



**PUBLIC SUMMARY
RECERTIFICATION AUDIT ON
SAPULUT FOREST MANAGEMENT UNIT- FMU 14
FOR FOREST MANAGEMENT CERTIFICATION**

**Certificate Number: FMC- NF 00117
Date of First Certification: 11th June 2018
Audit Date: 19 - 23 April 2021
Date of Public Summary: 20th August 2021**

Certification Body:

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

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EXECUTIVE SUMMARY

The Recertification audit for forest management certification on the Sapulut Forest Management Unit (Sapulut FMU 14) was conducted from 19 - 23 April 2021. This was an audit conducted following the Surveillance II audit which was conducted in 3 - 6 March 2020 on the overall forest management system and practices of the FMU against the requirements of the Malaysian Criteria and Indicators for Forest Management Certification [MC&I SFM] using the verifiers stipulated for Sabah, Malaysia.

The audit was conducted by a three-member team comprising Abdul Khairul Najwan Ahmad Jahari (Lead Auditor) Mohd Annas Amin Omar (Auditor), and Angelica Sinimis Suimin (Auditor). The scope of the audit is limited to the Management of Natural Forest (54,643 ha) in part of Forest Management Unit (FMU 14) within the Sapulut Forest Reserve. The audit involved the verification of documentations and field visits and inspections. There were also consultations being held with the relevant stakeholders.

Based on the findings of this recertification audit, it was found that the Sapulut FMU 14 had continued to comply with most of the requirements of the MC&I SFM despite the issuance of total one (1) Major Non-Conformance Report (NCRs), three (3) Minor NCRs and eight (8) Opportunities for Improvements (OFI), against the requirements of the MC&I SFM.

This public summary contains the general information on the Sapulut FMU 14, the findings of the Recertification Audit NCRs raised as well as the decision on the continued certification of the FMU.

2. INTRODUCTION

2.1 Name of FMU

Sapulut Forest Management Unit 14

2.2 Contact Person and Address

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

2.3 General Background on the Sapulut FMU

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

The Natural Forest managed by Sapulut Forest Development covers an area of only 54,643 ha of logged-over forest in the Sapulut Forest Reserve. The forest area is situated approximately 40 48' N and 1160 54' E to longitudes 4 0 32' N and 1160 28' E in the district of Tibow, Sabah and accessible by the Keningau-Sapulut-Kalabakan road (map of SFDSB as in Attachment 1).

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

Currently, the FMU is conducting logging activities at Compartment 157 and 267.

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

The forest resources in the Sapulut FMU were being managed by the Sapulut Forest Development Sdn Bhd with a total workforce of 227 FMU staff and 89 Contractor's workers. These staff consisted of managers, forestry officers and the field staff. Others were administrative and general workers.

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

2.4 Date First Certified

11th June 2018

2.5 Location of the FMU

The FMU is located between approximately 40 48' N and 1160 54' E to longitudes 4 0 32' N and 1160 28' E in the district of Tibow, Sabah.

2.6 Forest Management System

The FMU had followed the principles of sustainable forest management (SFM). A 3rd Forest Management Plan (January 1, 2016 – December 31, 2025) FMU No. 14 (SFLA 04/97) Sapulut Forest Reserve (Part of) was presented during this audit.

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

Under the 3rd Forest Management Plan (3rd FMP), the Annual Allowable Cut (AAC) for the Sapulut FMU has been set to 2,102 ha a year or a total of 52,552 ha over the duration of the plan.

2.8 Environmental and Socioeconomic Context

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

The FMU does not use the legal and customary land of the indigenous Murut settlements located outside the FMU area. Stakeholder consultation conducted at Kg. Sinsingon, Kg. Tonomon, Kg. Simatuoh, Kg. Bigor including Kg. Koyoon, Kg. Kainggalan, Kg. Tantayakan. Kg. Inalung Pampalang during audit has confirmed that there was no issue on delegation of control with free prior informed consent from these indigenous communities on the use of their lands outside the FMU.

Appropriate procedures within current administrative processes for identifying and protecting sites with special cultural, ecological, economic or religious significance to indigenous people and provisions for rights of access to these sites by the indigenous peoples has been maintained with no changes since last audit.

Stakeholder consultation conducted during the current audit has confirmed that many workers from the nearby villagers were currently engaged in various types of FMU employment in the forest operation. It shows that the local community were given preference for employment.

The FMU does not make use of local traditional forest-related knowledge and practices of indigenous peoples in forest species or management systems in forest operations. Stakeholder consultation conducted at Kg. Sinsingon, Kg. Tonomon, Kg. Simatuoh, Kg. Bigor including Kg. Koyoon, Kg. Kainggalan, Kg. Tantayakan. Kg. Inalung Pampalang during audit has confirmed that the FMU does not make use of local traditional forest-related knowledge and practices of local communities in forest management practices.

3. AUDIT PROCESS

3.1 Audit Dates

19-23 April 2021 / 15 auditor day(s)

3.2 Audit Team

1. Khairul Najwan bin Ahmad Jahari (Lead Auditor)
2. Mohd Annas Amin Omar
3. Angelica Sinimis Suimin

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 Management Certification [MC&I SFM] using the verifiers stipulated for Sabah.

3.4 Stakeholder Consultations

A one-month stakeholder consultation was conducted beginning March 2021 to solicit feedback from stakeholders on the compliance of the Sapulut FMU against the requirements of the MC&I SFM. The comments by the stakeholders and responses by the audit team are shown in **Attachment 3**.

3.5 Audit Process

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

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

- (i) a major NCR is a non-compliance with the requirements of the MC&I SFM;
- (ii) a minor NCR is a deviation or a lapse in complying with the requirements of the MC&I SFM; 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 SFM but without sufficient objective evidence to support a non-conformance.

Stakeholder consultation were conducted at Kg. Sinsingon, Kg. Tonomon, Kg. Simatuoh, Kg. Bigor including Kg. Koyoon, Kg. Kainggalan, Kg. Tantayakan. Kg. Inalung Pampalang as well as contractors and workers operating in the FMU during this audit.

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

The Sapulut FMU 14 had submitted a proposed corrective action plan to address the Major and Minor NCRs and OFIs raised during this recertification audit by email on 23 May 2021 which has been accepted by the audit team leader on 24 May 2021. The last evidence of corrective action taken for Major NCRs was received on 25 May 2021 and has been accepted and closed on 31 May 2021. The effectiveness of the corrective actions taken by the FMU to address the Minor NCRs shall be verified by the audit team during the next surveillance audit.

The audit team had prepared an interim recertification audit report and sent it to the Sapulut FMU 14 for comment. A second draft recertification audit report which had incorporated the comments received from the FMU was then prepared and sent to two peer reviewers for independent reviewing. A final recertification audit was prepared after incorporated the comments from peer reviewers.

4. SUMMARY OF AUDIT FINDINGS

Based on the findings of this Recertification Audit; it was found that the Sapulut Forest Development Sdn Bhd had continued to manage the Sapulut FMU 14 in compliance with most of the requirements of the MC&I SFM. This Recertification Audit had resulted in the issuance of one (1) Major, three (3) Minor Non-Conformance Report (NCRs) and eight (8) Opportunities of Improvements (OFI) on the Sapulut FMU 14 against the requirements of the MC&I SFM. The details on the NCRs/OFIs raised

are shown in **Attachment 5**.

The audit team had reviewed, accepted and verified the corrective actions taken by the Sapulut FMU 14 to address the one (1) 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 this major NCR. The audit team had also reviewed and accepted the Sapulut FMU 14 proposed corrective actions to address the three (3) minor NCRs. However, these corrective actions shall be verified by the audit team during the next audit.

The audit team had also verified on the corrective actions taken by the FMU to address the five (5) Minor NCRs and one (1) OFIs 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.

With regard to Criterion 6.10, there was no further conversion of natural forest area into plantation forest since the establishment of Sapulut FMU 14 in 2005. The Industrial Tree Planting (ITP) areas being allocated 21,970 ha was a separate entity and was certified under MC&I (Forest Plantation).

As the major NCR raised during this recertification audit had been closed out, the audit team had therefore recommended that certification of Sapulut Forest Development Sdn Bhd - Sapulut FMU 14 against the MC&I SFM for certification conditional upon acceptance of corrective action plans within one (1) month from the date of the recertification audit and subject to comments by peer reviewers.

