



**PUBLIC SUMMARY
RECERTIFICATION AUDIT (1st CYCLE) ON
PENYUAN FOREST PLANTATION MANAGEMENT UNIT
FOR FOREST MANAGEMENT CERTIFICATION**

**Certificate Number: FMC- FP 0004
Date of First Certification: 21 October 2016
Audit Date: 5 - 8 August 2019
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1 EXECUTIVE SUMMARY

This recertification audit on the Penyuan Forest Plantation Management Unit (hereafter referred as the Penyuan FPMU) was conducted to assess the continued compliance of the overall forest management system of the FPMU against the requirements of the *Malaysian Criteria and Indicators for Forest Plantation Management Certification [MC&I (Forest Plantation.v2)]* using the verifiers stipulated for Sarawak. The scope of this recertification audit was limited to the forest plantation management system and practices on the Penyuan FPMU.

This recertification audit was conducted on 5-8 August 2019 by 3-member team comprising Dr. Samsudin Musa (Trainee Lead Auditor), Hj. Roslee Jamaludin (Auditor) and Puteri Arlydia Abdul (Auditor). Mohd Annas Amin Haji Omar and Mohd Razman Salim participated in this re-certification audit as trainee auditor and observer respectively.

The recertification audit on the Penyuan PFMU had resulted in the issuance of 2 and 7 major and minor Non Conformity Reports (NCRs) respectively. The audit team had not made any Observation for Improvement (OFI). Shin Yang Forestry Sdn Bhd (Shih Yang Forestry) had submitted a proposed corrective action plan to address these NCRs. The audit team leader had reviewed and accepted the corrective actions taken by Shih Yang Forestry and had therefore decided to close out all the major NCRs.

Based on the findings of this recertification audit, it was found that the Penyuan FPMU had taken the appropriate corrective actions to address all the NCRs and therefore had complied with the requirements of the *MC&I (Forest Plantation.v2)*. The Audit Team Leader after consultations with the team members and the comments of the peer reviewers had recommended the Penyuan FPMU to continue to be certified under the Malaysian Timber Certification Scheme (MTCS).

This public summary contains the general information on the Penyuan FPMU, the findings of the recertification audit, NCRs raised as well as the decision on the continued certification of the FPMU.

2 INTRODUCTION

2.1 Name of FPMU Penyuan Forest Plantation Management Unit

2.2 Contact Person and Address Mr. Ling Ee Khai Plantation Controller Shin Yang Forestry Sdn. Bhd. Lot 515, Jalan Datuk Edward Jeli Piasau Industrial Estate 98000 Miri, Sarawak Malaysia Phone # : 085 6566 99 ext. 648 Fax # : 085 655 311

2.3 General Background on the Penyuan FPMU

The Penyuan FPMU covers an area of 15,261 hectares (ha). It is part of the FPMU under Licensed Planted Forest (LPF) 0018 totalling 155,930 ha, which is managed by Shin Yang Forestry Sdn Bhd (Shin Yang Forestry). The LPF0018 was issued to Shin Yang Forestry by the Sarawak State Government on 19 November 1999. The LPF is valid for a period of 60 years until 18 November 2059 allowing Shin Yang Forestry to establish and manage a forest plantation sustainably.

The FPMU is located at latitudes approximately 02° 56.0'N to 03° 02.43' N and longitudes 114° 10.0' E to 114° 25.61' E in the Belaga District, Kapit Division, Sarawak. The certified area of the FPMU covers only Coupe AT1, AT2, AT3, AT4(I) and AT4(II). The FPMU is located about 49 km northwest of the Asap Resettlement and 31 km downstream from the southwest of the Bakun Hydro Electric Power (HEP) plant.

The Penyuan FPMU was established beginning 2005 and planted with mainly *Acacia mangium* and *Paraserianthes falcataria*. Subsequently, fast growing quality timber species such as *Neolamarckia cadamba* and *Eucalyptus spp.* were also planted but in smaller scale. Based on the Forest Plantation Management Plan (FPMP) (1 January 2015 to 31 December 2024), a harvesting rotation of 10 years is applied to ensure efficient and sustainable timber production. The expected annual rate of harvest was changed from 998.2 ha/year to 1,348.80 ha/year with the earliest harvest beginning in 2020. However, it was found that the plantations within FPMU in all the coupes had not have their first 10 year cutting cycle.

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

2.4 Date First Certified

21 October 2016

2.5 Location of the FPMU

The Penyuan FPMU is located between 02° 56.0'N to 03° 02.43' N and longitudes 114° 10.0' E to 114° 25.61' E in the Belaga District, Kapit Division, Sarawak, Malaysia.

2.6 Forest Management System

The Penyuan FPMU had followed the principles of sustainable forest plantation management and the requirements of the Licence Agreement of the Sarawak State government. A Forest Plantation Management Plan (FPMP) 1 January 2015 to 31 December 2024 was presented during this audit.

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

Based on a rotation period of 10 years, the expected annual allowable cut (AAC) for the Penyuan FPMU as indicated in the FPMP was 1,348.80 ha/year with the earliest harvest beginning in 2020. However, it was found that all the coupes within the FPMU had not have their first harvest. During this recertification audit, the size of the FPMU had remained at 15,261 ha with a total planted area of 6,744 ha.

2.8 Environmental and Socioeconomic Context

Shin Yang Forestry had continued to use as guidance the Environmental Impact Assessment (EIA) Report, which was approved on 28 January 2000 prepared by an EIA consultant company, JB Agriculture Management Services in managing the Penyuan FPMU. The EIA had outlined the potential impacts of the plantation activities on Endangered Rare and Threatened (ERT) indigenous flora and fauna which include the Black Hornbill, Rhinoceros Hornbill, Hill Myna, Giant Squirrel and Binturong. The EIA had also recommended the mitigation measures for the protection and conservation of these ERT flora and fauna.

In addition, the management of the Penyuan FPMU had continued to follow the established guidelines to identify and demarcate sensitive areas for the protection of soil and water, watercourses and wetlands. The sensitive areas for protection in the FPMU which had been identified were still being protected. The same harvesting procedures which had been in place had continued to follow the guidelines on Reduced Impact Logging (RIL). However, to-date, there were no logging operations been undertaken in the FPMU.

The main product to be extracted from the Penyuan FPMU is logs. These logs would be utilized by the mills owned by Shin Yang Sdn Bhd. There was no minor forest produce to be extracted from this FPMU. The forest planning and management practices in the FPMU had continued to incorporate the results of the social impact evaluations as outlined in the revised FPMP (2015-2024) version 06 dated July 2019. Planned mitigation and enhancement measures on key social impacts from forestry operations were described in the FPMP.

There was still no indigenous community settlement within the Penyuan FPMU. This was confirmed during field visits and discussions made during the conduct of this recertification audit with the Penan communities in Long Telepeh, Data Senggelang, Long Balau and Long Perah. The Communities' water catchment areas (known locally as 'Pulau Paip') which had been marked were still being protected from any forest activities. Shih Yang Forestry had continued to give preference for employment and contract work to qualified people in the communities living near the FPMU.

3. AUDIT PROCESS

3.1 Audit Dates

5-8 August 2019 (12 auditor-days)

3.2 Audit Team

Dr. Samsudin Musa (Lead Auditor)
Hj. Roslee Jamaludin (Forester)
Puteri Arlydia Abdul (Forester)
Mohd Annas Amin Haji Omar (Trainee Auditor)
Mohd Razman Salim (Observer)

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

3.3 Standard Used

Malaysian Criteria and Indicators for Forest Plantation Management Certification [MC&I (Forest Plantation.v2)] using the verifiers stipulated for Sarawak.

3.4 Stakeholder Consultations

A one-month stakeholder consultation was conducted beginning 4 July 2019 to solicit feedback from stakeholders on the compliance of the Penyuan FPMU against the requirements of the MC&I Forest Plantation.v2. However, there was no comment received from any stakeholder (refer **Attachment 3**).

The audit team had also made on-site consultations with the relevant stakeholders during this recertification audit. Consultations were held with the Kenyah and Penan communities in Long Telepeh, Data Senggeling, Long Balau and Long Perah, which are located outside the FPMU as well as forest managers and workers in the PFMU. In addition, the audit team had also conducted consultations with officers of the Sarawak Forest Department and Sarawak Forestry Corporation.

3.5 Audit Process

The recertification audit was conducted primarily to evaluate the level of continued compliance of the Penyuan FPMU's current documentation and field practices in forest plantation management with the detailed of the standard of performances (SOPs) listed in the MC&I Forest Plantation.v2, using the verifiers stipulated for Sarawak.

For each Indicator, the auditors had conducted either a documentation review, consultation with the relevant personnel of the FPMU, 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 FPMU'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 Forest Plantation.v2;
- (ii) a minor NCR is a deviation or a lapse in complying with the requirements of the MC&I Forest Plantation.v2; 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 Forest Plantation.v2 but without sufficient objective evidence to support a non-conformance.

For a major NCR, Shin Yang Forestry was 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 company shall be verified by the Audit Team Leader or a member of the audit team within three months from the last date of audit.

For a minor NCR, Shin Yang Forestry 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 Shin Yang Forestry must be verified at the next surveillance visit.

