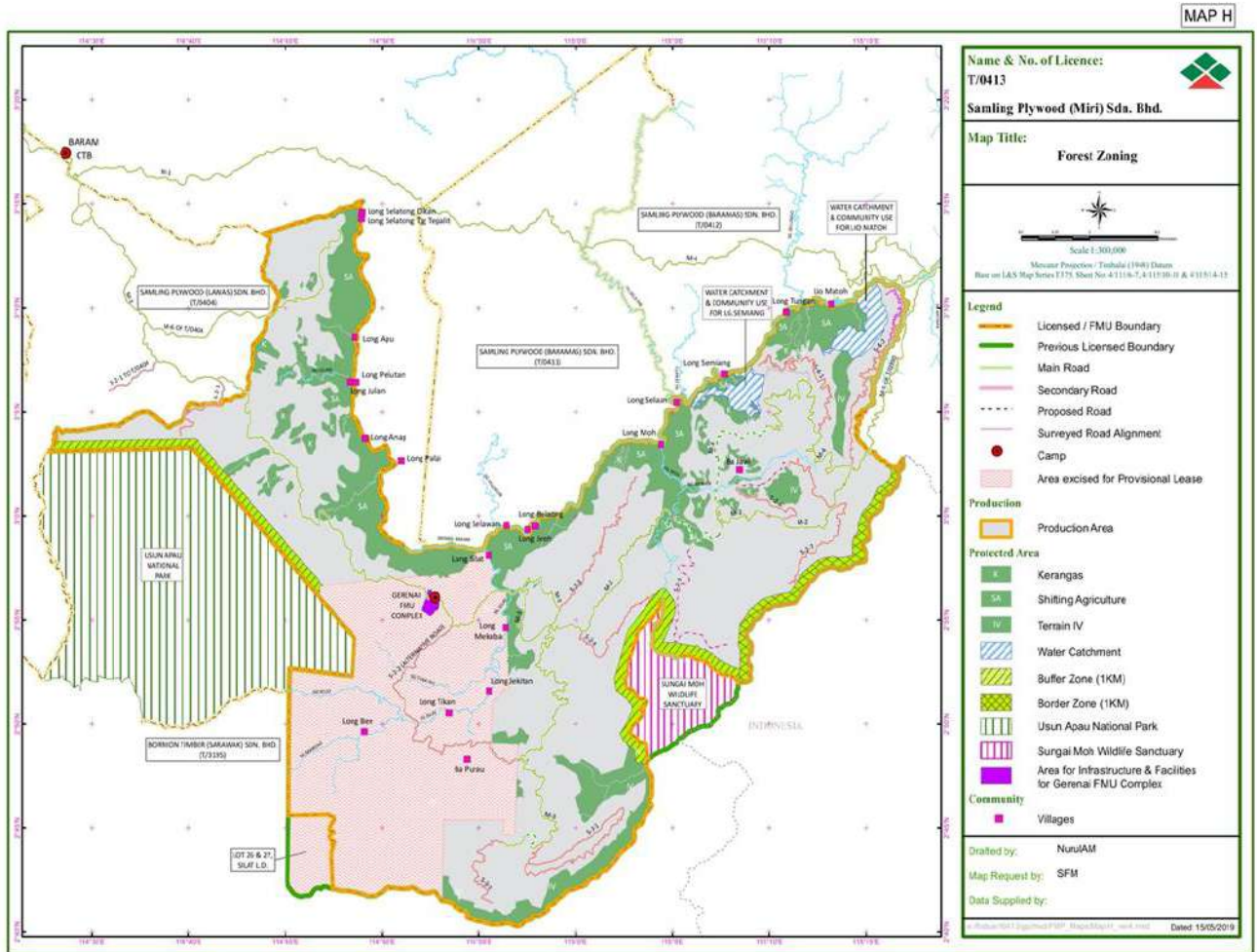
Principle	Strengths	Weaknesses
	<p>(Miri) Sdn Bhd (2018-2027) dated June 2019 was made available during the audit.</p> <p>FMP (2018-2027) for Gerenai FMU clearly outlined the plan as stated in Chapter 3: Management Prescription (pg. C3-1 to C3-8), Chapter 4: Planning for Forest Road and Harvesting System (pg. C4-1 to C4-3), Chapter 5: Pre-Harvesting Activities (pg. C5-1 to C5-10), Chapter 6: Harvesting Operation (pg 6-1 to C6-6), Chapter 7: EIA (pg. C7-1 to C7-9), Chapter 8: Forest Research (pg. C8-1 to C8-4), Chapter 9: Silviculture, Forest Rehabilitation and Reforestation (pg. C9-1 to C9-2), Chapter 10: Wildlife Management (pg. C10-1 to C10-5), and Chapter 11: Identification and Management of Protection Areas (pg. C11-1 to C11-3).</p> <p>Working plan entitled 'Gerenai FMU FMC Unit Action Plan 2019/2020' was seen and verified.</p> <p>'Preliminary Analyses of Forest Resource Assessment for Gerenai FMU' prepared by the Management and Planning Division FDS dated June 2019 was seen.</p> <p>A report entitled 'Calculation of the AAC for Gerenai FMU' prepared by Management and Planning Division FDS dated July 2019 was verified and seen.</p> <p>All relevant guidelines related to RIL were available and seen namely; a) 'Guideline for RIL Systems in Forest Management Certification (Natural Forest) Area' 2019 by FD Sarawak, b) <i>RIL Guidelines for Ground-based Harvesting Systems Vol. 1 &amp; Vol. 2</i>, October 2017, and c) <i>Compliance Assessment of RIL system (SFM/FDS/CP001)</i>. In addition, sample of RILP [Operational Inventory Summary Sheet Covering Each Skid Trail of Individual Block (100% Tree enumeration for harvestable trees) for Block 26 that was approved by SFC (on 17/07/2019, Ref SFC 600-1/1/82.2(38) Jld.6) was verified during the audit.</p> <p>The FMU will periodically revise the forest management plan every 5 years.</p> <p>Records of new scientific and technical information pertinent to the management of the area to be certified were also available to the forest managers. Records of new scientific and technical information</p>	<p>at PORM (Point of Royalty Marking) (KM 83) were unaware of MC&amp;I (Natural Forest) Principles and Criteria and Certification. Therefore, a <b>Minor NCR for Indicator 7.3.1 was raised.</b></p>