The summary on the findings of the recertification audit on the Sapulut FMU against the requirements of the MC&I SFM are as follows:

Principle	Strengths	Weaknesses
Principle 1 Compliance With Laws and Principles	<p>Copies of all relevant laws, policies and regulations stipulated in the new MC&I Sustainable Forest Management (MC&I SFM) fundamental for the FMU management were available in the office of the Sapulut FMU 14 base camp.</p> <p>Interviewed senior forest manager had demonstrated knowledge of the federal, state and local laws and regulatory framework.</p> <p>In general, Sapulut FMU 14 has complied with all applicable federal, state and local laws and administrative requirements.</p> <p>Interviewed Forest managers were aware of the international agreements such as ILO Conventions and other forestry-related agreements. The documents on all the binding international agreements were available at the Sapulut FMU base camp office.</p>	<p>Audit found the documentation of any conflicts between laws and regulation of newly revised MC&I SFM standard yet to be prepared by the FMU. Therefore, OFI for Indicator 1.4.1 (MC&I SFM) was raised</p> <p>The statement of commitment to MC&I standard in the Forest Management Plan (FMP) (2016-2025) yet to be replaced to new standard MC&I SFM. Therefore, OFI for Indicator 1.6.1(MC&I SFM) was raised.</p>
Principle 2 Tenure and Use Rights and Responsibilities	<p>Licensed agreement of FMU found to be valid for 99 years, covering period of 1997-2096. The agreement has been signed between the Chief Minister of the State of Sabah and Sapulut Forest Development Sendirian Berhad on 10 September 1997.</p> <p>Forest managers support legally recognised mechanisms for resolving land claims. One new land claimed was recorded during last surveillance audit (2020). Sapulut Forest Development Sdn Bhd has made the necessary notification to Forestry Department on 6th January, 2020 (ref: SAP/FSS/JPTHTN-TO/002/20) at Tibow and ground inspection based on the Boundary Monitoring Standard Operating Procedures SOP no.4.2. Interview with the claimant confirmed that the results of the field investigation is pending with decision from land and survey and Forest Department, Keningau. The claimant is aware that the FMU has provided amicable opportunity to resolve the issues through the involvement of relevant government agencies and will accept any findings provided by Forestry Department.</p> <p>There is no local and indigenous community living within the FMU area. All settlements near to the FMU are located outside the FMU area. These (Murut) indigenous people have no legal rights within the FMU area.</p>	<p>There were no negative findings</p>

Principle	Strengths	Weaknesses
	Forest manager have recognised, respects and collaborates with holders of customary tenure or use rights within the FMU area.	
Principle 3 Indigenous People's Rights	<p>The FMU does not use the legal and customary land of the indigenous Murut settlements located outside the FMU area.</p> <p>Stakeholder consultation conducted at Kg. Sinsingon, Kg. Tonomon, Kg. Simatuoh, Kg. Bigor including Kg. Koyoon, Kg. Kainggalan, Kg. Tantayakan. Kg. Inalung Pampalang during audit has confirmed that there was no issue on delegation of control with free prior informed consent from these indigenous communities on the use of their lands outside the FMU.</p> <p>Clear boundary was marked on the ground to prevents any possible adverse impacts to the land of indigenous communities outside the FMU area.</p> <p>SOP no. 3.4 entitled "Standard Operating Procedure: Local Sites of Significance" dated 15 November 2014 for identifying and protecting sites with special cultural, ecological, economic or religious significance to indigenous people was followed.</p> <p>The FMU does not make use of local traditional forest-related knowledge and practices of indigenous peoples in forest species or management systems in forest operations.</p>	There were no negative findings
Principle 4 Community Relations and Workers' Rights	<p>There were records to confirm that people in communities living within, or adjacent to the FMU were given preference for employment and contract works.</p> <p>Record of equipment and maintenance together with has been verified and found to be in good working condition. Certificate of fitness from DOSH for air compressor (EP0000013774) was sighted.</p> <p>The FMU management has supported to the formation of workers representatives based on the ILO convention no. 87 and Trade Union Act 1959. Tender Loving Care (TLC) committee was form on 15th January 2015. The workers representatives and management representatives who will meet up on a quarterly basis to discuss various issues or resolve grievances brought up by the workers.</p> <p>Sapulut Social impact Assessment (SIA)</p>	<p>Information on the employment opportunities at the FMU is yet to be disseminated to the newly appointed community elders. Therefore, OFI for Indicator 4.1.2 (MC&I SFM) was raised.</p> <p>Updated information on all relevant laws and/or regulations covering safety and health of forest workers to be disseminated in Bahasa/ English. Therefore, OFI for Indicator 4.2.1 (MC&I SFM) was raised.</p> <p>Audit found the Grievances SOP (SOP#:3.1 v2 and SOP#:3.3 v2) was updated but not circulated to the respective village headmen or representatives. Establishment of the village representative committees involving the Forestry Department was included in the SOP but not implemented and schedule plan for</p>

