



**PUBLIC SUMMARY
SURVEILLANCE 2 AUDIT ON
BORNION TIMBER SDN. BHD. (FPMU 11)
FOR FOREST MANAGEMENT CERTIFICATION**

**Certificate Number: FMC 00113
Date of First Certification: 13 January 2017
Audit Date: 3 - 4 December 2018
Date of Public Summary: 10 May 2019**

Certification Body:

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EXECUTIVE SUMMARY

The Surveillance 2 audit for forest management certification on the Bornion Timber Sdn. Bhd. – FPMU 11 was conducted from 3-4 December 2018. The Surveillance 1 Audit was conducted from 5-7 December 2017.

The Surveillance 2 audit was conducted on the overall forest management system and practices of the FPMU against the requirements of the Malaysian Criteria and Indicators for Forest Management Certification, MC&I Forest Plantation.v2 using the verifiers stipulated for Sabah, Malaysia. The audit was conducted by a three-member audit team comprising Hj. Roslee Jamaludin (Trainee Lead Auditor), Khairul Najwan Ahmad Jahari (Auditor), and Dr.Lim Hin Fui (Auditor).

The scope of the audit was limited to the forest management system and practices of the Plantation Forest area within the Bornion Timber Sdn. Bhd. FPMU – 11 with total area of 25,536.71 hectares. The audit involved the verification of documentations, field visits and inspections. There were also consultations held with the local communities inside the FPMU certified area which had been identified in the Social Impact Assessment report.

The audit team had also verified the previous findings and action taken by the FPMU during Surveillance 1 Audit in 2017 for two (2) Major non-conformity (NCRs) and two (2) Minor non-conformity. Inspection of the corrective actions on the ground was done during this Surveillance 2 Audit (2018) and the Major and Minor NCRs were satisfactorily closed.

In general, the findings of the Surveillance 2 Audit indicated that the Bornion Timber Sdn. Bhd.- FPMU 11 has complied with most of the requirements of the MC&I Forest Plantation.v2 despite the issuance one (1) Major Non-Conformance Report (NCRs) and two (2) Minor Non-Compliance Report (NCR) on the FPMU against the requirements of the MC&I Forest Plantation.v2. The FPMU had submitted corrective action plans and evidence of implementation to address the two (2) Minor and one (1) Major NCRs raised during the Surveillance 2 Audit which were accepted by the audit team.

Based on the satisfactory acceptance of the corrective action plans and evidence of implementation to the minor and major NCRs, the Audit Team recommends Bornion Timber Sdn Bhd – FPMU 11 to continue to be certified against MC&I Forest Plantation.v2.

1 INTRODUCTION

1.1 Name of FPMU

Bornion Timber Sdn Bhd – FPMU 11, Forest Plantation Management Unit.

1.2 Contact Person and Address

Name: Timothy Pan
Designation: Operations Manager
Address: 3rd Floor, lot 16-18, Block K
Jalan Ikan Juara Satu, Sadong Jaya
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E-mail: tim@bornion.com

1.3 General Background on the Bornion Timber Sdn Bhd FPMU

The Bornion Timber Sdn. Bhd. (BTSB) had signed a Sustainable Forest Management License Agreement 03/97 (SFMLA 03/97) with the Sabah State Government on 10th September 1997 to establish and maintain 98,984.60 ha of Forest Management Unit (FMU 11) located in Sg. Milian Forest Reserve (Block A) and Part of the Sapulut Forest Reserve (Block B) in Sook District, Keningau, Sabah, for a period of 100 years. The FMU 11 was split into two separate management units of Natural Forest and Forest Plantations. The Forest Plantation Management Unit (FPMU) covers an area of 58,512.77 ha and the Natural Forest Management Unit (FMU), 40,645.5 ha of the total FMU 11 area, respectively.

However, the certified Forest Plantation Management Unit (FPMU) managed by Bornion Timber Sdn. Bhd. covers an area of 25,536.71 ha, which is part of the 58,512.77 ha of FPMU 11 areas. It is located at longitudes approximately 116° 15' E to 116° 50' E and latitudes 4° 40' N to 5° 30' N. The certified forest plantation area only covers limited areas as in Table 1 below. Other compartments that were not listed in the table were not certified due to land conversion undertaken after year 2010 in compliance of indicator 6.10.1 in MC&I (Forest Plantation) V2.

The forest types in the FPMU area prior to 1997 consisted mainly of Lowland Mixed Dipterocarp Forest, Upland Mixed Dipterocarp Forest, Upland Mixed Dipterocarp Forest and Kerangas Forest with small areas of Limestone Forest and Heath Forest. Repeated re-entry in the past had resulted in low stocking and this was aggravated by fire that damaged 13,500 ha following the severe drought in 1998. In addition, 5% to 15% of the area were affected by shifting cultivation.

The plantation was initiated in 2007 with planting of rubber trees (*Hevea brasiliensis*). To date, the main product extracted from the FPMU is latex. Latex and Latex Cup Lump are presently produced in the FPMU while logging for timber is deferred until stand maturity. The planned Latex and Rubber Cup Clump extraction in the planning period 2012 to 2021 was addressed in the 2nd Forest Management Plan-Plantation Development Plan (PDP) (2012 -2021) for FMU 11 (Revised November 2018). The planned harvesting for rubber timber products, beginning year 2029, was similarly addressed. Currently, the forest operations involved maintenance activities such as slashing, spraying and manuring.

Table 1: Areas covered in the audit

Forest Plantation Management Unit	Audit Scope	Area
Bornion Timber - FMU11	Main Office of Bornion Timber Sdn Bhd	3rd Floor, Lot 16-18, Block K, Jalan Ikan Juara Satu, Sadong Jaya, Karamunsing, 88000 Kota Kinabalu, Sabah, Malaysia
Bornion Timber - FMU11	Ulu Sg. Milian Forest Reserve	Compartment: 2,4,5A,10A,11A,8,9,12,13,14,50,49,51, *52,53,54,56,*57,*58,60,61,62,85,86,87,8 8,89,44,45,64,65,66,77,78,79,80,81,82,1 23,125, 127, 128, 142, 143, 144, 145, 146, 147, 148, 149, 152, 153, 154, 155, and 162. *Acacia (800.20ha)
	Sapulut Forest Reserve	Compartment: 177, 181,182 and 189
	Settlement within FPMU	Kg Wawasan – in Compartment 59
	Village adjacent/near to the FPMU	Kg Batu Lunguyan, Kg Kilo, Kg Pinipi, Kg Kuit, Kg Lanas Station, Kg Alab Lanas, Kg Matiku, Kg Kagasa, Kg Paginatan

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

1.4 Date First Certified
13 Jan 2017

1.5 Location of the FPMU

The Bornion Timber – FPMU 11 is located approximately between longitudes 116° 15' E to 116° 50' E and latitudes 4° 40' N to 5° 30' N.

1.6 Forest Management System

The Bornion Timber – FPMU 11 had followed the principles of sustainable forest plantation management and the requirements of the Licence Agreement of the State government. A Forest Plantation Management Plan (FPMP), 2012-2021 (Revised November 2018) was presented during this audit.

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

Since the first timber harvest won't be due till 2029 (FPMP – Plantation Development Plan), the annual harvesting schedule, including volume extracted will be determined at a later date.

1.8 Environmental and Socioeconomic Context

The FPMU practiced sustainable management on the plantation environment through compliance with the MC&I standards. The Environmental Compliance Report, *Special Environmental Impact Assessment for Areas under SFMLA 03/97 of FMU 11*, included protection measures for ERT

species, provision for biological corridors, riparian buffers and various mitigation measures. Residual forest stands were protected and preserved and RIL procedures followed strictly.

The FPMU also generated job opportunity with qualified local community given preference as plantation workers and for contract works. The area is recently planted and commercial harvesting is scheduled for 2029. The plantation will mainly produce rubber logs which feed into the local wood-based industry. Latex is produced as interim product for the rubber industry.