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

Shin Yang Forestry 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 recertification audit report and sent it to Shin Yang Forestry for comment. A second draft recertification audit report, which had incorporated the comments received from Shin Yang Forestry was then prepared and sent to two peer reviewers for independent reviewing. A final recertification audit report was prepared incorporating the comments from the peer reviewers (see **Attachment 4**).

4 SUMMARY OF AUDIT FINDINGS

Based on the findings of this recertification audit, it was found that Shin Yang Forestry had continued to manage the Penyuan FPMU in compliance with most of the requirements of the MC&I Forest Plantation.v2. This re-certification audit had resulted in the issuance of two (2) major and seven (7) minor NCRs. One of the major NCRs was an up-grading of a minor NCR raised during the previous surveillance audit. No OFI was raised. The details on the NCRs raised are shown in **Attachment 5**.

The audit team had reviewed, accepted and verified the corrective actions taken by Shin Yang Forestry to address the two (2) major NCR raised during this recertification audit. The audit team was satisfied that the corrective action had been effectively implemented and had therefore closed out these major NCRs. The audit team had also reviewed and accepted Shin Yang Forestry's proposed corrective actions to address the seven (7) minor NCRs. However, these corrective actions shall be verified by the audit team during the next surveillance audit.

The audit team had also verified on the corrective actions taken by Shin Yang Forestry to address the three (3) minor NCRs which were raised during the previous audit. However, one of these minor NCRs was up-graded to a major NCR. The responses made by the audit team leader on these corrective actions and on the final status of the NCRs and OFIs are as in **Attachment 6**.

On indigenous peoples' rights, there same mechanisms as described in the document entitled 'Mechanism to Resolve Local Communities Issues' reference SYF/MC&I/P.09, were still being used. However, there was no recorded civil court case pertaining to legal or customary tenure or use rights filed against the Penyuan FPMU.

With regard to Criterion 6.10, there was no new planting or conversion of the forest plantations to other non-forest land uses during the intervening period since the last surveillance audit. The certified forest plantation area had remained the same at 15,261.00 ha of the approved LPF/0018 of 148,126 ha. All these plantations had been established prior to 2010.

As all major NCRs raised during this recertification audit had been closed out and taking into consideration of the comments made by the peer reviewers, the audit team had therefore recommended that the Certificate for Forest Plantation Management awarded to the Shin Yang Forestry (Penyuan FPMU) be extended for another 3 years from 20 October 2019 to 19 October 2022.

The summary of the findings of the recertification audit on the Penyuan FPMU against the requirements of the MC&I Forest Plantation.v2 are as follows:

Principle	Strengths	Weaknesses
Principle 1 Compliance With Laws and Principles	The forest management of the Penyuan FPMU had complied with most of the applicable laws of Malaysia, respected the international treaties and agreements which Malaysia is a signatory and complied with all the Principles and Criteria in the MC&I Forest Plantation v2.	During an inspection of the FPMU's external boundary, there was an unauthorized forest fire at Coupe AT1 Block 4. The fire was started by the local communities living off the FPMU for planting cassava. Therefore a minor NCR SAM 01/2019 was raised against indicator 1.5.2.
Principle 2 Tenure and Use Rights and Responsibilities	<p>The Penyuan FPMU was still being managed under a long-term Licence for Planted Forest (LPF) 0018 issued to Shin Yang Forestry by the Sarawak State Government on 19 November 1999. The LPF is valid for a period of 60 years until 18 November 2059 allowing Shin Yang Forestry to establish and manage the forest plantation sustainably.</p> <p>Shin Yang Forestry had continued to use the same mechanisms as described in the document entitled 'Mechanism to Resolve Local Communities Issues' reference SYF/MC&I/P.09 for resolving disputes over tenure claims and use rights.</p> <p>There was no recorded civil court case pertaining to legal or customary tenure or use rights filed against the Penyuan FPMU.</p>	<p>During the previous surveillance audit, a minor NCR IAAM/03/2018 was raised against Indicator 2.3.1 as it was found that Shin Yang Forestry had not investigated and taken actions on the complaints on water pollution raised by the Penan community in Long Telepeh, a wage and claim on a survey work undertaken, restriction on access into the plantation for the local communities for subsistence and loss of the use rights on the forest.</p> <p>During this audit, it was found that Shin Yang Forestry had investigated these complaints. However, the results of the investigation had not been communicated to the complainants as required in the procedures as outlined in the document 'Mechanism to Resolve Local Communities Issues'. Therefore, this minor NCR was up-graded to a major NCR LYD-01/2019.</p>
Principle 3 Indigenous People's Rights	<p>There was no indigenous or local peoples' settlement within or in proximity to the FMU. As such the management of the FMU had not threatened or diminished, either directly or indirectly, the resources or tenure rights of any indigenous peoples.</p> <p>There were appropriate procedures for identifying and protecting sites of special cultural, ecological, economic or religious significance to indigenous peoples and provisions for rights of access to these sites by indigenous peoples.</p> <p>Shin Yang Forestry had not used any traditional forest-related knowledge and practices of indigenous people in the Penyuan</p>	There were no negative findings.

Principle	Strengths	Weaknesses
	FPMU. Nevertheless, there were appropriate mechanisms and compensation if they are commercially used.	
Principle 4 Community Relations and Worker's Rights	<p>Qualified people in communities living in adjacent to the Penyuan PFMU were given preference for employment and contract works in the FMU.</p> <p>All forest workers had been legally employed and all foreign workers had valid passports and work permits.</p> <p>Shin Yang Forestry had continued to maintain its occupational safety and health policy dated 1 September 2016, which was in line with current legislations and/or regulations.</p> <p>The Safety and Health Committee had continued to hold meetings once in 3 months, the first on 20/03/2019 and the second on 3/06/2019.</p> <p>Fire Plan Locations were placed at strategic areas within the logging camps, office and quarters. There was demarcation of hazardous areas. The same established guidelines for storage and handling of hazardous material had continued to be implemented.</p> <p>The forest workers had been given up-to-date information on workers' safety and health through training programs held in 2018 and 2019.</p> <p>The workers were still given the freedom to form/join union of their own choice. However, there was no worker union in the PFMU.</p> <p>There were provisions and measures taken within the relevant federal, state and local laws to prevent loss or damage affecting the local communities' legal or customary rights, property, resources, or their livelihoods.</p> <p>Forest planning and management practices had taken into account and incorporated the results of the</p>	<p>The person in charge for schedule waste had not been properly trained to ensure that scheduled waste in the FPMU was being managed properly in accordance with the legal requirements. Therefore, a minor NCR LYD-03/2019 was raised.</p>

Principle	Strengths	Weaknesses
	social impact evaluations as described in the revised FPMP (2015-2024), Version 06 dated July 2019.	
Principle 5 Benefits From the Forest	<p>The Annual Work Plan and Budget for 1 January 2019 – 31 December 2019 (Rev.1) had included the provisions on maintenance, restoration or enhancement of the productive capacity and ecological function of the forest plantation areas as well as maintenance of adequate and competent workforce.</p> <p>The main product from the FPMU is log for processing by mills owned by Shin Yang Sdn Bhd. The harvesting operations shall follow the RIL guidelines.</p> <p>There were established guidelines to identify and demarcate sensitive areas for the protection of soil and water, watercourses and wetlands. Riparian buffers, slopes with more than 35 degrees (Terrain IV) and watershed areas shall be excluded from harvesting operations.</p>	<p>There had been limited opportunity for Shin Yang Forestry to diversify the product range of the FPMU as the company's had focused on planting and harvesting of trees for logs to be used in plywood production.</p> <p>All the coupes in the FPMU had not had their first 10 year cutting cycle which had been planned in 2020. The delayed in harvesting would have economic implications and long-term sustainability on the PFMU. Therefore, a minor NCR SAM 03/2019 against Indicator 5.6.1 was raised.</p>
Principle 6 Environmental Impact	<p>Shin Yang Forestry had continued to be guided by the EIA Report, which had described the potential impacts of plantation forestry activities on ERT flora and fauna species including the recommended mitigation measures for their protection and conservation.</p> <p>The FPMP (2015–2024) Rev. 6 had outlined the mitigation measures for biodiversity conservation. In addition, there were established guidelines to identify and demarcate sensitive areas for the protection of soil and water, watercourses and wetlands.</p> <p>There were guidelines to establish representative conservation and protection areas such as buffer zone along the common boundary.</p> <p>There were actions taken to control illegal hunting, fishing and collecting activities by displaying posters of protected and totally protected species at strategic places, controlling access to the PFMU,</p>	There were no negative findings.

