



**PUBLIC SUMMARY
SURVEILLANCE 3 AUDIT (4th CYCLE) ON
TERENGGANU FOREST MANAGEMENT UNIT
FOR FOREST MANAGEMENT CERTIFICATION**

**Certificate Number: FMC-NF 00115
Date of First Certification: 1st April 2010
Audit Date: 25 – 27 October 2021
Date of Public Summary: 26th April 2022**

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EXECUTIVE SUMMARY

This surveillance 3 audit on the Terengganu Forest Management Unit (hereafter referred as the Terengganu FMU) was conducted on 25th – 27th Oct. 2021. This was an audit conducted following the previous audit which was conducted on 12 to 14 July 2021 (remote audit) to assess the continued compliance of the overall forest management system of the Terengganu FMU against the requirements of the Malaysian Criteria and Indicators for Forest Management Certification [MC&I SFM] using the verifiers stipulated for Peninsular Malaysia. The scope of this surveillance 3 audit was limited to the forest management system and practices on the Permanent Reserved Forest (PRF) within the Terengganu FMU.

This surveillance 3 audit was conducted by a 2-member team comprising Mohd. Annas Amin Hj.Omar (Lead Auditor), and Hj Roslee Jamaludin (Auditor).

Based on the findings of this surveillance 3 audit, it was found that Terengganu FMU had continued to comply with the requirements of the MC&I SFM. This surveillance 3 audit had resulted in the issuance of one (1) major (1.5.2) and three (3) minor Non Conformity Reports (NCRs) (4.2.3, 4.3.3, 7.3.2) respectively. In addition, two (2) Opportunities for Improvements (OFIs) were raised.

This public summary contains the general information on the Terengganu FMU, the findings of the surveillance 3 audit, NCRs raised as well as the decision on the continued certification of the FMU.

2 INTRODUCTION

2.1 Name of FMU
Terengganu Forest Management Unit

2.2 Contact Person and Address

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Director, Terengganu State Forestry Department

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20200 Kuala Terengganu,
Terengganu

Phone # : 09-6222 444
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2.3 General Background on the Terengganu FMU

The Terengganu FMU is managed by the Terengganu State Forestry Department (TSFD). The TSFD is committed in the management of the FMU on a sustainable basis. The administration of the FMU is divided into three forest districts namely the North, West and South Terengganu Forest Districts.

The inland forest is managed under a Selective Management System (SMS) on a 30-year rotation period. Under the Eleventh Malaysia Plan (2016-2020), the Annual Allowable Cut (AAC) for the Terengganu FMU had been set at 31,940 ha. A Forest Management Plan (FMP) covering the period from 2016 to 2025 had been presented during the audit.

The FMU currently comprises of 540,308.80 ha of PRF as of the date of audit or 42% of the State's total land area of 1,297,400.00 ha. The PRFs within the FMU consist mainly of inland Dipterocarp forests covering an area of 513,341.15 ha with the remaining 25,931.10 ha of peat swamp forests and 1,036.55 ha under mangrove forests. There was also a forest plantation in the certified area covering of 3,833 ha (established before 1 July 2012). A map of the FMU showing the significant features of the forest is attached in **Attachment 1**.

2.4 Date First Certified
1st April 2010

2.5 Location of the FMU

The FMU is located between latitudes 3 0 52' 51.1" to 50 50' 45.5" N and 1020 32' 09.3" to 1030 18' 39.7" E.

2.6 Forest Management System

The FMU had followed the principles of sustainable forest management (SFM). The inland forest is managed under a Selective Management System (SMS) on a 30-year rotation period. A Forest Management Plan (FMP) covering the period from 2016 to 2025 presented during the audit.

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

For 12th Malaysia Plan (2021-2025), the annual allowable cut AAC for the FMU has been set at 6,100 ha a year or a total of 30,500 ha over the five-year duration in the plan. During this surveillance 3 audit, the size of the FMU is 540,308.80 ha.

2.8 Environmental and Socioeconomic Context

Macro-level environmental impact assessment (MEIA) has been conducted by the Terengganu FMU in 2009. Recommendations to mitigate the impacts of forest operations on the environment presented in the MEIA report were incorporated into the mid-term review of the Terengganu FMP (2016 – 2025).

Environmental impact assessments on rare and threatened species of flora and fauna in Terengganu FMU were also implemented.

In the Central Forest Spine (CFS) Programme, several biological corridors were planned within the Terengganu FMU to conserve wildlife movement and habitats. Many of the major wildlife corridors, or Primary Links, identified as the major corridors were in the Terengganu FMU.

There are no indigenous people reserves in the FMU. They live outside the Terengganu FMU (i.e in stateland). The customary rights of the Orang Asli were respected in forest management planning and implementation, as verified during this audit, there was no land claims on certified PRF areas.

The issue of fair and equitable compensation for the commercial utilisation of traditional forest-related knowledge and practices of indigenous peoples was not an issue for Terengganu State Forestry Department (TSFD). TSFD has developed a mechanism in the form of a flow chart with clearly stated steps and an attached agreement entitled "Compensation Mechanism for Payment of Compensation to the Rights of Orang Asli Traditional Knowledge Commercialised by the Forestry Department" (Mekanisma Bayaran Pampasan Kepada Hak Pengetahuan Tradisi Orang Asli yang Dikomersilkan oleh Jabatan Perhutanan) to handle the problem should it arise in the future.

With regards to employment of local people, a perusal of the license files showed that a number of the licensees and their workers were from the local areas.

3 AUDIT PROCESS

3.1 Audit Dates

25 – 27 OCT 2021 / 6 auditor day(s) (onsite)
12-14 July 2021 (Remote) / 6 auditor day(s)

3.2 Audit Team

Mohd. Annas Amin Hj.Omar (Lead Auditor)
Hj.Roslee Jamaludin (Auditor)

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 Peninsular Malaysia.

