



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

**Certificate Number: FMC-NF 00129
Date of First Certification: 8th August 2020
Audit Date: 11th – 16th November 2019
Date of Public Summary: 3rd September 2020**

Certification Body:

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

TABLE OF CONTENTS

	Page No.
EXECUTIVE SUMMARY	3
1 INTRODUCTION	4
1.1 Name of FMU	4
1.2 Contact Person and Address	4
1.3 General Background of Danum FMU.....	4
1.4 Date First Certified	4
1.5 Location of the FMU	4
1.6 Forest Management System	5
1.7 Annual Allowable Cut/Annual Harvest under the Forest Management Plan	5
1.8 Environmental and Socioeconomic Context	5
2 AUDIT PROCESS	5
2.1 Audit Dates	5
2.2 Audit Team	5
2.4 Stakeholder Consultations	6
2.5 Audit Process	6
3 SUMMARY OF AUDIT FINDINGS.....	6
 <u>Attachment</u>	
Map of Danum FMU.....	14
Experiences and Qualifications of Audit Team Members	15
Comments Received from Stakeholders and Responses by Audit Team Leader	18
Stage 2 Audit Plan	19
Details on NCRs and OFIs Raised During this Stage 2 Audit and Corrective Actions Taken.....	22

EXECUTIVE SUMMARY

This stage 2 audit on the Danum Forest Management Unit (hereafter referred as the Danum FMU) was conducted on 11 – 16 Nov 2019 to assess the compliance of the overall forest management system of the Danum FMU against the requirements of the *Malaysian Criteria and Indicators for Forest Management Certification (Natural Forest)* [MC&I (Natural Forest)] using the verifiers stipulated for Sarawak. The scope of this stage 2 audit was limited to the forest management system and practices on the Management of Natural Forest in the Danum Forest Management Unit T/3342 (200,383 Hectares).

This stage 2 audit was conducted by a 4-member team comprising Khairul Najwan Ahmad Jahari (Lead Auditor), Dr.Mohd. Nazre Salleh (Auditor), Ismail Adnan Abdul Malek (Auditor), and Angelica Sunimis Suimin (Auditor).

Based on the findings of this stage 2 audit, it was found that Danum FMU had complied with the requirements of the MC&I (Natural Forest). This audit had resulted in the issuance of 3 (three) and 8 (eight) major and minor Non Conformity Reports (NCRs) respectively.

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

1 INTRODUCTIONS

1.1 Name of FMU

Danum Forest Management Unit

1.2 Contact Person and Address

Name: Andy Wong Ko Hock
Designation: General Manager
Address: Shin Yang Sdn. Bhd. – Danum FMU
Lot 515, Jalan Datuk Edward Jeli,
Piasau Industrial Estate,
98000 Miri,
Sarawak.

1.3 General Background of Danum FMU

The Forest Timber Licence (FTL) No. T/3342 was issued to Shin Yang Industries (Bintulu) Sdn. Bhd. by the Sarawak Forestry Department on 17th June 1997 until 16th June 2022 to manage a total 219,380 ha of the part of Danum Protected Forest, part of Linau Protected Forest and part of Balui Protected Forest which is located at upper Sg. Murum area in Kapit Division, Sarawak for period of 25 years.

The Natural Forest (NFM) managed by Shin Yang Industries (Bintulu) Sdn. Bhd. covers an area of 200,383 ha of part of Danum Protected Forest (54,395 ha), part of Linau Protected Forest (117,547 ha) and part of Balui Protected Forest (28,441 ha).

The forest area is situated approximately between Latitudes 2° 16.30' N to 2° 49.13 N and Longitudes 114° 18.26' E to 115° 13.91' E within Kapit Division. The eastern boundary of the Danum FMU was borders of the Sarawak (Malaysia) – Kalimantan (Indonesia) International Boundary. The Danum FMU is about 120 km Northwest from the Belaga Town and accessible by the Bintulu-Bakun-Murum road and logging roads constructed by the Shin Yang Sdn Bhd.

The forest types in the FMU are logged-over Mixed Dipterocarp Forest (MDF). The general landform of the FMU ranges from undulating to fairly steep terrain with elevation between 380m to 2,000m a.s.l.

Based on cutting diameter limits of 50 cm and above for Dipterocarps and 45cm and above for Non-Dipterocarps, the Annual Coupe for Danum FMU was set at not more than 98,715 m³/year (average annual coupe production area shall be 5,078 ha/year). Forest Management Plan (FMP) for Danum FMU entitled “Danum FMU T3342-Forest Management Plan 2018-2027” was available and presented during the audit.

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

1.4 Date First Certified

8th August 2020

1.5 Location of the FMU

The FMU is located between Latitudes 2° 16.30' N to 2° 49.13 N and Longitudes 114° 18.26' E to 115° 13.91' E.

1.6 Forest Management System

The FMU had followed the principles of sustainable forest management (SFM) and the requirements of the Licence Agreement of the State government.). Forest Management Plan (FMP) for Danum FMU entitled “Danum FMU T3342-Forest Management Plan 2018-2027” was presented during the audit.

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

The rate of harvest was calculated to not be greater than estimated regrowth of the residual stand based on permanent sample plots assessment (within a pre-defined 30 year of cutting cycle), with total productive area of 5,078 ha/yr as stated in the Danum FMP. Based on cutting diameter limits of 50 cm and above for Dipterocarps and 45cm and above for Non-Dipterocarps, the Annual Coupe of Danum FMU was set to not more than 98,715 m³/year (average annual coupe production area shall be 5,078 ha/year).

1.8 Environmental and Socioeconomic Context

Environmental Impact Assessments (EIA) that was carried out and prepared by Ecosol Consultancy on October 2015 in the report entitled “*Re-entry Hill Timber Harvesting Under the Forest Timber Licence No. T/3342, at Uppper Sg. Murum Area, Kapit Division, Sarawak*” [Ref. #NREB/6-3/2F/70].

The Forest Management Plan had also incorporated an assessment of environmental impacts specific to potential impacts on endangered, rare, and threatened species of flora and fauna (ERT), and the need for biological corridors in the FMU.

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. The management of Danum FMU has shown respect to the community by paying compensation to all local community who has claimed the community user rights area at Long Tanyit, Long Abit and Long Lidem which were affected by the forest operation. The areas claimed by the community have been marked in the FMU map. The bilateral agreement was agreed by local communities and the Danum FMU management. The agreement was signed by Long Tanyit on 6 September 2019, Long Lidem community on 14 August 2017 and Long Abit on the 22 September 2019.

As the indigenous traditional forest related knowledge is not used in FMU’s forest management practices, specific mechanism and compensation for the commercial utilization of traditional knowledge is not established.

2 AUDIT PROCESS

2.1 Audit Dates

11 – 16 Nov 2019/ 24 auditor day(s)

2.2 Audit Team

1. Khairul Najwan bin Ahmad Jahari (Lead Auditor)
2. Dr. Mohd Nazre Salleh (Forester)
3. Ismail Adnan Abdul Malek (Forester)
4. Angelica Sunimis Suimin (Sociologist)

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

2.3 Standard Used

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

2.4 Stakeholder Consultations

A stakeholder consultation was conducted beginning 10th October 2019 for a period of one month inviting relevant stakeholders to give comments on the FMU. One (1) comment received from the stakeholders on Danum FMU during the period. The comments showed in **Attachment 3**

2.5 Audit Process

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

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

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

Consultation was conducted with 4 longhouses at Long Abit, Long Kajang, Long Tanyit, and Long Lidem. Consultation was also conducted with Worker's representative, and workers.