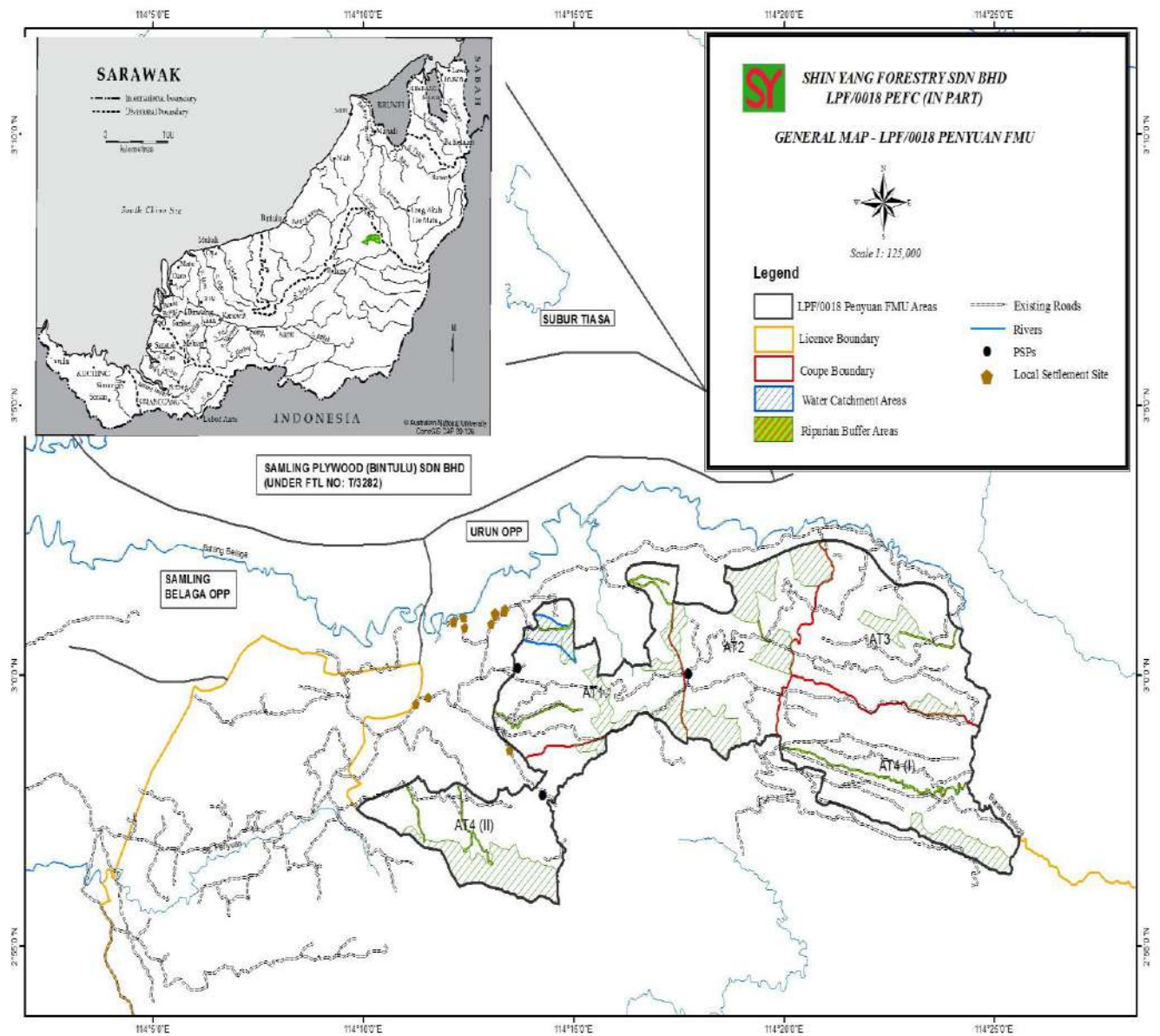
Principle	Strengths	Weaknesses
	<p>prohibiting inappropriate activities and conducting regular patrol.</p> <p>There were guidelines to demarcate and protect natural forest and measures to enhance natural regeneration.</p> <p>There were HCV and protected riparian zones. There were also protection and management activities being implemented for these areas as outlined in the FPMP.</p> <p>There were procedures and guidelines on road layout, construction and maintenance including log landings and drainage and reduced and low impact harvesting. There was a revised SOP on Reduced Impact Logging (RIL).</p> <p>The SOPs on handling of chemicals, scheduled wastes and chemicals hazardous to health were still being followed.</p> <p>There was no application of biological control agents in the FPMU.</p> <p>Only exotic tree species <i>Paraserianthes falcata</i>, <i>Acacia mangium</i>, <i>Eucalyptus pellita</i>, <i>Eucalyptus Deglupta</i> which had received approval from Plant Quarantine Division, Department of Agriculture, Sarawak had been planted in the PFMU</p> <p>There was no new planting or conversion of the forest plantations to other non-forest land uses during the intervening period since the last surveillance audit. The certified forest plantation area had remained the same at 15,261.00 ha of the approved LPF/0018 of 148,126 ha. All these plantations had been established prior to 2010.</p>	
Principle 7 Management Plan	<p>The revised FPMP (2015 – 2024) Rev. 006 had addressed all issues and requirements of items (a) to (i).of Criterion 7.1.</p> <p>Forest plantation managers were aware of new scientific and technical information pertinent to</p>	<p>The FPMP had not included management prescriptions for HCVFs on Fragmented Habitat. Hence, a minor NCR SAM 06/2019 was raised.</p>

Principle	Strengths	Weaknesses
	<p>the management of the planted area. One such example was on the finding on <i>Peronema canescens</i> (Sungkai) as a potential plantation specie as discussed during a national seminar at UMS Sabah in April 2015</p> <p>Record of new scientific and technical information pertinent to the management of the forest area to be certified was made available to the forest managers.</p> <p>A summary of the primary elements of the PFMP including those listed under criterion 7.1 was made available to the public at the website https://www.shinyang.com.my/products-services/tree-plantation/lpf0018-penyuan-estate.html.</p>	
Principle 8 Monitoring and Assessment	<p>Five PSPs had been established in the FPMU to assess the health of the planted trees, forest ecosystem and the forest environment, growing stock conditions and growth increment.</p> <p>Shin Yang Forestry had engaged Ecosol Consultancy Sdn Bhd to monitor social and environmental impacts of its forest plantation operations.</p> <p>An internal audit was conducted on 10 - 12 November 2018 to assess the FPMU's compliance against the requirements of the MC&I Forest Plantation V.2. A management meeting was held on 22 December 2018 to review the findings of the internal audit and discuss on annual work plan, field audit and other activities as preparations for the conduct of an external audit on the FPMU.</p> <p>Although there was no forest product been harvested from the FPMU, the relevant documents and a tagging system had been developed to identify all forest products leaving the FPMU. The tagging system enables tracking the origin of a product back to the FPMU's coupe and block.</p>	<p>The procedures on monitoring social, ecological, environmental, and economic Impacts were not fully adhered, as it was found that the monitoring records of social impact (as per SYF/MC&I/P.05) had not been signed. Hence a minor NCR LYD 02/2019 was raised.</p>

Principle	Strengths	Weaknesses
	<p>The results and findings of the monitoring activities had been incorporated in the revised FPMP (2015 – 2024) Rev. 006.</p> <p>A summary of the results of monitoring was made publicly available at Sin Yang Forestry's website at https://www.shinyang.com.my/products-services/tree-plantation/lpf0018-penyuan-estate.html.</p>	
Principle 9 Maintenance of High Conservation Value (HCV)	<p>There was an assessment report on High Conservation Value Forest (HCVF) in the FPMU. There was also a map on the locations of these HCVF [see Appendix 7 of the FPMP (2015 -2024)] (Rev.006).</p> <p>Shin Yang Forestry had consulted and met with the relevant stakeholders during the assessment on HCVF which included the local communities, government agencies and institutions of higher learning Universiti Putra Malaysia). There was a list of stakeholders.</p> <p>The protected HCV areas in the FPMU had been included in FPMP (2015 – 2024) Rev. 006. The measures being undertaken to demarcate, maintain and/or enhance the HCV attributes had been included in the summary of the FPMP and posted onto the Shin Yang Forestry's website at https://www.shinyang.com.my/products-services/tree-plantation/lpf0018-penyuan-estate.html.</p> <p>There was an annual monitoring to assess the effectiveness of the measures in the management of the HCV areas as evident by the availability of monitoring procedures and assessment record.</p>	<p>The monitoring report on HCV related to HCV 1.4 (Salt Lick) at Coupe AT2, was not accurate as it did not indicate the correct position on the ground. In addition, the report had not included the monitoring of 2 (two) salt licks in Coupe AT3. A major NCR RJ 01/2019 was raised against Indicator 9.3.1.</p>
Principle 10 Forest Plantation Development and Management	<p>The plantation forest management objectives, including natural forest conservation and restoration were as stated in para 3.3 in the FPMP (2015-2024) Rev.006. However, there was no annual harvesting plan as harvesting and</p>	<p>During the inspection of Coupe AT 1, it was found that the plantations along the road leading to Terrain IV areas were not actually plantations but regenerating forests where enrichment planting was undertaken and the areas are left unmanaged. These areas do not reflect true plantations. Thus the size and</p>