3.4 Stakeholder Consultations

A one-month stakeholder consultation was conducted beginning 15th September 2021 to solicit feedback from stakeholders on the compliance of the Terengganu 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 Terengganu FMU's current documentation and field practices in forest management with the detailed of the standard of performances (SOPs) listed in the MC&I SFM, using the verifiers stipulated for Peninsular Malaysia.

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 to issue a major or minor NCR or an OFI which is defined as follows:

- (i) a major NCR is a non-compliance with the requirements of the MC&I (Natural Forest);

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

Consultations were held with the local communities in Perkampungan Orang Asli Sg. Berua, Kg. Gerdong and MPKK Kg. Bukit Cina as well as contractors and workers operating in the FMU. The audit team had also held meetings with the officers and the uniformed field staff of the TSFD.

The coverage of this surveillance 3 audit is as shown in the surveillance 3 Audit Plan in **Attachment 4**

The TSFD had sent a corrective action plan to the audit team to address the major and minor NCRs which the audit team had reviewed and accepted them. The audit team had prepared an interim surveillance 3 audit report and sent it to the TSFD for comment. A second draft of audit report which had incorporated the comments received from the TSFD is then finalised.

4 SUMMARY OF AUDIT FINDINGS

Based on the findings of this surveillance 3 audit, it was found that the TSFD had continued to manage the Terengganu FMU in compliance with most of the requirements of the MC&I SFM. This surveillance 3 had resulted in the issuance of 1 major, 3 minor NCRs and 2 OFIs. The details on the NCRs/OFls raised are shown in **Attachment 5**.

The audit team had reviewed, accepted, and verified the corrective actions taken by the TSFD to address the 1 major NCR raised during this surveillance 3 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 TSFD's proposed corrective actions to address the 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 TSFD to address the Minor NCRs which were raised during the previous audit. Based on verification conducted by audit team on previous findings, all previous findings have been satisfactorily closed except 1 Minor NCR which has been upgraded to Major NCR and 1 OFI was upgraded to Minor NCR due to recurrence of the same issue. 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), Borang Makluman Aduan Pelanggan (Customers' Complaint Form) and Carta Aliran Proses Pengendalian Aduan Pelanggan (Flow Chart for Handling Customers' Complaint) which accessible at State and District Forest Office. It was observed that there was no recorded civil court case pertaining to legal or customary tenure or use rights filed against the TSFD.

With regard 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.

As the major NCR raised during this surveillance 3 audit had been closed out, the audit team had therefore recommended that the Certificate for Forest Management be awarded to the Terengganu FMU be maintained.

The summary on the findings of the surveillance 3 audit on the Terengganu FMU against the requirements of the MC&I (Natural Forest) are as follows:

| Principle | Strengths | Weaknesses |
|--|---|---|
| <p>Principle 1 Compliance With Laws and Principles</p> | <p>Terengganu State Forestry Department (TSFD) had maintained records of all relevant laws, policies and regulations stipulated in the MC&I (Natural Forest) fundamental for the FMU management was up to date. The enforcement of these statutory requirements had been enforced by these officers.</p> <p>The documents on all the binding international agreements such as International Labour Organisations Conventions (ILO), International Tropical Timber Agreement 1994, United Nations Framework Convention on Climate Change (UNFCCC) and Convention of International Trade of Endangered Species (CITES) which Malaysia is signatory were available.</p> <p>Interview sessions done in TSFD offices (headquarter and district offices) found that forest managers were aware with the binding international agreements relevant to forest management.</p> <p>Commitment of the FMU to implement sustainable forestry based on the MC&I SFM was found to be appropriate and implemented. This was verified during the audit with the availability of the written MC&I statement and policy in the offices and TSFD official website: http://trgforestry.terengganu.gov.my</p> | <p>During site inspection to active licence area No. TS-01-08-21 Compt. 88 (Part) in Jengai PRF, there was no evidence of a registered Headman (Kepala Hutan) in the Licence Document TB-01-08-21 been issued a Sub-Licence as a requirement in Rule 32, State Forest Rule 1986. Therefore, minor NCR: RJ01/2020 (SA2) was upgraded to Major ANS01/2021 for Indicator 1.5.2 due to recurrence noncompliance.</p> |
| <p>Principle 2 Tenure and Use Rights and Responsibilities</p> | <p>The Permanent Reserve Forests (PRFs) in Terengganu were gazetted under the National Forestry Act 1984 (<i>Akta Perhutanan Kebangsaan 1984</i>). The compiled document of forest reserve gazette were made available during the audit at TSFD headquarters.</p> <p>The documentation of legal status, and established forest use rights of the land or forest resources within the relevant federal, state, and local laws was made available during the audit.</p> <p>TSFD has submitted draft of proposed 55,558.30 ha of stateland for new gazette as permanent forest reserve to respective agencies on 11 July 2021 for technical feedback before submission to state government.</p> <p>Mechanisms for resolving grievances including land claims had been developed by TSFD and were made available to the auditors during the audit (see Peninsular Malaysia Forestry Department Director-General's Circular No. 2, 2014 on the handling of complaints and grievances).</p> <p>At present, the Orang Asli, according to the</p> | <p>There were no negative findings</p> |