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

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

3 SUMMARY OF AUDIT FINDINGS

Based on the findings of this stage 2 audit, it was found that the Shin Yang Industries (Bintulu)Sdn.Bhd. had managed the Danum FMU in compliance with most of the requirements of the MC&I (Natural Forest). This stage 2 had resulted in the issuance of 3 major, 8 minor NCRs. The details on the NCRs raised are shown in **Attachment 5**.

The audit team had reviewed, accepted, and verified the corrective actions taken by the Shin Yang Industries Sdn. Bhd.- Danum FMU to address the 3 major NCR raised during this stage 2. The audit team was satisfied that the corrective action had been effectively implemented and had therefore closed out this major NCR. The audit team had also reviewed and accepted the proposed corrective actions to address the 5 minor NCRs. However, these corrective actions shall be verified by the audit team during the next audit.

Mechanism to resolve any conflicts and grievances will be through Corporate Social Responsibility section and Sustainable Liaison officer, Danum FMU also had established Committee for Community Development (CCD) in 3 of the villages.

With regard to Criterion 6.10, Conversion of natural forest into non forest land use had not occurred within the Danum FMU and the FMU management has no plan to convert the forest area into plantations.

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

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

Principle	Strengths	Weaknesses
<p>Principle 1 Compliance with Laws and Principles</p>	<p>The forest management had maintained records of all relevant national, local laws, regulations and policies related to forest management. Copies of all relevant laws, policies and regulations stipulated in the MC&I (Natural Forest) fundamental for the FMU management were available in the office in the office at the Abit Stumping Office or Research Central Office of T/3342 Danum FMU and T/3228 Linau FMU. The legal register was updated on 15 May 2019.</p> <p>Current list of all legally prescribed fees, royalties, taxes, and other charges was available at the Danum Abit Stumping Office.</p> <p>The FMU Manager was aware of all the binding international agreements relevant to forest management.</p> <p>Documentation of any conflicts between laws, regulations and these principles and criteria was made available. (SOP REF: LEG/01). The records reviews as in "Declaration of Conflict Form" dated 8/11/2019.</p> <p>The forest managers had expressed their willingness to participate in resolution of such conflicts if they arise.</p> <p>Sign boards on control of hunting had been erected at the strategic location. Posters on Total Protected Wildlife in Sarawak were also observed at the Abit Stumping office.</p> <p>The policy statement was displayed at prominent sites within the FMU and had been communicated throughout the organization.</p>	<p>During consultation with workers of Danum FMU, it was found several non-compliance with Sabah workers Ordinance as below;</p> <ol style="list-style-type: none"> 1. Based on interviews with two workers from Sabah was employed as Motor Grader operator and Logging Truck Driver are on social visit pass which expires every 90 days. It is required under the immigration law Sarawak that anybody from Sabah or Peninsular working in Sarawak is required to obtain work permit. 2. In the terms and conditions of employment of Jerson Bin Montoya and Salhu Bin Yabi it was stated that employees are entitled for 8 accumulated rest days for two months. However written permission from the Labour Department is needed to allow this. There was no evidence of such permission being granted. 3. Interviews with 20 workers confirmed that they were paid salary every two months and at the end of the year paid after 3 months. 4. Workers (20) interviewed confirmed that salary deduction is made every month for food expense. <p>Therefore, Major NCR AS01/2019 was raised against Indicator 1.1.1.</p> <p>Verification on control of</p>

Principle	Strengths	Weaknesses
		<p>encroachment, illegal harvesting, hunting, and settlement, and other unauthorised activities in the FMU could not be conducted due to non-accessible area as evident below;</p> <ol style="list-style-type: none"> 1. During site inspection, auditor has found Danum FMU (T/3342) external License Boundaries with T/3195, and T/3283 in the north-part of Danum FMU could not be verified due to non-accessibility. 2. Visit to west part License Boundary of Danum FMU with Samling Plywood (T/3284) found the boundary mark along Sg. Abit was not sufficient <p>Therefore, a Major NCR KN01/2019 Indicator 1.5.2 was raised</p>
<p>Principle 2 Tenure and Use Rights and Responsibilities</p>	<p>All relevant documents of legal or customary tenure or use rights of the FMU were made available during the audit. The Forest Timber Licence (FTL) No. T/3342 was issued to Shin Yang Industries (Bintulu) Sdn. Bhd. by the Sarawak Forestry Department on 17 June 1997 until 16 June 2022 to manage a total 219,380 ha of the part of Danum Protected Forest, part of Linau Protected Forest and part of Balui Protected Forest for period of 25 years.</p> <p>Forest managers had demonstrated their willingness to support all legal mechanisms on land claims</p> <p>The “Dispute referral Form” was used as document to record claim or complain as the mechanism to resolve dispute.</p>	<p>During the audit, it was found:</p> <ol style="list-style-type: none"> 1. Consultation with communities of Long Abit, Long Kajang, Long Tanyit and Long Lidem confirmed that area identified as ‘claimed areas’ are community use area known as ‘Marakau’ (Pulau), ‘Lumak’ (Farm), Bae’ (Temuda), Talun/Tuan (Pulau Galau)’. 2. In the SIA, Chapter 1.1.1- Status Native Right (NCR) Land [pg. 5] it was mentioned as ‘claimed area’ and included in the Social map as well as agreement with Long Tanyit and Long Lidem Agreement. <p>Community Use area (hunting grounds, community forest etc.) was identified as ‘claimed’ area.</p> <p>Therefore, Minor NCR AS02/2019 was raised against Indicator 2.2.2</p>
<p>Principle 3 Indigenous People’s Rights</p>	<p>The management of Danum FMU has shown respect to the community by paying compensation to all local community who has claimed the community user rights area at Long Tanyit, Long Abit and Long Lidem</p>	<p>There were no negative findings</p>

Principle	Strengths	Weaknesses
	<p>which were affected by the forest operation. These areas claimed these community have been marked in the FMU map.</p> <p>The bilateral agreement was agreed and signed by local communities and the Danum FMU management. The Danum FMU was given the right to conduct forest operation in the license areas of Danum FMU T/3342 without any obstruction and disturbance by the local community.</p> <p>The Danum FMU Forest Management Plan, list out the objective of the community development and the community development plan. The FMU Liaison Committee and CCD was established to be responsible for the issues of tenure and land claim.</p> <p>“Conflict Resolution Procedure SOP Ref:02” was available as guidelines to address conflict occurrence with local communities due to impact of forest harvesting operation.</p> <p>There are four communities living adjacent to Danum FMU. The FMU has provided free medical treatment for all the Penan and Punan communities from the four villages.</p> <p>There was no application of any traditional forest-related knowledge and practices of natives in forest operations. However, the FMU has established Danum FMU SOP no.10 on “Procedures on the Utilization of Indigenous Knowledge.”</p>	
<p>Principle 4 Community Relations and Workers’ Rights</p>	<p>The FMU has provided training, retraining, local infrastructure, facilities and social program for all levels of its employees as evidence by the Training Plan for 2019.</p> <p>Up-to-date information on all applicable laws/regulations covering occupational safety and health of forest workers were disseminated to them.</p> <p>Safety and Health Policy dated 14 March 2017 in Bahasa Melayu and English had been displayed in the main office at Abit Stumping Camp, workers camp, workshop and Central Stumping and the concept has been discussed frequently during morning briefing.</p> <p>Occupational Safety and Health (OSH) officer had been appointed for the Danum</p>	<p>Consultation with CCD and communities of Long Abit, Long Kajang, and Long Tanyit on the 13-14 November, 2019 confirmed that communities from these longhouses were not given opportunities to work as employee of the Danum FMU although once in a while they were asked to collect native seedlings on seasonal basis. Therefore, a Minor NCR AS03/2019 for Indicator 4.1.2 was raised.</p> <p>No record of workers’ grievances was available and inadequate. Consultations with 20 workers indicated that they have not use the grievance SOP form to raise grievances. SOP was in English</p>