Principle	Strengths	Weaknesses
	<p>development works had not been carried out in the certified areas of the FPMU.</p> <p>A large part of the FPMU (56% of total area) consisting of natural forests, protected areas and HCVFs had been set aside. These areas will support the need for wildlife corridors as well as conservation of flora and fauna.</p> <p>The total planted area of the FPMU is 6,744 ha (44%) while the remaining still unplanted is 8,517 ha (56%). This was in line with the recommendations of the EIA which proposes at least 40% of the FPMP preserved as natural forests. The management strategy, plans and programs for monitoring progress in managing the natural forest as forest restoration had been clearly described in Para 3.3 of the FPMP (2015–2024) Rev.006.</p> <p>Site preparation and planting techniques as well as road and trail construction and maintenance had been done closely following the procedures as described in the FPMP (2015-2024) Rev.006.</p> <p>There was monitoring on disease and insect outbreak was done during the monthly forest patrolling. There were no cases of outbreak of diseases and insect attacks.</p> <p>The implementation of programs to monitor the potential on-site and off-site ecological and social impacts of forest plantation establishment and development had continued to be done on a quarterly basis by Ecosol Consultancy Sdn Bhd. The latest report, 2nd quarter April to June 2019 was made available. Planting trials were also being conducted by the Sarawak Forest Department in the FPMP to determine performance of various progenies.</p>	<p>spatial distribution of the plantations are not accurate and needs to be reduced and maps updated. Hence a minor NCR SAM 05/2019 has been raised for Indicator 10.3.2.</p> <p>The document on the choice of species to be planted in the FPMU was found to be inadequate. The main species planted were <i>Paraserinthes falcataria</i> and <i>Acacia mangium</i>, based on their rapid growth compared to other species. However, record on survival rate of these species planted in PSP 1 and PSP 2 in Coupe AT4 (ii) indicated that survival rates for <i>P. falcataria</i> and <i>A. mangium</i> were only 53% and 16% respectively. Growth sizes (DBH) of trees after 14 years were 9.6cm and 17.4 cm for <i>P. falcataria</i> and <i>A. mangium</i> respectively.</p> <p>Species site matching had not been conducted. The overall growing conditions of the plantations need to be enhanced due to lack of maintenance. This indicates that further analysis is required on the choice of species during the next planting program. Hence a minor NCR SAM 04/2019 has been raised against indicator 10.4.1.</p>

Map of Penyuan FPMU



Experiences and Qualifications of Audit Team Members

Assessment Team	Role/Area of MC&I Requirement	Qualification and Experience
Dr. Samsudin Musa	Lead Auditor (Trainee)	<p><u>Academic Qualifications:</u> B.Sc. of Forestry (1984), University Putra Malaysia. PhD (Botany) 2011, University Kebangsaan Malaysia</p> <p><u>Work Experiences</u> Dr. Samsudin bin Musa is a recently (July 2019) retired Deputy Director General (Research) for the Forest Research Institute of Malaysia (FRIM). He graduated in 1984 with a B Sc. Forestry from the University Putra Malaysia and has completed his PhD studies in Universiti Kebangsaan Malaysia (UKM) in 2011. From 1993 to 1997 he was the Forest Inventory Officer at the Forestry Department Headquarters, Peninsular Malaysia. Prior to that, he was the Head of Inventory Unit of the ASEAN Institute of Forest Management in Kuala Lumpur from 1987 to 1993. His areas of expertises include silviculture, climate change and forest certification.</p> <p>He was involved in the following forest management/chain-of-custody certification training programmes:</p> <p><u>Training/Research Areas:</u></p> <ul style="list-style-type: none"> • Workshop on Forest Management Certification, Institut Penyelidikan Perhutanan Malaysia, Kepong. (12-13 December 1996). – Resource person • XXI IUFRO Pre-Congress Workshop on Sustainable forest management and Criteria & Indicators, FRIM, Kepong, Malaysia (1-4 August, 2000) – Resource person • Workshop on Methodologies for Assessing Forest Biodiversity and Estimating its Recovery. Kuala Lumpur, Malaysia (30-31 October, 2001). – Resource person • Training in Forest Management Certification by Scientific Certification System, SIRIM, February 2000, Shah Alam, Selangor • Quality Assurance Auditor/Lead Auditor Training Course and Examination, 25-29 March 2003, Moody International Certification., FRIM, Kepong, Selangor • Forest Management Certification Procedures, SIRIM QAS, 19 February 2009, Shah Alam, Selangor • ISO 14001:2004 EMS Lead Auditor Training Course under SIRIM Training Services Sdn Bhd, 2-6 March 2009 • Auditor Training Course on MC&I 2002, 30 March – 2 April 2002 by MTCC, Kuala Lipis, Pahang <p>His auditing experiences include the following:</p> <ul style="list-style-type: none"> • Member of the Team under MTCC/SGS(M) Sdn. Bhd. (Local expert/Auditor) for the testing of the application of Malaysian Criteria and Indicators for Forest Management Certification (MC&I) for the State of Johor, Malaysia, 14-18 August 2001. • FRIM Internal Auditor for ISO 9002. • Observer for the Assessment for forest management certification of the Perak Integrated Timber Complex by SIRIM QAS International based on FSC principles in collaboration with the Scientific Certification Services (SCS) on 8-11 October 2001 • GTZ-FD Project on the Development of Internal Assessment Procedures for Forest Certification. 1999 (Local expert) • GTZ-FD Project on the Development of Internal Assessment Procedures for Sustainable Forest Management using new MC&I. 2000/2001 (Consultancy Project Leader) • Auditor for forest management certification of the Kelantan State FMU conducted by SIRIM QAS International against the MC&I under the MTCS in 2004 • Auditor for forest management certification of the Kedah State FMU conducted by SIRIM QAS International against the MC&I (2002), 5-9 March 2006 • Auditor for forest management certification of the Perak State FMU

		<p>conducted by SIRIM QAS International against the MC&I (2002), 10-15 September 2006</p> <ul style="list-style-type: none"> • Auditor for forest management certification of the Negeri Sembilan State FMU conducted by SIRIM QAS International against the MC&I (2002), 9-13 April 2007 • Lead Auditor in Field Tests of MC&I (2002) in Sarawak State FMU for the Malaysian Timber Certification Council. • Auditor Recertification Audit Negeri Sembilan State FMU 26-30 October 2015 • Lead Auditor Recertification Audit Pahang State FMU, 7-11 March 2016 • Auditor Surveillance Audit for Negeri Sembilan State FMU 25-26 Oct 2016 & 28 Feb – 1 March 2017
Hj. Roslee Jamaludin	Auditor	<p><u>Academic Qualifications:</u> B.Sc. of Forestry (Forest Management), University Putra Malaysia. Diploma in Forestry, Mara Institute of Technology, Malaysia.</p> <p><u>Work Experiences:</u> A retiree of Forest Conservator from Forestry Department of Peninsular Malaysia, with 36 years of experience in forest management, operation and administration. Has been working in various positions since appointment in 1977, which includes Assistant Forest Management officer in Kuantan, Forestry Department of Pahang, Assistant District Forest Officer in Kuala Lipis Pahang and Segamat, Johor. Forest Plantation Officer in Johor and Terengganu, Forestry Officer for the State of Malacca. Assistant Director for Forest Harvesting and Industries in Selangor, District Forest Officer in Dungun Terengganu, Assistant Director for Forest Management in Negeri Sembilan and the State Director of Forestry Penang before retirement in April 2015. Has involved in several Working Committees formed by the Forestry Department of Peninsular Malaysia to further improve the existing procedures, such as, Forestry Manual, Forest Road Guidelines, Forestry Rules, other guidelines regarding the MC&I for forest certification. A member of MAJURUS was appointed as an Internal Auditor for the MC&I. Has attended several forestry Conferences overseas and local. A member of IRIM (Institut Rimbawan Malaysia). Appointed as a facilitator and trainer for Forest Road Guidelines by Forestry Department Peninsular Malaysia.</p> <p><u>Training/Research Areas:</u></p> <ul style="list-style-type: none"> • Attended and passed the following Training programmes: • Auditor Training Course on Malaysian Criteria and Indicators for Forest Management Certification [MC&I (Natural Forest)] & [MC&I (Plantations)] organised by MTCC, 9 – 10 July 2015; • EMS 14001: 2004 Lead Assessor Training Course organised by SIRIM Training Services Sdn Bhd, 23 Nov. – 27 Nov. 2015; • Briefing on RSPO Principle & Criteria (HCV) organised by SIRIM QAS International Sdn Bhd (Food, Agriculture & Forestry Section) 21 August 2015; • Workshop on Auditing Technique for FMC (2) organised by SIRIM QAS n Bhd (Food, Agriculture & Forestry Section), 26 Jan 2016; • FMC Workshop organised by SIRIM QAS International Sdn Bhd (Food, Agriculture and Forestry Section) 28th -29th November 2017; • FMC Workshop for 2018 organised by SIRIM QAS International Sdn Bhd (Food, Agriculture & Forestry Section) 22 November 2018; • COC Workshop 2018 organised by SIRIM QAS International Sdn Bhd (Food, Agriculture & Forestry Section), 26 November 2018; • Auditor Training Course on PEFC Chain of Custody Certification organized by MTCC on 19th -20th December 2018; • MSPO Training Course organised by SIRIM QAS International Sdn Bhd (Food, Agriculture & Forestry Section) on 16-17 Feb 2019; • Forest Management Certification (FMC) Workshop for 2019 organised by SIRIM QAS (Food, Agriculture & Forestry Section) on 25 & 26 June 2019; and • CoC Workshop for 2019 organised by SIRIM QAS International Sdn Bhd (Food, Agriculture & Forestry Section) on 27/6/2019.
Puteri Arlydia binti Abdul	Auditor	<p><u>Academic Qualification:</u> B.Sc of Forestry (Forest Production), University Putra Malaysia.</p>