| Principle | Strengths | Weaknesses |
|--|--|--|
| | villagers interviewed, are no longer dependent on the forest for their livelihood and they were also not affected by forest activities in the PRFs as the logging areas were not as close as they used to be to their communities. | |
| Principle 3 Indigenous People's Rights | <p>The customary use rights of the Orang Asli within the PRF were respected in forest management planning and implementation in accordance to the Aboriginal Peoples Act 1954.</p> <p>TSFD had never been involved in any of forest operations in the Orang Asli Reserves, and there never had been any indigenous people's land inside the TSFD certified area.</p> <p>Appropriate procedures for identification and protection of sites of special cultural, ecological, economic, or religious significance to the Orang Asli had been established.</p> <p>The assessments of potential impacts of forest activities on Orang Asli communities was also carried out prior to logging. Data was collected using the questionnaire 'Panduan Maklumat Kajian Impak Sosial Dalam Sektor Pembalakan (Sebelum Pembalakan)/Information Guidelines for Social Impact Study in the Logging Sector (Before Logging) (Form E/SIA).</p> <p>There was also no record of commercial utilization of their traditional forest-related knowledge and practices. This was affirmed by TSFD officers as well as Orang Asli leaders interviewed during the audit.</p> | <p>There were no negative Findings</p> |
| Principle 4 Community Relations and Workers' Rights | <p>Training facilities are available at the TSFD's Training Center located in Chalok and Hulu Terengganu (Pusat Latihan Perhutanan Chalok and Pusat Latihan Perhutanan Terengganu) for the employees and logging contractors as well as their workers.</p> <p>Training was conducted annually according to set program and companies were notified to send their workers, including contractors and supervisors.</p> <p>With regards to employment of local people, a perusal of the license files showed that several licensees and their workers were from the local area.</p> <p>The supporting staff of the TSFD being public sector employees were members of CUEPACS, the public sector employee's union. However, no union among the forest workers hired by the logging contractors but they were employed in accordance to the Employment Act 1955 and they were not restricted from joining any union of their choice.</p> | <p>During site inspection, safety and operational equipment such as first aid box, chainsaw, fire extinguisher, safety helmet and goggles were made available. However, the auditor has found the following noncompliance;</p> <ol style="list-style-type: none"> 1. Five (5) Chainsaws stored at Workers camp at licensed No. [TB-01-03-21] Compt. 25 (Part) in Petuang PRF were without safety cover. 2. Record of equipment and maintenance for Contractor Cocopalms Beach Resort Sdn Bhd in licensed No. [TU-01-01-21] Compt. 58 (Part) in Gunung Tebu PRF did not include all type of maintenance of equipment registered in the licence. <p>Therefore, a Minor NCR RJ 01/2021 for Indicator 4.2.3 was</p> |

| Principle | Strengths | Weaknesses |
|--|--|---|
| | <p>The logging contractors' employees on the other hand were also protected by the terms and conditions stated in their employment agreement which included among other things, health, and accident benefits through SOCSO or workmen's compensation (Workmen's Compensation Act 1952)</p> <p>Appropriate mechanisms to expeditiously resolve grievances, and provide fair and equitable compensation for any loss or damage affecting the local and Orang Asli communities' legal or customary rights, property, resources, or their livelihoods were in place</p> | <p>raised</p> <p>During site inspection at active harvesting area, it was found that, the Employment contract between Contractor of Syarikat Dasar Timur Sdn Bhd at License [TB-01-03-21] and Contractor Cocopalm Beach Resort Sdn Bhd in licensed No. [TU-01-01-21] did not follow current Malaysia minimum wage. Therefore, a Minor NCR ANS 01/2021 for Indicator 4.3.3 was raised.</p> <p>Even though, Terengganu FMU has conducted social impact consultation with villagers using Borang Soal Selidik, however the villagers have no access to the result of SIA report. Therefore, an OFI for Indicator 4.4.1 was raised.</p> |
| <p>Principle 5 Benefits From the Forest</p> | <p>Investments and reinvestments have been made in forest management by TSFD in 2021. This was evident by the report on expenditures which includes, forest conservation and protection, boundary surveying/maintenance, forest management plan preparation, Pre-F and Post-F inventories, timber tagging, nursery, forest plantation, ecotourism, forest ICT, Human Resource Development, and infrastructure/equipment. Funds were also allocated for HCVF, Phenology plots, VJR and establishment of non-timber forest products.</p> <p>TSFD had included the non-timber forest products (NTFPs) in one of its development programmes aimed at collating data on the management of these resources in order to conserve optimally as consistent with ecological balance, environmental stability and biodiversity of the FMU.</p> <p>To minimise damage on residual stand, Terengganu FMU had implemented the Guidelines of Reduce Impact Logging in Peninsular Malaysia 2003, Guidelines for Forest Roads 2010 (Amendment 2013) and Forest Harvesting Plan.</p> <p>Areas exceeding 1,000 meters above sea level or with slopes of more than 40 degrees were excluded from logging, demarcated and mapped as protection forests as stated in the FMP.</p> <p>The TSFD to date has established a total of 61,375.58 ha as Water Catchment areas in Terengganu FMU. The area was demarcated,</p> | <p>Planting in Skid trails, ex log landing could be further improved by keeping the proper record of species planted, monitoring, inventory and treatment as required under para 4.5 "Tanaman Mengaya" in Manual Perhutanan Jilid 111. Therefore, an OFI for Indicator 5.1.2 was raised.</p> |