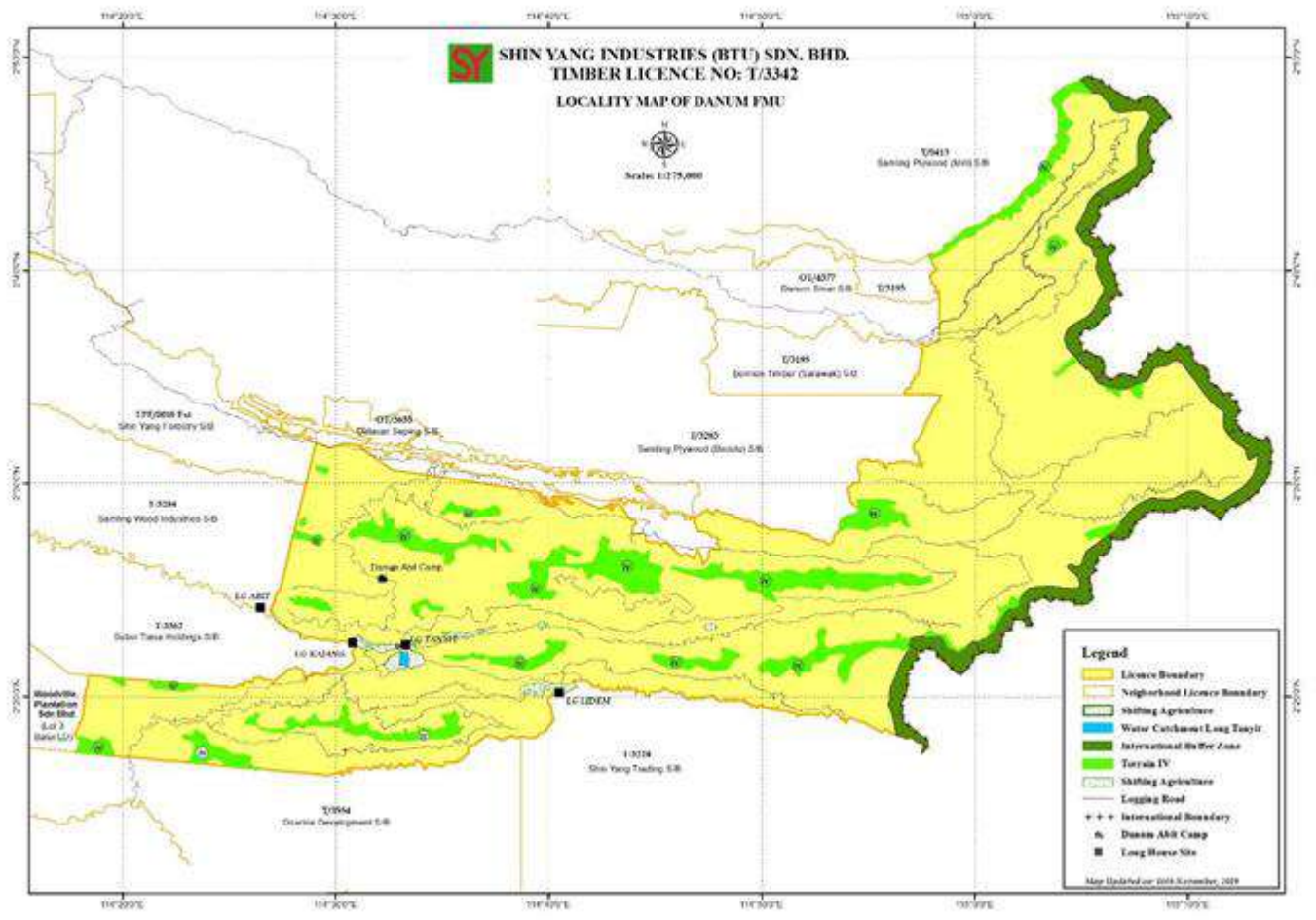
Principle	Strengths	Weaknesses
	<p>FMU on 2nd October 2017.</p> <p>Guidelines for storage and handling of hazardous materials of Scheduled Waste Management were available.</p>	<p>and not appropriate for their level. Therefore, a Minor NCR AS04/2019 for Indicator 4.3.4 was raised.</p> <p>1. Consultation with CCD and communities of Long Abit, Long Kajang, Long Tanyit and Long Lidem confirmed that the headmen of the longhouses have never submitted any formal complaint using the Shin Yang grievance report form. Those who have seen it were mainly the CCD exco but unable to understand the procedures because it was written in English</p> <p>2. Some Issues raised in the CCD meeting takes a long time to be resolved, a follow up by communities is responded verbally and no documentation on the current status to indicate case has been resolved or still pending.</p> <p>Therefore, a Minor NCR AS06/2019 for Indicator 4.5.2 was raised.</p>
<p>Principle 5 Benefits from the Forest</p>	<p>Investments and reinvestments were made in forest management by Danum FMU. The “Budget Operating Expenses (Fixed and Variable) of Shin Yang FMU (T/3342) for 10 years (2018 – 2027) was presented for verification. The “Actual statement of “Revenue and Expenses” for 12 months ended 30/9/2019” also available.</p> <p>To encourage the optimal use of forest resources, and for more accurate Growth and Yield predictions in the future, Continuous Forest Inventory (CFI) data from established 24 permanent sample plots (PSP) at Danum FMU was used.</p> <p>Monitoring on the compliance of AAC was verified through the document “Daily Log Receiving Report” prepared at the log collection center (log pond) at Belawan.</p> <p>Guidelines for reduced/low impact logging to minimise damage to other forest resources, ‘Guidelines for Reduced and Low Impact Logging Systems in Forest Management Certification (Natural Forest) Area, second edition, 2014’, by the Forestry Department</p>	<p>There were no negative findings</p>

Principle	Strengths	Weaknesses
	<p>Sarawak were implemented at Danum FMU.</p> <p>Regular training has been conducted for the staff on techniques of reduced-impact logging. The Head office Training Summary record (External and Internal) for 2019 was available.</p> <p>Timber was still the main product being extracted from the forest in the FMU, no minor forest produce had been extracted.</p> <p>The sensitive areas were demarcated and protected for protection of soil and water, watercourses and wetlands which include Stream buffer reserve (SBR) or Riparian buffers, Terrain IV, Water Catchments, Burial sites and other HCVFs.</p> <p>The rate of harvest was calculated to not be greater than estimated regrowth of the residual stand based on permanent sample plots assessment (within a pre-defined 30 year of cutting cycle), with total productive area of 5,078 ha/yr.</p>	
<p>Principle 6 Environmental Impact</p>	<p>Environmental Impact Assessments (EIA) entitled “<i>Re-entry Hill Timber Harvesting Under the Forest Timber Licence No. T/3342, at Uppper Sg. Murum Area, Kapit Division, Sarawak</i>” [Ref. #NREB/6-3/2F/70] was available.</p> <p>The Forest Management Plan of Danum 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.</p> <p>FMU management is guided by the FMP to establish representative, conservation and protection areas, in accordance with existing forest ecosystems.</p> <p>There was existing cooperation between forest managers, and conservation organizations and regulatory authorities in implementing conservation and management activities.</p> <p>A total of 9.3% (18,061 ha) is identified as Terrain IV, 6.3% (12, 605 ha) demarcated as buffer zone, 0.05% as water catchment and 0.008% as HCV 1.4 areas, 895 ha (0.5%) is identified as shifting agriculture and burial</p>	<p>A total of 432.15 ha of exotic species, Batai (<i>Paraserianthes falcataria</i>) was planted in Coupe 28AR and Coupe 29AR but mechanism and record to monitor and control the species is not available. Therefore, a Minor NCR MNS01/2019 for Indicator 6.9.1 was raised.</p>