Principle	Strengths	Weaknesses
	<p>and from monitoring activities were covered in the FMP as cooperation between forest managers, and conservation organizations and regulatory authorities in implementing conservation and management activities for assessment on Rapid Wildlife Assessment via Camera Trapping Inside the Proposed Mujan-Julan National Park, Miri by WWF (Malaysia) on July 2019 and joint program on research project with University Putra Malaysia, Bintulu Sarawak Campus</p> <p>The summary of the primary elements of the forest management plan as prepared and implemented under Indicator 7.1.1 were made available in <a href="http://www.samling.com/doc/Public%20Summary%20FINAL%2017%20June%202019%20(004).pdf">http://www.samling.com/doc/Public%20Summary%20FINAL%2017%20June%202019%20(004).pdf</a></p>	
<p><b>Principle 8 Monitoring and Assessment</b></p>	<p>The Gerenai FMU complies with the regulatory monitoring procedures in accordance with relevant federal and state guidelines of the Forestry Departments and other relevant agencies.</p> <p>The FMU management has appropriately included all relevant information needed to monitor items listed in (a) to (e) of Criterion 8.2.</p> <p>For Gerenai FMU, tracing the forest product (logs) from its origin, a process known as the “chain of custody”, leaving the certified area, was verified through selected records and relevant documents presented. The documents were verified to be in order.</p> <p>The public summary of the management plan for Gerenai FMU can be accessed in the FMU website.</p>	<p>There were no negative findings</p>
<p><b>Principle 9 Maintenance of High Conservation Values</b></p>	<p>Assessment on the presence of the attributes consistent with HCVF was found in the report entitled “High Conservation Values Assessment Report; Gerenai Forest Management Unit: FTL T/0413” dated February 2019, prepared by SFC.</p> <p>Specific measure was outlined in the Gerenai FMP for recognizing HCVF areas in the form of map entitled “Map HCV1.1; Map HCV 1.4; Map HCV2.0 (Part A &amp; B); Map HCV3.0; Map HCV4.1; Map HCV4.2; Map HCV5 and Map HCV6”</p> <p>Site verification of the HCV 6, “Bali Tanah” at Long Palai in Coupe 24A found that appropriate</p>	<p>Consultations with Ketua Kampung and villagers of Long Selatong Tanjung Tepalit and Long Selatong Dikan found they were not aware of HCVF consultation that conducted on 14 July 2019 by Gerenai FMU. <b>Therefore, a Minor NCR for Indicator 9.2.1 was raised.</b></p>



Principle	Strengths	Weaknesses
	<p>protection and management activities implemented were adequate. The buffer boundaries of the HCV were clearly demarcated with blue paint.</p> <p>Results and findings of the HCVFs monitoring activities in Gerenai FMU shall be incorporated into the implementation and revision of the Gerenai Forest Management Plan.</p>	

Map of Gerenal Forest Management Unit



## Details of Auditors and Qualification

Assessment Team	Role/Area of MC&I Requirement	Qualification and Experience
Khairul Najwan Ahmad Jahari	Audit Team Leader / Forester	<p>Academic Qualification: B.Sc. of Forestry (Forest Management), Universiti Putra Malaysia.</p> <p>Work Experience: Appointed as contract Research Officer in the Natural Forest Division, Forest Research Institute of Malaysia (FRIM), since 2001. Conduct and coordinate a research on 8<sup>th</sup> Malaysian Plan Project. Produce technical reports, meeting, seminar, and conferences reports as well as quarterly physical and financial reports. Coordinate and participate field work, 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 Senior 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 (Natural Forest) and MC&amp;I (Forest Plantation), MYNI of RSPO P&amp;C, MSPO, TLAS and other management system on ISO 9001, 14001 and OHSAS 1800</p> <p>Training / Research Areas:  Was attending and pass in the following training programmes:  Auditor Training Course on Malaysian Criteria and Indicators for Forest Management Certification [MC&amp;I (2002)] organized by MTCC, 30 March - 2 April 2009. EMS 14001: 2004 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 2-6 March 2009. OHSAS 18001: 2007 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 23-27 Feb 2009. QMS 9001: 2008 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 16 – 21 Feb 2009.</p>
Ismail Adnan Abdul Malek	Auditor/ Forester	<p>Academic Qualification: Master of Forestry, University of British Columbia, Canada</p> <p>Work Experience: One-year (1974-1975) experience as Sub Assistant Conservator of Forest at the Pahang Forest Department, involved with Forest Administration/Management and Enforcement. Next, seven years (1979-1986) experience as Forest Officer/Logging Superintendent at Syarikat Jengka Sdn. Bhd (SJSB), an integrated timber complex in Pahang. Responsible for Forest Licensing/ Administration, Forest Mapping, Road Construction and Logging Operations. Senior Lecturer at the Forestry Faculty, Universiti Putra Malaysia (UPM) from 1986 to 2014. Responsible for teaching and research in Forest Mensuration, Forest Survey, Forest Road, GIS/Remote Sensing and</p>

		<p>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 (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>Training / Research Areas:  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  ISO 14001:2004 Lead Assessor Training, 23rd-27th Nov 2015, SIRIM Training Services Sdn. Bhd.  Training on Auditing Techniques, 26th January 2016, SIRIM QAS International Sdn Bhd</p>
Dr. Nazre Saleh	Auditor/ Forester/ Botanist	<p><b>Academic Qualification:</b>  <i>Diploma in Forestry, UPM</i>  <i>B. Sc. Conservation Biology &amp; Ecology (UKM)</i>  <i>MSc. Botany (UKM)</i>  <i>PhD. Botany (Edinburgh)</i></p> <p><b>Work Experience:</b>  One year as Research Assistant in WWF-Malaysia in the year from 1999-2000. Become an academic staff in Faculty of Forestry, Universiti Putra Malaysia (UPM), Serdang Selangor from 2000 to present (16 years), starting as a tutor promoted as Senior Lecturer in 2009, and currently as an Associate Professor since 2013. Main responsibility is teaching the undergraduates in the subject of Dendrology, Forest Ecology and Ethnobotany, and Forest Dynamics for postgraduate students. Main research subjects are botany, forest ecology and, forest conservation and management done by supervising both undergraduate and postgraduate (Master/PhD) students funded by local and international grants. Appointed as Head of Department since 2010 for Department of Forest Production (2010-2012) and Department of Forest Management (2013-present). Has sat in many committees for university and ministry (national) related to forestry subjects such as Mangrove Conservation, Forest Management, Forest Protection and Forest Plantation. Published more than 50 articles in local and international book, journals, chapters in books, conference proceeding and technical reports. Attended and presented in many workshops, conferences, seminars held at both local and international levels.</p> <p><b>Attended and pass the following training programmes:</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) (SIRIM QAS Sdn. Bhd), 9<sup>th</sup>-10<sup>th</sup> July 2015.</li> <li>• EMS 14001: 2004 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 18<sup>th</sup> – 22<sup>nd</sup> July 2016.</li> <li>• Forest Management Certification (FMC) Workshop, SIRIM Bhd, 6<sup>th</sup> –7<sup>th</sup> December 2016</li> </ul>