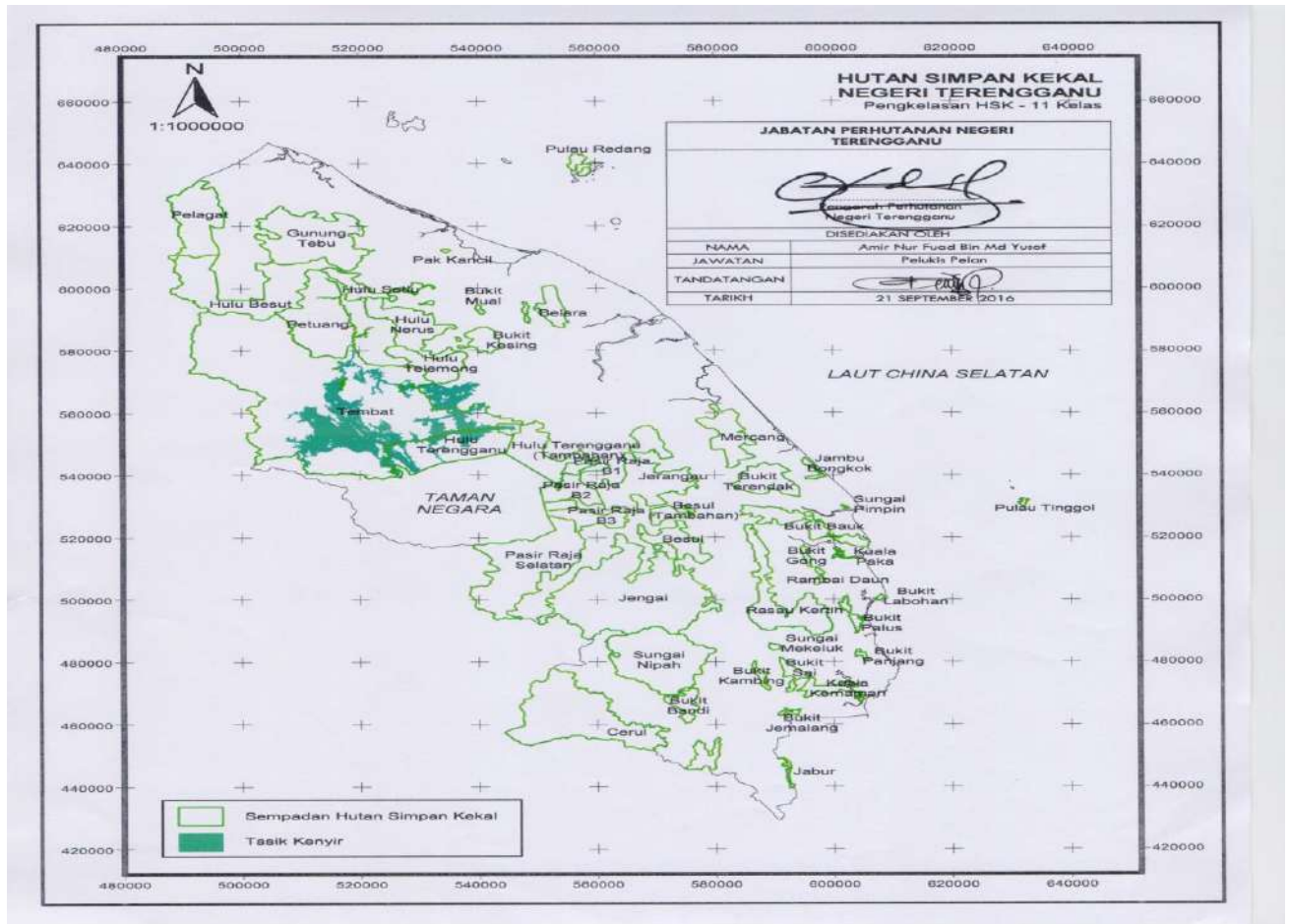
| Principle | Strengths | Weaknesses |
|-----------|--|------------|
| | <p>mapped, and managed according to the Guidelines for Catchment Forests (2010). Harvesting rates in Terengganu FMU were determined by the annual allowable cut (AAC) set in the by the Majlis Tanah Negara kali Ke 77 dated 8 September 2020. In 12th Malaysia Plan the AAC is 6,100 ha a year or a total of 30,500 ha over the five-year duration in the plan (2021-2025).</p> <p>The volume for tree tagging for primary and secondary forest was set at 85m³/ha and 76m³/ha respectively. However, Forestry Department Peninsular Malaysia (FDPM) had set the net volume limits of 68 m³/ha for primary forests and 61 m³/ha for secondary forest can be extracted from the areas. These limits were related to the 30-year rotations of the bi-cyclic SMS based on the sustainability of timber production.</p> | |

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| <p>Principle 6 Environmental Impact</p> | <p>A Macro Environmental Impact Assessment (MEIA) of Forest Harvesting for Terengganu FMU dated 18/11/2009 is available where potential impacts and mitigation measures were described. Measures to mitigate impact of forestry operations on ERT were also mentioned in the Mid Term Review of the current FMP (2016-2025). Recommendations from the MEIA report were also incorporated in the Mid Term Review of the current FMP (2016 -2025).</p> <p>The TSFD also is an important and active member of the Central Forest Spine (CFS) Programme and working committee of the CFS implementation (<i>Jawatankuasa Kerja</i> CFS). In the Central Forest Spine (CFS) Programme, several biological corridors were planned within the Terengganu FMU to conserve wildlife movement and habitats.</p> <p>At the macro-level, a guideline for establishing VJRs (<i>Guidelines for the Establishment and Maintenance of Virgin Jungle Reserves</i>, 1987) was available. In Terengganu FMU, a total of 12 VJRs had been established covering a total area of 4,055.61 ha.</p> <p>Harvesting operations in the FMU were conducted based on the requirements of the Guidelines for Reduced Impact Logging in Peninsular Malaysia 2003 and the Forest Road Guidelines 2010 (Amended 2013) to reduce soil compaction.</p> <p>The TSFD had established collaboration with PERHILITAN on the conservation of wildlife in Terengganu FMU. PERHILITAN was invited to give a briefing (taklimat lesen) to licensee, contractor and forest workers on prohibition of inappropriate activities with regards to fauna.</p> | <p>There were no negative findings</p> |
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| | <p>The TSFD had established an official Policy on Environmentally Friendly Non-Chemical Method of Pest Management. The documented policy signed by the State Director of Forestry dated 22/08/2016.</p> <p>Standard operating procedures on waste disposal and re-cycling of liquid and solid non-organic wastes titled Standard Operation Procedure (SOP) “Bagi Pelupusan Sisa Pepejal Dan Cecair Bukan Organik Berdasarkan Keperluan Kualiti Alam Sekitar” was available and displayed at the FMU’s office and at visited active harvesting licensed areas.</p> <p>There is no evidence of the usage of the Genetically Modified Organisms and biological control agents within TSFD since last audit.</p> <p>Conversion from natural forest to forest plantations or non-forest use in the FMU did not include any High Conservation Value Forest (HCVF) areas and covered a very limited portion of the management unit hence, ensuring conservation, economic and social values. The degazettement and conversion area did not exceed the 5.0% from total certified area</p> | |
| <p>Principle 7 Management Plan</p> | <p>The latest version of Forest Management Plan (2016 – 2025) for Terengganu FMU has been made available during the audit. The document contained eight chapters following the standard FMP of Forestry Department of Peninsular Malaysia.</p> <p>Forest managers aware on the new scientific and technical information pertinent to the management of FMU.</p> <p>The facilities for the training also was found available such as <i>Pusat Latihan Perhutanan Kuala Berang</i> to train forest workers and TSFD staff, and sometimes facilities in Terengganu Eco-Parks within the FMU also used for training.</p> <p>The Forest Management Plan (2016-2025) has included a clear summary made widely accessible to the general public, by downloading in its webpage. The hyperlink to the public summary was verified at the time of audit as below; http://trgforestry.terengganu.gov.my/images/Ringkasan%20Eksekutif%20RPH-2016%202025.pdf</p> | <p>Uniformed forest officer interviewed found that, they had not attended training on the MC&I SFM principles and Criteria and not aware of the standard. Therefore, OFI for Indicator 7.3.2 was upgraded to minor NCR RJ02/2021 for Indicator 7.3.2.</p> |
| <p>Principle 8 Monitoring and Assessment</p> | <p>The TSFD had continued to use the monitoring forms A – D, [A: Infrastructure, B: Forest Harvesting, C: Environment, D: Output] for assessing social, ecological, environmental, and economic impacts of forest operations. E, SIA forms (social impact assessment before, during and after harvesting activities).</p> | <p>There were no negative findings</p> |