Principle	Strengths	Weaknesses
	<p>ground for the local communities. All of these areas were protected in their natural state.</p> <p>Hunting, fishing, and collecting activities were controlled and inappropriate activities were prevented. Signages for no hunting were erected at the main entrance and at strategic location and posters had been posted at the main entrance, office, workshop, canteen and the staff quarters.</p> <p>Timber harvesting procedures were guided by documents entitled “<i>Guideline for RIL Systems in Forest Management Certification (Natural Forest) Area 2019</i>” by FD Sarawak. Beside that, Danum FMU also has several in-house SOP to protect soil from compaction, reduce/low impact logging, forest road, log landing and stream buffer zone.</p> <p>No evident on the use of chemical pesticides was found. Management policy on environmentally friendly non-chemical methods of pest management dated 1st July 2017 was found available and displayed at the strategic location in the base camp.</p> <p>Standard operating procedures on waste disposal and solid non-organic waste were made available in Usage, Labelling, Storage and Disposal of Hazardous Goods.</p> <p>There was no application of biological control agents in the FMU.</p> <p>Conversion of natural forest into non forest land use had not occurred within the Danum FMU and the FMU management has no plan to convert the forest area into plantations.</p>	
<p>Principle 7 Management Plan</p>	<p>Forest Management Plan (FMP) for Danum FMU entitled “Danum FMU T3342-Forest Management Plan 2018-2027” was available and presented during the audit.</p> <p>The FMU will periodically revise the forest management plan every 5 years.</p> <p>The Danum FMU forest manager is aware of new scientific and technical information pertinent to the management of the natural forest.</p> <p>Facilities in Danum Camp are adequate for training programs to be held with ample</p>	<ol style="list-style-type: none"> 1. Enrichment planting described in the FMP using indigenous species but listed out exotic species namely Khaya (<i>Khaya ivorensis</i>), Mahogany (<i>Swietenia macrophylla</i>) [pg. 85] 2. Consideration of tree removal in liberation treatment using herbicide should consider the impact to the biological resources in the FMU [pg. 86] 3. HCV map was not sufficient to explain the numbers and localities of the HCV sites in the FMU.

Principle	Strengths	Weaknesses
	<p>meeting rooms. Forest managers had provided training to the workers, and training records and programs were made available to the audit team.</p> <p>Summary of Forest Management Plan for Danum FMU is made available to the public through website link - https://www.shinyang.com.my/products-services/forest-management-unit/danum-forest-management-unit-t3342.html</p>	<p>Therefore, Minor NCR IAM01/2019 for Indicator 7.1.1 was raised.</p>
<p>Principle 8 Monitoring and Assessment</p>	<p>The Danum 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 Danum FMU management has appropriately included all relevant information needed to monitor items listed in (a) to (e) of Criterion 8.2.</p> <p>Tracking 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>Public summary of the forest monitoring indicators a) to e) is available at the website: https://www.shinyang.com.my/products-services/forest-management-unit/danum-forest-management-unit-t3342.html</p>	<p>Establishments of new PSP were not fully implemented in the north-east of the Danum FMU. Therefore, Minor NCR KN02/2019 for Indicator 8.2.1 was raised.</p>
<p>Principle 9 Maintenance of High Conservation Values</p>	<p>The assessment report titled ‘High Conservation Value (HCVF) Assessment Report Danum FMU, dated July 2017 by Sarawak Forestry Corporation Sdn Bhd’ was available.</p> <p>Public Summary on HCVF with measures was included in The Forest Management Plan (Danum Forest Management Unit (T-3342)) for Forest Logging Reentry (2018-2027), at the Shin Yang’s website: https://www.shinyang.com.my/products-services/forest-management-unit.html</p> <p>HCV areas were properly demarcated with no sign of disturbance. Records of monitoring and boundary inspection also found to be in order.</p>	<p>Verification of the Forest Management Plan (FMP) for Danum FMU found Shifting Cultivation (SA) area was wrongly classified as HCV area for protection in the FMP. Therefore, Minor NCR IAM02/2019 for Indicator 9.2.2 was raised.</p>

Map of Danum FMU



Experiences and Qualifications of Audit Team Members

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 8th 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 Lead Auditor at the Food, Agriculture and Forestry Section (FAF), SIRIM QAS International, since 2009. Involved in conducting assessments on forest management certification (MC&I and FSC P&C), MYNI of RSPO P&C and other management system on ISO 9001, 14001 and OHSAS 1800</p> <p>Training / Research Areas:</p> <p>Was attending and pass in the following training programmes:</p> <ul style="list-style-type: none"> • Auditor Training Course on Malaysian Criteria and Indicators for Forest Management Certification [MC&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.
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 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</p>

		<p>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&I (Natural Forest) & MC&I (Forest Plantations).</p> <p>Training / Research Areas:</p> <ul style="list-style-type: none"> • Auditor Training Course on MC& I (Natural Forest) and MC&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
Dr. Nazre Saleh	Auditor/ Forester/ Botanist	<p>Academic Qualification: Diploma in Forestry, UPM B. Sc. Conservation Biology & Ecology (UKM) MSc. Botany (UKM) PhD. Botany (Edinburgh)</p> <p>Work Experience: One year as Research Assistant in WWF-Malaysia in the year from 1999-2000. Become an academic staff in Faculty of Forestry, Universiti Putra Malaysia (UPM), Serdang Selangor from 2000 to present (16 years), starting as a tutor promoted as Senior Lecturer in 2009, and currently as an Associate Professor since 2013. Main responsibility is teaching the undergraduates in the subject of Dendrology, Forest Ecology and Ethnobotany, and Forest Dynamics for postgraduate students. Main research subjects are botany, forest ecology and, forest conservation and management done by supervising both undergraduate and postgraduate (Master/PhD) students funded by local and international grants. Appointed as Head of Department since 2010 for Department of Forest Production (2010-2012) and Department of Forest Management (2013-present). Has sat in many committees for university and ministry (national) related to forestry subjects such as Mangrove Conservation, Forest Management, Forest Protection and Forest Plantation. Published more than 50 articles in local and international book, journals, chapters in books, conference proceeding and technical reports. Attended and presented in many workshops, conferences, seminars held at both local and international levels.</p> <p>Attended and pass the following training programmes:</p> <ul style="list-style-type: none"> • Auditor Training Course on MC& I (Natural Forest) and MC&I (Forest Plantation V2) (SIRIM QAS Sdn. Bhd), 9th-10th July 2015. • EMS 14001: 2004 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 18th – 22nd July 2016. • Forest Management Certification (FMC) Workshop, SIRIM Bhd, 6th –7th December 2016 • Training on Auditing Techniques (SIRIM QAS Int. Sdn. Bhd), 26th January 2016.
Angelica Sinimis Suimin	Auditor/ Sociology	<p>Academic Qualification: She has a Bachelor of Arts in Social Science and MSc in Environmental Management and Social Development. Has a certificate in Paralegal Studies and Diploma in Emergency Medical Technician (UK) and Human Resources Management (UM).</p> <p>Work Experience: A competent One to One Competency Based and Education Trainer</p>