		<ul style="list-style-type: none"> <li>• Training on Auditing Techniques (SIRIM QAS Int. Sdn. Bhd), 26<sup>th</sup> January 2016.</li> </ul>
Mohd Annas Amin Bin Haji Omar	Auditor/ Forester	<p>Academic Qualification: Diploma in Forestry, UPM B. Sc. In Forestry, UPM</p> <p>Work Experience: 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. Conduct forest Enforcement Team Activities such as The Prevention of illegal logging. Also appointed to be Investigative Officer</p> <p>Attended and pass the following training programmes:  <ul style="list-style-type: none"> <li>• Program of MTCS Training Course (MC&amp;I) in Kuantan (9-12 July 2018)</li> <li>• Lead Auditor ISO 9001, ISO 14001 &amp; ISO 45001 Exemplar Global Certified (13-18 August 2018)</li> </ul> </p>
Rahayu Zulkifli	Technical Expert/ Trainee Assessor	<p>Academic Qualification LLB (Hons) John Moores University, Liverpool, United Kingdom in 1988.</p> <p>Work Experience: Rahayu was a practising lawyer before joining Sistem Televisyen Malaysia Berhad in 1995 to lead its Legal Department for 5 years. She subsequently joined Crest Petroleum Berhad in 2000 as Legal Manager and Company Secretary before joining WWF-Malaysia in 2003 to pursue her interest in environmental conservation where she eventually led the Terengganu Turtle team, working closely with local community and policy makers on turtle conservation in the State. She left WWF in 2013 to join RSPO as a Dispute Settlement Facility Manager in January 2014. In May 2015, Rahayu left RSPO and is now working as a freelance Social Auditor under the Roundtable on Sustainable Palm Oil (RSPO) certification scheme. Rahayu is also an HCV assessor (in particular HCV 5 &amp; 6), and a Social Impact Assessor.</p> <p>Training Areas Rahayu was also trained and certified as a Mediator by the Malaysian Mediation Centre in 2014. She is currently undergoing training to be a Social Auditor under the Malaysian Criteria &amp; Indicators for Forest Management Certification scheme.</p>

## Comments by Stakeholders and Responses from Audit Team

Stakeholder	Stakeholders Comment	Auditors Comment
<p>Dr. Jason Hon Head of Sarawak Conservation Programme</p> <p>WWF-Malaysia</p> <p>Comment received: 22 July 2019</p>	<p>Introduction</p> <p>The Gerenai FMU shares boundary with Usun Apau National Park. The proposed Mujan-Julan National Park (8,601 ha) is located inside the FMU. In addition, there is an area (47,796 ha) within the FMU that has been proposed for the Provisional Lease – see <b>Map HCV 5</b> (Source: HCVF of the Gerenai FMU). In May 2019, Gerenai FMU hosted a field testing of HCV Training module that is being jointly developed by WWF-Malaysia, Forest Department Sarawak, Sarawak Forestry Corporation and Sarawak Timber Association. A Stakeholder Consultation for HCV Assessment was held in July 2019</p> <p>WWF-Malaysia would like to raise the following comments for the attention of the certification audit, as shown below:</p> <p><b>Comment No. 1: Communication Platform: CRC, SFM Liaison Committee and FMU</b></p> <p>Has Gerenai FMU carried out consultation with all villages within the area? For reference, 21 have been identified to reside in the area based on the HCV Assessment report. If yes, the FMU should make available records of such activities for verification. The formation of Community Representative Committee (CRC) for certification is important, and that the formation must adhere to the proper guidelines (refer to the Forest Department Sarawak Guideline). There must be proper documentation of this process, including the Organisation Chart of CRC and the Terms of Reference. In addition to the above, the results from Social Impact Assessment and HCV Assessment must be communicated to the EXCO members of the CRC.</p> <p><b>Comment No. 2: Conflict Resolution Plan</b></p> <p>The FMU should have proper procedures to address conflicts related to local issues. The FMU must demonstrate that there are: Standards</p>	<p><b>Introduction and Comment No 4 respond:</b></p> <p>It was noted the Usun Apau National Park was not part of the Gerenai FMU, as In Gerenai Map FMU (attachment 1). The proposed Mujan-Julan National Park was not proceeded to be gazetted as National Park. It was confirmed during consultation with Forestry Department Sarawak during the audit.</p> <p><b>Comment No. 1 and Comment No.2 respond;</b></p> <p>During the consultation with 10 longhouses at Long Moh, Long Anap, Long Apu, Lio Mato, Long Selatong Dikan, Long Selatong Tanjung Tepalit, Long Palai, Long Jekitan, Long Mekaba and Long Selaan indicated that consultation was not sufficient. Majority of the communities were not aware of the objective and function of Community Relation Committee (CRC) which is yet to be established. <b>Major NCR ANS02/2019 was raised against Indicator 2.2.2</b></p>

	<p>Operation Procedures (SOP); and key personnel within the FMU Representative Committee handling this. The CRC should be aware of this SOP for Conflict Resolution Plan.</p> <p><b>Comment No. 3: High Conservation Value (HCV) Assessment report</b> The HCV Assessment report has yet to be finalized. WWF-Malaysia has been consulted to review the report in July 2019 and submitted comments to the FMU. All recommendations, which have been recorded in the Minutes of Meeting by the FMU, must be taken on-board.</p> <p><b>Comment No. 4: Management of the Proposed Mujan-Julan National Park (8,601 ha)</b> The proposed Mujan-Julan National Park is located within the boundary of the FMU. The area must be properly demarcated. The FMU should have an Action Plan of its own on for this proposed national park, to ensure that integrity of the area is not compromised by human activities e.g., illegal entry by outsiders, forest clearing etc.</p> <p><b>Comment No. 5: Provision Lease (47,796 ha) area within the FMU</b> The concern for the presence of a sizeable area of 47,796 ha within the FMU must be addressed, especially pertaining to license boundary of Gerenai FMU, and any other actions within the Provision Lease that could jeopardize management and certification of the FMU. Activities surrounding the immediate boundaries shared between the Provision Lease area and FMU must be closely monitored.</p>	<p><b>Comment No.3 respond;</b> Records of meetings/dialogues with relevant stakeholders and experts regarding the HCVFs had been initiated on 11<sup>th</sup> until 16<sup>th</sup> July 2019. Minutes of meetings including attendance list and pictures were verified during the audit. Consultative meetings with Long houses representatives have been conducted at the following dates: 11<sup>th</sup> July 2019 – Long Palai 12<sup>th</sup> July 2019 – Long Jekitan. 14<sup>th</sup> July 2019 – Long Semiang, Long Selatong Tg Tepalit 15<sup>th</sup> July 2019 – Long Mekaba, Long Moh, Long Selaan 16<sup>th</sup> July 2019 – Long Silat, Long Belaong, Long Tungan, Long Selawan, Long Jeeh,</p> <p>However, during consultations with Ketua Kampung and villagers of Long Selatong Tanjung Tepalit and Long Selatong Dikan found they were not aware of HCVF consultation that was conducted on 14 July 2019 by Gerenai FMU, hence, <b>a Minor NCR (KN02/2019) against Indicator 9.2.1 was raised.</b></p> <p><b>Comment No. 5 respond;</b> As advised by Forest Department Sarawak at Forest Management Certification Technical Committee Meeting (FMCTC No.1/2019) dated 9 April 2019, Land &amp; Survey Department has agreed that no land development can be approved on State Land within an FMU without prior agreement of Forest Department Sarawak. Minutes meeting on forest management certification technical committee (FMCTC) NO 1/2019 sighted and verified during audit.</p>
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## Stage 2 Audit Plan