		<p><u>Work Experiences:</u></p> <p>1 year with Forestry Department Peninsular Malaysia (JPSM) 2007-2008, 3 years with Forest Plantation Development Sdn Bhd (Wholly owned by MTIB) 2008 – 2011, 1 year with Transparency International Malaysia 2011-2012, 3 years with Intertek Certification International Sdn Bhd 2012-2015 and with SIRIM QAS International Sdn Bhd from 2015 onwards. Her working experience cover forest elements among others, Geographic Information System, Remote Sensing, Forest Governance Integrity and Local Communities programs and auditing in ISO 9001 (Quality), ISO 14001 (Environment), PEFC Chain of Custody and PEFC MC&I (both natural and plantation forest).</p> <p><u>Training/Research Areas:</u></p> <p>Attended and passed in the following training programmes:</p> <ol style="list-style-type: none"> 1. ISO 9001: 2008 Lead Auditor Course on 19-23/03/2012; 2. MC&I (Natural and Plantation) Lead Auditor Course on 9-10/07/2015; 3. Training on ISO 9001:2015 (final version) on 21/09/2015; 4. ISO 14001: 2004 Lead Auditor Course on 18-22/05/2015; 5. Aspect and Impact Mitigation and Environmental Laws on 27/05/2016; 6. Schedule Waste Handling on 1/06/2016; 7. ISO 14001:2015 on 18/09/2017; and 8. PEFC CoC by MTCC on 6 & 14/12/2017
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Recertification Audit Plan

DAY	TIME	PROGRAM		
Day 0 4 August 2019 Sunday		<ul style="list-style-type: none"> Travel from Kuala Lumpur to Bintulu Flight MH2746, 17:30 – 19:35; Overnight at Promenade Hotel, Bintulu 		
Day 1 5 August 2019 Monday	0900 - 1400	<ul style="list-style-type: none"> Stakeholders consultation with: <ul style="list-style-type: none"> Sarawak Forest Department, Bintulu Sarawak Forestry Corporation, Bintulu 		
	1400 - 1800	<ul style="list-style-type: none"> Travel to Penyuan LPF 0018 – Seping Estate Base Camp Briefing by Audit Team Leader to audit team on the recertification audit plan 		
	2000	<ul style="list-style-type: none"> Auditor discussion on audit plan 		
Day 2 6 August 2019 Tuesday	8.00 am – 12.00 noon	<ul style="list-style-type: none"> Opening Meeting with representatives of FPMU Briefing session by Forest Manager of the FPMU Evaluation of changes to the management of the FPMU Check on complaints, stakeholders comments and follow-up actions (if any) Evaluate on internal audit and management review Verification of NCRs raised during the previous audit 		
	1400-1800	<p><u>Documentation Review</u></p> <p>All Principles Auditor 1 – Principles 7, 8 & 10 Auditor 2 – Principles 1, 5, 6, & 9 Auditor 3 – Principles 1, 2, 3, & 4</p> <ul style="list-style-type: none"> Review Findings by Audit Team Leader 		
Day 3 7 August 2019 Wednesday	0800 - 1800	<ul style="list-style-type: none"> Auditor 1 Coupes AT1, AT4 (ii) FPMU boundary and forest fire mechanism Consultation with workers Permanent Sample Plot Plantation Silviculture Riparian Buffer HCVF Terrain IV 	<ul style="list-style-type: none"> Auditor 2 Coupes AT1 & AT2 FPMU boundary and forest fire mechanism Consultation with workers Plantation Management Riparian Buffer HCVF Terrain IV HCVF Salt Lick 	<ul style="list-style-type: none"> Auditor 3 Consultation with local communities within and around the perimeter of the FPMU: <u>Visit Local community</u> Long Telepeh, Data Senggelang, Long Balau, Long Perah Consultation with workers Inspection of Nursery and Workshop

	2200	<ul style="list-style-type: none"> • Review of findings and discussions on NCRs
Day 4 8 August 2019 (Thursday)	0800 – 1200	<ul style="list-style-type: none"> • Documentation and records review • Briefing to representatives of FPMU on the findings of audit • Preparation of audit report and finding (NCR)
	1400 – 1500	<ul style="list-style-type: none"> • Closing Meeting
	1500	<ul style="list-style-type: none"> • Travel to Miri • Overnight at Imperial Palace Hotel, Miri
<ul style="list-style-type: none"> • Travel from Bintulu to Kuala Lumpur on 9 August 2019 Flight MH2743, 11:20 – 13:25 		

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

Indicator	Specification Major/Minor/ OFI	Detail Non-conformances	Corrective Action Taken	Verification by Assessor
Indicator 2.3.1 NCR No. LYD 01/2019	Major	<p>Requirement: Indicator 2.3.1 - Availability of appropriate mechanism to resolve disputes over tenure claims and use rights.</p> <p><u>Findings:</u></p> <p>The Standard Operating Procedure (SYF/MC&I/P.09: "Mechanism to resolve Local Communities Issues") Rev. 4 dated 25/09/2018 has not been followed.</p> <p><u>Objective evidences:</u></p> <ol style="list-style-type: none"> 1. In the previous audit it was reported that complaints and grievances were raised in "Mesyuarat Bersama Masyarakat Tempatan" on 4th May 2018. An NCR was raised for this issue as handling of the complaints did not comply with Standard Operating Procedure (SYF/MC&I/P.09: "Mechanism to resolve Local Communities Issues") Rev. 4 dated 25/09/2018. 2. During this audit, it was found that Investigation had been carried out by Shin Yang Forestry on 28/12/2018 to address the above NCR. However, the results of the investigation had not been communicated to the complainant as required by the SOP. 	<p>Root Cause:</p> <p>Shin Yang Forestry's Community Development Unit had not fully understood the SOP. They did not know the need to provide a copy of the report to the relevant local communities</p> <p><u>Corrective actions:</u></p> <ol style="list-style-type: none"> i. Re-training will be conducted to the Community Development Unit by 15.09.2019 ii. A copy of the investigation report will be provided to the relevant local community which is Long Telepeh (Tr. Bayak Sipat) by 15.09.2019. 	<p>Corrective action plan was reviewed, accepted and verified.</p> <p><u>Verified Evidences of Implementation:</u></p> <ul style="list-style-type: none"> • Retraining of FPMU workers on SOP for resolving conflicts was conducted on 26 September 2019. Photo as evidence was provided. List of attendance showing 11 staff attending the training was provided. • Submission of the investigation report to the community members of Long Telepeh was done on 22 September 2019. Photo evidence was provided. <p><u>Status of NCR:</u> Closed-out.</p>