		<p>from De Taffe University, Australia. Independent Auditor under SIRIM QAS Malaysia and Technical Expert for FSC audit under SCS Global services. Has worked as Rural Sociologist under the World Bank project under the Japanese Trust Fund for Community Forestry Project in Sabah for 3 years. She has over 30 years of working experience and was working in the Forestry Related Industries both in Sabah and Sarawak for 28 years in different capacities (e.g. independent Researcher, Rural Sociologist, Sr. Training and Administrator, Human Resources Executive, Emergency Medical Technician, Training Officer, CSR Manager, Chief Operation Officer for Avantha Foundation Malaysia).</p> <p>Attended training programmes: Has attended the following courses:</p> <ol style="list-style-type: none"> 1. MTCC Forest certification Standards for Forest Management and Plantations, 2013, Sirim QAS 2. FSC Forest Certification standards for Forest Management and Control Wood, 2015; Nepcon 3. LEAD ASSESSOR COURSE ISO 14001 (EXEMPLAR GLOBAL CERTIFIED LEMS01), 2016; Sirim QAS 4. DIPLOMACY TRAINING (Human Rights, Indigenous People, the Private Sector and Development), 2017; Faculty of law, Uni New South Wales 5. MC&I Natural Forests and Plantation v.2 standards, 2017 – MTCC
--	--	--

Comments Received from Stakeholders and Responses by Audit Team Leader

Stakeholder	Stakeholders Comment	Auditors Comment
<p>David Marsden Chief Forester Samling Group 16 October 2019</p>	<p>Danum FMU must ensure common boundary is not encroached into Samling Areas</p>	<p>The common Licence Boundary of Danum FMU were demarcated on the ground and visited by auditor. However, visit to west part Licence Boundary with Samling Plywood T/3284 through Sg Abit found the boundary not sufficient.</p> <p>The demarcation of the FMU boundary is ongoing activities. Currently, only part licence boundaries with Samling Plywood (Bintulu) S/B (T/3283) near Coupe 16 (point X to Z) and licence boundaries with Samling Plywood (Miri) S/B (T/0413) adjacent with Coupe 23 and 24 were in progress. The Sign Boards on DF Circular 6/99 on Pemulihan Hidupan Liar di Kawasan Lesen Pembalakan where hunting and selling of wildlife is prohibited were displayed.</p> <p>Evidence on the joint co-operation to monitor the boundaries of Danum FMU were found available [Ref: SY/T3342/LBM/19(1)] in which record of such activities were documented namely with Samling Wood Industries SB on 8/5/2019,</p> <p>However, verification on control of encroachment, illegal harvesting, hunting, and settlement, and other unauthorised activities in the FMU could not be conducted due to non-accessible area as evident below;</p> <ol style="list-style-type: none"> 1. During site inspection, auditor has found Danum FMU (T/3342) external License Boundaries with T/3195, and T/3283 in the north-part of Danum FMU could not be verified due to non-accessibility. 2. Visit to License Boundary of Danum FMU with T/3284 (Samling Plywood) found the boundary mark along Sg. Abit was not sufficient <p>Thus, a Major NCR KN01/2019 Indicator 1.5.2 was raised.</p>

Stage 2 Audit Plan

DAY	TIME	PROGRAM			
		AUDITOR 1, 2, & 3		AUDITOR 4	
Travelling Day 1 11.11.2019	7.00 am – 3.00 pm	All Auditors travelling from KLIA to Bintulu on 10 Nov 2019 Travel to Danum FMU Camp (Abit Stumping)			
Audit Day 1 Tuesday 12.11.2019	8.00 am 9.00 am – 12.00 pm 12.00 pm – 1.00 pm 1.00 pm – 7.30 pm	<ul style="list-style-type: none"> • Opening Meeting with representatives of FMU • Briefing session by Forest Manager of the FMU • Q&A Session <ul style="list-style-type: none"> ○ Follow up on issues of concern from Stage 1 • Check on complaints, stakeholder comments and follow-up actions (if any) <ul style="list-style-type: none"> ○ Local Communities ○ Government agencies ○ NGOs • Evaluate on internal audit and management review <p>Lunch break</p> <p>Documentation and records review</p>			
		<p>Auditor 1</p> <ul style="list-style-type: none"> • Principle 1 – Compliance with Laws and Principles • Principle 2 – Tenure and Use Rights and Responsibilities • Principle 4 - Community Relations and Worker's Right • Principle 9 – Maintenance of High Conservation Value (HCV) 	<p>Auditor 2 (Ismail)</p> <ul style="list-style-type: none"> • Principle 5 – Benefits from the forest • Principle 8 – Monitoring and Assessment 	<p>Auditor 3 (Nazre)</p> <ul style="list-style-type: none"> • Principle 6 – Environmental Impact • Principle 7 – Management Plan 	<p>Auditor 4</p> <ul style="list-style-type: none"> • Principle 2 – Tenure and Use Rights and Responsibilities • Principle 3 – Indigenous Peoples' Right • Principle 4 - Community Relations and Worker's Right • Principle 8 (8.2.1 & 8.1.2)

Audit Day 2 Wednesday 13.11.2019	7.30 am – 1.00 pm	Site visit <ul style="list-style-type: none"> • Consultation with Local Communities of Long Abit • Licence Boundary near Long Abit Coupe 29 with Samling Wood Industries Sdn Bhd T/3284 at west part of Danum FMU (Coupe 29) 	Site visit <ul style="list-style-type: none"> • Inspection of harvesting area and Tree Tagging Area Block 01 • Consultation with workers operating in logging area (bulldozer operator, hook-man, feller, excavator/log Fisher operator, surveyor and supervisor) 	Site visit <ul style="list-style-type: none"> • Fauna monitoring sites/HCVF sites Long Salt Lick Berapa at Coupe 01AR • Licence Boundary Subur Tiasa T/3362 with Coupe 02 	Site visit <ul style="list-style-type: none"> • Consultation with Local Communities of Long Abit • Consultation with Local Communities of Long Kajang
	2.00 pm – 5.30pm	<ul style="list-style-type: none"> • SA of Long Tanyit and Long Kajang area along Sg Kajang • HCVF Area of Burial Site Long Abit and Long Kajang along Sg. Kajang 	<ul style="list-style-type: none"> • Block Boundary • Buffer Zone Sg Kajang 2 21'22"N 114 31'01" • Measurement at Panggung 	<ul style="list-style-type: none"> • Review of Day 2 Findings by Audit Team Leader 	
Audit Day 3 Thursday 14.11.2019	7.30 am – 1.00 pm	Site visit <ul style="list-style-type: none"> • Inspection of active harvesting area and Tree Tagging Area Block 03 at Coupe 01 • Inspection of bufferzone near skidtrail • Machineries (bulldozer, log fisher, shovel) maintenance at harvesting site • PSP Cluster 06 at Coupe 2 	Site visit <ul style="list-style-type: none"> • PSP plots Strip No.12 at Coupe 3 (Principle plot No.3 Sub Plot A &B) • Licence boundary with STIDC • Inspection of stumping site (PORM) KM83 	Site visit <ul style="list-style-type: none"> • Inspection of active harvesting area or Tree Tagging Area Block 03 at Coupe 1 • Consultation with workers operating in logging area (bulldozer operator, hook-man, feller, excavator, log Fisher operator, surveyor and supervisor) • Measurement at log landing (Panggung) 	Site visit <ul style="list-style-type: none"> • Consultation with Local Communities of Long Tanyit • Consultation with Local Communities of Long Lidem
	2.00 pm – 5.00pm	<ul style="list-style-type: none"> • Review of Day 3 Findings by Audit Team Leader 			