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| | <p>The internal audit was conducted on 27 & 28 September 2021. The minutes of meeting was verified by the auditor showed evidence on status of Compliance/Non-compliance relevant to MC&I indicators, proposed corrective actions and progress of corrective actions taken to close the NCRs.</p> <p>The TSFD management has appropriately included all relevant information needed to monitor items listed in (a) to (e) of Criterion 8.2.</p> <p>All logs transported out of the forest in the FMU will be issued with a delivery order prepared by the logging contractor where the tree number, species, log production number, log length, diameter, and net volume are documented.</p> <p>The Removal Pass is a controlled legal document, the issuance of which is assigned only to a designated Forester. The logs are only allowed to be transported out of the FMU when a Removal Pass has been issued.</p> <p>Summary of the results of the monitoring indicators, including those listed in Criterion 8.2 is available online :</p> <p>http://trgforestry.terengganu.gov.my/index.php?option=com_content&view=category&id=11&Itemid=252&lang=my</p> | |
| <p>Principle 9 Maintenance of High Conservation Values</p> | <p>Three HCV areas were identified in Terengganu FMU namely;</p> <ol style="list-style-type: none"> 1. Compt. 31, Jerangau FR – presence of unique species, <i>Dipterocarpus sarawakensis</i> (Keruing Sarawak) 2. Compt. 5, Pasir Raja FR- presence of the biggest tree of <i>Neobalanocarpus heimii</i> (Chengal Besar) 3. Compt. 34, Jerangau FR – presence of beautiful umbrella-leafed palm of <i>Johannesteijsmannia altifrons</i> (Sal) <p>Terengganu FMU had consulted relevant stakeholders on the options to maintain or enhance the identified HCVFs.</p> <p>Measures to demarcate, maintain and/or enhance the HCVF attributes were documented in the FMP (2016- 2025). The summary of the management plan for HCV areas is publicly available at: http://trgforestry.terengganu.gov.my/index.php?option=com_content&view=article&id=365&Itemid=262&lang=my</p> <p>Periodic monitoring was conducted to assess the effectiveness of the measures employed to maintain or enhance the applicable conservation attributes in the HCVFs.</p> | <p>There were no negative findings</p> |

Map of Terengganu FMU



Experiences and Qualifications of Audit Team Members

| Names of Audit Team | Role | Qualification and Experience |
|-------------------------------|-------------------|--|
| Mohd Annas Amin bin Haji Omar | Audit Team Leader | <p>Academic Qualification: <i>Diploma in Forestry, UPM</i> <i>B. Sc. In Forestry, UPM</i></p> <p>Work Experience: Six years as Assistant Forest Officer at Perak State Forestry Department from 2013-2018. Main responsibility is Assisting District Forest Officers in administrative work, forest development and forest operations.</p> <p>Conduct forest Enforcement Team Activities such as The Prevention of illegal logging. Appointed as Raid Officer in Raid Eradicating Illegal Refinery in Kinta Manjung Forest District. Also appointed as Investigation Officer in a case involved Ayer Chepam Forest Reserve and cased Prosecuted in Court.</p> <p>Training / Research Areas: Attended and pass the following training programmes:</p> <p>Program Of MTCS Training Course (MC& I) In Kuantan (9-12 July 2018)</p> <p>Lead Auditor ISO 9001, ISO 14001 & ISO 45001 Exemplar Global Certified (13-18 Ogos 2018)</p> |
| Haji Roslee bin Jamaludin | Auditor | <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> |

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| | | <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. |
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Comments Received from Stakeholders and Responses by Audit Team Leader

| No. | Stakeholder | Comments/Issues Raised | Response by Audit Team |
|-----|-------------|------------------------|------------------------|
| | | None | |