DAY	TIME	PROGRAM			
		AUDITOR 1, 2, 3 & 4		1 AUDITOR & Technical Expert	
<b>Travelling Day 1</b> <b>21.7.2019</b>	9.00 am – 2.00 pm  3.00 pm – 7.30 pm	All Auditors travelling from KLIA to Miri on 21 July 2019  Flight from KLIA to Miri - MH2574 Estimated Time Departure - 11.30 am Estimated Time Arrival – 1.45 pm  Travel to Central Baram Base Camp (CTB)			
<b>Audit Day 1</b> <b>22.7.2019</b>	7.30 am 10.30 am – 12.00 pm  12.00 pm – 1.00 pm 1.00 pm – 7.30 pm	<ul style="list-style-type: none"> <li>• Travelling to Gerenai Camp</li> <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 1               <ul style="list-style-type: none"> <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> </li> </ul> <p>Lunch break Documentation and records review</p>			
		<p style="text-align: center;">Auditor 1</p> <ul style="list-style-type: none"> <li>• Principle 1 – Compliance with Laws and Principles</li> <li>• Principle 2 – Tenure and Use Rights and Responsibilities</li> <li>• Principle 7 – Management Plan</li> </ul>	<p style="text-align: center;">Auditor 2</p> <ul style="list-style-type: none"> <li>• Principle 5 – Benefits from the forest</li> <li>• Principle 8 – Monitoring and Assessment</li> </ul>	<p style="text-align: center;">Auditor 3</p> <ul style="list-style-type: none"> <li>• Principle 6 – Environmental Impact</li> <li>• Principle 9 – Maintenance of High Conservation Value (HCV)</li> </ul>	<p style="text-align: center;">Auditor 4</p> <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>



<b>Audit Day 2</b>  <b>Tuesday</b>  <b>23.7.2019</b>	7.30 am – 1.00 pm	<b>Site visit</b> <ul style="list-style-type: none"> <li>• Inspection of active harvesting area or Tree Tagging Area Block 17</li> <li>• Consultation with workers operating in logging area (bulldozer operator, hookman, feller, excavator operator, surveyor and supervisor)</li> </ul>	<b>Site visit</b> <ul style="list-style-type: none"> <li>• Inspection of Pre-harvesting area or Tree Tagging Area Block 26</li> <li>• Inspection of Coupe Boundary 01A</li> <li>• Buffer zone</li> <li>• Conservation area and PSP No. 10 (FRA No.30)</li> </ul>	<b>Site visit</b> <ul style="list-style-type: none"> <li>• Licence Boundary near Long Palai Coupe 2041/24A</li> <li>• Fauna monitoring sites/HCVF sites Long Palai Cultural Site</li> <li>• Consultation with Local Communities of Long Palai</li> </ul>	<b>Site visit</b> <ul style="list-style-type: none"> <li>• Consultation with Local Communities of Long Moh</li> <li>• SA area along M-2 Road</li> </ul>
	2.00 pm – 5.30pm	<ul style="list-style-type: none"> <li>• Inspection of Coupe Boundary 02A/01A (north-east part)</li> <li>• Inspection of Coupe Boundary 02A/01A (south-east part)</li> <li>• Buffer zone at Sg. Sebu</li> </ul>	<ul style="list-style-type: none"> <li>• Review of Day 2 Findings by Audit Team Leader</li> </ul>		
<b>Audit Day 3</b>  <b>Wednesday</b>  <b>24.7.2019</b>	7.30 am – 1.00 pm	<b>Site visit</b>  Consultation with Local Communities of Long Selatong Dikan, and Long Selatong Tanjung Tepalit	<b>Site visit</b> <ul style="list-style-type: none"> <li>• Licence Boundary near Usun Apau Coupe 22 with Samling T/0404</li> <li>• PSP plots No.5</li> </ul>	<b>Site visit</b> <ul style="list-style-type: none"> <li>• Inspection of stumping site (PORM) KM83</li> <li>• Consultation with contractors and workers operating in Stumping, Scaller, Truck driver, Log Loader Operator.</li> <li>• Inspection of workers housing at Stumping Site</li> <li>• Check on workshop, SW &amp; chemical store, FOL and Diesel</li> </ul>	<b>Site visit</b> <ul style="list-style-type: none"> <li>• Consultation with Local Communities of Long Anap, Long Julian, Long Pelutan, and Long Apu</li> <li>• Consultation with Labour Dept.</li> </ul>
	2.00 pm – 5.00pm	Travel to Kelesa Camp	<ul style="list-style-type: none"> <li>• Review of Day 3 Findings by Audit Team Leader</li> </ul>		