Audit Day 4 Friday 15.11.2019	7.30 am – 1.00 pm 2.00 pm – 5.00 pm	Site visit <ul style="list-style-type: none"> • Licence boundary Dataran Seping at • HC VF Hornbill at Coupe 30 • Terrain IV at Coupe 30 • SA Area of Long Tanyit at Coupe 	Site visit <ul style="list-style-type: none"> • HC VF Salt Lick Torai Coupe 5 	Site visit <ul style="list-style-type: none"> • PSP Stripe No.9 Coupe 2 • Enrichment planting of Albizia at Coupe • Block Boundary Coupe 1AR 	Site visit <ul style="list-style-type: none"> • Interview with workers • Visit to Clinic
Audit Day 5 Saturday 16.11.2019	7.30 am – 1.00 pm 2.00 pm – 5.00 pm	Site visit <ul style="list-style-type: none"> • Consultation with WWF • Consultation with Forest Department Sarawak • Consultation with SFC • Documentation 	Site visit <ul style="list-style-type: none"> • Check on workshop, SW & chemical store, FOL and Diesel • Nursery and Domestic waste dumping site 	Site visit <ul style="list-style-type: none"> • Check on workshop, SW & chemical store, FOL and Diesel • Dumping Site • Inspection of staff quarters 	Site visit <ul style="list-style-type: none"> • Consultation with workers and worker's representative • Inspection of staff quarters
Audit Day 6 Sunday 17.11.2019	8.30 am – 11.00 am 11.00 am – 12.00 pm 12.00 pm - 3.00 pm 3.00 pm	<ul style="list-style-type: none"> • Documentation and records review • Preparation of audit report and finding • Briefing to representatives of FMU on the findings of audit • Closing Meeting and presentation of findings of audit and discussion on follow-up activities • Adjourn Closing Meeting 			
Travelling Day 1 Monday 18.11.2019	7.30 am – 1.00 pm 4.00 pm – 9.00 pm	All Auditors travel back to Bintulu Flight Miri to Kuala Lumpur – MH2593 Estimated Time Departure – 5.15 pm, Estimated Time Arrival – 7.25 pm			

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

Specification: Major/Minor/OFI	Detail Non-conformances	Corrective Action Taken	Verification by Assessor
<p>Indicator 1.1.1</p> <p>Major NCR: AS01/2019</p>	<p>Requirement: Indicator 1.1.1 - Records and availability of up-to-date applicable federal, state and local laws, and regulations and policies, in particular those related to forest management</p> <p>Finding:</p> <ol style="list-style-type: none"> 1. No work permit for two workers from Sabah. 2. No permission was obtained from labour department to accumulate the rest day for each week and utilize the 8 accumulated rest days at once in two months. 3. Workers salary are paid once in two months and sometimes once in 3 months contravening the labour ordinance Sarawak which requires wages to be paid not later than 7th of the following month. 4. No permission was obtained from Labour department to deduct workers salary for canteen expenses and other monetary advances. <p>Objective evidence:</p> <ol style="list-style-type: none"> 5. Based on interviews with two workers from Sabah was employed as Motor Grader operator and Logging Truck Driver are on social visit pass which expires every 90 days. It is required under the immigration law Sarawak that anybody from Sabah or Peninsular working in Sarawak is required to obtain work permit. 	<p>Result of investigation and determination of root cause:</p> <ol style="list-style-type: none"> 1. The camp clerk did not update the workers from Sabah and did not submit to HR for applying working permit. 2. 8 accumulated rest days for 2 months has been declared under the MoU of Sarawak Timber Association Council Members, we just need to get permission from the Labour Department Sarawak 3. This is previous logging division practice and being agreed by workers. However, we still have to meet to the requirement of Labour Ordinance 4. Salaries deduction has been agreed by the workers and we just need to show evidence of permission from Labour Department. <p>Correction and corrective action plan including completion date:</p> <ol style="list-style-type: none"> 1. Management will apply permit for the 2 Sabah workers 2. The management will apply permission for the rest days and salaries deduction to Labour Department Bakun 3. Management will revise the pay day policy from 2 months basic to monthly basic in Danum FMU 	<p>Corrective action dated 6 December 2019 has been accepted and the evidences dated 13 February 2020 have reviewed and accepted by auditor as below:</p> <ol style="list-style-type: none"> 1. Human Resources Danum FMU has applied the AP for all 15 workers for Sabahan workers to Labour Department Bakun on 19.12.2019. Letter of application was reviewed by auditor. 2. Human Resource Danum FMU had released the memo [SYSB/T-3342/MEMO/19(1)] dated 23.12.2019 to inform employees of Danum the wages will be paid on or before 7th of every month for the previous month wage period and rest day on every Sunday. FMU also presents the records "Attendance for Salaries" which has evidence that workers are rest on every Sunday while awaiting approval from Labour Department. The amendment of rest day for month December 2019 for all 93 workers was reviewed by auditor 3. FMU Management Representative has released Memo [SYSB/T-3342/MEMO/19(2)] dated 23 Dec 2019 that no deduction (besides EPF, SOCSO and Tax) is allowed to all the employees of the FMU, until further notification from Shin Yang Head Quarters. Five (5) pay slips of employee were reviewed by auditor to shows December Wages are not being deducted on canteen expenses 4. The application for permission from the

	<p>6. In the terms and conditions of employment of Jerson Bin Montoya and Salhu Bin Yabi it was stated that employees are entitled for 8 accumulated rest days for two months. However written permission from the Labour Department is needed to allow this. There was no evidence of such permission being granted.</p> <p>7. Interviews with 20 workers confirmed that they were paid salary every two months and at the end of the year paid after 3 months.</p> <p>8. Workers (20) interviewed confirmed that salary deduction is made every month for food expense.</p>		<p>Labour Department for accumulation of 4 rest days per month and deduction for meal and canteen payments dated 3 December 2019 and 8 January 2020 were reviewed and accepted by auditor, respectively.</p> <p>As advised by the government department that the process will may take more than 90 days. However, due to the MCO extended to until 14 April 2020, the Labour Department also affected by the order. The process could take more than 90 days.</p> <p>Status: Closed</p>
<p>Indicator 4.4.1</p> <p>Major NCR: ANS05/2019</p>	<p>Requirement: Indicator 4.4.1 - Forest managers shall evaluate, through consultations, social impact of forest operations directly affecting communities, and the people and groups directly affected by the forest operations shall have access to information on the results of the social impact evaluations.</p> <p>Finding: Results of SIA was not presented to the longhouse communities</p> <p>Objective evidence: Consultation with CCD and communities of Long Abit, Long Kajang, Long Tanyit and Long Lidem on the 13-14 November 2019 by auditor confirmed that SIA results were not shared with the longhouse communities.</p>	<p>Result of investigation and determination of root cause:</p> <p>SIA result findings presentations have been made to TR and JKK at camp office on 22.08.2019. However, do not cover the presentation at each long houses communities is not aware of the SIA results</p> <p>Correction and Corrective action plan including completion date:</p> <ol style="list-style-type: none"> 1. Visit respective long houses and present SIA result in power point format, make it short, simple but compact thus they can find it easy to understand 2. Records the meeting, attendance and document it with supporting pictures in attachment 3. Make SIA copies (result only) and posted them at each long houses communities wall <p>Estimate date completion :23.12.2019</p>	<p>Corrective action dated 6 December 2019 has been accepted and the evidences dated 13 February 2020 have reviewed and accepted by auditor as below:</p> <ol style="list-style-type: none"> 1. The SIA results have been presented at Long Abit, Long Kajang, Long Tanyit and Long Lidem on 12.12.2019. 2. Report of the consultation has been reviewed in document title "Better Understanding on Social Practice for Community Better Future" 3. Copy of the slides, photos and attendance list were reviewed and accepted by auditor. <p>Status: Closed</p>