Principle	Strengths	Weaknesses																		
	2019 was carried out and completed for the Forest Management Unit (FMU) No.14 (SFMLA No. 04/97) 06 th January, 2020.	<p>implementation was also not presented during the audit. This was confirmed during the consultation with Kg. Tonomon, Kg. Singsingon, Kg. Samuran, Kg. Kangkamon and Kg. Nalasaran. The Implementation of the corrective action plan by the FMU was not effective to resolve Minor NCR AS05/2020 for Indicator - 4.5.2 raised in the previous Audit, therefore Indicator 4.5.2 upgraded to Major NCR AS01/2021.</p> <ol style="list-style-type: none"> 1. Site visit at harvesting area found one (1) chain saw was not covered with safety bar/blade cover at Compartment 157 and Simgaya Enterprise contractor camp, respectively. 2. Visit at active harvesting area at Compartment 157 found the maintenance record for one (1) Log Fisher and one (1) bulldozer [Jaya Contractor] and eight (8) bulldozers and five (5) excavators by [Simgaya Contractor] was not available. 3. Visit at active harvesting area at Compartment 267 found the maintenance record for two (2) Log Fisher and four (4) bulldozers [Megabig Contractor] was not available <p>Therefore, Minor NCR ANS01/2021 for Indicator 4.2.3 was raised.</p>																		
Principle 5 Benefits From the Forest	<p>Investments and reinvestments in forest management at Sapulut FMU 14 included provisions for forest administration, forest development, research (scientific collaboration and PSP), human resource development, protection (patrolling), economic (operating), conservation (HCV), environmental (EMR) and social aspects (CSR, compensation).</p> <p>Implementation of guidelines for reduced/low impact logging to minimise damage to residual stand or Log extraction operations to minimise product wastage, degradation and foregone revenue opportunities was verified at harvesting activities area in Compartment Compartment 267 and 157.</p> <p>Regular training was conducted for the staff on techniques of reduced-impact logging.</p>	<ul style="list-style-type: none"> Result from the AWP Annual Compliance from year 2016 to 2020 shows the area that has been harvested were less than 60% (except 2017) from the total planned area. <table> <tr> <th>AWP Year</th><th>Planning (Ha)</th><th>Achievement (Ha)</th></tr> <tr> <td>2020</td><td>2,458</td><td>829 (34%)</td></tr> <tr> <td>2019</td><td>2,859</td><td>2,087 (73%)</td></tr> <tr> <td>2018</td><td>1,552</td><td>788 (51%)</td></tr> <tr> <td>2017</td><td>2,759</td><td>1,340 (49%)</td></tr> <tr> <td>2016</td><td>2,693</td><td>1,535 (57%)</td></tr> </table>	AWP Year	Planning (Ha)	Achievement (Ha)	2020	2,458	829 (34%)	2019	2,859	2,087 (73%)	2018	1,552	788 (51%)	2017	2,759	1,340 (49%)	2016	2,693	1,535 (57%)
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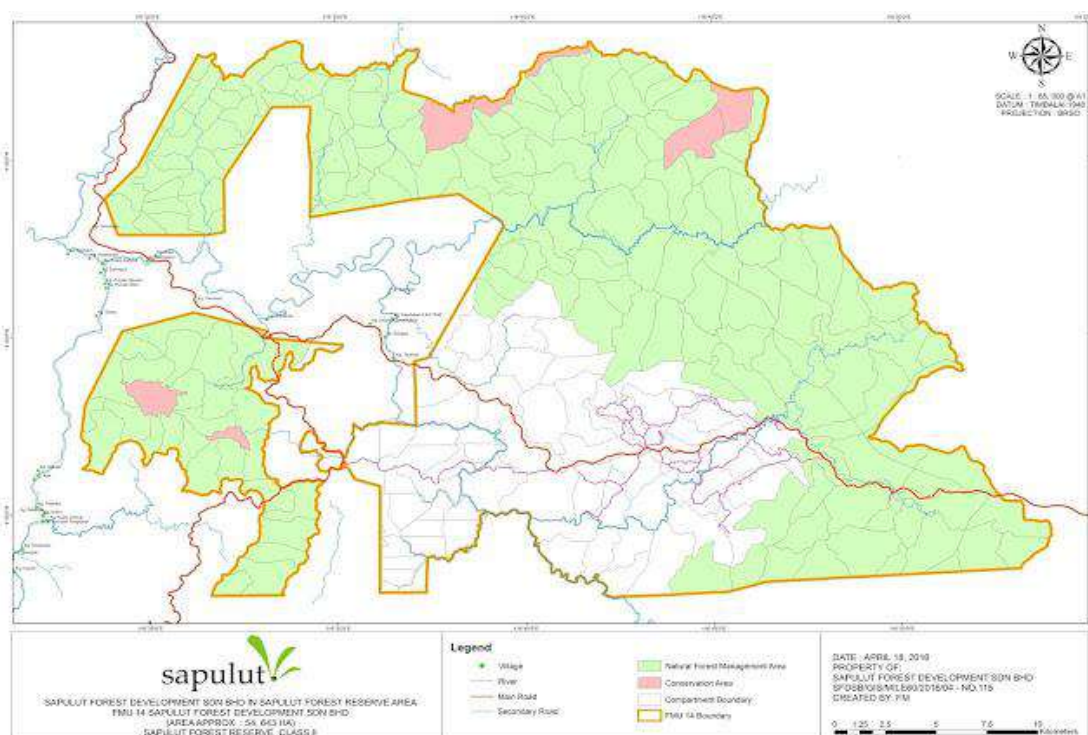
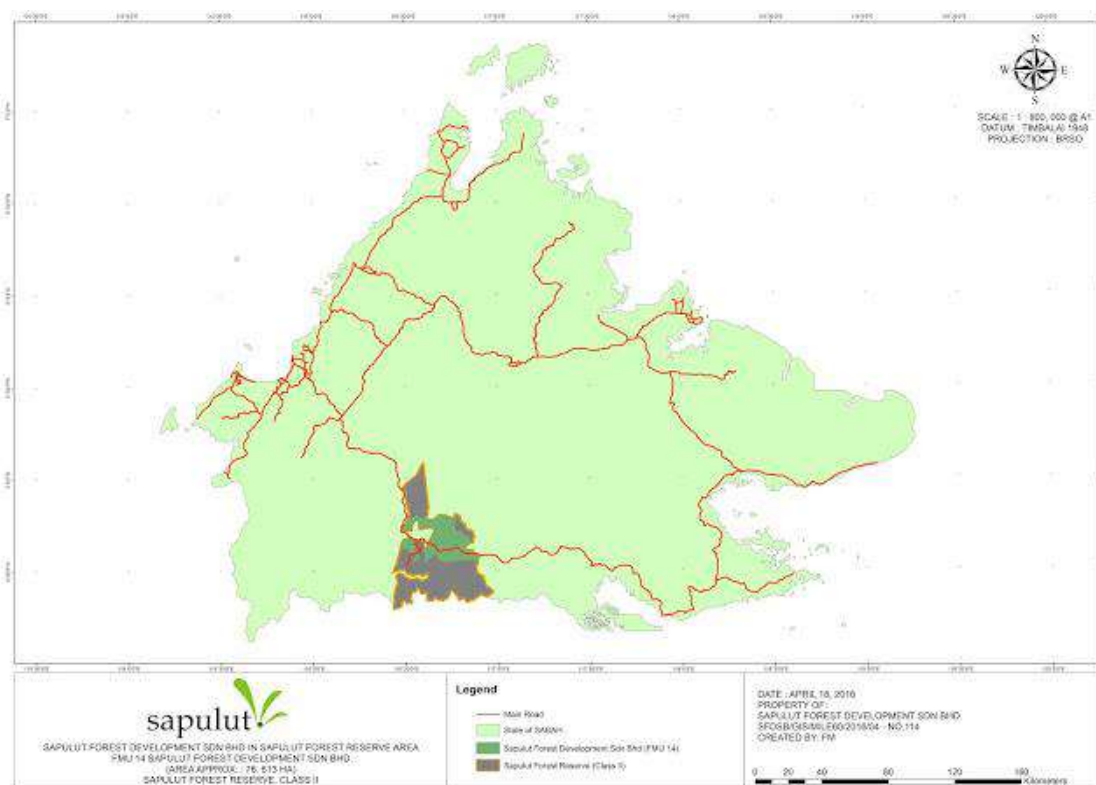
Principle	Strengths	Weaknesses															
	<p>The FMU operating only for the production and harvesting of timber products particularly logs. The production mix of forest product including the utilization of non-timber forest products by local community enterprises was not available.</p> <p>Riparian reserve had been demarcated and marked out on the field. Slopes of more than 25 degrees, watershed area were excluded from logging, and were demarcated on the ground.</p> <p>Annual Coupe is calculated based on Net Harvestable Production Area divided by Cutting Cycle Length (2,102ha/yr) and Annual volume removed be less than or equal to Mean Commercial Annual Increment (45.5m³ /ha/yr) for regulated forests.</p>	<ul style="list-style-type: none"> Result of the post-harvest inventory report [Clause 2.1 Harvesting Intensities] (sampled for Compartment 232A, 229, 232B, 260B) found the felled trees only half of the total tagged trees. <table border="1"> <thead> <tr> <th>Compartments</th><th>Tree Tagged (CHP)</th><th>Tree harvested</th></tr> </thead> <tbody> <tr> <td>232A</td><td>8,650</td><td>4,599 (53%)</td></tr> <tr> <td>229</td><td>4,020</td><td>2,296 (57%)</td></tr> <tr> <td>260B</td><td>1,869</td><td>960 (51%)</td></tr> <tr> <td>232B</td><td>9,132</td><td>5,070 (55%)</td></tr> </tbody> </table> <p>Therefore, Minor NCR KN01/2021 for Indicator 5.2.1 was raised.</p>	Compartments	Tree Tagged (CHP)	Tree harvested	232A	8,650	4,599 (53%)	229	4,020	2,296 (57%)	260B	1,869	960 (51%)	232B	9,132	5,070 (55%)
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Principle 6 Environmental Impact	<p>A SEIA at landscape level was conducted for Sapulut FMU 14 (Forest Logging and Plantation) and report produced in February 2005, prior to the commencement of forest operations.</p> <p>Provisions in the SEIA report provided for guidelines for the protection of ERT species which included management of special conservation of biological features such as seed trees, salt licks, nesting and feeding areas.</p> <p>Hunting fishing and collecting activities were controlled and inappropriate activities strictly prohibited in the FMU. "No entry to Permanent Forest Reserve" and "No hunting" signage has been erected along FMU external boundaries, FMU access points (gates) and posters on notice boards at workers' camps.</p> <p>Information on hunting prohibition was prominently displayed in project sites and offices. Workers and their families were regularly briefed and educated to discourage illegal hunting. The local community was also informed on the necessity to protect ERT species during arranged "Goodwill visits" to the local community longhouses.</p> <p>Guidelines for post-harvest regeneration assessment in Natural Forest of FMU were available which include Equipment, Method, Evaluation and Silvicultural</p>	<p>Consideration of the impacts on risks of forest carbon stocks are not available. Therefore, OFI for Indicator 6.1.2 (MC&I SFM) was raised.</p>															

Principle	Strengths	Weaknesses
	<p>information on Post – harvest stand.</p> <p>Site visit to Post Harvest activity in Compartment 154 showed the SOP on Systematic Line Plot Sampling Methodology (Post-F) had been followed. Tree parameters recorded were correctly identified and measured.</p> <p>RIL guidelines were implemented on areas demarcated and conserved against impact from management operations especially harvesting.</p> <p>Records of silviculture treatments showed Climber and Bamboo cutting were done at Compartment 152 which were as site visited by the auditors.</p> <p>Protected areas were demarcated and mapped in the CHPs following RIL guidelines. Harvesting is excluded from these areas to minimize environmental impacts. To minimize harvesting impacts, length of skid trails for tractor and log fisher was limited.</p> <p>Management policy on environmentally friendly non-chemical methods of pest management dated 9 November 2020 has been made available</p> <p>The guidelines on Usage, Labelling, Storage and Disposal of Hazardous Goods (SOP# 6.2 V2), Pest and Disease Control in Nursery (SOP# 10.6.1) were available.</p> <p>Records presented and site visit showed that there has been no application of biological control agents in Sapulut FMU 14.</p> <p>There was no further conversion of natural forest area into plantation forest since the establishment of Sapulut FMU 14 in 2005.</p>	
<p>Principle 7 Management Plan</p>	<p>The 3rd Forest Management Plan (1st January 2016 – 31st December 2025) for Sapulut FMU 14 was approved on 17 March 2017 taking into consideration the (a) to (i) requirements specifically mentioned in Criterion 7.1</p> <p>The FMU will periodically revise the forest management plan every 5 years. The next review shall be in 2023.</p> <p>Forest managers were generally aware of the new scientific and technical information pertinent to the management of the natural forest.</p>	<p>The following information yet to be included in the FMP:</p> <p>7.1 d) non-timber forest product used commercially</p> <p>7.1 j) description of stakeholder consultation</p> <p>7.1.1 considering of risk and opportunities concerning compliance with the requirements of the standard.</p> <p>Therefore, OFI for Indicator 7.1.1 (MC&I SFM) was raised.</p>