<b>Audit Day 4</b>  <b>Thursday</b>  <b>25.7.2019</b>	7.30 am – 1.00 pm  2.00 pm – 5.00pm	Site visit <ul style="list-style-type: none"> <li>• Licence Boundary of FMU with Merawa T/0390 boundaries (east part)</li> <li>• Travel to CTB</li> </ul>	Site visit <ul style="list-style-type: none"> <li>• Consultation with Local Communities of Long Mekaba and Long Jekitan</li> <li>• HCVF Salt Lick of Long Jekitan</li> <li>• Licence boundary with PL Area</li> </ul>	Site visit <ul style="list-style-type: none"> <li>• Inspection of SA Area along Coupe 2042/25A</li> <li>• Inspection of PSP plots No. 8</li> </ul>	Site visit <ul style="list-style-type: none"> <li>• Consultation with Local Communities of Long Selaan, Long Semiang</li> <li>• Stay Kelisa Camp</li> </ul>
<b>Audit Day 5</b>  <b>Friday</b>  <b>26.7.2019</b>	7.30 am – 1.00 pm  2.00 pm – 5.00pm	Site visit <ul style="list-style-type: none"> <li>• Boundary of FMU License boundaries at Coupe 20A with LPF0021 (north-west part)</li> <li>• Travel back to Gerenai Camp</li> </ul>	Site visit <ul style="list-style-type: none"> <li>• Consultation with workers and worker’s representative</li> <li>• Inspection of staff quarters</li> </ul>	Site visit <ul style="list-style-type: none"> <li>• Consultation with Long Silat, Long Belaong, Long Jeeh, and Long Selawan</li> </ul>	Site visit <ul style="list-style-type: none"> <li>• Consultation with Local Communities Lio Matoh and Long Tungan</li> <li>• Travel back to CTB</li> </ul>
<b>Audit Day 6</b>  <b>27.7.2019</b>	8.30 am – 11.00 am 11.00 am – 12.00 pm 12.00 pm - 3.00 pm 3.00pm 4.00 pm	<ul style="list-style-type: none"> <li>• Documentation and records review</li> <li>• Lunch</li> <li>• Travel to CTB</li> <li>• Consultation with WWF</li> <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> </ul>			
<b>Travelling Day 1</b>  <b>28.7.2019</b>	7.30 am – 1.00 pm  4.00 pm – 9.00 pm	All Auditors travel back to Miri  Flight Miri to Kuala Lumpur – MH2593 Estimated Time Departure – 5.15 pm, Estimated Time Arrival – 7.25 pm			

## Stage 2 Audit Findings and Corrective Action Taken

Specification Major/Minor/OFI	Detail Non-conformances	Corrective Action Taken	Verification by Assessor
<p>Indicator 1.1.1</p> <p>Major NCR: ANS01/2019</p>	<p><b>Requirement: Indicator 1.1.1</b> - 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>Workers are not paid minimum wages as per the Minimum Wages (Amendment) Order 2018.</li> <li>Salary deductions were made in excess of 50% of wages earned by workers.</li> </ol> <p><b>Objective evidence:</b></p> <p>(1) (a) Employee No. FM0003 was paid RM1,000 in January 2019.</p> <p>(b) One excavator operator was paid RM117 for in June 2019.</p> <p>This contravenes Section 3 of the Minimum Wages (Amendment) Order 2018 which sets minimum wages at RM1100 per month, and Section 2 of the Guidelines on the Implementation of Minimum Wages Order 2012 which stipulates that workers paid by piece-rate and tonnage are also entitled to minimum wages.</p> <p>(2) Worker No SL0327 earned RM1,423.75 in June 2019. However, a sum of RM1,287.60 was deducted from his June</p>	<p><b>Result of investigation and determination of root cause:</b></p> <p>(1) The audit findings are on the face correct. However, investigation reveals a somewhat different picture for both findings (a) and (b):</p> <p>(1) (A) Yes: Employee No FM0003 was paid RM1,000.00 in January 2019 but he then received a top-up of RM100.00 in the following month February 2019.</p> <p>(1) (b) The excavator operator alleged to have been paid RM117.00 for June 2019 had in fact absconded with his crew in May 2019. The RM117.00 was the balance due from prior month's production.</p> <p>(2) Worker SL0327 had more than 50% of his pay deducted for canteen expenses. That is correct. To allow workers credit at the camp canteen is an age-old industry practice. Receiving canteen goods on credit is in effect a cash advance. The deduction is merely a contra with the cash advance set against wages due. HR advises that this industry practice has never been queried by the Labour Department in Samling's upstream operations.</p> <p>(1) The Investigation showed that for both findings there is actually no case to answer. However, during the Investigation it was found that there were real cases of workers being paid less than the minimum wage.</p>	<p>The Corrective action plan received on 23 August 2019 has been accepted and the evidences to close the findings received on 22 and 30 October was verified as below</p> <p>Camp Monthly Payroll (BMS) for August 2019 was verified and found all 72 workers includes road construction, road maintenance, skidding, trucking, workshop, Hook man, and others were more than RM1100 per month.</p> <p>In the same time, it showed the Total Deduction was less than 50% of their total salary.</p> <p><b>Status: Closed</b></p>

	<p>2019 salary to pay for his canteen expenses. This contravenes 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 respect of deductions the long-established industry practice conflicts with the above-mentioned law. (An appeal for an amendment would have been entirely logical but it seems this did not happen.)</p> <p><b>Correction and corrective action plan including completion date:</b></p> <p>(1) The piecework rates will be reviewed to adjust operators' rates down and the hook man's rate up. (It is instructive to note that it was once industry practice for the tractor operator to be totally responsible for his hook man's pay, i.e. the company was not responsible for paying hook men. Currently an operator may top-up his hook man's pay and/or provide him with food.)</p> <p>(2) The canteen management will no longer allow advances to exceed RM550.00 in any one month.</p> <p><b>Completion date</b></p> <p>(1) To be implemented wef 1<sup>st</sup> October 2019</p> <p>(2) To be implemented wef 1<sup>st</sup> September 2019</p>	
<p>Indicator 2.2.2</p> <p>Major NCR: ANS02/2019</p>	<p><b>Requirement: Indicator 2.2.2</b> - Forest managers shall recognise, respect and collaborate with holders of duly recognised legal or customary tenure or use rights within relevant federal, state and local laws, in activities that may affect such rights.</p> <p><b>Finding:</b> Consultation with local communities on CRC establishment was not sufficient</p> <p><b>Objective evidence:</b> Consultation with 10 longhouses at Long Moh, Long Anap, Long Apu, Lio Mato, Long</p>	<p><b>Result of investigation and determination of root cause:</b></p> <p>On 6 December 2018 a briefing was given by Stewart Paran (Senior Native Liaison Officer, Samling) attended by Temenggong Joseph Ngau Lian, Penghulu Jalong Tanyit and five others regarding the function &amp; purpose of the CRC. A similar briefing was held in CTB on 26<sup>th</sup> June 2019 and chaired by FDS with Dr. Roland Kueh (UPM) in attendance. It was attended by the two penghulus, three Kks and several other kampong representatives. Inevitably those who attended</p>	<p>The Corrective action plan received on 23 August 2019 has been accepted and the evidences to close the findings received on 22 and 30 October was verified as below</p> <p>Community Representative Committee (Gerenai CRC) has been formed on 26 June 2019, which is chaired by Temenggong Joseph Ngau Lian, Kenyah representative by Penghulu Anthony Kule Lalo, Penan representative by Penghulu Daud Suok. The CRC member comprises of 51 persons with all representatives from all 22 local</p>