2 AUDIT PROCESS

2.1 Audit Dates

3-4 Dec 2018 (6 man-days)

2.2 Audit Team

1. Hj.Roslee Jamaludin (Trainee Lead Auditor)
2. Khairul Najwan Ahmad Jahari (Auditor/Evaluator)
3. Dr. Lim Hin Fui (Auditor)

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

2.3 Standard Used

The Malaysian Criteria and Indicators for Forest Plantation Management Certification [MC&I (Forest Planation.v2)] was used with verifiers stipulated for Sabah.

2.4 Stakeholder Consultations

A stakeholder notification was issued in 2nd November 2018 for a period of one month inviting relevant stakeholders to give comments on the FPMU. There was comment received from the stakeholders on Borneo Timber – FPMU 11 during the period, as in **Attachment 3**.

The audit team had conducted an onsite consultation with the relevant stakeholders during this Sueveillance 2 audit. Details of the consultation with the stakeholders are showed in the audit plan as well as in the audit report in Principles 2, 3 and 4.

2.5 Audit Process

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

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

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

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

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

The FPMU is requested to notify SIRIM QAS International Sdn Bhd (SIRIM QAS International) of the proposed corrective actions taken within one month from the last date of the audit. The corrective

actions as notified by the FPMU shall be verified by the Audit Team Leader or a member of the audit team within three months from the last date of audit.

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

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

iii) An OFI is a situation where the auditor has noted an area of concern on the capability of the forest management system to achieve conformance to the requirements of the MC&I but without sufficient objective evidence to support anon-conformity. The closing of an OFI shall be made during the next surveillance audit.

3 SUMMARY OF AUDIT FINDINGS

A total of two (2) Minor non-conformance reports (NCRs) and one (1) Major non-conformance report were raised on the Bornion Timber Sdn. Bhd. – FPMU 11 against the requirements of the MC&I (Forest Plantation). The audit team examined all the action plans and evidence of implementation and found them to be adequate. The Bornion Timber Sdn. Bhd. – FPMU 11 showed their commitment to address the non-conformities by establishing action plans and evidence of implementation as detailed in **Attachment 5**.

The audit team had reviewed, accepted and verified the corrective actions taken by the Bornion Timber Sdn. Bhd FPMU to address the one (1) major NCR raised during this Stage 2 Surveillance Audit. The Bornion Timber Sdn. Bhd. - FPMU 11 had submitted corrective action plans on 3rd January 2019 which has been accepted by the audit team leader. The evidence of implementation for the Major NCR was received on 11th February 2019 and 6th March 2019, and has been accepted and closed on 9th March 2019.

The audit team had also reviewed and accepted the Bornion Timber Sdn. Bhd FPMU's proposed corrective actions to address the two (2) minor NCRs. However, these corrective actions shall be verified by the audit team during the next audit.

The audit team had also verified the corrective actions taken by the Bornion Timber Sdn. Bhd FPMU to address the two (2) Major NCRs and (2) Minor NCRs which were raised during the previous audit. 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 were mechanisms in place to resolve disputes over tenure and use rights through meetings held with the Department of Orang Asli Development or Jabatan Kemajuan Orang Asli (JAKOA). It was observed that there was no recorded civil court case pertaining to legal or customary tenure or use rights filed against the Bornion Timber Sdn. Bhd FPMU.

With regards to Criterion 6.10, there was no new conversion of the PRF to forest plantations or other non-forest land uses during the intervening period since the last audit. The forest plantation in the Bornion Timber Sdn. Bhd FPMU has therefore remained the same at 25,537 ha since the previous audit.

As the major NCR raised during this Stage 2 Surveillance Audit had been closed out, the audit team therefore recommended that the Certificate for Forest Plantation Management awarded to the Bornion Timber Sdn. Bhd FPMU be maintained and continued to be certified against the MC&I (Forest Plantation).

The summary of the findings of the Stage 2 Surveillance audit on the Bornion Timber Sdn.Bhd - FPMU 11 against the requirements of the MC&I Forest Plantation.v2 are as follows:

Principle	Strengths	Weaknesses
<p>Principle 1 Compliance With Laws and Principles</p>	<p>At Bornion Timber Sdn. Bhd. (BTSB) base camp, lists of up-to-date relevant federal and state laws, regulations and policies, in particular those related to forest plantation management were available at the time of audit. All the federal and state legislations and regulatory documents were also kept there for reference. The management demonstrated awareness of existing and updated federal and state laws and regulatory framework related to management of forest plantations. To date there was no record pertaining to regulatory offences. The current list <i>Senarai Pekeliling Pengarah</i> of all legally prescribed fees, royalties, taxes, and other charges was available and presented to the auditors at the BTSB camp office. Records of all payments made by FPMU were kept and sighted during audit. All binding international agreements documents were available in the meeting room of BTSB base camp (e.g. the ASEAN Agreement on Transboundary Haze Pollution 2002, International Labour Organisations Conventions (ILO), Convention of Biological Diversity (CBD), Convention of International Trade of Endangered Species (CITES) which Malaysia is signatory). The Forest Operation Manager and his deputy were aware of these agreements. There were no conflicts between laws, regulations and MC&I Principles and Criteria's. A letter from Sabah State Forestry Department to BTSB management dated 29 September 2015 was sighted. However, if they were to occur the management was willing to participate in any process to resolve such conflicts. Legal provisions were available for the establishment and protection of BTSB forest plantation. The agreement with the Sabah Government to manage the Forest Management Unit (FMU) SFMLA: 03/97, for a period of 100 years (10 September 1997 to 9 September 2097) was sighted. The FPMU enforced control on encroachment, illegal harvesting, hunting, fishing and illegal settlement, and other unauthorized activities. Measures taken included monitoring, guarded access and signage. The 3rd Quarterly Summary Inspection Report for Patrol and Enforcement for July, August and September 2018 were verified during the audit. The statement of commitment to forest management certification titled 'Commitment to Sustainable Forestry and the Malaysian Criteria and Indicators for Forest Plantation Management Certification (MC&I) dated 29th August 2015 by COO was displayed in the base camp office. It was also included in Para D, Page 16 in the FPMP (2nd Forest Management Plan-Plantation Development Plan [2012 -2021] for FMU 11 (revised November 2018). Policies or statements were communicated throughout the organization through briefing and training such as <i>Forest certification, company policies, RTE, HCV and Environmental management (3R) and OSH</i> in November 2018. Villagers (Kg. Paganitan Nabawan in January 2018 and Kg. Langkukuk in November 2018) were also briefed. The statement of commitment of BTSB to forest management certification was available publicly through the website (http://www.bornion.com).</p>	<p>However, field audit (2018) discovered that compartment boundaries between Cpt 88 and Cpt 59 could not be located. Therefore, Minor NCR KN01/2018 for indicator 1.5.2 was raised.</p>