Principle	Strengths	Weaknesses
	<p>Training of workers in their respective roles in the implementation of the FMP was implemented in 2020/21. Training was mostly conducted externally in established centers with proper facilities (e.g., at the Forestry Department in Sandakan HQ and Tibow district).</p> <p>A summary of the primary elements of the forest management plan as prepared and implemented under Indicator 7.1.1 was made available to the public. The hyperlink to the public summary https://sapulut.com.my was verified at the time of audit.</p>	
Principle 8 Monitoring and Assessment	<p>Total of 65 Permanent Sample Plots (PSPs) were established to assess growth of forest stand. Data collated were analysed by SDSB and the results were incorporated in the 3rd FMP.</p> <p>Appropriate monitoring procedures and monitoring report for assessing social, ecological, environmental and economic impacts were available i.e. (SOP#13.0 Monitoring Social, Environmental and Economic Impacts) dated 31 Oct 2017.</p> <p>Relevant information necessary to monitor the various items in Criterion 8.2 was included in the 3rd FMP, in Chapter 8 "Monitoring, Internal Auditing and Reporting" namely; a) Yield of all forest products harvested. b) Growth rates, regeneration and condition of the forest. c) Composition and observed changes in the flora and fauna. d) Environmental and social impacts of harvesting and other operations. e) Costs, productivity and efficiency of forest management.</p> <p>Summary of results of monitoring indicators, including those listed in Criterion 8.2, was maintained and made available to the public via https://sapulut.com.my/forest-certification/natural-forest-management/#single/0</p>	<p>The management review conducted on 1st October 2020 does not covered status of action from previous MRM, opportunities for continual improvement, and decisions related to continual improvement. Therefore, OFI for Indicator 8.1.3 (MC&I SFM) was raised.</p> <p>Specific claim should be use to communicate the origin of products in area covered by the standard to customers with PEFC Chain of Custody. Therefore, OFI for Indicator 8.3.1 (MC&I SFM) was raised.</p>
Principle 9 Maintenance of High Conservation Values	<p>Sapulut FMU 14 has conducted an assessment to identify HCV Area as in the HCVF report titled "High Conservation Value Forest (HCVFs) of FMU 14 Sapulut Forest Development Sdn. Bhd.". Letter of stakeholder invitation (Ref:MD/NW/SFD/Misc/097/17/cc) dated 4th January 2018 including attendances list and pictures of stakeholder meeting was verified during the audit.</p>	<p>Evidence of consultation with stakeholder was not available for newly saltlick HCVF identified in Compartment 148. Therefore, Minor NCR ANS02/2021 for Indicator 9.2.1 was raised.</p>

Principle	Strengths	Weaknesses
	<p>HCV areas has been mapped and incorporated progressively into the 3rd Forest Management Plan at Sapulut Forest Development Sdn Bhd – Forest Management Unit No.14 (2016 – 2025).</p> <p>The HCVF attributes and map were updated in Sapulut FMU 14 website's https://sapulut.com.my/forest-certification/natural-forest-management/#single/0 and was verified during the recertification audit.</p> <p>Monitoring has been done on 6-month basis and yearly basis;</p> <ol style="list-style-type: none"> 1) Batu Tantaliwau – 16 February 2021 2) Labau soil – 24 February 2021 3) Water intake for Kg. Bigor at Compartment 273 on 9 April 2021 	

Map of Sapulut FMU



Experiences and Qualifications of Audit Team Members

Names of Audit Team	Role	Qualification and Experience
Khairul Najwan Ahmad Jahari	Audit Team Leader / Forester	<p>Academic Qualification: B.Sc. of Forestry (Forest Management), Universiti Putra Malaysia.</p> <p>Work Experience: Appointed as contract Research Officer in the Natural Forest Division, Forest Research Institute of Malaysia (FRIM), since 2001. Conduct and coordinate a research on 8th Malaysian Plan Project. Produce technical reports, meeting, seminar and conferences reports as well as quarterly physical and financial reports. Coordinate and participate field 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 OHSA 1800</p> <p>Training / Research Areas: Was attending and pass in the following training programmes: Auditor Training Course on Malaysian Criteria and Indicators for Forest Management Certification [MC&I (2002)] organized by MTCC, 30 March - 2 April 2009. EMS 14001: 2004 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 2-6 March 2009. OHSAS 18001: 2007 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 23-27 Feb 2009. QMS 9001: 2008 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 16 – 21 Feb 2009.</p>
Mohd Annas Amin Hj Omar	Auditor / Forester	<p>Academic Qualification: Diploma in Forestry, UPM B. Sc. In Forestry, UPM</p> <p>Work Experience: Six year as Assistant Forest Officer at Perak Forestry State Department in the year from 2013-2018. Main responsibility is Assisting District Forest Officers in administrative work, forest development and forest operations. Conduct forest Enforcement Team Activities such as The Prevention of illegal logging. Appointed to be Raid Officer in Raid Eradicating Illegal Refinery in Perak Forestry. Also appointed to be Investigative Officer in Investigations into a case involved Forest Reserve and Cased Prosecuted in Court.</p> <p>Training/Research Areas: Program of MTCS Training Course (MC& I) in Kuantan (9-12 July 2018) Lead Auditor ISO 9001, ISO 14001 & ISO 45001 Exemplar Global</p>

		<p>Certified (13-18 Ogos 2018)</p> <p>RSPO Lead Auditor Training (9-13 March 2020)</p>
Angelica Suminis Suimin	Auditor/ (Social)	<p>Academic Qualification:</p> <p>She has a Bachelor of Arts in Social Science and MSc in Environmental Management and Social Development. Has a certificate in Paralegal Studies and Diploma in Emergency Medical Technician (UK) and Human Resources Management (UM).</p> <p>Work Experience:</p> <p>A competent One to One Competency Based and Education Trainer from De Taffe University, Australia. Independent Auditor under SIRIM QAS Malaysia and Technical Expert for FSC audit under SCS Global services. Has worked as Rural Sociologist under the World Bank project under the Japanese Trust Fund for Community Forestry Project in Sabah for 3 years. She has over 30 years of working experience and was working in the Forestry Related Industries both in Sabah and Sarawak for 28 years in different capacities (e.g independent Researcher, Rural Sociologist, Sr.Training and Administrator, Human Resources Executive, Emergency Medical Technician, Training Officer, CSR Manager, Chief Operation Officer for Avantha Foundation Malaysia).</p> <p>Attended training programmes:</p> <ol style="list-style-type: none"> 1. MTCC Forest certification Standards for Forest Management and Plantations, 2013, Sirim QAS 2. FSC Forest Certification standards from Forest Management and Control Wood, 2015; Nepcon 3. Lead Assessor Course Iso 14001 (Exemplar Global Certified Lems01), 2016; Sirim QAS 4. DIPLOMACY TRAINING (Human Rights, Indigenous People, the Private Sector and Development), 2017; Faculty of law, Uni New South Wales 5. MC&I Natural Forests and Plantation v.2 standards, 2017 – MTCC

Comments Received from Stakeholders and Responses by Audit Team Leader

No.	Stakeholder	Comments/Issues Raised	Response by Audit Team
1	Tinus bin Andiros Ketua Kampung Kampung Bigor Mukim Sepulut Daerah Nabawan	<p>Hubungan masyarakat Kg Bigor Sepulut tidak begitu baik</p> <p>Masyarakat kampung Bigor dan kampung-kampung lain tidak mendapat bantuan seperti hasil Hutan Simpan Sapulut forest, oleh itu masyarakat memohon bantuan membekal kayu balak untuk keperluan membina rumah, namun syarikat fmu sepulut Forest tidak memberi kebenaran dan kelulusan untuk membantu masyarakat</p> <p>Selama ini keadaan hutan dan Sungai Sansiang Tibow Sepulut alam sekitarnya sangat terjaga. Tapi apabila syarikat Sapulut forest menjalankan aktiviti pembalakkan maka alam sekitar Kawasan Tibow telah tercemar, bukit bukau dibakar, jester Sungai Sansiang Tibow telah tercemar</p> <p>Cadangan daripada Kampung Bigor, Kg Kaigalan, Kg Kayoon, Kg Inalung Pampalang, Kg Sepulut dan Kg Tantayakan atas jagaan saya, Syarikat harus memberi sagu hati hasil hutan kepada disetiap kampung seperti pembekalan tangka, graviti paip ini kerana Sungai Sepulut sudah tercemar oleh aktiviti pembalakkan dan juga penanaman semula hutan tersebut</p>	<p>Audit found the Grievances SOP (SOP#:3.1 v2 and SOP#:3.3 v2) was updated but not circulated to the respective village headmen or representatives.</p> <p>Establishment of the village representative committees involving the Forestry Department was included in the SOP but not implemented and schedule plan for implementation was also not presented during the audit.</p> <p>Mechanisms within relevant federal and state legal frameworks employed to resolve grievances involving loss or damage affecting the local people's legal or customary rights, property, resources, or their livelihoods, caused by forest management operations were not adequately implemented. Implementation of the corrective action plan by FMU was not effective to resolve Minor NCR (AS2/2020) raise in the previous audit, thus upgraded to Major NCR against Indicator 4.5.2</p>
2	Busiau bin Ampirak Ketua Bahagian Umno Pensiangan	<p>Sejak tahun 80an keadaan hutan Sungai Sansiang Tibow Sapulut alam sekitarnya sangat terjaga. Apabila syarikat syarikat Sepulut Forest Development S/B menjalankan aktiviti pembalakkan maka alam sekitar Kawasan Tibow telah tercemar, bukit bukau telah dibalak, justeru air Sungai Sansiang Tibow telah tercemar dan juga asap pembakaran, asap jentera syarikat</p> <p>Pemuliharaan segala binatang binatang yang hidup telah pupus keatas gangguan jentera-jentera seperti tractor, Hitachi, apa menjalankan aktiviti pembalakkan dan juga pemburu haram</p> <p>Masyarakat yang tinggal disekitar Kawasan FMU, hanya diberi peluang dengan tugas tugas sebagai pembantu tidak pernah diberi peluang untuk duduk</p>	<p>Audit found the Grievances SOP (SOP#:3.1 v2 and SOP#:3.3 v2) was updated but not circulated to the respective village headmen or representatives.</p> <p>Establishment of the village representative committees involving the Forestry Department was included in the SOP but not implemented and schedule plan for implementation was also not presented during the audit.</p> <p>Mechanisms within relevant federal and state legal frameworks employed to resolve grievances involving loss or damage affecting the</p>