	<p>Selatong Dikan, Long Selatong Tanjung Tepalit, Long Palai, Long Jekitan, Long Mekaba and Long Selaan indicated that consultation was not sufficient. Majority of the communities were not aware of the objective and function of Community Relation Committee (CRC) which is yet to be established</p>	<p>represented only a very small percentage of the FMU's resident population 5,000. The expectation and requirement of such meetings is that the content of the briefing will flow downwards from those attending to the others in the villages on the return of the attendees. This especially so when the attendees are heads of kampong and members of KKKKs.</p> <p><b>Root cause</b> It was observed, in the case of the ten kampongs listed in the Findings above, that the auditors did not always manage to interview actual attendees of the briefing who represented the kampong. As in some cases the information flow had not been strong, and was possibly non-existent, in some of the communities, there was a lack of awareness of the objectives &amp; functions of the CRC in some of the communities interviewed.</p> <p><b>Correction and Corrective action plan including completion date:</b></p> <p>The FDS was been made aware of the audit findings. In response they have called a meeting to be held at CTB on 4 September 2019 to draw representatives from all the kampongs. The function and purpose of the CRC will again be explained after which it is then intended that communities would then form the CRC with the guidance of the FDS.</p> <p><b>Completion date</b> By the end of September 2019</p>	<p>Indigenous communities surrounding the Gerenai FMU.</p> <p>The meeting was conducted on 4 September 2019. Attended by representative from Long Selaan, Kpg Long Jedi, Long Jekitan, Long Tungan, Lio Mato, Long Anap, Kg Baru Lg Selama, Long Moh, Long Semiyang, Long Palai, Kg Tg Tepalit, Long Tikan, Long Selatong Dikan, Long Apu, Long Mekaba and others. It was also attended by UPM Bintulu, SFC, Telang Usan District Office, and FMU representative.</p> <p>Minutes of meeting including attendance list dated 4 September 2019 was verified by auditor</p> <p><b>Status: Closed</b></p>
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<p>Indicator 4.2.5</p> <p>Major NCR: IAM03/2019</p>	<p><b>Requirement: 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> Authorization for storage of diesel (including quantum allowed) for Gerenai FMU from authorized agency not available.</p> <p><b>Objective evidence:</b> Inspection and document review at the Workshop located at Gerenai FMU Base camp found authorization letter for storage of diesel (including quantum allowed) from authorized agency was not available</p>	<p><b>Result of investigation and determination of root cause:</b> The permit to purchase and store diesel is issued by the Dept. of Trade. The need for this permit would seem to be a hangover from the days when diesel was heavily subsidized. Previously Samling did have the required permit for purchase &amp; storage of 1.2 million liters at Tuyut log pond. As this was accepted by the authority to be the point from which Samling distributed its fuel for the Baram Region no other permits were required.</p> <p><b>Root cause</b> The Tuyut log pond permit has expired and so it is correct to say that the storage of diesel at Gerenai Camp is no longer covered by a permit from the Dept. of Trade.</p> <p><b>Correction and Corrective action plan including completion date:</b> (A) Complete the bund wall; then (B) Obtain Bomba approval letter for the storage of 60,000 litres at Gerenai Camp; and then (C) Obtain the Dept. of Trade permit for storage of fuel at Gerenai Camp.</p> <p><b>Completion date</b> Estimated for completion of the CAP by end of October 2019</p>	<p>The Corrective action plan received on 23 August 2019 has been accepted and the evidences to close the findings received on 22 and 30 October, and 24 December 2019 was verified as below</p> <p>The bund wall has been completed Gerenai FMU had completed fuel tank bunding at Gerenai Camp</p> <p>Gerenai had requesting an inspection from <i>Jabatan Bomba dan Penyelamat Malaysia, Miri</i> by letter No.2019/SST/131 dated 23 October 2019</p> <p>Gerenai FMU has received a letter from <i>Jabatan Bomba dan Penyelamat Malaysia, Miri</i> for <i>Surat Sokongan Lesen</i> No. JBPM/SK/ZMI:700-5/1/20/344 (5) dated 20 December 2019 for the Diesel Storage for 50,000 Liter Capacity for Syarikat Samling Timber Sdn Bhd, Gerenai Silat Camp, Ulu Baram, 98050 Miri, Sarawak</p> <p><b>Status: Closed</b></p>
<p>Indicator 5.3.2</p> <p>Major NCR: KN01/2019</p>	<p><b>Requirement: Indicator 5.3.2</b> - Log extraction operations to minimise product wastage, degradation and foregone revenue opportunities.</p> <p><b>Finding:</b> Diameter measurements during pre-harvesting/tree tagging activity were incorrect.</p>	<p><b>Result of investigation and determination of root cause</b> Objective Evidence #1 &amp; #2 effectively illustrate the same point: that the diameter written on the tree tag is not always correct. It is a more serious error when, as in #1, it leads to the potential for undersize trees to be harvested.</p>	<p>The Corrective action plan received on 23 August 2019 has been accepted and the evidences to close the findings received on 22 and 30 October was verified as below</p> <p>Following the refresher course</p>

**Objective evidence:**

1. Site visit to pre-harvesting area (in Block 17 and 26 of Coupe 01A) found tagged trees for felling were under sized i.e diameter below the cutting limit (for Dipterocarp  $\geq 50\text{cm}$  DBH and Non-Dipterocarp  $\geq 45\text{cm}$  DBH) as per the following:

Block	Tree tag No.	Species code	Group	Inspected size (DBH)	Recorded size (DBH)
17	AD2345	MR TP	Dipterocarp	46.9 cm	50 cm
17	AD2347	KPX X	Non-Dipterocarp	40 cm	48 cm
17	AD2484	MR TP	Dipterocarp	48 cm	51 cm
17	AD2480	KPX X	Non-Dipterocarp	43 cm	47 cm
26	AE8704	MR TX	Dipterocarp	43 cm	50 cm
26	AC3398	UB AH	Non-Dipterocarp	43 cm	45 cm

2. Site visit to pre-harvesting area in Block 17 Coupe 01A found records on trees enumerated (based on Operational Inventory Summary Sheet) covering each skid trail of individual block (100% tree enumeration for harvestable tree) found diameter recorded for the tagged trees for felling were incorrect.