Surveillance 3 Audit Plan

| DAY | TIME | PROGRAM | |
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| | | AUDITOR 1 (Annas) | AUDITOR 2 (Hj Roslee) |
| Sunday (24/10/2021) | | <ul style="list-style-type: none"> Travel from KLIA to Kuala Terengganu MAS- MH 1336 (1600– 1700) Audit team stay at Paya Bunga Hotel Briefing by Audit Team Leader on the audit plan | |
| Day 1 Monday (25/10/2021) | 8.30 am – 12.30 pm | <ul style="list-style-type: none"> Opening Meeting with representatives of FMU Briefing session by Forest Manager on progress of forest activities Evaluation of changes to the management of the FMU Check on progress of planned activities aimed at enhancing the operation system Check on complaints, stakeholder comments and follow-up actions with Government agencies and NGOs Check on verification for closing NCRs raised during the previous audit Evaluate on internal audit and management review Q&A Session | |
| | | AUDITOR 1 (Annas) | AUDITOR 2 (Hj Roslee) |
| | | Documentation and records review <ul style="list-style-type: none"> Principle 5 – Benefits from the forest Principle 6 – Environmental Impact Principle 7 – Management Plan Principle 8 – Monitoring and Assessment | Documentation and records review <ul style="list-style-type: none"> Principle 1 – Compliance with Laws Principle 2 – Tenure and Use Rights and Responsibilities Principle 3 – Indigenous Peoples' Right Principle 4 – Community Relations and Worker's Right Principle 9 – Maintenance of High Conservation Value Areas |
| | | <u>Terengganu Barat</u> <ul style="list-style-type: none"> Inspection of active harvesting area Kpt 16 (sbhg), HS Jerangau MYS Timber Sdn. Bhd (30%) Forest Checking Station (BPH) BPH Jerangau dan BPH Jeneris 2 Interview with Indigenous/ local communities JPKK Kg Gerdong dan JPKK Sungai Berua | <u>Terengganu Barat</u> <ul style="list-style-type: none"> Inspection of active harvesting area Licence Number- Work percentage- Forest Checking Station (BPH) Interview with Indigenous/ local communities |
| | | <ul style="list-style-type: none"> Review of Day 1 Findings by Audit Team Leader Auditor 2 overnight in Kuala Terengganu - Paya Bunga Hotel Auditor 1 overnight in Terengganu Selatan – Permata Resort | |
| Day 2 Tuesday | 7.00 am – 8.00 pm | AUDITOR 1 (Annas) | AUDITOR 2 (Hj Roslee) |

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| (26/10/2021) | | <p style="text-align: center;"><u>Terengganu Selatan</u></p> <ul style="list-style-type: none"> • Inspection of active harvesting area Kpt 88 , HS Jengai TS-01-08-21 409 ha KPKKT (30 %) • Forest Checking Station (BPH) BPH Cheneh • Nursery Tapak Semaian Kerteh | <p style="text-align: center;"><u>Terengganu Utara</u></p> <ul style="list-style-type: none"> • Inspection of active harvesting area Licence Number- Work percentage- • Inspection of active harvesting area Kpt 58, HS Gunung Tebu TU-01-01-21, 187 ha <p>Lakaran Samudera (75%)</p> <ul style="list-style-type: none"> • Forest Checking Station (BPH) • Interview with Indigenous/ local communities - JPKK Kg Bukit Cina • Nursery Tapak Semaian Pasir Akar, Bukit Cina |
| | | <ul style="list-style-type: none"> • Review of Day 2 Findings by Audit Team Leader • All auditors overnight in Kuala Terengganu - Paya Bunga Hotel | |
| Day 4 Wednesday (27/10/2021) | 8.00 am – 12.00 pm | AUDITOR 1 (Annas) | AUDITOR 2 (Hj Roslee) |
| | 2.00 – 5.00 pm | <ul style="list-style-type: none"> • Continue documentation and records review for any unfinished area | <ul style="list-style-type: none"> • Continue documentation and records review for any unfinished area |
| | | <ul style="list-style-type: none"> • Closing meeting | |
| | | <p>*Travel to Kuala Terengganu to KLIA2 AirAsia - AK6219 (1920 – 2025)</p> | |

Details on NCRs and OFIs Raised During this Surveillance 3 Audit and Corrective Actions Taken (2021)

| Indicator | Detail Non-conformances | Corrective Action Taken | Verification by Assessor |
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| <p>Major</p> <p>NCR: ANS03/ 2021</p> | <p>Requirement: Indicator 1.5.2 – FMU shall be protected from encroachment, illegal harvesting, hunting, and settlement, and other unauthorised activities.</p> <p>Finding: A registered Headman (Kepala Hutan) has not been issued a Sub- Licence.</p> <p>Objective evidence: During site inspection to active licence area No. TS-01-08-21 Compt. 88 (Part) in Jengai PRF, there was no evidence of a registered Headman (Kepala Hutan) in the Licence Document TB-01-08-21 been issued a Sub-Licence as a requirement in Rule 32, State Forest Rule 1986.</p> | <p>Result of investigation and determination of root cause: Based on the investigation found that there was no sublicense application for Kepala Hutan appointed by the licensee to the department during the review.</p> <p>Correction and corrective action plan including completion date: The department instructed the licensee to apply for a sub -license for Kepala Hutan. Accordingly, the licensee has taken further action as in Appendix 8. A compound action of RM 50.00 has also been issued to the licensee as provided in the license conditions refer to item 8.0 Sublicense Ownership as in Appendix 9.</p> | <p>Audit team has verified letter PHNT 100/3//1/12 (24) dated 10 November 2021 on the compound. the licensee was paid the compound based on the resit number (21EVTR0501092) dated 16 November 2021.</p> <p>Status: Closed</p> |
| <p>Minor</p> <p>NCR: RJ01/ 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: 1.Operational equipment stored an inappropriate safety measure. 2.Record of equipment and maintenance not adequate.</p> | <p>Result of investigation and determination of root cause: Based on the investigation found that the licensee TB-01-03-21 did not make the storage of chainsaws according to the guidelines that have been set during the review. This is because the workers in the logging conglomerate do not have the knowledge related to the proper storage of chainsaws. Apart from that, the licensee for the TU-01-01-21 license failed to provide equipment maintenance records in the station area because they did not have the relevant records.</p> | <p>Status: Implementation and effectiveness and of the corrective action will be verified during next audit.</p> |