<p>Indicator 9.3.1</p> <p>NCR No. RJ 01/2019</p>	<p>Major</p>	<p>Requirement: Indicator 9.3.1 - Measures to demarcate, maintain and/or enhance the HCV attributes are documented in the forest plantation management plan and effectively implemented.</p> <p><u>Findings:</u></p> <p>The demarcation of HCV 1.4 (salt lick) on the ground was not effectively implemented.</p> <p><u>Objective evidences:</u></p> <p>1. Site inspection at HCV 1.4 a (Salt lick) in coupe AT2, showed that, the buffer zone for the HCVF was not demarcated on the ground, as per requirement in Para 11.2.2 Table 11.6 (Management of HCV Areas) of Penyuan Forest Plantation Management Plan (FPMP) 2015 - 2024 Rev.006 and in Para 5 of Procedure and Guidelines of Boundaries of HCVA, Protection and Conservation Areas.</p> <p>2. The monitoring report (<i>Senarai Semak Pemantauan Kawasan FPMU</i>) <i>Bahagian 4: Pemantauan Kawasan Perlindungan & HCV</i> area dated 20/7/2019 and 5/7/2019 regarding HCV 1.4 (Salt Lick) at Coupe AT2, was not accurate as it did not reflect the actual situation on the ground as in para 1 above. Furthermore, the reports also did not include monitoring of 2 (two) Salt Lick in Coupe AT3.</p>	<p>Root Cause:</p> <p>i. Buffer zone for the HCV 1.4a (Salt lick) in coupe AT2 was not demarcated as the surveyor team had not fully understood on the demarcation procedures and guidelines</p> <p>ii. The monitoring report (<i>Senarai Semak Pemantauan Kawasan FPMU</i>) <i>Bahagian 4: Pemantauan Kawasan Perlindungan & HCV</i> dated 20/7/2019 and 5/7/2019 regarding HCV 1.4 (Salt Lick) at Coupe AT2, did not reflect the actual situation on the ground as the surveyor had not conducted a thorough monitoring.</p> <p>iii. The two salt licks in Coupe AT3 had not been monitored because the area was not accessible due to poor road condition.</p> <p><u>Corrective actions:</u></p> <p>i. Buffer zone for the HCV 1.4 (Salt lick) in coupe AT2 will be demarcated by painting (using blue colour paint) the standing trees along the boundary of the buffer zone by 23.09.2019;</p> <p>ii. The monitoring report will be updated with current situation on the ground by 23.09.2019; and</p> <p>iii. Re-training on the</p>	<p>Corrective action plan was reviewed, accepted and verified.</p> <p><u>Verified Evidences of Implementation:</u></p> <ul style="list-style-type: none"> Monitoring was conducted on 26 September 2019 and photo evidence of field demarcation of buffer boundaries using blue paint was provided. Monitoring Report which was signed by Plantation Manager was received. Retraining was conducted on 26 September 2019 at the estate. A total of 7 staff attended the training. Attendance list and photo evidence were provided. <p><u>Status of NCR:</u> Closed-out.</p>
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			<p>HCV monitoring will be given to the Surveyor team by 23.09.2019</p> <p>iv. The monitoring on the two salt licks in Coupe AT3 will be carried out by 04.10.2019.</p>	
<p>Indicator 1.5.2</p> <p>NCR No. SAM 01/2019</p>	Minor	<p>Requirement: Indicator 1.5.2 - Control of encroachment, illegal harvesting, hunting, and settlement, and other unauthorised activities in the FPMU.</p> <p><u>Findings:</u></p> <p>There was unauthorized forest fire within the FPMU area.</p> <p><u>Objective evidences:</u></p> <p>During external boundary inspection at Coupe AT1 Block 4, it was found that there was unauthorized forest fire at GPS coordinate N 02°59'03.1", E 114°12'58.9". The area was burnt by local communities who plan to plant cassava on the site.</p>	<p>Root Cause:</p> <p>The activities were done by the local communities from Long Telepeh (which was one of the FPMU's stakeholders). They have asked for permission to plant cassava in the said area from Shin Yang Forestry.</p> <p><u>Corrective actions:</u></p> <p>i. The said area will be marked on-ground by 13.09.2019;</p> <p>ii. FPMU will monitor their activities on a monthly basis to ensure that no unauthorized forest fires occur;</p> <p>iii. An agreement will be issued to the local community to make sure their activities do not violate the FPMU rules by 13.09.2019.</p>	<p>Corrective action plan was reviewed and accepted.</p> <p><u>Verified Evidence of Implementation:</u></p> <p>The implementation and effectiveness of the corrective action plan will be verified during the next audit.</p> <p><u>Status of NCR:</u> Still outstanding.</p>
<p>Indicator 4.1.1</p> <p>NCR No. LYD-03/2019</p>	Minor	<p>Requirement: Indicator 4.1.1 - Forest plantation managers provide, where appropriate, support for training, retraining, local infrastructure, facilities and social programmes commensurate with the scale and intensity of forest plantation management operations.</p> <p><u>Findings:</u></p>	<p>Root Cause:</p> <p>i. Shin Yang Forestry Sdn. Bhd. had not yet sent the person in-charge for the competencies course as the previous schedule waste for LPF 0018 Penyuan/Seping Estate was managed by another management (Shin</p>	<p>Corrective action plan was reviewed and accepted.</p> <p><u>Verified Evidence of Implementation:</u></p> <p>The implementation and effectiveness of the corrective action plan will be verified during the next audit.</p>

		<p>Person in-charge for schedule waste has not been properly trained for competency to ensure that scheduled waste within the certified FPMU is managed properly in accordance with the legal requirement.</p> <p><u>Objective evidences:</u> Person in charge for schedule waste has not been properly trained to ensure that scheduled waste within the certified FPMU areas is managed properly in accordance with the legal requirement as:</p> <ol style="list-style-type: none"> 1. There was no record to show the person in-charge has attended Course on Certified Environmental Professional in Schedule Waste Management (CePSWaM); 2. Interviews held with person in-charge and workers at workshop, nursery, store (chemical, oil, genset etc) showed that they were not aware of: <ol style="list-style-type: none"> a. Regulation 3. Notification of the generation of scheduled wastes; b. Regulation 4. Disposal of scheduled wastes c. Regulation 8. Responsibility of waste generator d. Regulation 9. Storage of scheduled wastes e. Regulation 10. Labelling of scheduled wastes f. Regulation 11. Waste generator shall keep an inventory of scheduled wastes g. Regulation 12. Information to be provided by waste generator, contractor and occupier of prescribed premises 	<p>Yang Forescom Sdn. Bhd.).</p> <p>ii. The person in-charge and workers at the workshop, nursery and store had been given internal training annually but, they were still not aware of the relevant regulations.</p> <p><u>Corrective actions:</u></p> <ol style="list-style-type: none"> i. Company will send a staff (store in-charge) for course on Certified Environmental Professional in Schedule Waste Management (CePSWaM) by December 2019 ii. All the workers at workshop, nursery and store (chemical, oil, genset) will undergo re-training by the internal trainer by November 2019. 	<p><u>Status of NCR:</u> Still outstanding.</p>
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		<p>h. Regulation 13. Scheduled wastes transported outside waste generator's premises to be accompanied by information</p> <p>i. Regulation 14. Spill or accidental discharge</p>		
<p>Indicator 5.6.1</p> <p>NCR No. SAM 03/2019</p>	Minor	<p>Requirement: Indicator 5.6.1 - Rate of harvest shall be in accordance with the prescribed cutting cycle as in the Forest Plantation Management Plan.</p> <p><u>Findings:</u></p> <p>The Cutting cycles for the plantations had not been adhered to.</p> <p><u>Objective evidences:</u></p> <p>It was found that the plantations within the FPMU in all the coupes have surpassed their cutting cycle of 10 years. The plantations were established from 2005-2009 while the earliest harvesting will only commence in 2020. The delayed harvesting will have economic implications as well affects sustainability.</p>	<p>Root Cause</p> <p>The harvesting has been delayed due to lack of manpower and machinery.</p> <p><u>Corrective actions:</u></p> <ol style="list-style-type: none"> 1. Gather information through on-ground checking/verification before planning the harvesting within FPMU areas. 2. Apply for Permit to Harvest Coupe (PHC) to the Sarawak Forestry Corporation for Coupe AT4(I) after on-ground checking/verification is done by March 2020. 	<p>Corrective action plan was reviewed and accepted.</p> <p><u>Verified Evidence of Implementation:</u></p> <p>The implementation and effectiveness of the corrective action plan will be verified during the next audit.</p> <p><u>Status of NCR:</u> Still Outstanding.</p>
<p>Indicator 7.1.1</p> <p>NCR No. SAM 06/2019</p>	Minor	<p>Requirement: Indicator 5.1.1 - Implementation of forest plantation management plan covering items (a) to (i) in Criterion 7.</p> <p><u>Findings:</u></p> <p>The management prescriptions for HCV 2 Fragmented Habitats under FPMP were not available.</p> <p><u>Objective evidences:</u></p> <p>Inspection of the FMP under para 11.2.2 Management of HCV areas showed that</p>	<p>Root Cause</p> <p>The document controller had missed to update the prescription for HCV2 Fragmented Habitats into para 11.2.2 of the Forest Plantation Management Plan (Rev.06).</p> <p><u>Corrective actions:</u></p> <p>Management prescription for HCV2 Fragmented Habitats will be incorporated into the revision 06 of the Forest Plantation Management Plan by</p>	<p>Corrective action plan was reviewed and accepted.</p> <p><u>Verified Evidence of Implementation:</u></p> <p>The implementation and effectiveness of the corrective action plan will be verified during the next audit.</p> <p><u>Status of NCR:</u> Still outstanding.</p>

		management prescriptions for HCV 2 Fragmented Habitats were not available.	23.10.2019.	
Indicator 8.2.1 LYD-02/2019	Minor	<p>Requirement: Indicator 8.2.1 - Forest plantation managers shall gather the relevant information, appropriate to the scale and intensity of the forest plantation management, needed to monitor the items (a) to (e) listed in Criterion 8.2.</p> <p><u>Findings:</u></p> <p>Monitoring records of social impact as per SYF/MC&I/P.05 Procedure on Monitoring Social, Ecological, Environmental and Economic Impacts for FPMU Rev.2 dated 7/08/2017 had not been adequately maintained.</p> <p><u>Objective evidences:</u></p> <p>Monitoring records of social impact (as per SYF/MC&I/P.05 Procedure on Monitoring Social, Ecological, Environmental and Economic Impacts for FPMU Rev.2 dated 7/08/2017) was incomplete as the forms were not signed covering the following villages :</p> <p>Long Tengah 2 dated 28/09/2018 – Borang A; Long Telepei / Telepeh dated 22/09/2018 – Borang A & B; Long Perah dated 28/09/2018 – Borang A & B; Long Balau dated 13/08/2018 – Borang B; and Long Tengah 1 dated 9/08/2018 – Borang A & B</p>	<p>Root Cause:</p> <p>The said forms were not signed by the respondents due to some of the respondents were unable to read and write (the form was filled up by the interviewer)</p> <p><u>Corrective actions:</u></p> <p>The incomplete form will be returned to the relevant local community to sign using a fingerprint by 13.09.2019.</p>	<p>Corrective action plan was reviewed and accepted.</p> <p><u>Verified Evidence of Implementation:</u></p> <p>The implementation and effectiveness of the corrective action plan will be verified during the next audit.</p> <p><u>Status of NCR:</u> Still outstanding.</p>
Indicator 10.3.2 SAM	Minor	<p>Requirement: Indicator 10.3.2 - Availability of documentation of the size and spatial distribution of</p>	<p>Root Cause:</p> <p>i. The said areas was planted by means</p>	<p>Corrective action plan was reviewed and accepted.</p>