Principle	Strengths	Weaknesses
<p>Principle 2 Tenure and Use Rights and Responsibilities</p>	<p>The license agreement (SFMLA: 03/97) between Bornion Timber Sdn. Bhd. (BTSB) and the Sabah Government to manage the Forest Management Unit (FMU) from 1997 to 9 2097 confirmed the legal status, and established forest use rights for BTSB of the land or forest resources within the relevant federal and state legal frameworks. The documents entitled Management of Community Disputes Procedure (BTSB-SOP-CF-01) and Community Claim and Compensation (BTSB-SOP-CF-02) confirmed that the management support legally recognised mechanisms for resolving land claims. This is further enhanced by the formation of Milian-Sapulut Community Forestry Committee (MSCFC) in 2015. There is only one local indigenous Dusun community (Kg Wawasan) located within Compartment 59 of the FPMU's MTCS certified area. Adjacent to this (within 2 km to the nearest FPMU boundary) are six other local indigenous communities. The management collaborated with the community in Kg. Wawasan who possessed legal and customary tenure or use rights. The Sabah Forestry Department was also referred to on these issues. Letters (22 and 25 November 2018) confirmed that no Native Customary Rights (NCR) exist within the forest reserves. Local use rights of forest resources (i.e. in the form of water catchment area and grave yard) within the MTCS certified area is recognized, identified and reported. This was verified during audit. The appropriate mechanisms to resolve disputes over tenure claims and use rights is guided by a document entitled <i>Community Conflict Resolution (BTSB-SOP-CP-01)</i>. This is operationalized through meetings held by the Milian-Sapulut Community Forestry Committee (MSCFC), formed in 2015. Claims made by communities located outside the FPMU were addressed in the MTCS meetings with the management.</p>	
<p>Principle 3 Indigenous People's Rights</p>	<p>There is no legal NCR land located in the FPMU. However, appropriate mechanisms to resolve any conflicts and grievances between local communities and the management were available. The relevant SOPs (<i>Management of Community Disputes in FMU 11 (BTSB-SOP-CP-01)</i>; <i>Community Claim and Compensation (BTSB-SOP-CF-02)</i>) were available. Records of a complaint solved through these mechanisms in 2018 were sighted. As mentioned above in Criterion 3, there is no legal NCR land in the FPMU. A complaint on damaged rubber trees by a villager was solved through existing mechanisms. Procedures to protect special sites of significance to the local community exist and were sighted. Standard Operating Procedure on 'Survey and Identification of HCVF and Other Protected Areas (BTSB-SOP-CP-01), 2015'. Such sites (grave yard and water catchment areas) were mapped (HCVF Map-Forest Plantation) for protection. Appropriate mechanisms for conflict resolution exist (MSCFC meetings) as related earlier in Criterion 3.1. Appropriate mechanisms and fair and equitable compensation for the commercial utilisation of traditional forest-related knowledge and practices of indigenous peoples exist and were sighted (SOP on <i>Management of Community Traditional Knowledge and Practices Uses in FMU 11, 2017</i>). The FPMU however does not use the traditional forest-related knowledge and</p>	

Principle	Strengths	Weaknesses
	practices of indigenous people in the use of forest species or management systems in forest plantation operations.	
Principle 4 Community Relations and Worker's Rights	<p>Records showed that the FPMU provided certification related training, retraining, local infrastructure, facilities and social program for all levels of its employees. A list of 15 training courses conducted in 2018 were sighted. The FPMU gave preference to qualified people in communities living within, or adjacent to the FPMU for employment and contract works. In 2018, out of the total employees 665, community employees totaled 461 (69%). The FPMU also provided such training for villagers in 2018 covering topics on wildlife, handicrafts and the environment. All up-to-date information on all laws/regulations covering occupational safety and health of forest plantation has been disseminated by the FPMU to all workers. Records of training and briefings of safe use of sharp equipment, workers' safety and health, scheduled wastes, poison handling, among others were sighted. A Safety policy titled <i>Policy Statement on Safety and Health at Work</i> dated 23.2.2015 was displayed and sighted at strategic locations. In lieu of the training and briefings on safety and health the Minor NCR KN 02/2017 for Indicator 4.2.3, was satisfactorily closed. The audit verified the satisfactory maintenance of safety records on workers. Records in 2018 on regular maintenance of vehicle, equipment and machinery; minutes on meetings; medical examination of workers handling poisons; were sighted and verified. Site inspection at the workshop showed that the hazardous areas were properly demarcated and the hazardous materials were properly stored. Schedule waste was kept within specified time frame in compliance with the SOP <i>Storage, Handling and Disposal of Hazardous Good</i> (Document: BTSB-SOP-EM-06-02, updated 20/4/2018). The FPMU complied with the policy <i>Plantation workers to freely organise into union of their own choice in accordance with ILO Convention No. 87 and the right to organize and undertake collective bargaining leading to agreements in accordance with ILO Convention No. 98</i>. The SOP <i>Employee Grievances, BTSB-SOP-HR-01' 2015</i>, relating to procedures to address grievances raised by workers and/or their organizations and for conflict resolution, were sighted. Records on grievances addressed in 2018 were available. A Social Impact Assessment entitled "Penilaian Impak Sosial" dated 24 November 2018 was available and verified. The potential negative impacts were identified and mitigation measures proposed in Social Impact Management Plan (SIMP) and Stakeholders Engagement Plan (SEP). Forest planning and management practices have considered and incorporated the results of social impact evaluations as evidenced in the 2nd Forest Management Plan-Plantation Development Plan (PDP) (2012 -2021) for FPMU11 (Revised November 2018). The FPMU provided appropriate mechanisms to resolve grievances involving loss or damage affecting the local people's legal or customary rights, property, resources, or their livelihoods, due to forest plantation management operations. The document, <i>Community Claim and Compensation (BTSB-SOP-CF-02)</i> was sighted. Measures were taken to prevent</p>	<p>The site inspection at Compartment 148, revealed that record of insurance for seven workers were not available at the time of audit. Therefore a Major NCR RJ 01/2018 for Indicator 4.2.1 was raised.</p> <p>The FPMU had disseminated copies of the SIA 2018 report to leaders of the affected local communities in November and early December 2018. They were however not briefed on the report at the time of audit. Therefore, Minor NCR LHF01/2018 for Indicator 4.4.1 was raised.</p>

Principle	Strengths	Weaknesses
	loss or damage affecting the local communities' legal or customary rights, property, resources, or their livelihoods as reported in Criterion 3.1.	
Principle 5 Benefits From the Forest	<p>The annual operating and development budget was presented in the Annual Working Plan 2018. The 10-year operating and development budget was presented in the <i>2nd Forest Management Plan-Plantation Development Plan (PDP) (2012-2021) for FPMU11 (revised November 2018)</i>. Among the development costs included the nursery, planting, block maintenance, research and development (R&D), harvesting, conservation and social community. A total of 47 PSPs was established as provision to ensure productive capacity and ecological functions of the FPMU stands. Records of measurements were verified during field visit. Records of rubber tree planting were verified. No new planting was conducted since 2015. A total of 1,345.60 ha of burnt forest stand in several compartments were replanted as verified in the site visit to Compartment 88. Rubber latex is the main product of the FPMU. Timber is mainly extracted from salvage logging and exclusively from non-certifiable areas. Rubber logs will only be due for harvesting and extraction in 2029 and acacia logs in 2020 (Criterion 5.2). The current salvage logging of natural stands followed the SOP <i>Salvage Logging Operations (BTSB-SOP-PD-19-02)</i> dated 4th Dec 2017 rev 2, which was verified during the audit. The FPMU is operating for the production and harvesting of rubber logs and timber as primary products, with the interim collection of latex and rubber cup clumps as secondary produce. FPMU 11 had established guidelines in SOPs for Identifying and establishing representative conservation and protection areas (BTSB-SOP-CP-04), Identify and Demarcate Sensitive Areas for the Protection of Soil and Water (Riparian Marking- BTSB-SOP-PD-02-01) and Marking of Steep Area (BTSB-SOP-PD-03-01); and Identification of HCVP;p and other protected areas (BTSB-SOP-CP-01) and Identification and Protection of RTE Species and their habitats (BTSB-SOP-CP-03). Watershed areas were also demarcated. Maps of sensitive areas such as Riparian reserves and Slopes of more than 25 degrees were available and sighted. Site visits verified the presence of riparian reserves including protection measures. Provisions were also made for establishing representative conservation and protection areas as cited in the <i>Annual Working Plan 2018</i> and the <i>2nd Forest Management Plan-Plantation Development Plan (PDP) (2012 -2021) for FMU11 (Revised November 2018)</i>. The planned harvesting rate for rubber timber products beginning 2029 and Acacia and 2020 were also addressed (<i>2nd Forest Management Plan-Plantation Development Plan (PDP) (2012 -2021) for FMU11, (Revised November 2018)</i>). As such, no records on quantity of timber and non-timber products harvested were recorded.</p>	