<p>Indicator 1.5.2</p> <p>Major NCR: KN01/2019</p>	<p>Requirement: Indicator 1.5.2 - Control of encroachment, illegal harvesting, hunting, and settlement, and other unauthorised activities in the FMU</p> <p>Finding: verification on control of encroachment, illegal harvesting, hunting, and settlement, and other unauthorised activities in the FMU could not be conducted due to non-accessible area</p> <p>Objective evidence:</p> <ul style="list-style-type: none"> • During site inspection, auditor has found Danum FMU (T/3342) external License Boundaries with T/3195, and T/3283 in the north-part of Danum FMU could not be verified due to non-accessibility. • Visit to License Boundary of Danum FMU with T/3284 found the boundary mark along Sg. Abit was not sufficient 	<p>Result of investigation and determination of root cause:</p> <ol style="list-style-type: none"> 1. The Licence Boundaries with T3195 and T3283 has been demarcated on the ground on 18-19/09/2019 (T3195) and 10-12/05/2019 (T3283). However, auditor was unable to verify the area due to constraint of accessibility. 2. Demarcation has been marked on the ground (river rock) on 16/5 – 8/5/2019. However, due to the rise of river water level after a few days of demarcation & color was faded. According to surveyor it was rainy season during the demarcation was made. <p>Correction and Corrective action plan including completion date:</p> <ol style="list-style-type: none"> 1. FMU will repair the non-accessibility road to the boundary with T3195 and OT4377 areas. After repair will built a control gate (with Lock) and FMU will set high precaution to patrol and monitoring to the area atleast 3 time per year in the license monitoring program. 2. Surveyor team will demarcate and put more signboard of license boundary on trees along the riverbank of sg abit. <p>Completion date: Estimated 16th February 2020</p>	<p>Corrective action dated 6 December 2019 has been accepted and the evidences dated 13 February 2020 have reviewed and accepted by auditor as below:</p> <ul style="list-style-type: none"> • Map of licence Boundaries which showed the portion (with highlighted yellow colour) of boundaries that have been re-brushed and demarcated • Report of monitoring, Re-Demarcation & Cleaning of Licence Boundary from Point X to Point Y to Close Major 1.5.2 dated 4 December 2019, includes pictures of signages installed, clearing the boundaries and repaint unclear marking were verified by auditor • Report of monitoring, Re-Demarcation & Cleaning of Licence Boundary from Point X to Point W to Close Major 1.5.2 dated 10 December 2019, includes pictures of signages installed, clearing the boundaries and repaint unclear marking were verified by auditor • Report Establishment of Gate to Prevent Encroachment Occur to Danum FMU T/3342 Area to Close NCR Major 1.5.2 dated 11 December 2019. <p>Verification audit conducted 17 March 2020 found the Danum FMU has made an effort to control the encroachment by constructing a locked gate, monitors, putting a warning signages and clear boundaries demarcation. No signs of encroachment found during the visit.</p> <p>Verification along external boundary, along Coupe 22 at Lat N2^o 36' 48", E114^o 58' 33" and Coupe 20 at Lat N2^o 36' 38", E114^o 58'</p>
---	---	--	--

			<p>34" found the external boundaries with Danum Sinar Plantation was painted with oranges colour, and along the river bank.</p> <p>All documents and records were verified and accepted by the auditors.</p> <p>Status: Closed</p>
<p>Indicator 2.2.2</p> <p>Minor NCR: AS02/2019</p>	<p>Indicator 2.2.2 - 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>Finding: Community Use area (hunting grounds, community forest etc.) was identified as 'claimed' area.</p> <p>Objective evidence:</p> <ol style="list-style-type: none"> 1. Consultation with communities of Long Abit, Long Kajang, Long Tanyit and Long Lidem confirmed that area identified as claimed areas are community use area known as 'Marakau' (Pulau), 'Lumak' (Farm), Bae' (Temuda), Talun/Tuan (Pulau Galau)'. 2. In the SIA, Chapter -1.1.1 Status Native Right (NCR) Land page 5 it was mentioned as Claimed area and included in the Social map as well as agreement with Long Tanyit and Long Lidem Agreement. 	<p>Result of investigation and determination of root cause:</p> <p>The understanding of local community like <i>Marakau, Lumak, Temuda</i> and <i>Pulau Galau</i> is considered as their claim area, thus after referring to the toolkit of HCV Malaysia, the word term "Claim Area" is not suitable and applicable under this attribute</p> <p>Correction and Corrective action plan including completion date:</p> <ol style="list-style-type: none"> 1. The term "Claim Area" is not suitable and should be change into "Community Use Area" 2. Change all document that stated "Claimed Area" to "Community Area" 	<p>Corrective action dated 6 December 2019 has been accepted and the effectiveness of the action taken to be verified during the next audit</p> <p>Status: Accepted</p>
<p>Indicator 4.1.2</p> <p>Minor NCR: AS03/2019</p>	<p>Indicator 4.1.2 - Qualified people in communities living within, or adjacent to, the FMU are given preference for employment and contract works.</p> <p>Finding: No records of employment</p>	<p>Result of investigation and determination of root cause:</p> <ol style="list-style-type: none"> 1. Previous post in 2017, FMU has distribute vacancy post to local but due to no response from local, FMU has took another alternative 	<p>Corrective action dated 6 December 2019 has been accepted and the effectiveness of the action taken to be verified during the next audit</p> <p>Status: Accepted</p>

	<p>opportunities given to local communities.</p> <p>Objective evidence: Consultation with CCD and communities of Long Abit, Long Kajang, and Long Tanyit on the 13-14 November, 2019 confirmed that communities from these longhouses were not given opportunities to work as employee of the Danum FMU although once in a while they were asked to collect native seedlings on seasonal basis.</p>	<p>by providing daily basis work rate (RM50) in 2018 in identifying community use areas and collaborate together with FMU to monitor related social areas and collecting native seeding (2019) to gain interest of local people to work with FMU. However, FMU do not provide any permanent or contract job to local due to the local communities competences problem and unable to meet the requirement of company under employment policy by Human Resource</p> <p>2. Records of employment 'effort' are not sufficient.</p> <p>Correction and Corrective action plan including completion date:</p> <ol style="list-style-type: none"> 1. Provide vacancy post and distribute to all kampung 2. Call for interview for qualification, education and experience status and records the evidence 3. Prepare simple interview form, record the interview results and response in black and white evidence 	
<p>Indicator 4.3.4</p> <p>Minor NCR: AS04/ 2019</p>	<p>Requirement: Indicator 4.3.4 – Availability of appropriate procedures to address grievances raised by workers and/or their organisations and for conflict resolution.</p> <p>Finding: Procedure on employee grievance resolution is available but not appropriately executed efficiently</p> <p>Objective evidence: No record of workers' grievances was available and inadequate. Consultations with 20 workers indicated that they have not use the grievance form to raise grievances. SOP was in English and not</p>	<p>Result of investigation and determination of root cause:</p> <p>Grievance SOP in Bahasa was actually prepared and relayed to employees with evidence of attendance list & minutes. However, it is hard to ensure every employee can understand the SOP even though the SOP was prepared in Bahasa due to different education level</p> <p>Correction and Corrective action plan including completion date:</p> <ol style="list-style-type: none"> 1. To translate grievance form and report into simple Bahasa Malaysia (BM) to increase 	<p>Corrective action dated 6 December 2019 has been accepted and the effectiveness of the action taken to be verified during the next audit</p> <p>Status: Accepted</p>