05/2019		<p>the established forest plantation areas</p> <p><u>Findings:</u></p> <p>The map and spatial distribution of the forest plantation areas was not accurate.</p> <p><u>Objective evidences:</u></p> <p>During the inspection at Coupe AT1, it was found that the plantations along the road leading to Terrain IV areas were not actually plantations but regenerating forest where enrichment planting had been undertaken. These areas did not reflect plantations. Thus, the size and spatial distribution of the plantations need to be reduced and maps updated accordingly.</p>	<p>of enrichment planting using fast growing species (A. falcata and A. mangium) in year 2006 but most of the trees that was planted died.</p> <p>ii. The size and spatial distribution of the plantations did not match with the on-ground condition due to lack of communication between the ground staff and mapping department.</p> <p><u>Corrective actions:</u></p> <p>Shin Yang Forestry will gather the information through on-ground checking/verification and will update the information into the FPMP by 10.02.2019.</p>	<p><u>Verified Evidence of Implementation:</u></p> <p>The implementation and effectiveness of the corrective action plan will be verified during the next audit.</p> <p><u>Status of NCR:</u> Still outstanding</p>
<p>Indicator 10.4.1</p> <p>SAM04/2019</p>	Minor	<p>Requirement: Indicator 10.4.1 - Availability of documentation of choice of species that match the site conditions and the management objectives of the established forest plantation areas</p> <p><u>Findings:</u></p> <p>Documentation for the choice of species was not adequate</p> <p><u>Objective evidences:</u></p> <p>The main species planted were Paraserinthes falcata and Acacia mangium. Documentation on the reason these species were planted in the FPMP was because of their rapid growth compared to other species. Inspection of the PSP 1 and PSP 2 in Coupe AT4(ii) indicated that the survival rates for</p>	<p>Root Cause:</p> <p>The survival rates of these planted trees within the FPMU areas were very low as the FPMU:</p> <p>i. Did not conduct species site matching before choosing the right species to plant;</p> <p>ii. Did not use fertilizer during planting; and</p> <p>iii. Did not previously carry out tree maintenance.</p> <p><u>Corrective actions:</u></p> <p>j. Research on species site matching will be conducted before 2nd rotation planting;</p> <p>ii. Land preparation, site planting and</p>	<p>Corrective action plan was reviewed and accepted.</p> <p><u>Verified Evidence of Implementation:</u></p> <p>The implementation and effectiveness of the corrective action plan will be verified during the next audit.</p> <p><u>Status of NCR:</u> Still outstanding.</p>

		<p>P. falcataria and A mangium was only 53% and 16% respectively. Growth size (DBH) of trees after 14 years were 9.6cm and 17.4 cm for P. falcataria and A mangium respectively. Species site matching was also not conducted. The overall growing conditions of the plantations need to be enhanced due to lack of maintenance. This indicates that further analysis is required for selection of species during the next planting program.</p>	<p>tree maintenance for 2nd rotation will be carried out following the 'Tree Planting Manual for Shin Yang Forestry Sdn. Bhd'.</p> <p>iii. Training on procedure of Land Preparation, Site Planting and Tree Maintenance will be given to the relevant workers by 23.01.2020.</p>	
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Corrective Actions Taken and Final Status on NCRs and OFIs Raised During Previous Audit

Indicator	Specification Major/Minor/ OFI	Detail Non-conformances	Corrective Action Taken	Verification by Assessor
Indicator 1.5.2 NCR No. KN 01/2018	Major	<p>Requirement: Indicator 1.5.2 - Control of encroachment, illegal harvesting, hunting, and settlement, and other unauthorised activities in the FPMU.</p> <p><u>Findings:</u> The control of encroachment, illegal harvesting and other unauthorised activities in the FPMU was not sufficient.</p> <p><u>Objective evidences:</u></p> <ol style="list-style-type: none"> 1. During site inspection at Coupe AT2, it was found: <ol style="list-style-type: none"> a. Seven (7) trees of <i>Paraserianthes falcata</i> were felled during the road construction; and b. Four (4) trees (various species) with size from 30cm to 60cm dbh (approximately) were illegally felled 	<p>Root Cause: The FPMU was hiring the logging division to carry out road maintenance at Coupe AT2. Trees were cut for bridge construction but not recorded. Workers were not provided with relevant training prior to operation.</p> <p>Corrective actions: 1. Provide training on "Procedure and Guideline for Road Layout, Construction and Maintenance on 10 Sept 2018 at Coupe AT4(I) to logging workers 2. All cut down trees had been recorded.</p>	<p>Corrective action plan was reviewed, accepted and verified.</p> <p><u>Verified Evidence of Implementation:</u></p> <ol style="list-style-type: none"> 1. Attendance sheet of logging workers who attended the training on "Procedure and Guideline for Road Layout, Construction and Maintenance" on 10 Sept 2018 at Coupe AT4(I) was made available; 2. Photographs of the in situ training were submitted; and 3. Map titled "Road Maintenance Report" dated 23 September 2018 was made available. <p><u>Status of NCR:</u> Closed-out.</p>
Indicator 5.6.1 NCR No. KN 02/2018	Major	<p>Requirement: Indicator 5.6.1 - Rate of harvest shall be in accordance with the prescribed cutting cycle as in the Forest Plantation Management Plan.</p> <p><u>Findings:</u> The rate of harvest which is in accordance with the prescribed cutting</p>	<p>Root Cause Document Controller did not update the rate of harvest or AAC in the FPMP Rev. 005</p> <p><u>Corrective actions:</u> The rate of harvest or AAC was updated in the "FPMP for LPF 0018: Penyuan</p>	<p>Corrective action plan was reviewed, accepted and verified.</p> <p><u>Verified Evidence of Implementation:</u></p> <p>Review of the Revised FPMP Rev. 006 showed that the description of AAC had been provide in the FPMP (Ref: Para 3.7: "Yield Regulation"</p>

		<p>cycle was not provided in the FPMP.</p> <p><u>Objective evidences:</u></p> <p>The rate of harvest or annual allowable cut (AAC) for LPF/0018 Penyuan FPMU was not available in the revised FPMP, 1st January 2018 to 30th December 2028, Rev.005.</p>	<p>FPMU (January 2015 – 31st December 2024) Rev. 006" approved on 10 August 2018.</p>	<p>and Sub Para 3.7.1. "Annual Allowable Cut"</p> <p><u>Status of NCR:</u> Closed-out.</p>
<p>Indicator 6.5.3</p> <p>KN 03/2018</p>	Major	<p>Requirement: Indicator 6.5.3 – Availability and implementation of guidelines for conservation of buffer strips along stream and rivers.</p> <p>SOP SYF/MC&I/P.07 Procedure and Guidelines for Road Layout, Construction and Maintenance dated 6.6 2015</p> <p><u>Findings:</u> The maintenance and conservation of riparian zone and control on other un-authorised activities in the FMU were not sufficient.</p> <p><u>Objective evidences:</u></p> <ol style="list-style-type: none"> 1. During site inspection at Compartment AT2, it was found: <ol style="list-style-type: none"> a) that soil was pushed near riparian buffer zone (near bridge), and the side drain was constructed directly into the water stream during the road maintenance; and; b) during on-site inspection of riparian zone near Jungle Palm (HCV5), it was found that residue of new constructed 	<p>Root Cause</p> <p>Road maintenance was carried out by Logging Division, however, the logging workers not given relevant training</p> <p><u>Corrective actions:</u></p> <ol style="list-style-type: none"> 1. Provide training on "Prinsip dan Kriteria Pensijilan Hutan" on 10 August 2018 at Coupe AT4(I)to logging workers; 2. Restore riparian buffer zone at Coupe AT2 by planting Eucalyptus trees; and 3. Demarcate buffer zone near Jungle Palm HCVF (HCVF5). 	<p>Corrective action plan was reviewed, accepted and verified.</p> <p><u>Verified Evidence of Implementation:</u></p> <ol style="list-style-type: none"> 1. Attendance sheet of logging workers who attended the training on "Prinsip dan Kriteria Pensijilan Hutan" on 10 August 2018 at Coupe AT4(I)" was made available. 2. There were photographs of restoration of riparian buffer zone at Coupe AT2 by planting Eucalyptus trees; and 3. Photograph of demarcation of the buffer zone near Jungle Palm HCVF (HCVF5). <p><u>Status of NCR:</u> Closed-out.</p>