<p>Principle 6 Environmental Impact</p>	<p>An Environmental Compliance Report titled <i>Special Environmental Impact Assessment for Areas Under SFMLA 03/97 of FMU 11</i> for Y1/2018 November 2017 – February 2018 (Date of inspection: 15-17 January 2018) was conducted for the FPMU. The list of mitigation measures for flora and fauna protection that was suggested in the SEIA report was sighted. Guidelines for identifying and protecting endangered, rare and threatened species of flora and fauna, including features of special biological features such as seed trees, nesting and feeding areas, in the FPMU was available (<i>Identification and Protection of RTE Species and Their Habitats</i>, BTSB-SOP-CP-03). Management had also established guidelines for establishing representative conservation and protection areas such as steep areas >25 degrees (<i>Identification of Representative Conservation and Protection Sites</i>, BTSB-SOP-CP-04) and river buffer zones (<i>Riparian Marking</i>, BTSB-SOP-PD-02-01). The FPMU had cooperated with relevant stakeholders (WWF, University Malaysia Sabah (UMS), and with local communities) on identification of HCVF sites. Hunting, fishing and collecting activities were to be controlled through poster displays, monitoring patrols and briefings. Forest workers and local communities were made aware of ERT species through such initiatives. Guidelines to demarcate and protect conservation area, measures to enhance natural regeneration was available (<i>Identification of Representative Conservation and Protection Sites</i>, BTSB-SOP-CP-04 SOP). Guidelines for the conservation of genetic, species and ecosystem diversity were also sighted (<i>Guidelines for Conservation of Genetic, Species and Ecosystem Diversity</i>). Other SOPs were also established to protect and conserve biological corridors and buffer zones for wildlife. The FPMU had demarcated, mapped and protected buffers and watershed areas. Appropriate signboards and boundary markings of HCVF areas were verified in the field. To avoid loss of top soil nutrient, soil erosion and compaction from inappropriate use of machinery and chemicals several SOPs were developed to address land clearing and preparation, road specifications, establishment, upgrading and maintenance. The SOP <i>Salvage logging operations for rubber establishment and harvesting of rubber plantation stands</i> (contained in <i>Harvesting Method – Plantation Development Plan</i>) outlined the procedure to protect soil from compaction by harvesting machinery and erosion during harvesting operations. The monitoring system was verified by the audit and signage demarcating riparian reserves were sighted in the field. Consequent to these initiatives the Minor NCR KN01/2017 for indicator 6.5.3 was satisfactorily closed. The FPMU had established a procedure SOP <i>Chemicals handling</i> on the use of chemicals in forest plantation. The audit confirmed the non-use of Class 1A and 1B pesticides and sighted the list of chemicals used (Zap-Up 410 (Class III) and Formic 94). The FPMU had established SOPs for waste disposal of solid non-organic wastes <i>SOP Removal and Disposal of Solid Waste</i> (BTSB-SOP-EM-05-02) and <i>SOP Storage, Handling and Disposal of Hazardous Goods</i> (BTSB-SOP-EM-06-02). Scheduled wastes (e.g. cotton rags (SW410), contaminated container (SW409) and contaminated soil (SW408)) were first verified before disposal by licensed transporter. The audit verified the</p>	
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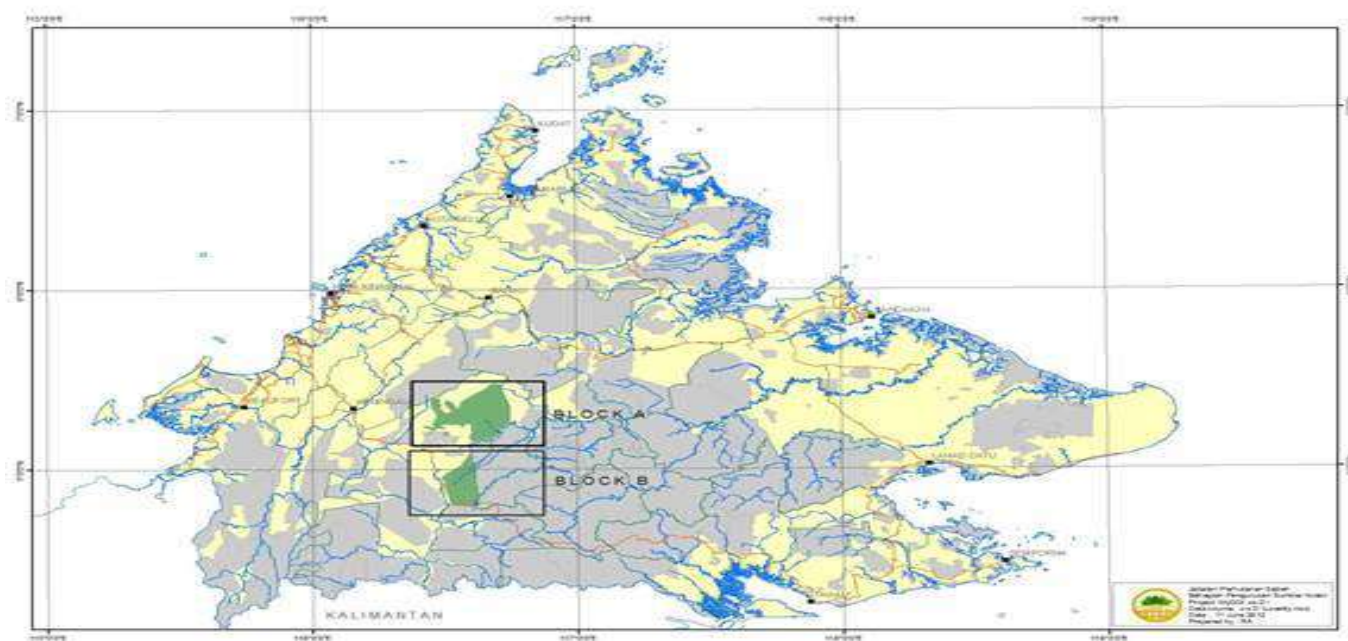
	<p>proper storage of spent containers prior to disposal. The audit however noted three infringements in chemical handling related to the Minor NCR MRS02/2016 issued in 2017. This was subsequently upgraded to Major NCR KN03/2017 in the previous audit. Currently, two exotic species <i>Hevea brasiliensis</i>, and <i>Acacia crassicaarpa</i> were planted. Exotic species planted in riparian reserves were monitored. The monitoring of invasive plants in NFM area was conducted bimonthly. Of the total 58,512.77 ha of FPMU area, 25,536.71 ha are under certified plantable stands in selected plantation compartments of Ulu Sg. Milan Forest Reserve (Block A) and Sapulut Forest Reserve (Block B). Conversions made after 2020 were not certifiable in compliance with Indicator 6.10.1.</p>	
<p>Principle 7 Management Plan</p>	<p>The FPMP was made available during the audit. The plan had <i>2nd Forest The 2nd Management Plan-Plantation Development Plan (PDP) (2012 -2021) for FMU11 (Revised November 2018)</i>. addressed all issues and requirements of Criterion 7.1 items (a) to (i). Sample plots (PSP1-013 (CPT 60, Block 2), and PSP1-012 (Cpt.86, Block 01)) were measured during the field visit and verified by the audit. The review of the FPMP was completed in November 2018 and presented to the auditors. Records of new scientific and technical information and monitoring activities were used in the review of the PDP such as organizing HCVF training. The management provided training facilities in both local and external venues. Priority training areas are related to MC&I, certification, ICT and Standard Operating Procedures (SOPs) and implementation of PDP. Records of training for 2018 were verified. A public summary of the primary elements as contained in the forest plantation management plan and implemented under Indicator 7.1.1 was publicly made available at the website www.bornion.com.</p>	
<p>Principle 8 Monitoring and Assessment</p>	<p>The FPMP established a network of 27 PSPs in the <i>Hevea brasiliensis</i> plantation and 20 PSPs of <i>Acacia crassicaarpa</i>. The collated data will assist in developing Growth and Yield Table for subsequent forecasting on future timber yield. A document <i>Growth Monitoring</i> was presented during the audit. The establishment and measurements of two PSPs (refer Criteria 7.1) were verified in the field. Various documents pertaining to the monitoring, identification and implementation procedures to monitor social, ecological, environmental and economic impacts of plantation management were available and verified in the audit. An Internal Audit was conducted by the FPMU in November 2018. The report <i>Internal Audit 2018- MC&I ITP – Closing Report</i>, was also sighted by the auditor. The audit verified available documents with information on monitoring of items (a) to (e) as listed in Criterion 8.2. Currently, there was no harvesting of the planted rubber trees as mentioned earlier (Criterion 5.2). Forest plantation managers had incorporated the results and findings of monitoring activities into the implementation and revision of the forest plantation management plan. This was verified in the revision of the <i>2nd Forest Management Plan-Plantation Development Plan (PDP) (2012 -2021)</i>. A summary of the results of monitoring indicators, including those listed in Criterion 8.2, was made publicly available through B T S B website (www.bornion.com).</p>	