	appropriate for their level.	user friendliness 2. Re-conduct briefing on grievance Standard of Procedure to all workers	
Indicator 4.5.2 Minor NCR: AS06/2019	<p>Indicator 4.5.2 - Appropriate mechanisms are employed to expeditiously resolve grievances and provide fair and equitable compensation for any loss or damage affecting the local communities' legal or customary rights, property, resources, or their livelihoods, caused by forest operations.</p> <p>Finding:</p> <ol style="list-style-type: none"> Grievance Report form was not made available to community leaders. Records of community grievance status including written response was not available and grievances is not responded expeditiously. <p>Objective evidence:</p> <ol style="list-style-type: none"> Consultation with CCD and communities of Long Abit, Long Kajang, Long Tanyit and Long Lidem confirmed that the headmen of the longhouses have never submitted any formal complaint using the Shin Yang grievance report form. Those who have seen it were mainly the CCD exco but unable to understand the procedures because it was written in English Somes Issues raised in the CCD meeting takes a long time to be resolved, a follow up by communities is responded verbally and no documentation on the current status to indicate case has been resolved or still pending. 	<p>Result of investigation and determination of root cause:</p> <ol style="list-style-type: none"> Consultation with CCD and communities of Long Abit, Long Kajang, Long Tanyit and Long Lidem confirmed that the headmen of the longhouses have never submitted any formal complaint using the Shin Yang grievance report form. Those who have seen it were mainly the CCD exco but unable to understand the procedures because it was written in English Some issues raised in the CCD meeting takes a long time to be resolved, a follow up by communities is responded verbally and no documentation on the current status to indicate case has been resolved or still pending <p>Correction and Corrective action plan including completion date:</p> <ol style="list-style-type: none"> FMU CSR team has briefed to local community during visiting on 16.6.2017 and another briefing to TR and JKK at camp office on 22.8.2019. However, most local people are not aware of the existence of dispute/grievance SOP since is hard for them understand and it is in English language There is no sufficient black and white evidence to local regarding their complaint/grievance since local community usually raise demand/request verbally 	<p>Corrective action dated 6 December 2019 has been accepted and the effectiveness of the action taken to be verified during the next audit</p> <p>Status: Accepted</p>

<p>Indicator 6.9.1</p> <p>Minor NCR: MNS01/2019</p>	<p>Indicator 6.9.1 - Document, control and monitor on the use of exotic species to avoid adverse ecological impacts. Preference shall be given to native species in enrichment planting.</p> <p>Finding: No record of monitoring and control of the exotic species planted in the FMU.</p> <p>Objective evidence: A total of 432.15 ha of exotic species, Batai (<i>Paraserianthes falcataria</i>) was planted in Coupe 28AR and Coupe 29AR but mechanism and record to monitor and control the species is not available.</p>	<p>Result of investigation and determination of root cause:</p> <ol style="list-style-type: none"> 1. Demarcation boundary between planted forest (exotic species) and natural forest is not enough 2. Monitoring report of planted forest area is available but did not cover the control of widespread for the exotic species to the adjacent natural forest area <p>Correction and Corrective action plan including completion date:</p> <ol style="list-style-type: none"> 1. FMU will establish mechanism (SOP) on monitoring and control form using exotic species 2. Brief ground staff about the SOP (Training records) 3. Ground Staff will conduct survey in the existing planted forest area and demarcate the boundary of this area 4. Other than research plot re-measurement activity, the FMU will include boundary monitoring and action plan if found conquer incident happen (for exotic species) 	<p>Corrective action dated 6 December 2019 has been accepted and the effectiveness of the action taken to be verified during the next audit</p> <p>Status: Accepted</p>
<p>Indicator 7.1.1</p> <p>Minor NCR: MNS02/2019</p>	<p>Indicator 7.1.1 - Availability and implementation of Forest Management Plan</p> <p>Finding: The management plan has flawed in planning/describing the following items; 7.1c) Description of silvicultural and/or other management system, based on the ecology of the forest in question and information gathered through resource inventories 7.1h) Maps describing the forest resource base including protected areas, planned management activities and land</p>	<p>Result of investigation and determination of root cause:</p> <ol style="list-style-type: none"> 1. The FMP Danum was approved on Nov 2018, the enrichment planting using exotic species by the time is acceptable. However, this is conflict with the DF Circular 2/2019 restoration program under enrichment planting which is only allow the FMU to enriched the forest with local species. This DF was issued after the date of approved Danum FMP. However, we overlook the species list for enrichment planting, we amend FMP only by changing the wording to “using indigenous species”. 	<p>Corrective action dated 6 December 2019 has been accepted and the effectiveness of the action taken to be verified during the next audit</p> <p>Status: Accepted</p>

	<p>ownership</p> <p>Objective evidence:</p> <p>4. Enrichment planting described in the FMP using indigenous species but listed out exotic species namely Khaya (<i>Khaya ivorensis</i>), Mahogany (<i>Swietenia macrophylla</i>) [pg. 85]</p> <p>5. Consideration of tree removal in liberation treatment using herbicide should consider the impact to the biological resources in the FMU [pg. 86]</p> <p>6. HCV map was not sufficient to explain the numbers and localities of the HCV sites in the FMU.</p>	<p>2. Herbicide poisoning is written “option” only in the FMP under silviculture plan in case to control the wide spread of pioneer species. However, this is another conflict with our Danum FMU environmental policy which the FMU management has declared not to use the chemical poisoning in the natural forest.</p> <p>3. There is summary of HCV attributes will be include in chapter of HCV in Danum FMP</p> <p>Correction and Corrective action plan including completion date:</p> <p>1. The FMP will revise the enrichment planting species lists in pg. 85 & 2. Exclude the treatment which has conflicts with our Environmental Policy</p> <p>2. Summary of HCV attributes will be incorporated into the chapter of HCV in Danum FMP</p>	
<p>Indicator 8.2.1</p> <p>Minor NCR: KN02/2019</p>	<p>Indicator 8.2.1- Forest managers shall gather the relevant information, appropriate to the scale and intensity of the forest management operations, needed to monitor the items (a) to (e) listed in Criterion 8.2.</p> <p>Finding: Location of permanent sample plots (PSP) were not well distributed in the FMU</p> <p>Objective evidence: Establishments of new PSP were not fully implemented in the north-east of the Danum FMU.</p>	<p>Result of investigation and determination of root cause:</p> <p>FMU has planned and establish the PSP(s) in all areas to be well distributed and initially the FMU has established 24 of PSP(s) only at the south West, North West & Centre of Danum FMU. However, there are no representative plots at North-East area of the FMU due to accessibility problem and difficulties. Thus, the analysis of PSP may not sufficient to represent the whole area of FMU</p> <p>Correction and Corrective action plan including completion date:</p> <p>1. Survey team will start immediately to setup and established at least one PSP at North-East of Danum FMU and the analysis of the said PSP will be incorporated into the analysis</p>	<p>Corrective action dated 6 December 2019 has been accepted and the effectiveness of the action taken to be verified during the next audit</p> <p>Status: Accepted</p>

		2. FMP will be updated after the completion of the said PSP	
<p>Indicator 9.2.2</p> <p>Minor NCR: IAM02/2019</p>	<p>Indicator 9.2.2 - Forest managers shall demonstrate that the forest management operations consider and protect areas of high conservation value in the FMU.</p> <p>Finding: Misclassification of Shifting Cultivation (SA) Area as HCV in FMP</p> <p>Objective evidence:</p> <p>Verification of the Forest Management Plan (FMP) for Danum FMU found Shifting Cultivation (SA) area was wrongly classified as HCV area for protection in the FMP.</p>	<p>Result of investigation and determination of root cause:</p> <p>This is due to definition of SA in Sarawak culture. We misunderstand that SA is not only for farming but also include the place the local community collect rattan and firewood</p> <p>Correction and Corrective action plan including completion date:</p> <ol style="list-style-type: none"> 1. The FMP has redefined the HCV5 which appears in Danum FMU only confined to (1) rattan and (2) firewood collection places at Coupe 5AR which is located (1) besides the Apan Sungai Berapa (saltlick) and firewood at coupe 5AR (2) near Long Tanyit's water cathment. 2. Danum FMP & HCV Map will exclude the SA from Danum FMU HCV's identification scope 	<p>Corrective action dated 6 December 2019 has been accepted and the effectiveness of the action taken to be verified during the next audit</p> <p>Status: Accepted</p>

End of Report