**Root Cause**

The 100% enumeration, which includes the tree tagging, is contracted out. The contractor had not trained and did not supervise all his crews equally well. It appears that same crew was responsible for the unacceptable work in both Blocks 17 & 26. (The contractor also works for Samling in Ravenscourt & Ulu Trusan FMUs – both certified – and works in the certified FMUs of other companies. His work has generally been found to be satisfactory both by the companies and SIRIM auditors.

**Correction and Corrective action plan including completion date:**

- (A)** Blks 17 and 26 are to be immediately repaired. Blks 16, 18, 20, 21, 22 & 29 will be checked by SEU and then repaired as necessary. ‘Repair’ means that the diameters (RDs) will be measured and where equal to or greater than the minimum RD limits the corrected RD will be written on the existing tag.
- (B)** When the RD is less than the minimum RD then the tag will be removed and returned to SEU.
- (C)** A list of all the tags removed will be prepared.
- (D)** A refresher course on Tree Enumeration will be given to the crews of Pinnacle Forest Solutions Sdn Bhd by Samling’s senior SEU staff.

**Completion Dates**

CAPs (A) to (C) by end of October 2019.

CAP (D) This had been completed for all crews by week ended 16 August 2019 under the supervision of the head of SEU.

- Report on “Comparison of before and after corrective action of the 100% Tree Enumeration in Blocks 17 and 26” PEC Ref No. T0413/19/01A.
- List of tagged trees removed from the tree list after re-enumeration Block No.17 and Block No.26
- Revised summary of skid trail network & trees to be harvested for individual Block No.17 and Block No.26
- Summary of “After Correction Action & Re-enumerate of Coupe Operational Inventory Analysis 100% Tree Enumeration” for Block 20 (35Ha), Block 21 (81Ha), Block 28 (46Ha) and Block 29 (77Ha)
- Revised summary of skid trail network & trees to be harvested for individual Block 28, Block 29, Block 21, and Block 20
- List of rejected trees for individual Block 28, Block 29, Block 21, and Block 20
- In-house Refresher on Reduced Impact Logging (RIL) on 14 August 2019. Attendance list and training material was verified by auditor.

Review of the report found although the number of trees tallied had decreased by 6.8% that the new recorded volume had increased by 6.5%. This was effect of the actual re-measured of many trees being significantly larger than that recorded on the first measurement.

**Status: Closed**

	Tree tag No.	Species code	Group	Inspected size (DBH) by Auditor	Recorded size (DBH)	Difference (Variance)		
	AD24 31	MD G	Non-Dipterocarp	45.5 cm	58 cm	12.5 cm		
	AD23 39	NY TO	Non-Dipterocarp	58 cm	52 cm	6 cm		
	AD23 43	KPX X	Non-Dipterocarp	45 cm	50 cm	5 cm		
	AD24 81	JEL U	Non-Dipterocarp	51 cm	58 cm	7 cm		
<p>Indicator 1.5.2 Minor NCR: IAM02/2019</p>	<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> External boundary of Gerenai FMU boundary not demarcated and unavailability of external FMU boundary marking schedule for 2019.</p> <p><b>Objective evidence:</b></p> <ol style="list-style-type: none"> <li>1. Inspection of Gerenai FMU external boundary (Coupe 2041/24A) vicinity of Long Palai (T/0413) (along Sg Baram) was not demarcated and painted.</li> <li>2. External Gerenai FMU boundary marking work schedule for 2019 was unavailable.</li> <li>3. Control measures not sufficient for established 'temuda' areas located along 'M2' in Coupe 01/A</li> </ol>			<p><b>Result of investigation and determination of root cause:</b></p> <p>(1) The FMU's external boundary along the true left bank the Btg Baram is also the Gerenai timber licence boundary (T/0413). The licence boundary is clearly demarcated on the ground by the true left bank of the river but no paint had been applied to any trees or rocks along the riverbank.</p> <p>(2) It is correct: there was no formal work schedule for external boundary marking work. However, work had been done e.g. the common boundary marking executed with Shin Yang (documentary evidence sighted by the auditor at Stage 2) and other work was planned at the time of Stage 2 e.g. the common boundary cutting with Bornion Sdn Bhd which is still in progress (mid- August 2019).</p> <p>(3) The control or monitoring measures of the 'temuda' areas had already started with the use of Sentinel-2 satim using scenes captured in May 2019 (the satim scenes were seen by the auditor at Stage 2) with new SA being GPSd as it is encountered by SEU staff and FMU patrols and the coordinates sent</p>			<p>The Corrective action plan received on 23 August 2019 has been accepted and the effectiveness of the action taken to be verified during the next audit.</p> <p><b>Status: Accepted</b></p>	



		<p>to Miri for record. However, the detail of the 'temuda' along M2 had not yet been mapped.</p> <p><b>Root cause</b></p> <p>(1) Traditionally it has never been considered necessary to paint trees or rocks on the banks of large rivers in order to add emphasis to the already substantial demarcation provided by the riverbank itself to the fact that it is a boundary. Hence there was no boundary paint visible at the time of inspection by the auditor.</p> <p>(2) SEU Baram Region had never prepared a formal external boundary marking work schedule.</p> <p>(3) With the FMU not yet certified the control or monitoring measures of the 'temuda' areas are only just being established</p> <p><b>Correction and Corrective action plan including completion date:</b></p> <p>(1) FDS will be approached regarding formalizing the above-mentioned traditional practice. If this can be done, then hopefully evidence of agreement can be provided. If not, then a lot of paint will have to be used in painting rocks and trees - with the obvious environmental hazard for the riverine zone.</p> <p>(2) A formal external boundary marking work schedule will be prepared.</p> <p>(3) Detail of the existing 'temuda' along M2 will be sketch mapped and the locations of new SA will be recorded with GPS as it is encountered.</p>	
<p>Indicator 4.3.4</p> <p>Minor NCR: MNS01/2019</p>	<p><b>Requirement: Indicator 4.3.4</b> – Availability of appropriate procedures to address grievances raised by workers and/or their organisations and for conflict resolution.</p>	<p><b>Result of investigation and determination of root cause</b></p> <p><b>Investigation</b></p> <p>As the above Finding notes the FMU has an established grievance resolution procedure which</p>	<p>The Corrective action plan received on 23 August 2019 has been accepted and the effectiveness of the action taken to be verified during the next audit.</p> <p><b>Status: Accepted</b></p>