<p>Principle 9 Maintenance of High Conservation Value (HCV)</p>	<p>BTSB has conducted an assessment of High Conservation Values area present in the plantation in year 2011 based on the WWF Toolkit for Malaysia: <i>A National Guide for Identifying, Managing and Monitoring High Conservation Forests (WWF-Malaysia, 2009)</i>. In 2015, the HCVF concept was further reviewed and refined by consultants from Universiti Malaysia Sabah (UMS). Report on the assessment and maps showing HCV sites were made available at the time of audit. List of relevant stakeholders consulted (NGOs, Government bodies, universities and local communities) regarding HCV areas was made available to auditors. Records of consultation were verified. HCV forest issues are addressed in Chapter 6 of the <i>2nd Forest Management Plan-Plantation Development Plan (PDP) (2012 -2021) for FMU11 (Revised November 2018)</i>. It is also addressed in the document <i>High Conservation Value Forest (HCVF) of FMU11 Forest Plantation (Draft) (Revised April 2016)</i>. Measures to demarcate, maintain and/or enhance the HCVF attributes are documented in both documents. Procedures and implementation for monitoring are described in the respective SOPs which were sighted. Management prescriptions, enhancement and effective monitoring measures for the HCVFs in BTSB's FPMU were described in the PDPs and highlighted in the public summary on HCVF available from the website www.bornion.com. Annual monitoring of HCVFs is implemented in the FPMU in accordance to SOPs which were available at audit. Monitoring records of HCVF are shown and verified. Monitoring Summary 2018 was presented during the audit. To augment the monitoring, specific training on HCVF was conducted on 17th -18th July 20178 organised by WWF Kota Kinabalu, Sabah. Relevant results and findings of HCV monitoring activities were incorporated into the revision of the FPMP.</p>	
<p>Principle 10 Forest Plantation Development and Management</p>	<p>The <i>2nd Forest Management Plan - Plantation Development Plan (PDP) (2012-2021) for FMU11 (revised November 2018)</i> clearly implemented the forest management objectives, including natural forest conservation and restoration as stated in the Management Plan. The <i>Annual Work Plan 2018 and Compliance Report 2017</i> was also verified. Forest plantation design and layout have addressed aspects of protection, restoration and conservation of natural forests for forest plantation areas such as 20m buffer to natural forest, 30m riparian reserves (Sg Labau and Sg Pingas). Site inspection confirmed that areas with slopes >25 degrees and watershed were well protected. Establishment of the plantation area has considered the natural landscape, wildlife corridors, riparian reserves as verified by auditor through the management plan – 8.6 Management of Production Area and map of protection areas was made available in the office. At present, rubber and acacia were the two major exotic species planted in the FPMU. Rubber stocks were from RRIM clones in Sg. Buloh and Tok Dor. Documents including planting schedule were verified and information on planting by age classes was available, namely <i>Assessment of Hevea brasiliensis as Timber Plantation Species in Forest Management Unit No. 11, Sook District, Sabah</i>. Species-site matching for rubber was conducted earlier by the FPMU. Soil samples were tested (Testing Services (Sabah) Sdn Bhd, November 2018.) and corresponding growth data collated (<i>Preliminary Yield</i></p>	

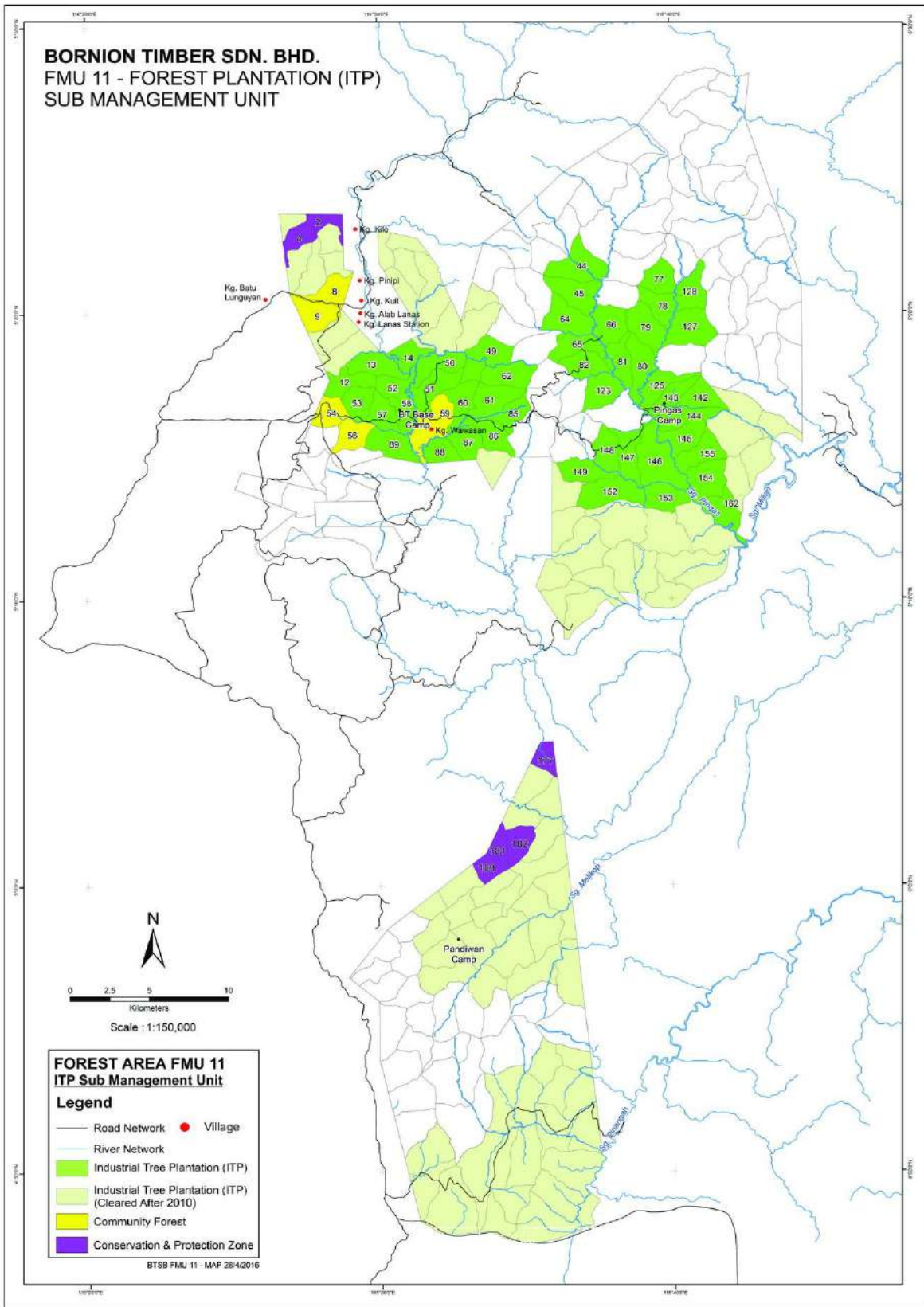
Tables for Rubber Plantations of Bornion Timber Sdn. Bhd.