	<p>dijawatan yang terpenting dalam syarikat</p> <p>Hubungan masyarakat dalam sekitar Kawasan FMU dengan pekerja kurang baik disebabkan tidak menyampaikan Hasrat masyarakat kepada syarikat</p> <p>Masyarakat Kampung Tonomon dan kampung lain tidak mendapat bantuan seperti hasil hutan simpan FMU Syarikat Sepulut Forest. Justeru orang masyarakat memohon untuk bantuan membekal kayu balak untuk keperluan membina rumah, Syarikat Sepulut Forest tidak memberi kebenaran dan kelulusan untuk membantu masyarakat</p> <p>Hubungan masyarakat Kg. Tonomon, Sepulut tidak baik</p> <p>Cadangan daripada masyarakat Kg Tonomon Sepulut Syarikat harus membantu kepada penduduk Kg Tonomon untuk memberi saguhati, hasil hutan tersebut-membina rumah Panjang untuk masyarakat yang kurang kemampuan justeru itu, gravity paip, pembekalan tangka kepada masyarakat disekitar mukim sepulut, kerana sepulut sudah tercemar oleh aktiviti pembalakkan dan juga penanaman semula hutan tersebut</p>	<p>local people's legal or customary rights, property, resources, or their livelihoods, caused by forest management operations were not adequately implemented. Implementation of the corrective action plan by FMU was not effective to resolve Minor NCR (AS2/2020) raise in the previous audit, thus upgraded to Major NCR against Indicator 4.5.2</p> <p>Although FMU record shows that locals were given priority in employment. Information on the employment opportunities at the FMU is yet to be disseminated to the newly appointed community elders. This is apparent at Kg. Tonomon, Kg. Simbuan, Kg. Kangkamon and Kg. Sinsingon during the field audit with an OFI against indicator 4.1.2.</p>
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Recertification Audit Plan

DAY	TIME	PROGRAM		
		Auditor 1 (Najwan)	Auditor 2 (Annas)	Auditor 3 (Angelica)
Day 0 18.4.2021 (Sunday)	7:00 am - 12:00pm 2.00pm- 7.00pm	All Auditors travelling from KLIA to Kota Kinabalu on 18 April 2021 Flight from Kuala Lumpur (KUL) to Kota Kinabalu (BKI)- AK5104 ETD - 09:15, ETA - 11:50) Travel to Sapulut Camp site		
Day 1 19.4.2019 (Monday)	8.00 am – 1.00 pm	<ul style="list-style-type: none"> Opening Meeting with representatives of FMU Briefing session by Forest Manager of the FMU Q&A Session Follow up on issues of concern from last 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 		
	2.00 pm – 5.00 pm	<u>Documentation and records review</u> Principle 1 – Compliance with Laws and Principles Principle 5 – Benefits from the forest Principle 7 – Management Plan	<u>Documentation and records review</u> Principle 6 – Environmental Impact Principle 8 – Monitoring and Assessment Principle 9 – Maintenance of High Conservation Value (HCV)	<u>Documentation and records review</u> Principle 2 – Tenure and Use Rights and Responsibilities Principle 3 – Indigenous Peoples' Right Principle 4 - Community Relations and Worker's Right
		Review of Day 1 Findings by Audit Team Leader		
Day 2 20.4.2021 (Tuesday)	7.30 am – 1.00 pm 2.00 pm – 5.00pm	<u>Site visit</u> <ul style="list-style-type: none"> Inspection of active harvesting area Compt. 267 – LFT12, LFT13 Consultation with contractors and workers operating in active logging area, bulldozer, hook-man, chainsaw and supervisor at Camp Megabig Inspection of Licence Boundary with Bornion Timber 	<u>Site visit</u> <ul style="list-style-type: none"> Inspection of active harvesting area Compartment 157 -SKT T06E -SKT T06B Consultation with contractors and workers operating in active logging area, bulldozer, hook-man, chainsaw and supervisor at Jaya Contractor camp – Compt. 157 Inspection of Coupe Boundary 153 and 155 	<u>Site visit</u> <ul style="list-style-type: none"> Consultation with Local Communities of Kg. Samuran & Kg. Nantayap Consultation with stakeholders – Tibow Forestry Department Office Consultation with workers and worker's representative Inspection of staff quarters

		Review of Day 2 Findings by Audit Team Leader		
Day 3 21.4.2021 (Wednesday)	7.30 am – 1.00 pm 2.00 pm – 5.00pm	<u>Site visit</u> <ul style="list-style-type: none"> • Pre - Felling CHP area • Silviculture treatment • Buffer zone at tributaries Sg Simatuoh – Compt 267 • Conservation area at Compt 264 – Water Catchment Kg Saliku 	<u>Site visit</u> <ul style="list-style-type: none"> • Post-Felling areas Compartment 154 • Inspection of FMU Licenses Boundaries • PSP Plot 1 Compartment 158 • HCVF area Salt lick 148 	<u>Site visit</u> <p>Consultation with Local Communities of Kg. Simatuoh & Kg. Tonomon</p> <p>Consultation with contractors and workers at camp area</p>
	Review of Day 3 Findings by Audit Team Leader			
Day 4 22.4.2021 (Thursday)	7.30 am – 1.00 pm 2.00pm- 5.00pm	<ul style="list-style-type: none"> • Conservation area and PSP plots No.6, Compt. 167 • Check on workshop, nursery and chemical store. • Landing Site at Megabig • Licence boundary with FMU11 – Industri Mas Sdn Bhd • Documentation and records review 	<ul style="list-style-type: none"> • Inspection of Central Stumping Site Compt. 194 • Check on workshop, nursery and chemical store. • Documentation and records review 	<p>Consultation with Local Communities (new kampung if any)</p> <ul style="list-style-type: none"> • Documentation and records review
Day 5 23.4.2021 (Friday)	12.00 pm – 1.00pm	<ul style="list-style-type: none"> • Preparation of audit report and findings (if any) • Briefing to representatives of FMU on the findings of audit • Closing Meeting and presentation of findings of audit and discussion on follow-up activities • Adjourn Closing Meeting • Travel back to Kota Kinabalu. 		
		Auditors travel back to Kuala Lumpur on 25 April 2021, Flight MH2611 – ETD 13:10, ETA 15:30		

Details on NCRs and OFIs Raised During this Re-certification Audit and Corrective Actions Taken (2021)

Indicator	Detail Non-conformances	Corrective Action Taken	Verification by Assessor
Major NCR: AS01/ 2021	<p>Requirement: Indicator - 4.5.2 - Appropriate mechanisms are employed to expeditiously resolve grievances, and provide fair and equitable compensation for any loss or damage affecting the local communities' legal or customary rights, property, resources, or their livelihoods, caused by forest operations.</p> <p>Finding: Mechanisms within relevant federal and state legal frameworks employed to resolve grievances involving loss or damage affecting the local people's legal or customary rights, property, resources, or their livelihoods, caused by forest management operations were not adequately implemented. Implementation of the corrective action plan by FMU was not effective to resolve Minor NCR (AS2/2020) raise in the previous audit, thus upgraded to Major NCR</p> <p>Objective evidence: Audit found the Grievances SOP (SOP#:3.1 v2 and SOP#:3.3 v2) was updated but not circulated to the respective village headmen or representatives. Establishment of the village representative committees involving the Forestry Department was included in the SOP but not implemented and schedule plan for implementation was also not presented during the audit. This was confirmed during the consultation with Kg. Tonomon, Kg. Singsingon, Kg. Samuran, Kg. Kangkamon and Kg. Nalasaran.</p>	<p>Result of investigation and determination of root cause:</p> <ol style="list-style-type: none"> 1. SOP was revised to improve grievances management. However, due to the increase of Covid-19 cases at nearby villages, we are unable to distributed and brief the new appointed headmen the feedback form as in the SOP. 2. According to our scheduled plan, the Sapulut Social Forestry Consultative Committee (SSFCC) was supposed to be established within the first quarter. However, due to the pandemic, we had to change our schedule as many villages were put under quarantine, including our premises close by Health Department last March. Furthermore, establishing a committee must have a proper work plan and management to enable the committee to function well. <p>Correction and corrective action plan including completion date:</p> <p>Correction action plan to be done as follow; -</p> <ol style="list-style-type: none"> 1. To distribute and explain the purpose and how to fill the feedback form to each village through their chief. 2. To reorganize the scheduled plan and submit a letter for the establishment of the committee. Discussions will be held with each head to get their feedback on the establishment of the committee. 	<p>Evidence received on 25 May 20201 was verified and accepted on 31 May 2021 as below.</p> <p>Report on "Consultation with villages" Headman/representative Regarding Establishment of Sapulut Social Forestry Consultative Committee" was reviewed and accepted by auditor. The consultation was conducted on 19 and 20 May 2021.</p> <p>The Head / representatives for each of kampongs involved as listed below;</p> <ol style="list-style-type: none"> 1. Kg Tataluan, Kg Bangau 2. Kg Sandukan, Kg Maatol, Kg Mawantul 3. Kg Salarom Taka 4. Kg Samuran, Kg Kangkamon 5. Kg Liningkar, Kg Labang, Kg Naturan 6. Kg Bigor, Kg Kaigalan, Kg Koyoon, Kg Tantayakan, Kg Tampa Ri Kailau 7. Kg Tonomon, Kg Simatuoh, Kg Bukokoh, Kg Nantayap 8. Kg Singsingon, Kg Mukim Sapulut 9. Kg Saliku, Kg Pulutan Atas / Bawah, Kg Salangon, Kg Nalasaran <p>It was noted all representative agreed that Forestry Department to involved in the committee, thus issues related to forest reserved could be discussed directly with the Forest Department.</p> <p>Status: Closed</p>