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| | <p>Objective evidence:</p> <ol style="list-style-type: none"> Five (5) Chainsaws stored at Workers camp at licensed No. [TB-01-03-21] Compt. 25 (Part) in Petuang PRF were without safety cover. Record of equipment and maintenance for Contractor Cocopalm Beach Resort Sdn Bhd in licensed No. [TU-01-01-21] Compt. 58 (Part) in Gunung Tebu PRF did not include all type of maintenance of equipment registered in the licence. | <p>Correction and corrective action plan including completion date:</p> <p>The department has taken immediate action through the licensee as per Appendix 1 ' and 2 twins. For this matter, the Department has also sent 10 staff involved in the logging area to participate in the Directional Tree Felling Techniques Course Series 1 Year 2021 organized by JPSM on 15-18 November 2021. This course aims to provide exposure on the basics and techniques of directional tree felling. as well as the basics of operation and maintenance of chainsaws. The course invitation letter is as in appendix 3.</p> | |
| Minor ANS01/202 1 | <p>Requirement: Indicator 4.3.3 - The right of workers to employment benefits and social protection is assured under applicable laws and/or regulations.</p> <p>Finding :</p> <p>Employment contract between Contractor and works not complied with Employment Act 1955.</p> <p>Objective evidence :</p> <p>Employment contract between Contractor of Syarikat Dasar Timur Sdn Bhd at License [TB-01-03-21] and Contractor Cocopalm Beach Resort Sdn Bhd in licensed No. [TU-01-01-21] did not follow current Malaysia minimum wage.</p> | <p>Result of investigation and determination of root cause:</p> <p>The results of the review found that the licensee had used the records/documents of the employer and employee contract agreement which were not updated during the review.</p> <p>Correction and corrective action plan including completion date:</p> <p>The department has reprimanded the licensee regarding this matter. Accordingly, the licensee has updated the records/documents of the contract agreement between the employee and the employer based on the current minimum wage as shown in Appendix 4 and 5.</p> | Status: Implementation and effectiveness and of the corrective action will be verified during next audit. |
| Minor RJ02/ 2021 | <p>Requirement Indicator 7.3.2- Availability of programmes to train forest workers to and their respective roles to and responsibilities of the forest worker to ensure effective implementation of the forest management plan.</p> <p>Finding: Training of the MC&I SFM Principles</p> | <p>Result of investigation and determination of root cause:</p> <p>The results of the review found that the Department's staff working at the Cheneh Forest Inspection Station were newly appointed staff who</p> | Status: Implementation and effectiveness and of the corrective action will be verified during next audit. |

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| | <p>and Criteria not provided</p> <p>Objective evidence:</p> <p>Uniformed forest officer interviewed found they had not attended training on the MC&I SFM principles and Criteria and not aware of the standard.</p> | <p>did not have further disclosure on the principles and criteria of MC&I SFM. Basically for the year 2021 a course related to the understanding of MC&I SFM has also been designed but due to the spread of COVID-19, this course has been postponed.</p> <p>Correction and corrective action plan including completion date:</p> <p>The department has planned the implementation of MC&I SFM courses for the staff of this department in early 2022 subject to the current SOP of COVID-19. For that at an early stage, the department has taken the initiative to conduct a Service Examination Preparation Course and Service Examination Organization for the Grade G19 Hulan Invigilator Scheme in Terengganu on 21-23 November 2021. This course will provide initial exposure on tree identification. leaves and wood Isl as per the letter in Appendix 6. In addition itu. a circular letter related to the findings of MC&I SFM Independent Audit non - conformities was also distributed to all unit heads and District Forest Controllers to be made public/distributed to all levels of staff to provide an advance on MC&I SFM audits.</p> | |
| <p>OFI Indicator 4.4.1</p> | <p>Terengganu FMU has conducted social impact consultation with villagers using Borang Soal Selidik. However the villagers have no access result of SIA report.</p> | <p>Not required.</p> | <p>Status: Will be verified during next audit.</p> |
| <p>OFI Indicator 5.1.2</p> | <p>Planting in Skid trails, ex log landing could be further improved by keeping the proper record of species planted, monitoring, inventory and treatment as required under para 4.5 “Tanaman Mengaya” in Manual Perhutanan Jilid 111.</p> | <p>Not required.</p> | <p>Status: Will be verified during next audit.</p> |