The relevant information was also referred to (*Rubber Plantation Soil management & Nutritional Requirement, Manual for Diagnosing Nutritional Requirements for Hevea and Leaf and Seed Characteristics of Recommended Hevea Clones*). The benefits of using the exotic rubber species were verified (*Assessment of Hevea brasiliensis as Timber Plantation Species in Forest Management Unit No. 11, Sook District, Sabah*) and PSP data analysis on growth and performance (*Quality checking disease audit (PSP rubber plot)*) were sighted. Maps documented natural forest areas such as riparian reserves, steep area (>25 degrees) and water catchment area in the FPMP were sighted (2,948.52 ha of steep area, 302.80 ha of riparian reserves and 1,935.66 ha of water catchment were demarcated). Management practices, as detailed in Criterion 10.6, were ensured not to adversely impact on soils and water in the operational area. These were included in the Management Plan in addition to a comprehensive list of procedures (10 in all). The Forest Fire Management Plan *1st Forest Fire Management Plan 2012-2021* was verified. Other procedures catered for IPM (*Integrated Pest Management*), invasive species (*Invasive Plant Management*) and pests (e.g. *Rusa unicolor*). Records of monthly monitoring were sighted. The FPMU used fertilizer and pesticides for their plantation activities. The auditor verified records of fertilizer schedule and the chemical usage summary for 2018 (*Chemicals handling*). The FPMU had implement programs on ecological and social impacts of forest plantation establishment and development. The relevant records (*Assessment of ecological functions in rubber cultivation areas; Special Environmental Impact Assessment for Areas Under SFMLA 03/97 of FMU 11 November 2017 – February 2018; Social Impact Assessment, November 2018.*) were available and verified. Field trials on planting stock production had identified RRIM 2025 as the best material for growth and productivity. Trials on durian stocks for timber and fruits, were also conducted (*Management Prescription Durian Forest Plantation*).

Map of Bornion Timber Sdn Bhd – FPMU 11



BORNION TIMBER SDN. BHD.
FMU 11 - FOREST PLANTATION (ITP)
SUB MANAGEMENT UNIT



Experiences and Qualifications of Audit Team Members

Assessment Team	Role/Area of MC&I Requirement	Qualification and Experience
Hj.Roslee Jamaludin	Audit Team Leader / Forester	<p>Academic Qualification: B.Sc. of Forestry (Forest Management), University Putra Malaysia. Diploma of Forestry, Mara Institute of Technology, Malaysia.</p> <p>Work Experience: 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 position 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 Committee form 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 Conference 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>Attended training programmes:</p> <ul style="list-style-type: none"> • 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 (Food, Agri & Forestry Section) 21 August 2015. Workshop on Auditing Technique for FMC (2) organised by SIRIM QAS (Food, Agri & Forestry Section) 26 Jan 2016. • Forest Management Certification (FMC) Workshop' organised by SIRIM (Food,Agr.& Forestry Section)06 & 07 December 2016 • Forest Management Certification (FMC) Workshop 2017 organised by SIRIM (Food,Agr. & Forestry Section)08 – 09 May 2017 • 'Forest Management Certification (FMC) Workshop' for 2017 organised by SIRIM (Food,Agr. &Forestry Section)28 & 29 November 2017. • FMC Workshop for 2018 organised by SIRIM (Food,Agr. &Forestry) 22 November 2018 • COC Workshop 2018 organised by SIRIM 26 November 2018 • Auditor Training Course on PEFC Chain of Custody Certification organized by MTCC on 19th -20th December 2018.
Khairul Najwan Ahmad Jahari	Auditor/ 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,</p>

		<p>Forest Research Institute of Malaysia (FRIM), since 2001. Conduct and coordinate a research on 8th Malaysian Plan Project. Produce technical reports, meeting, seminar and conferences reports as well as quarterly physical and financial reports. Coordinate and participate field works, multi-level meetings, seminars, conferences and workshops. Spent some time in other existing FRIM projects (inter divisional) as an organizing committee member, division level activities and projects. Currently as Lead Auditor at the Food, Agriculture and Forestry Section (FAF), SIRIM QAS International, since 2009. Involved in conducting assessments on forest management certification (MC&I and FSC P&C), MYNI of RSPO P&C and other management system on ISO 9001, 14001 and OHS 1800</p> <p>Training / Research Areas:</p> <p>Was attending and pass in the following training programmes:</p> <p>Auditor Training Course on Malaysian Criteria and Indicators for Forest Management Certification [MC&I (2002)] organized by MTCC, 30 March - 2 April 2009.</p> <p>EMS 14001: 2004 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 2-6 March 2009.</p> <p>OHSAS 18001: 2007 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 23-27 Feb 2009.</p> <p>QMS 9001: 2008 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 16 – 21 Feb 2009.</p>
Dr.Lim Hin Fui	Auditor/ Sociologist	<p>Academic Qualification:</p> <p>Trained in social anthropology, Dr. Lim Hin Fui graduated in 1983 with a BA. Honours in Anthropology and Sociology from the UKM, Master's Degree in social science from University Science Malaysia and PhD from University of Malaya. He was a Senior Research Officer (Sociologist) at Forest Research Institute of Malaysia, (FRIM) from 1989 till 2017.</p> <p>On forestry, he authored a book on the indigenous people entitled Orang Asli, Forest and Development in 1997 and The Role of Research and Development in Sustainable Utilisation of Matang Mangroves in Malaysia in 1999. He co-authored Essential Oils Rich in Safrole: Survey on Production, Trade and Use in East and South East Asia in 2007 published by United Nations Office on Drugs and Crime, Regional Centre for East Asia and the Pacific.</p> <p>Work Experience:</p> <p>He was a Senior Research Officer (Sociologist) at Forest Research Institute of Malaysia, (FRIM) from 1989 till 2017.</p> <p>On forestry, he authored a book on the indigenous people entitled Orang Asli, Forest and Development in 1997 and The Role of Research and Development in Sustainable Utilisation of Matang Mangroves in Malaysia in 1999. He co-authored Essential Oils Rich in Safrole: Survey on Production, Trade and Use in East and South East Asia in 2007 published by United Nations Office on Drugs and Crime, Regional Centre for East Asia and the Pacific.</p> <p>Attended training programmes:</p> <ul style="list-style-type: none"> • Evaluation of Perak State FMU against the Malaysian Criteria, Indicators, Activities and Standards of Performance (MC&I) for Forest Management Certification (Forest Management Unit Level), Peninsular Malaysia (Malaysia-The Netherlands Ad-Hoc Working Group) - [conducted by SGS (Malaysia) Sdn Berhad 2001]

		<ul style="list-style-type: none"> • Member of the audit team to field test the Malaysian Criteria and Indicators for Forest Management Certification [MC&I (2002)] in the Perak State FMU, 1-6 March 2004. • Since 2005 till 2018, he was member of the audit team in conducting forest management certification : <ul style="list-style-type: none"> (a) against the MC&I (Natural Forest and Forest Plantation) in Peninsular Malaysia (Johor, Kedah, Negeri Sembilan, Perak, Pahang, Selangor, Terengganu), Sarawak (Kubaan Puak FMU, Anap Muput FMU, Shin Yang Forestry Sdn Bhd, Ravenscourt FMU, Lana Reforestation Forest Plantation), Sabah (KTS Plantation Sdn Bhd Sagaliud Lokan FMU, Sapulut FMU, Bornion Timber Sdn Bhd). (b) Against FSC Surveillance 4 on Deramakot FR, Sabah.
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Comments Received from Stakeholders and Responses by Audit Team Leader

No.	Stakeholder	Comments/Issues Raised	Response by Audit Team
1	Sook District Office	<p>i.Syarikat menyokong dasar-dasar Kerajaan dalam usaha perlindungan alam sekitar</p> <p>ii. Syarikat juga mengamalkan libat urus dengan Komuniti setempat selain mewujudkan peluang pekerjaan kepada penduduk setempat.</p>	Noted.
2	WWF-Malaysia	<p>The FMU11 had established a good conservation team, especially relative to most FMUs in Sabah.</p> <p>In addition to the current good coverage of patrolling, it would be ideal for Bornion Timber to be involved in organizing joint patrol with SWD, SFD and other FMU at the Sinua- FMU 10/FMU 5/FMU 11 boundary where poaching pressure is very high.</p>	FPMU has been informed on the comment. The FPMU had always organised joint Patrol with relevant agencies, SWD, SFD and other FMUs as evidenced by the Patrolling report presented. The FPMU had strengthened the patrolling it team.