<p>Minor NCR: ANS01/ 2021</p>	<p>Requirement: Indicator - 4.2.3 - Appropriate safety and operational equipment in good working condition, including operational procedures, shall be made available to forest workers in the work place.</p> <p>Finding: Appropriate safety and operational equipment maintenance records were not available at work place.</p> <p>Objective evidence:</p> <ol style="list-style-type: none"> 4. Site visit at harvesting area found one (1) chain saw was not covered with safety bar/blade cover at Compartment 157 and Simgaya Enterprise contractor camp, respectively. 5. Visit at active harvesting area at Compartment 157 found the maintenance record for one (1) Log Fisher and one (1) bulldozer [Jaya Contractor] and eight (8) bulldozers and five (5) excavators by [Simgaya Contractor] was not available. 6. Visit at active harvesting area at Compartment 267 found the maintenance record for two (2) Log Fisher and four (4) bulldozers [Megabig Contractor] was not available 	<p>Result of investigation and determination of root cause:</p> <ol style="list-style-type: none"> 1. Inadequate awareness on the requirement to utilize chainsaw scabbard during transporting and during storing. 2. Contractor not aware the requirement of to keep record on maintenance record. <p>Correction and corrective action plan including completion date:</p> <ol style="list-style-type: none"> 1. Conducting a Safety Awareness to address the specific safety requirements for safe use and storage of Chainsaw. Monitoring the compliance shall be carried out to ensure rules has been followed. <p>Completion Date: May 08, 2021 - Safety Awareness has been conducted</p> <ol style="list-style-type: none"> 2. Briefing has been conducted on 8th May 2021 for both contractors to keep records of machinery maintenance. <p>Corrective action to be done is as follow;</p> <ol style="list-style-type: none"> a. To enforce the requirement of maintenance record keeping. b. Periodically checking to be done to make sure record keeping up to date. <p>Expected Completion Date: 30 July 2021.</p>	<p>Corrective action received on 23 May 20201 was verified and accepted on 24 May 2021. The effectiveness of the action taken to be verified during next audit</p> <p>Status: Accepted</p>
<p>Minor NCR: KN01/ 2021</p>	<p>Requirement: Indicator - 5.2.1 - Forest management practices encourage the optimal use of forest resources.</p> <p>Finding: The implementation of forest management practices encourages the optimal use of forest resources was not sufficient. The analysis from AWP and post-harvest inventory report showed the FMU does not optimize the utilization of</p>	<p>Result of investigation and determination of root cause:</p> <ol style="list-style-type: none"> 1. In 2016 to 2019, the harvesting area concentrated at NFM West area. Harvesting hampered due to steepness which effect on harvesting contractors harvesting works e.g., machinery frequently breakdown. Certain area covered with rocky and undulating thus effect the harvesting volume. 	<p>Corrective action received on 23 May 20201 was verified and accepted on 24 May 2021. The effectiveness of the action taken to be verified during next audit</p> <p>Status: Accepted</p>

	<p>forest resources. This will affect Sapulut FMU 14 planning in the next 25 years cycle.</p> <p>Objective evidence:</p> <ul style="list-style-type: none">Result from the AWP Annual Compliance from year 2016 to 2020 shows the area that has been harvested were less than 60% (except 2017) from the total planned area. <table><tr><th>AWP Year</th><th>Planning (Ha)</th><th>Achievement (Ha)</th></tr><tr><td>2020</td><td>2,458</td><td>829 (34%)</td></tr><tr><td>2019</td><td>2,859</td><td>2,087 (73%)</td></tr><tr><td>2018</td><td>1,552</td><td>788 (51%)</td></tr><tr><td>2017</td><td>2,759</td><td>1,340 (49%)</td></tr><tr><td>2016</td><td>2,693</td><td>1,535 (57%)</td></tr></table> <ul style="list-style-type: none">Result of the post-harvest inventory report [Clause 2.1 Harvesting Intensities] (sampled for Compartment 232A, 229, 232B, 260B) found the felled trees only half of the total tagged trees. <table><tr><th>Compartment</th><th>Tree Tagged (CHP)</th><th>Tree harvested</th></tr><tr><td>232A</td><td>8,650</td><td>4,599 (53%)</td></tr><tr><td>229</td><td>4,020</td><td>2,296 (57%)</td></tr><tr><td>260B</td><td>1,869</td><td>960 (51%)</td></tr><tr><td>232B</td><td>9,132</td><td>5,070 (55%)</td></tr></table>	AWP Year	Planning (Ha)	Achievement (Ha)	2020	2,458	829 (34%)	2019	2,859	2,087 (73%)	2018	1,552	788 (51%)	2017	2,759	1,340 (49%)	2016	2,693	1,535 (57%)	Compartment	Tree Tagged (CHP)	Tree harvested	232A	8,650	4,599 (53%)	229	4,020	2,296 (57%)	260B	1,869	960 (51%)	232B	9,132	5,070 (55%)	<p>2. For AWP 2020, operation was affected due to the covid-19 virus outbreak which led to enforcement of MCO for the month of March until June 2020.</p> <p>3. Decision to stop harvesting of the tagged Sedaman species in year 2017 due to low market price.</p> <p>4. 36cm DBH tree tagged but not harvested – Market demand low for 36cm DBH tree. Management decided to harvest above 48 cm DBH tree only.</p> <p>5. Poor tree identification; Quality 3 trees tagged, prohibited trees, defect trees and tree far from SKT/LFT lead to the reduction of trees volume to be harvested.</p> <p>6. AWP planning used Gross Ha while AWP achievement used Net Ha after ground demarcation done for CHP preparation work which result different in Ha.</p> <p>7. Heavy rain downpour at the NFM West also hampered the work done by contractors.</p> <p>Correction and corrective action plan including completion date:</p> <p>1. to tag and harvest tree 48 cm DBH only;</p> <p>2. conduct tree identification training for CHP contractors to reduce tree ID error;</p> <p>3. report of AWP to use gross ha as per approved AWP planning.</p>	
AWP Year	Planning (Ha)	Achievement (Ha)																																		
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Minor NCR: ANS02/	<p>Requirement: Indicator - 9.2.1 - Forest managers shall consult with relevant stakeholders on the options to maintain or enhance the identified HCV areas.</p>	<p>Result of investigation and determination of root cause:</p> <p>Salt lick Saleha Compartment 148 was found right</p>	<p>Corrective action received on 23 May 20201 was verified and accepted on 24 May 2021. The effectiveness of the action taken to be verified during next audit</p>																																	

2021	<p>Finding: Relevant stakeholders were not consulted for newly identified HCVF in FMU</p> <p>Objective evidence: Evidence of consultation with stakeholder was not available for newly saltlick HCVF identified in Compartment 148.</p>	<p>after the HCV assessment report was made. Management decided to include Salt lick Saleha in FMP 3rd during 5th year revision since the cost to conduct HCV Assessment is high.</p> <p>Correction and corrective action plan including completion date: Correction action plan to be done as follow; - 1. To do HCV identification on the area by referring to HCV identification toolkit. 2. To include Salt lick Saleha in FMP 3rd on 5th year revision 3. To consult with stakeholder by submitting identification and monitoring report for review.</p>	Status: Accepted
1.4.1 (MC&I SFM)	<p><u>Availability of documentation of any conflicts between laws, regulations and these Principles and Criteria.</u></p> <p>Documentation of any conflicts between laws and regulation and MC&I SFM standard yet to be prepared by the FMU.</p>	Not required	Not required
1.6.1 (MC&I SFM)	<p><u>Availability of policies or statements of commitment to forest management practices consistent with these Principles and Criteria.</u></p> <p>The statement of commitment to MC&I standard in the Forest Management Plan (FMP) (2016-2025) yet to be replaced to new standard MC&I SFM.</p>	Not required	Not required
6.1.2 (MC&I SFM)	<p><u>Environmental impact assessments are carried out, including the potential impacts on rare, threatened endangered species of flora and fauna, and rare and vulnerable ecosystems, and the need for biological corridors in the FMU, appropriate to the scale and intensity of forest management; as well as consideration of the impacts on risks of fire and pollution or siltation</u></p>	Not required	Not required