		road soil was pushed into the area adjacent to the riparian buffer zone and Jungle Palm (HCV5).		
Indicator 8.2.1 KN 05/2018	Major	<p>Requirement: Indicator 8.2.1 - Forest plantation managers shall gather the relevant information, appropriate to the scale and intensity of the forest plantation management, needed to monitor the items (a) to (e) listed in Criterion 8.2.</p> <p><u>Findings:</u></p> <ol style="list-style-type: none"> 1. The establishment and monitoring of Permanent Sample Plots were not satisfactorily conducted; 2. Costs, productivity and efficiency of forest management as required by the standards were not available; 3. The "Social Impact Assessment Report" for LPF0018: Penyuan /Seping Estate Revision 002 "was incomplete; and 4. This finding was upgraded from Minor NCR Indicator 7.3.2 raised during the last Surveillance 1 Audit <p><u>Objective evidences:</u></p> <ol style="list-style-type: none"> 1. During the site inspection of Permanent Sample Plot No.3 at AT2, it was found: <ol style="list-style-type: none"> a. the length measurement of the plots (for length and width) were not corrected 	<p>Root Cause:</p> <ol style="list-style-type: none"> 1. Insufficient training program among Surveyor Team; 2. Account Department did not separate costs and productivity data for the FPMU; 3. SIA had been done but the SIA Team did not attach the relevant document to the SIA report; <p><u>Corrective actions:</u></p> <ol style="list-style-type: none"> 1. Provide training SOP on Permanent Plots (PSP) on 20 September 2018 at Conference room (Seping Tree) to the Surveyor Team; 2. Replace inventory equipment with new and standardized units; 3. Shin Yang Forestry's Account Manager instruct Accounts Department to separate cost and productivity report for Penyuan FPMU; and 4. Attach the relevant documents to the "SIA Report for the Penyuan Estate: LPF 0018 Rev 02" 	<p>Corrective action plan was reviewed, accepted and verified.</p> <p><u>Verified Evidence of Implementation:</u></p> <ol style="list-style-type: none"> 1. Attendance sheet of Survey Team who attended the training "SOP on Permanent Plots (PSP)" on 20 September 2018 at Conference room (Seping Tree) 2. Photograph of the PSP training 3. Memo dated 4 June 2018 from Shin Yang Forestry's Account Manager with instruction to Accounts Department to separate cost and productivity report for Penyuan FPMU; and 4. List of communities interviewed and Attendance Sheet Forms (with signed attendance of local community members who participated in the SIA studies) and Local communities feedback (Filled questionnaire forms) as annexes to the "SIA Report for the Penyuan Estate: LPF 0018 (15th January 2018 – 15th January 2023) Rev 02. <p>Sighted local longhouses</p>

		<p>using clinometer readings and slope correction table;</p> <p>b. the inventory equipment (Suunto Clinometer) was damaged and for tree diameters measurements, a distance tape was used instead of a diameter tape. The compass used was also found unusable for inventory activities;</p> <p>c. Sample plot boundaries along 30m interval were not clearly demarcated on the ground;</p> <p>d. Sample plot design of 30m x 30m (0.09ha) did not tally with the SOP Ref. No: SYF/MC&I/P.20; and</p> <p>e. The SOP on Permanent Sample Plots (PSP) to study the growth rate of the planted forest, SOP Ref. No: SYF/MC&I/P.20 dated 6.7.2017 did not clearly explain the working instruction and process of the PSP design, plot size and PSP maps.</p> <p>2. Costs, productivity and efficiency of forest management as required by the standards were mixed with other Shin Yang subsidiaries</p> <p>3. The “Social Impact Assessment Report” for LPF0018: Penyuan /Seping</p>	<p>participation were:</p> <ol style="list-style-type: none"> 1. Data Sengelang- 9.12.2017 2. Long Tengah(1)- 9.12.2017 3. Uma Badeng- 9.12.2017 4. Uma Dikan - 10.12.2017 5. Long Balau- 13.12.2017 6. Rumah Adeh (Long Ketuat) - 13.12.2017 <p><u>Status of NCR:</u> Closed-out.</p>
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<p>Indicator 7.1.1</p> <p>KN 04/2018</p>	Minor	<p>Requirement: Indicator 7.1.1 - Implementation of forest plantation management plan covering items (a) to (i) in Criterion 7.1, and prepared in accordance with existing guidelines and the provisions listed in Principle 1.</p> <p><u>Findings:</u></p> <p>Implementation of FPMP covering items (a) Management Objectives and (b) Description of the forest resources to be managed were not adhered to</p> <p><u>Objective evidences:</u></p> <p>Site inspection at AT4(I) found that road constructions were in progress. Review of document found the approval of PEC Ref No. LPF0018/17/72A (Compartment AT(I)) dated 30 March 2017 was with the intention to harvest 51 Blocks @ 2,358 ha of natural forest in the certified plantation area. This was not in line with para 6.3: Tree Felling and Harvesting System Selection,</p>	<p>Root Cause: Road maintenance was done by Logging Division and the workers had not been given relevant training</p> <p><u>Corrective actions:</u></p> <ol style="list-style-type: none"> 1. To provide relevant training to the Logging workers by 9 August 2018; and 2. Road construction shall be monitored by the FPMU. 	<p>Corrective action plan dated 25 June 2018 was reviewed, accepted and verified.</p> <p><u>Verified Evidence of Implementation:</u></p> <p>The FPMU had taken corrective actions by providing training to the workers involved on road construction planning on 9 August 2018. Road construction operations will also be better monitored. Field inspections of roads in all coupes visited did not indicate similar non-compliance.</p> <p><u>Status of NCR:</u> Closed-out</p>

		<p>stated "All trees will be felled with the exception of natural forest, conservation areas and protected areas" and para 3.3: Management Objectives, i.e. "iv. To promote natural forest conservation, restoration and enhancement within FPMU" in the revised Forest Plantation Management Plan, 1st January 2018 to 30th December 2028, Rev.005</p>		
<p>Indicator 1.1.1</p> <p>IAAM 01/2018</p>	Minor	<p>Requirement: Indicator 1.1.1 - Records and availability of up-to-date relevant federal and state laws, regulations and policies, in particular those related to forest plantation management.</p> <p><u>Findings:</u></p> <p>There was no evidence on approval from Labour Department of Sarawak (Section 114, Labour Ordinance, 1952, Sarawak Cap. 76) for late cash payment of wages to workers who request them.</p> <p><u>Objective evidence:</u></p> <p>As confirmed by the Administrative Manager and feedback from seven (7) workers from Nursery and Workshop for Penyuan FPMU, it was found that the payment of wages for workers who requested their wages in cash were paid on the 15th of the following month.</p>	<p>Root Cause:</p> <p>Account Department was not aware on the Section 114, Labour Ordinance, 1952, Sarawak Cap. 76</p> <p><u>Corrective actions:</u></p> <p>A memo shall be issued to the Account Department to make sure they follow the Section 114, Labour Ordinance, 1952, Sarawak Cap. 76 by 25 May 2018. Payment of wages for workers who requested their wages in cash shall be paid not later than seven days after the expiration of the wages period.</p>	<p>Corrective action plan dated 25 June 2018 was reviewed, accepted and verified.</p> <p><u>Verified Evidence of Implementation:</u></p> <p>The FMU had presented a memo to Account Department of Shin Yang Forestry Sdn. Bhd. dated 23rd May 2019 signed by Shin Yang General Manager instructing the Account department to pay wages on time as required by Human Resource Department. Also verified Listing of cash wages payment for June 2019 showed that it has been paid on 5th of the month as required by Human Resource Department.</p> <p><u>Status of NCR:</u> Closed-out.</p>

Indicator 2.3.1. IAAM 03/2018	Minor	<p>Requirement: Indicator 2.3.1. – Availability of appropriate mechanism to resolve disputes over tenure claims and use rights</p> <p>Finding: The Standard Operating Procedure (SYF/MC&I/P.09: “Mechanism to resolve Local Communities Issues”) was not followed</p> <p>Objective evidence:</p> <ol style="list-style-type: none"> 1. Water pollution complaints raised in “Mesyuarat Bersama Masyarakat Masyarakat Tempatan” on 4th May 2018 was not investigated on site although reported to Shin Yang main office 2. Outstanding local communities issues: i.e. 1) Wages claim for survey work done during Mr Rafael Golout tenure 2) Access restrictions (Gate installations) for local communities to enter forest (for subsistence collection of resource) and 3) “Pemali” or loss of use rights claim by local communities due to Shin Yang operations (as allegedly promised by Mr Ah Heng)” that were raised and minuted during the “Mesyuarat Bersama Masyarakat Masyarakat Tempatan” in 2017 and 2018 were not investigated and the management decisions not communicated back 	<p>Root Cause: CSR Team had not been aware of SOP.</p> <p><u>Corrective actions:</u></p> <ol style="list-style-type: none"> 1. Training shall be provided to the CSR Team by 12 June 2018; 2. CSR Team shall investigate the water pollution complaint by 2 July 2018 and the result of the investigation shall be presented to the relevant local communities; and 3. The said outstanding local communities issues shall be reviewed together with management and shall inform the relevant local communities after management make a decision. 	<p>Corrective action plan dated 25 June 2018 was reviewed, accepted and verified.</p> <p><u>Verified Evidence of Implementation:</u></p> <p>During current audit, the audit team verified that the following corrective action taken by FPMU to address the previous NCR raised:</p> <ol style="list-style-type: none"> 1. Training provided to CSR team conducted on 12/06/2018; 2. EMR Report 4th Quarter 2018 for October to Dec 2018 Result has show no non-compliance against the parameter for turbidity and others parameter as per required by regulation. This has been presented during MRM meeting on 22/12/2018 whereas official report issued by 28/12/2019 has been provided to Mr Robert Usin as the representative of Community Development Unit on 3/01/2019; and 3. Interview with Long Telepeh villagers during this audit has confirmed that the issues raised earlier were with regards with the water pollution. The villagers has expressed their ambiguous understanding between certified and non-certified area although there
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