Stage 2 Surveillance Audit Plan

DAY	TIME	PROGRAM		
		Hj.Roslee Jamaludin (Auditor 1)	Khairul Najwan (Auditor 2)	Dr.Lim Hin Fui (Auditor 3)
Day 0 2.12.18 (Sunday)	07:00a m- 7:30pm	All Auditors travelling from KLIA to Kota Kinabalu on 2 nd December 2018 Flight MH 2612, ETD-8.25am , ETA-11:10am Travel to Bornion Camp site Briefing by Audit Team Leader on the audit plan		
Day 1 3.12.18 (Monday)	7.30 am – 10.00 am	Opening Meeting with representatives of FPMU Briefing session by Forest Manager of the FPMU Q&A Session Follow up on findings from Surveillance 1 Audit 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 		
	10.00 am – 5.30 pm	<u>Site visit</u> <ul style="list-style-type: none"> • Fauna monitoring sites/HCV –HCV4.2 (Sungai Labau Cpt.58/59- and HCV 1.4 (Fresh water Pond)Cpt.148 • Conservation area and PSP plots.- PSP1-012 Cpt.86 and PSP 1-013 Cpt.60 • Inspection of R&D plot / Experimental Planting Area- Cpt-58 Durian trial plot. • Boundary of FPMU- Cpt.119/118 . • Nursery-Cpt.58 	<u>Site visit</u> <ul style="list-style-type: none"> • HCV 4.2 (Sungai Pingas Cpt.125/143 • Tree planting/maintenance activities-Cpt 88 • Consultation with contractors and workers operating in planting area. • Compartment Boundary of FPMU- Cpt 88 and Cpt 59. • Workshop • Nursery – Cpt.58 	<u>Site visit</u> <ul style="list-style-type: none"> • Consultation with Aborigines Settlement / Local communities/ stakeholders- Kg Alaf Lanas, Kg.Pinipi and Kg.Wawasan. • Interview with workers– union, insurance ,payslip, medical &accident, training etc.
	Review of Day 1 Findings by Audit Team Leader			
Day 2 4.12.18 (Tuesday)	7.30 am – 1.00pm	<u>Documentation Review</u> Principle 1 – Compliance with Laws and Principles Principle 7 – Management Plan Principle 8 – Monitoring and Assessment Principle 9 – Maintenance of High Conservation Value (HCV	<u>Documentation Review</u> Principle 5 – Benefits from the forest Principle 6 – Environmental Impact Principle 10 – Forest Plantation Development and Management	<u>Documentation Review</u> Principle 2 – Tenure and Use Rights and Responsibilities Principle 3 – Indigenous Peoples' Right Principle 4 - Community Relations and Worker's Right
	2.00pm - 4.00pm	<ul style="list-style-type: none"> • Issuance of NCRs (if any). • Preparation for closing meeting 		
	4.00pm - 5.00pm	<ul style="list-style-type: none"> • Closing Meeting • Travel to Kota Kinabalu • Overnight in Kota Kinabalu- Klagan Hotel 		
5.12.2018 (Wednesday)	All Auditors travel back to Kuala Lumpur , Flight MH2641, ETD-15.10, ETA-17.50			

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

Indicator	Specification Major/Minor/OFI	Detail Non-conformances	Corrective Action Taken	Verification by Assessor
1.5.2 KN01/2018	Minor	<p>Requirement: Indicator 1.5.2 - Control of encroachment, illegal harvesting, hunting, fishing and settlement, and other unauthorized activities.</p> <p>Finding: The control of encroachment, settlement, and other unauthorized activities in the FPMU were not sufficient.</p> <p>Objective evidence: Site inspection found compartment boundary marks between Cpt 88 and Cpt 59 (community Forest Zone) were not available.</p>	Boundary marks between Compt.86 and Compt. 59 will be painted with yellow paint. Expected date of completion on 4 th March 2019.	<p>The Audit team accepted the Corrective Action Plan.</p> <p>Status: The implementation and effectiveness of corrective action plan will be verified during next audit.</p>
4.4.1 LHF01/2018	Minor	<p>Requirement: Indicator 4.4.1 – Forest plantation managers shall evaluate, through consultations, social impact of forest plantation management operations directly affecting communities, and the people and groups directly affected by the forest plantation management operations shall have access to information on the results of the social impact evaluation.</p> <p>Finding: Villagers of the affected communities have yet to receive information on the social impact assessment.</p>	An updated SIA results report to be briefed to the villagers in the affecting community during the meeting in the villages between January-March 2019. Expected date 5 th March 2019.	<p>The Audit team accepted the Corrective Action Plan.</p> <p>Status: The implementation and effectiveness of corrective action plan will be verified during next audit.</p>

		<p>Objective evidence:</p> <p>The FPMU has disseminated copies of SIA 2018 report to leaders of the affected local communities in November and early December 2018. In general the villagers in the affecting communities have yet to be briefed on the results of the social impact evaluations</p>		
<p>4.2.1 RJ01/2018</p>	<p>Major</p>	<p>Requirement: Indicator 4.2.1 - Up-to-date information on all applicable laws and/or regulations covering occupational safety and health of forest plantation workers shall be disseminated to them.</p> <p>Finding: Employee's insurance record was not available</p> <p>Objective evidence: During site inspection at Compartment 148, it was found, record of insurance for seven (7) slashing workers as listed in the table below were not available at the time of audit: Contractor/workers ID</p> <ol style="list-style-type: none"> 1. 200160025 2. 200160021 3. TJ0027 4. 200010088 5. 200190075 6. 200260005 7. TS 0039 	<ol style="list-style-type: none"> 1. Enquiries to be made for the seven (7) slashing contract workers to SOCSO or any insurance company on any eligible accident coverage. Expected date 4th Feb.2019. 2. To ensure these contract workers' security to be covered by SOCSO/ insurance company if eligible. If not, the company will take responsibilities on their social security. Expected date 4th March. 2019. 	<p>The Audit team has verified the Corrective Action plan and the evidence of implementation provided by the FPMU. The FPMU has provided the document showing a Letter from PERKESO (SOCSO) Ref. no. PKS.KNG.F9400000068M stating that the those workers were not qualified to contribute to SOCSO as the workers were not comply to Section 2 (5), Employees' Social Security Act,1969. However FPMU has included an additional clause (1.1.6) in the Contract Agreement for Rubber Tappers for those workers. Clause 1.1.6 stated that the Company will take responsibilities to cover the cost of medicine for any accident occurred while the workers are working in the block. The slashing workers mention in the NCR were the same workers working as rubber tappers. The copies of the letter from PERKESO and Contract Agreement were verified. Only six (6) contract has been presented as one of the worker has resigned, the letter of resignation was presented.</p> <p>Status: Major NCR Closed.</p>

Corrective Actions Taken and Final Status on NCRs Raised During Previous Audit

Indicator	Detail Non-conformances	Corrective Action Taken	Verification by Assessor
Minor NCR KN01/2017	<p>Indicator 6.5.3 – Availability and implementation of guidelines for conservation of buffer strips along stream and rivers</p> <ul style="list-style-type: none"> • SOP Riparian Marking BTSB-SOP-PD-02-01 dated Jan 2016 • SOP Road Upgrading and Maintenance by Bulldozer BTSB-SOP-FO-02(2) dated 28 Feb 2015 <p>The maintenance and conservation of riparian zone and other un-authorized activities in the FMU were not sufficient.</p> <ol style="list-style-type: none"> 1. During site inspection at Compartment 148, it was found that soil was pushed near riparian buffer zone (near bridge), and the side drain was constructed directly into the water stream. 2. During site inspection of Compartment 127, it was found that soil was pushed into the area adjacent to the riparian buffer zone. The riparian marking was also pushed down during the road maintenance. 	<p>The monitoring of conservation of riparian zone and other un-authorized activities are not sufficient especially during any road maintenance</p> <p>To undertake a comprehensive review of the company's operational monitoring system to detect shortcomings and failures. Develop a proposal for an overall integrated monitoring system that covers all forest operational activities (Jan- March 2018) (Forest operation monitoring system software been implemented)</p> <p>Strengthen monitoring schedule of buffer strips along streams and rivers. Ensure that proper signboards are erected and regularly maintained at all buffer strips (Jan-Feb 2018)</p> <p>Brief all road maintenance machinery operators and support labour in awareness on avoiding buffer strips disturbance (river, stream, steep areas and other protected areas i.e. HCV areas) during all road construction, road repair and maintenance works (Jan-Feb 2018)</p>	<p>Evidences of action taken had been verified as below;</p> <ul style="list-style-type: none"> • The FPMU has developed an overall integrated Forest Operation Monitoring System that covers all forest operational activities. The monitoring system enchants the monitoring of all forest operation including riparian monitoring. The system need the machine operator and workers involved to record their activities carried out every day in the system and will be supervise every day by the person in charge. The monitoring system has been shown to the auditor during this audit. • The proper signboards were also been erected and maintained at all the riparian. • Briefing on <i>“Forest Certification, Company Policies, RTE, HCV & Environmnetal Management and OSH”</i> had been conducted on May, June, July, August, September, Oct and November organised by FMU. <p>Status: Closed</p>