	<p><u>of water courses and wetlands and forest carbon stocks.</u></p> <p>Consideration of the impacts on risks of forest carbon stocks are not available.</p>		
7.1.1 (MC&I SFM)	<p><u>Availability and implementation of forest management plan including consideration of risks and opportunities concerning compliance with the requirements of the standard.</u></p> <p>The following information yet to be included in the FMP: 7.1 d) non-timber forest product used commercially 7.1 j) description of stakeholder consultation 7.1.1 considering of risk and opportunities concerning compliance with the requirements of the standard</p>	Not required	Not required
8.1.3 (MC&I SFM)	<p><u>Forest managers shall undertake annual internal audit and management review of forest management for continual improvement. The conduct of internal audit, management review and continual improvement is stipulated in APPENDIX A.</u></p> <p>The management review conducted on 1 October 2020 does not covered status of action from previous MRM, opportunities for continual improvement, and decisions related to continual improvement</p>	Not required	Not required
8.3.1 (MC&I SFM)	<p><u>Forest managers shall provide relevant documents to ensure that all forest products leaving the certified area can be identified (including volumes and types) so that their origin can be determined. Specific claims to communicate the origin of products are specified in APPENDIX B.</u></p>	Not required	Not required

	Specific claim should be use to communicate the origin of products in area covered by the standard to customers with PEFC Chain of Custody.		
4.1.2 (MC&I SFM)	<p><u>Communities living within, or adjacent to, the FMU are given preference for employment contract Criteria.</u></p> <p>Information on the employment opportunities at the FMU is yet to be disseminated to the newly appointed community elders.</p>	Not required	Not required
4.2.1 (MC&I SFM)	<p><u>Up-to date information on all applicable laws and/ or regulations covering safety and health of forest workers shall be disseminated to them in Bahasa and /or English.</u></p> <p>Updated information on all relevant laws and/or regulations covering safety and health of forest workers to be disseminated in Bahasa/ English.</p>	Not required	Not required

Corrective Actions Taken and Final Status on NCRs and OFIs Raised During Previous Audit (2020)

Indicator	Detail Non-conformances	Corrective Action Taken	Verification by Auditors
Major Indicator 1.1.1 NCR: AS1/2020)	<p>Indicator 1.1.1 Records and availability of up-to-date applicable federal, state and local laws, and regulations, in particular those related to forest management.</p> <p>Finding:</p> <ol style="list-style-type: none"> 1. There was no notification or permission from Labour Department to deduct workers salary for other purposes (clinic, Spare parts, Welfare fund etc) beside statutory deductions. 2. There was no notification or permission from Labour Department to accumulate rest days of 5 to 6 days per month. 3. Foreign labour employment permit is not registered based on the locality of FMU operation. <p>Objective evidence:</p> <ol style="list-style-type: none"> 1. Inspection of 3 workers' salary slip from November, December and January, 2020 (PS4040, PSY008 and PSJO51) indicated that there are salary deduction for various items such as welfare fund, Spare parts and clinic beside the statutory deductions (EPF, SOCSO etc) which is not allowed without written permission or notification under section 113 of the Sabah Labour ordinance. 	<p>Email on Corrective action Plan received from Sapulut FMU dated 7th May 2019 is referred:</p> <p>Section 2 - Result of investigation and determination of root cause</p> <p>Root cause 1: Inadvertently overlooked to comply and inform Labour Department of all the deductions. Deductions made have been communicated to the staff concerned and duly authorized by individual staff when they sign and acknowledge acceptance of the Letter of Employment. Staff Welfare deductions also stated in the Staff Policy Guidelines. Staff confirmed and understand the purpose of the deductions. Some deductions are actually authorized by the staff e.g spare parts purchased on their behalf which are requested by the staff concerned.</p> <p>Root cause 2: FMU was not aware that revision to the terms of service in relation to the Off Days require us to inform the Labour Department. Will inform the Department accordingly. Off days in a stretch is also practised by many other industries.</p> <p>Root cause 3: FMU was not aware of the requirement that the permit must be registered with Keningau District specifically i.e. specific to area of work and location of the Labour Office.</p> <p>Section 3 - Correction (if applicable) and Corrective action plan including completion date:</p>	<p>Email on Corrective action evidence received 2nd September 2020 is referred:</p> <p>Result of investigation, determination of root cause and corrective action plan including completion date were accepted</p> <ol style="list-style-type: none"> 1. Letter of request from Sapulut to JTK for permission on workers salary deduction (dated 5th August 2020) and JTK acknowledgement of receipt of letter and Borang dated 7th August 2020 2. Letter of request from Sapulut to JTK for permission on rest day accumulation and Borang G attachment (dated 5th August 2020) and JTK acknowledgement of receipt of letter dated 7th August 2020. 3. Letter of request from Sapulut to JTK for permission on worker salary deduction for advance (Borang B) (attachment dated 5th August 2020) and JTK acknowledgement of receipt of letter dated 7th August 2020. 4. Foreign worker employment permit based on Keningau (valid from 24th January 2020 to 23rd January 2021) (Ref: No. Lesen B-000358/13) <p>Status: Closed</p>

	<p>2. Interview with 8 workers and FMU management memo Ref; MD/MN/SFD/working days/MO18/19-dm) was circulated to all staff in November, 2019 showed that all employees under Sapulut Forest Development Sdn Bhd were given 5-6 days accumulative rest days contravening the Sabah Labour Ordinance section 104B.</p> <p>3. Inspection of foreign labour employment indicated that the permit for foreign labour employment was registered in the Labour Department Tawau contravening the Sabah Labour Ordinance Section 59A.</p>	<p>Finding 1 and 2:</p> <p>a) Visited the Labour Department at KK on 5 March 2020 (Wisma Perkeso) and given forms to be completed.</p> <p>b) Completed forms to be filled in will be accompanied by a cover letter from the Company and to submit according to the districts i.e KK, Tawau, Sandakan and Keningau.</p> <p>c) Approval from Labour Department will depend on their Director.</p> <p>Finding 3:</p> <p>a) Called up Labour Department at KK on 9 march 2020. Advised us to check with Labour Department at Tawau and Keningau of their requirements.</p> <p>b) Will seek advice from Labour Department on the changes of address stated in the License (Lesen Untuk Menggaji Pekerja Bukan Pemastautin).</p> <p>Completion date: 05/06/2020</p>	
<p>Major</p> <p>Indicator 4.3.3</p> <p>NCR: (AS2/2020)</p>	<p>Indicator 4.3.3 – The right of workers to benefits and protection is assured under applicable laws and/or regulations.</p> <p>Finding: FMU Contractors: Jaya and Megabig enterprise workers showed that there was no evidence of workers contract</p> <p>Objective evidence: Review of employment documents for FMU Contractors, Jaya and Megabig Enterprise found that there was no letter of employment for all workers</p>	<p>Email on Corrective action Plan received from Sapulut FMU dated 7th May 2019 is referred:</p> <p>Section 2 - Result of investigation and determination of root cause LOE of contractor workers was kept at their main office not in their camp. SFDSB office was also not given any copy of the contractors workers LOE.</p> <p>Section 3 - Correction (if applicable) and Corrective action plan including completion date: To add a clause in contractors DOA (Deeds of Agreement) that contractors are required to give</p>	<p>Email on Corrective action evidence received 30th May 2020 was referred:</p> <p>Result of investigation, determination of root cause and corrective action plan including completion date were accepted</p> <p>Evidence of Corrective Actions received:</p> <p>“Standard Terms and Condition – Appendix 1” – as attachment to Letter of Employment “for workers of Sapulut Forest Development Sdn Bhd’s contractors was available and verified.</p> <p>Status: Closed</p>

		SFDSB a copy of their workers LOE Date completion: 28/8/2020	
Minor Indicator 4.3.4 NCR: AS2/2020	Finding: Grievances mechanism for workers contradicts with the SOP Objective evidence: Interview with workers and review of SOP documents and minutes of meeting of Workers committee showed that the SOP indicate that grievance is resolve within 10 days but currently workers committee (TLC) meets once in 3 months to response to grievances raised by workers.	Email on Corrective action Plan received from Sapulut FMU dated 7 th May 2019 is referred: Section 2 - Result of investigation and determination of root cause <ol style="list-style-type: none"> 1) Committee members were not aware regarding TLC SOP due to the TLC SOP were not disseminated to them. 2) Some of the worker's grievances were not able to resolve within 10 days as it takes longer time to resolve certain issue which require Management to look for the best solution. Section 3 – Correction (if applicable) and Corrective action plan including completion date: <ol style="list-style-type: none"> 1) Worker's grievances SOP and TLC SOP to be updated. 2) TLC SOP to be disseminated to committee members (employer and employee). 3) To add a clause in contractors DOA (Deeds of Agreement) that contractors are required to give SFDSB a copy of their workers LOE Date completion: 01 June 2020	During this audit, interview with workers and review of all TLC minutes on the 27/10/200 represented by 3 female and 4 male staff and January, 2021 indicated that the TLC committee has given briefing on the TLC organization chart and its functions to all workers on the 24/10/2020 attended by 45 workers. In the minutes of both meetings, it had recorded some workers requests for maintenance and repair of houses, human-animal conflict in particular monkeys at the housing complex and paternity leave issues. An "Employee Suggestion Form" was also available in both English and Bahasa Malaysia for use located at the main office. Consultation with 20 workers confirmed that they were aware of the TLC functions to resolve workers' grievance thus the NCR AS03 under indicator 4.3.4 is closed. Status: Closed
Minor Indicator 4.4.1 AS3/2020	Indicator 4.4.1 – Forest managers shall evaluate, through consultations, social impact of forest management operations directly affecting communities, and the people and groups directly affected by the forest management operations shall have access to information on the results of the social impact evaluations.	Email on Corrective action Plan received from Sapulut FMU dated 7 th May 2019 is referred: Section 2 - Result of investigation and determination of root cause Community Forestry Unit recently focused in completion of SIA 2019 for ITP area and is currently in process of updating Social Impact	The Social Impact assessment 2020 for village residing adjacent to FMU14/NFM area for the Forest Management (FMU) no.14 was planned in September, 2020 but was reschedule to later date in May, 2021 due to the Covid 19 Control Movement Order. The SIA questionnaire and the SIA 2021 work plan were presented during the audit thus, the minor NCR under indicator