	<p><b>Finding:</b> Procedure on employee grievance resolution is available but not appropriately executed and efficient</p> <p><b>Objective evidence:</b> Consultation session with a total of 19 general workers/office and respective managers in Gerenai Base camp on 26<sup>th</sup> July 2019 found that available workers grievance procedure is not effective due to no record of grievance found. From the interview also, workers understanding on the procedure was found inadequate and not appropriate for general worker level of education.</p>	<p>includes a simple flow chart. To file a grievance also requires the submission of a Grievance Form. A box to receive completed Grievance Forms is located on the external wall of the Gerenai Camp office. It is easily accessible to all employees.</p> <p><b>Root cause</b> The Grievance Procedure and the Grievance Form are both in English. To complete such a form requires a certain level of skill and many workers cannot read English and some lack the ability to write, even in BM. This renders the Grievance Procedure, as currently structured, difficult for some employees to use.</p> <p><b>Correction and Corrective action plan including completion date:</b> (A) The FMU will establish a joint consultative committee (JCC) as an avenue by which grievances can reach management. At JCC meetings such grievances may be discussed, resolved and the aggrieved party can then be advised of the proposed means of resolution. (B) The Grievance Procedure will be translated into BM. (C) HR will ensure that the Grievance Procedure is explained at the time of HR's annual refresher visit.</p>	
<p>Indicator 6.7.1  Minor NCR: MNS02/2019</p>	<p><b>Requirement: Indicator 6.7.1</b> – Oil, fuel, containers, liquid and solid non-organic wastes shall be disposed of in an environmentally appropriate and legal manner.</p> <p><b>Finding:</b> Organic waste and containers were not properly disposed in designated place as per procedure.</p>	<p><b>Result of investigation and determination of root cause:</b></p> <p><b>Investigation</b> FMU staff accompanied the auditor during the site inspection and the Objective Evidence was noted at the time.</p> <p><b>Root cause</b></p>	<p>The Corrective action plan received on 23 August 2019 has been accepted and the effectiveness of the action taken to be verified during the next audit.</p> <p><b>Status: Accepted</b></p>

	<p><b>Objective evidence:</b> Site inspection at worker's quarter in Gerenai Base Camp at Block 16, 18 and 23 found that household waste and fuel container (drums) were indiscriminately disposed at the back of the quarters.</p>	<p>Gerenai Camp has been in existence for almost 30 years. With the advent of MTCS it is only recently that there has been a serious attempt to ensure that household waste and general rubbish are properly disposed of. There was therefore an accumulation of much rubbish. To deal with this there have been several 'gotong royong' operations during which much old &amp; very old rubbish has been collected. Inevitably there was some rubbish that 'escaped' collection; these few items were the Objective Evidence noted above.</p> <p><b>Correction and Corrective action plan including completion date:</b> Not required: the same day, immediately after the auditor's site inspection the camp manager, Mr. Sia, arranged for the offending items to be collected and disposed of either in the domestic waste pit or, if metal, in the scrap yard.</p>	
<p>Indicator 7.3.1  Minor NCR: IAM01/2019</p>	<p><b>Requirement: Indicator 7.3.1</b> – Availability of facilities and programmes for training of forest workers for proper implementation of the forest management plan.</p> <p><b>Finding:</b> MC&amp;I awareness among forest workers at PORM (KM 83) for proper implementation of the forest management plan was not adequate</p> <p><b>Objective evidence:</b> Six (6) forest workers (constituting 2 scalers, 2 log loader operators, and 2 truck drivers) interviewed at PORM (Point of Royalty Marking) (KM 83) were unaware of MC&amp;I (Natural Forest) Principles and Criteria and Certification.</p>	<p><b>Result of investigation and determination of root cause:</b></p> <p><b>Investigation</b> All six workers had been very newly transferred from Julan Camp to Gerenai Camp.</p> <p><b>Root cause</b> Julan Camp closed in July 2019. Workers there were never briefed on MC&amp;I as the camp operated under conventional harvesting. The six workers only arrived in Gerenai last week of July and given this was immediately before Stage 2 audit and that RIL operations in Coupe 1 were not due to start until mid-August it seemed that there was no urgency to get the briefing done.</p>	<p>The Corrective action plan received on 23 August 2019 has been accepted and the effectiveness of the action taken to be verified during the next audit.</p> <p><b>Status: Accepted</b></p>

		<p><b>Correction and Corrective action plan including completion date:</b> Not required as the required MC&amp;I briefings have already been done.</p>	
<p>Indicator 9.2.1 Minor NCR: KN02/2019</p>	<p><b>Indicator 9.2.1</b> - Forest managers shall consult with relevant stakeholders on the options to maintain or enhance the identified HCVFs.</p> <p><b>Finding:</b> Consultation with relevant stakeholders on the options to maintain or enhance the identified HCVFs was not satisfactorily conducted.</p> <p><b>Objective evidence:</b> Consultations with Ketua Kampung and villagers of Long Selatong Tanjung Tepalit and Long Selatong Dikan found they were not aware of HCVF consultation that conducted on 14 July 2019 by Gerenai FMU</p>	<p><b>Result of investigation and determination of root cause:</b></p> <p><b>Investigation</b> (1) Lg Selatong Tanjung Tepalit is outside the FMU. The HCV consultation was undertaken on the 14 July 2019 by FMU staff. It was attended by at least 19 members of the community as recorded on the attendance sheet. The issues of concern raised by this community are noted in the FMU's report on the HCV consultations</p> <p>(2) Lg Selatong Dikan lies within the FMU. It was planned that the HCV consultation would be done together at Lg Selatong Tanjung Tepalit (as had been successfully done for the HCV5 &amp; 6 assessment).</p> <p><b>Root cause</b> (1) Long Selatong Tanjung Tepalit: With at least 19 members of the community in attendance (representing perhaps 25% or more of the resident population) it seems a little surprising that the not one of the villagers interviewed by the auditors were aware of the HCV consultation. But, when considering that the new padi season was in full swing at the time of the auditors' visit - which was held during the day when those working would be in the field - and that only a handful (&lt;5?) of villagers would have been interviewed, it is perhaps not so surprising after all.</p>	<p>The Corrective action plan received on 23 August 2019 has been accepted and the effectiveness of the action taken to be verified during the next audit.</p> <p><b>Status: Accepted</b></p>

		<p>(2) Long Selatong Dikan: There was some miscommunication and people from this kampong did not turn up as requested.</p> <p><b>Correction and Corrective action plan including completion date:</b>  FMU staff will conduct further HCV consultations to ensure greater awareness of HCV matters within the FMU.</p> <p><b>Completion date</b>  As this is a minor NCR completion should be before the surveillance audit. Plans to start the process are already in hand and a meeting is arranged at CTB for the 4 September 2019. This meeting will be followed by visits to the two kampongs in question to ensure greater awareness</p>	
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- END OF REPORT -