<p>Minor NCR KN02/2017</p>	<p>Indicator 4.2.3 - Appropriate safety and operational equipment in good working condition, including operational procedures, shall be made available to forest plantation workers in the work place.</p> <ul style="list-style-type: none"> SOP Field Maintenance and Up Keep BTSB-SOP-PD-09-01 dated March 2016 Notice to all workers: <i>“Kewajiban menggunakan alat pelindung keselamatan (PPE) semasa Bekerja”</i> dated 29 June 2016 <p>The appropriate safety and operational equipment was not made available to forest plantation workers in the work place.</p> <p>During site inspection at Compartment 127, it was found, six (6) slashing workers did not wear PPE such as safety vest and hat during work. Four machetes (parang) used during work also did not have cover (sarung parang).</p>	<p>Awareness program on safety & health i.e. PPE wearing was not done enough to cover all workers especially field contractors of about 300-400 persons</p> <p>To organized special PPE briefing for the seven concerned field workers, and all other workers that have not yet been briefed about safety and health awareness requirements and procedures, and the objectives of forest certification (Jan 2018)</p> <p>To prepare an updated list on all staff, workers, and contractors to identify and monitor the attendance of training and briefing sessions. Give priority to those who have not attended any previous briefing (Feb-March 2018)</p> <p>To organize extra briefing sessions and seminars for all staff and workers, using simplified and easily understandable descriptions for workers to understand and remember the meaning and objectives of forest certification, the importance of safety and health at work, forest conservation/HCVF, etc. (all year program of 2018)</p>	<p>Evidences of action taken had been verified as below;</p> <p>FPMU has organized the following briefing and training :</p> <ul style="list-style-type: none"> Training on Safety and Health conducted on 2nd January 2018 “Penggunaan Peralatan Tajam Semasa Pembesihan Ladang”, and 6th Mach 2018 “ Taklimat Akta Keselamatan & Kesihatan Pekerjaan” organised by FMU. <i>“Penggunaan PPE& Demo Bancuhan Racun” conducted on 28th Oct. and 21st Nov. 2018 organised by FMU.</i> Briefing on <i>“Forest Certification, Company Policies, RTE, HCV & Environmental Management and OSH” had been conducted on May, June, July, August, September, Oct and November organised by FMU.</i> <p>Status: Closed</p>
<p>Major NCR KN03/2017</p>	<p>Indicator 6.6.1 - Availability and implementation of guidelines and/or procedures on the use of chemicals in forest plantation areas approved by relevant regulatory authorities.</p> <ul style="list-style-type: none"> SOP Chemical Handling BTSB-SOP-PD-12-01 dated March 2016 Notice to all workers: <i>“Kewajiban menggunakan alat pelindung keselamatan (PPE) semasa Bekerja”</i> dated 29 June 2016 	<p>The management of chemical handling is not up to advance standards, because of experiences and advance training are required to identify and manage issues like this</p> <p>Review the while system of storing, recording, monitoring and mixing of chemicals: identify and correct weaknesses, upgrade systems and procedures. Involve all concerned staff and workers. Discuss the option of pre-mixing larger quantities of ready-to-use chemicals for easy dispensing and transport to the field (Jan-Feb</p>	<p>Evidences verified as below:</p> <ol style="list-style-type: none"> Chemical Management Flow Chart Photos in Annex 1 showed the sample of chemical requesting form and the way of handling from warehouse to the chemical mixing area and storage. Chemical mixing area facilities was upgraded. Photos showed the new

	<p>The implementation of guidelines and/or procedures on the use of chemicals in forest plantation areas approved by relevant regulatory authorities were not sufficient.</p> <ol style="list-style-type: none"> List of chemicals used at the chemical store was not properly updated for Pingas Camp and for Labau Nursery (Base Camp), it was only updated for months of October until November 2017 The chemical mixing facilities area was not properly planned. Facilities for suitable water piping are required at Pingas Camp and Labau Nursery chemical mixing areas. Workers did not wear goggles during the chemical mixing activities <p><i>Upgraded from minor NCR</i></p>	<p>2018)</p> <p>Rearrange all chemical recording (input and output) in a proper manner using a stock monitoring system. Appoint a supervisor to manage the chemical stock (Jan 2018)</p> <p>Reorganise the chemical mixing facilities in Pingas Camp and Base Camp through:</p> <ul style="list-style-type: none"> - Establishing a proper water piping system - Improved shower facilities - Improved drainage and Scheduled Wastes collection system <p>(Please refer to Annex 1 - Pingas Chemical Mixing Floor Plan) (Jan-Feb 2018)</p> <p>Train any staff or workers who are responsible for chemical mixing on usage of all necessary PPE in a proper manner. List all staff who will do the mixing and ensure that only these authorized staff are preparing the chemical mix (Jan-Feb 2018)</p>	<p>chemical mixing facility in Labau Base Camp and Pingas Camp.</p> <ol style="list-style-type: none"> Photos of refreshment training on PPE usage for supervisor and staffs who are handling chemical mixing (half face and full-face respirator) on 20 Feb 2018 was verified. <p>Status: Closed</p>
<p>Major NCR IA01/2017</p>	<p>Indicator 7.1.1. Implementation of Forest Plantation Management Plan</p> <p>Supporting document and management plan for Trial Harvesting of Acacia Plot in Block 10 (part), Compartment 58 – Kup KGU 06/02 were not available (against Criteria 7.1 (c)).</p> <p>BTSB management supporting documents on Trial Harvesting of Acacia in Block 10 (part), Compartment 58 – Kup KGU 06/02 (4.8 ha) were not available, i.e.</p> <ol style="list-style-type: none"> BTSB management approval document on harvesting Working plan to include; <ul style="list-style-type: none"> Justification of project 	<p>The Management did not aware that a proper documentation of approval is required to address even aerial harvesting of Acacia (4ha)</p> <p>The management shall produce an Acacia Harvesting Plan 2017- 2020 and incorporated into the forest management plan (revised version). The harvesting plan shall include the management objectives, estimated cost and expected revenues, harvesting technique, applicable SOP, harvesting map indicating location and operational sequence, exclusion areas, etc. (Jan-Feb 2018)</p> <p>Develop a mechanism/procedure that ensures the recurrence of similar situations in future: any major change in forest management activities needs to be discussed and formally approved/documented. Relevant parties shall be informed, and</p>	<p>“Management Harvesting Plan for Mature Acacia crassicaarpa Stands 2017-2020” was verified.</p> <p>The management to produce an Acacia Harvesting Plan 2017-2020 and incorporated into the forest management plan (revised version). The harvesting plan was including the;</p> <ol style="list-style-type: none"> stand establishment and management, Rationale for harvesting Management objectives, Growth performance and stocking conditions Estimated harvesting volume <ol style="list-style-type: none"> Harvesting planning and logging method

	<ul style="list-style-type: none"> • Objectives • Cost/expected revenues • Harvesting techniques • Map of location 	<p>management plan/annual working plan are to be amended and updated accordingly (Jan-Feb 2018)</p>	<p>1.2 Harvesting trial 1.3 Harvesting schedule 1.4 Harvesting cost and revenue 1.5 Harvesting technique,</p> <p>The management plan including map of location, tables, etc. were also verified.</p> <p>Status: Closed</p>
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