	<p>Finding: There was incomplete information on the social impact assessment.</p> <p>Objective evidence: The Social-Impact Assessment (SIA) 2009 and Social Impact Assessment (SIA) for Forest management unit no. 14 (SFMLA no. 04/97) Sapulut part 1 April, 2015 had not included the lists of new villages provided by SFD FMU during this audit.</p>	<p>Assessment (SIA) 2020 for FMU14 Natural Forest Management (NFM).</p> <p>Hence, the only resource available during surveillance audit 2020 was SIA 2015.</p> <p>In our work plan for SIA 2020 NFM, the social survey shall be initiated in April 2020.</p> <p>Section 3 – Correction (if applicable) and Corrective action plan including completion date: Community forestry officer to complete Social Impact Assessment (SIA) 2020 for village residing adjacent to FMU14 NFM area.</p> <p>Completion date : 31st December 2020</p>	<p>AS04/2020 4.4.1 raised in the previous surveillance audit was closed.</p> <p>Status: Closed</p>
<p>Minor</p> <p>Indicator 4.5.2</p> <p>AS2/2020</p>	<p>Indicator 4.5.2 - Appropriate mechanisms within relevant federal and state legal frameworks are employed to resolve grievances involving loss or damage affecting the local people's legal or customary rights, property, resources, or their livelihoods, caused by forest management operations.</p> <p>Finding: Mechanisms within relevant federal and state legal frameworks employed to resolve grievances involving loss or damage affecting the local people's legal or customary rights, property, resources, or their livelihoods, caused by forest management operations were not adequately implemented</p> <p>Objective evidence:</p> <ol style="list-style-type: none"> 1. Inspection of documentation found that implementation was not based on the written procedures available. 2. Consultations with communities from on 4 and 5 March 2020 showed that the villagers confirmed that 	<p>Email on Corrective action Plan received from Sapulut FMU dated 7th May 2019 is referred:</p> <p>Section 2 - Result of investigation and determination of root cause Information and proper procedures in raising grievances was not thoroughly explained by Community Forestry officer during goodwill visit causing lack of understanding among villagers.</p> <p>Implementation of goodwill visit which mostly cover individual consultation rather than village level.</p> <p>Section 3 – Correction (if applicable) and Corrective action plan including completion date:</p> <ol style="list-style-type: none"> 1. Implementation of goodwill visit which mostly cover village level rather than to individual consultation 2. Preparation of "Goodwill Visit "schedule 	<p>During the field audit it was discovered that the SOP (SOP#:3.1 v2 and SOP#:3.3 v2) was not circulated to the respective village headmen or representatives. This was confirmed by villagers in Kg. Bigor and its sub-villages, Kg. Samuran, Kg. Kangkamon, Kg. Sinsingon and Kg.Tonomon. Establishment of the village representative committees involving the Forestry Department was included in the SOP but not implemented and schedule plan for implementation was also not presented during the audit. Villagers visited were also unable to identify the contact person in the FMU to extend complaints or grievances from the communities. Mechanisms within relevant federal and state legal frameworks employed to resolve grievances involving loss or damage affecting the local people's legal or customary rights, property, resources, or their livelihoods, caused by forest management operations were not adequately implemented.</p> <p>The Implementation of the corrective action</p>

	<p>(i) the audit consultation at village level was new and</p> <p>(ii) Implementation of the mechanism was inadequate as it did not follow the procedures outlined in the Conflict Resolution Consultations with communities showed that they were not aware of the procedures.</p> <p>3. Current consultation is conducted on individual need basis and not at village level.</p> <p>Continual consultation at village level has yet to be implemented to regularly engage with communities on any updates</p>	Completion date : 31 December 2020	<p>plan by the FMU was not effective to resolve Minor NCR AS05/2020 raised in the previous Audit, therefore upgraded to Major NCR AS01/2021.</p> <p>Status: upgraded to Major NCR AS01/2021.</p>
<p>Minor Indicator 6.9.1</p> <p>ANS01/2020</p>	<p>Indicator 6.9.1 - Document, control and monitor the use of exotic species to avoid adverse ecological impacts.</p> <p>Finding : Document on control and monitor of the exotic species not available</p> <p>Objective evidence : During site visit to Compartment 154 found that <i>Albizia spp</i> had grown in the natural forest area. However, there were no documented procedure for control and monitoring exotic species available</p>	<p>Email on Corrective action Plan received from Sapulut FMU dated 7th May 2019 is referred:</p> <p>Section 2 - Result of investigation and determination of root cause</p> <p>The Albizia planted in compt 154 (NFM) is within the Camp Occupational Permit (OP) for landscape purpose back in year 2006/2007.</p> <p>Section 3 - Correction (if applicable) and corrective action plan including completion date</p> <p>SOP on monitoring and managing exotic species will be made to assess whether it has encroached areas other than forest plantation.</p>	<p>The Albizia planted in Compartment 154 (NFM) is within the Camp Occupational Permit (OP) for landscape purpose back in year 2006/2007. Further verification showed there were no documented procedure for control and monitoring exotic species available. Hence, a Minor NCR against Indicator 6.9.1 was raised. During this recertification audit (2021), it was found the SOP 22.0 title Invasive Plant Management dated 12 April 2021 has been prepared and made available during the audit</p> <p>Status: Closed</p>
<p>Minor Indicator 8.1.2</p> <p>AS1/2020</p>	<p>Indicator 8.1.2 - Forest managers shall identify and implement appropriate monitoring procedures, in accordance with the scale and intensity of the forest management operations, for assessing social, ecological, environmental and economic impacts.</p>	<p>Email on Corrective action Plan received from Sapulut FMU dated 7th May 2019 is referred:</p> <p>Community Forestry Unit recently focused in completion of SIA 2019 for ITP area and is currently in process of updating Social Impact Assessment (SIA) 2020 for FMU14 Natural Forest</p>	<p>The Social Impact assessment 2020 for village residing adjacent to FMU14/NFM area for the Forest Management (FMU) no.14 was planned in September, 2020 but was reschedule to later date in May, 2021 due to the Covid 19 Control Movement Order. The SIA questionnaire and the SIA 2021 work plan were presented during</p>

	<p>Finding : There is no procedure available for social and economic impact monitoring. social monitoring form was made available but yet to be implemented.</p> <p>Objective evidence : Consultations with villages on 4 and 5 March 2020 showed that there was no social and economic monitoring related to FMU operations conducted. It was also found that with the inadequate SIA, there was no guideline and procedure for social and economic impact monitoring.</p>	<p>Management (NFM).</p> <p>Hence, the only resource available during surveillance audit 2020 was SIA 2015.</p> <p>In our work plan for SIA 2020 NFM, the social survey shall be initiated in April 2020.</p> <p>Section 3 – Correction (if applicable) and Corrective action plan including completion date:</p> <p>Community forestry officer to complete Social Impact Assessment (SIA) 2020 for village residing adjacent to FMU14 NFM area.</p> <p>Completion date : 31st December 2020</p>	<p>the audit</p> <p>Appropriate monitoring procedures and monitoring report for assessing social, ecological, environmental and economic impacts were available. SOP#13.0 Monitoring Social, Environmental and Economic Impacts found the FMU had identify and implement appropriate monitoring procedures, in accordance with the scale and intensity of the forest management operations, for assessing social, ecological, environmental and economic impacts.</p> <p>Status: Closed</p>
<p>OFI</p> <p>Indicator 4.2.5</p>	<p>Indicator 4.2.5 - Demarcation of hazardous areas and provision of guidelines for storage and handling of hazardous materials</p> <p>It was observed that the floor of scheduled waste store at the workshop was fully bunded. However, the bund on the left wing of the premise should be raised higher for better SW containment</p>		<p>Visit to workshop found newly constructed bund on the left wing of the premise was raised higher for better SW containment. Thus, OFI against Indicator 4.2.5. was closed</p>

End of Report