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

| Indicator | Specification Major/Minor/OFI | Detail Non-conformance | Corrective Action Taken | Verification by Assessor |
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| Indicator 1.5.2 NCR No.: RJ 01 2020 | Minor | <p>Requirement: Indicator 1.5.2 - Control of encroachment, illegal harvesting, hunting, and settlement, and other unauthorised activities in the FMU.</p> <p>Finding: A registered Headman (Kepala Hutan) in Licence TB-01-01-20 has not been issued a Sub-Licence.</p> <p>Objective evidence: During site inspection to active licence area No. TB-01-01-20 Compt. 11 (Part) in Hulu Terengganu PRF, there was no evidence of a registered Headman (Kepala Hutan) in the Licence Document TB-01-01-20 been issued a Sub-Licence as a requirement in Rule 32, State Forest Rule 1986.</p> | <p>Root cause: Investigation found that Headman (Kepala Hutan) did not carried out any work inside the license area. No need for application of Sub-Licence.</p> <p>Corrective action plan: The Forest Department has decided to the licensee to register their Headman for Sub-Licence so that easy for the FMU to monitor.</p> | <p>Corrective action plan was accepted by audit team.</p> <p>The forest department has approved Sub-Licence for the Headman on 22 July 2020. The Sub-Licence is valid from 1 July 2020 to 30 September 2020.</p> <p>Status: Therefore, minor NCR: RJ01/2020 (SA2) was upgraded to Major ANS01/2021</p> |
| Indicator 4.2.5 NCR No.: RJ 02 2020 | Minor | <p>Requirement : Indicator 4.2.5 - Demarcation of hazardous areas and provision of guidelines for storage and handling of hazardous materials</p> <p>Finding : Pictorial diagram and date of first generated for scheduled waste did not follow the Forestry Dept. SOP “Pelupusan Sisa Pepejal dan Cecair Bukan</p> | <p>Root cause: Based on investigation by forest department, it found that the licensee was not aware of the SOP.</p> <p>Corrective action plan: The forest department will conducting a training session on scheduled waste management on 21-23 October 2020 by officer from Department of Environment. The training will be</p> | <p>During audit site inspection at active harvesting area in Compt.14, Hulu Telemong PRF Licence No. TB-01-05-21, the contractor has labelled pictorial diagram, signage and date of first generated for scheduled waste based on the Forestry Dept. SOP “Pelupusan Sisa Pepejal dan Cecair Bukan Organik Berdasarkan Keperluan Kualiti Alam Sekitar 2014”. Therefore, Minor NCR RJ 02/2021 for Indicator 4.2.5 raised during surveillance 2 audit was satisfactorily closed.</p> |

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| | | <p>Organik Berdasarkan Keperluan Kualiti Alam Sekitar 2014”.</p> <p>Objective evidence : 1)Site inspection in Workshop in Active harvesting area Licence No.TS-01-03-20 in Compt. 89 Jengai PRF it was found that:</p> <p>i) The label for scheduled waste 305 did not follow the size as specified in the SOP (10cm x 10cm).</p> <p>ii) The label for scheduled waste for date of first generated recorded with a multiple date (7/2/2020, 21/6/2020 and 22/3/2020 in a scheduled waste drum.</p> <p>2) Auditor has found that pictorial signage such as ‘Danger’, ‘Explosive’, No Smoking’, ‘Flammable’ and also signage of personal protective equipment (PPE) in front of genset was not clearly demarcated at Compt. 63, Petuang PRF.</p> | <p>attended by forest department and licensee.</p> <p>A copy of the SOP will be distributed to all licensee.</p> | <p>Status: Closed</p> |
| <p>Indicator 6.5.3</p> <p>NCR No.: MRS 01 2020</p> | <p>Major</p> | <p>Requirement: Indicator 6.5.3 - Availability and implementation of guidelines for forest road lay-out and construction, including log landings and drainage requirements.</p> <p>Finding : 1) Construction of cross drain and side drain did not comply with Garis Panduan Jalan Hutan 2010 and Lesen Mengambil Hasil Hutan (Borang 1) – 11.0</p> | <p>Root cause: Investigation by forest department found that damaged to retaining wall, silt trap and cross drain were caused by raining/weather and also due to minimum road maintenance activity.</p> <p>Corrective action plan: The FMU has issued a Form 2 notice (Notis Borang 2) to licensee from 13-30 August 2020 for fixing the cross drain at feeder riad JT1, Comp 63, Petuang PRF.</p> | <p>Audit team has verified letter PHNT 100/3//1/5 Bhg 3 (29) dated 16 August 2020 on the compound and also action taken by the licensee as verified at ‘Pembaikan Kerosakan pada Pembinaan Perangkap Lumpur dan Parit Silang Tepian di Kompartmen 63, HS Petuang’.</p> <p>The forest department has conducted briefing/training on forest road specification, sump, retaining wall and cross drain on 2 September 2020.</p> |

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| | | <p>Pembinaan Jalan, Jambatan Dan Pembentong.</p> <p>2) Recurrence of the same issue (1) as raised at Compt 17, Besul PRF during previous Surveillance 1 Audit - Minor NCR MRS 01 2019</p> <p>Objective evidence :</p> <p>1. Retaining wall, silt trap and sump were not adhered as per road specification for cross drain at feeder road (JT1) at Compt. 63, Petuang PFR (TB-01-08-20). Construction of the cross drain had resulted in soil flowing direct into the waterway.</p> <p>2. Excessive earth work along feeder road from matau 1 to matau 8 at Compt. 63, Petuang PRF.</p> | | <p>Status: Closed</p> |
| <p>Indicator 8.3.1</p> <p>NCR No.: RJ 03 2020</p> | <p>Minor</p> | <p>Requirement: Indicator 8.3.1 - Forest managers shall provide relevant documents for identifying all forest products leaving the area to be certified so that their origin could be easily determined.</p> <p>Finding : Extracted first Logs diameter recorded in “Buku Kawalan Pengeluaran” showed a significant difference compared to diameter of standing tree recorded.</p> <p>Objective evidence : Site inspection to BPH Durian Mas and BPH Bukit Diman, it was found that, the first log recorded in “Buku Kawalan Pengeluaran” showed a significant difference compared to</p> | <p>Root cause: Based investigation found an error on measurement of tree diameter in the licensed area which may caused the differences on size of tree diameter at Forest Checking Station (BPH). The forest department also found that there was no checking report and approval made by PIC at the BPH).</p> <p>Corrective action plan: Forest Department has instructed the logs with tree diameter more than 10 cm shall be send to the main logyard at licensed area for checking and approval from PIC at BPH based on official letter from Director of Forestry titled ‘Arahan Pentadbiran Berkaitan Perbezaan Pengukuran Diameter Tual</p> | <p>During site inspection to BPH Kuala Jeneris and BPH Pasir Akar (Temporary), it was found that, the first log recorded in “Buku Kawalan Pengeluaran” did not show any significant difference compared to standing tree diameter for Licence No: TU-01-01-21 Compt. 58 Gunung Tebu PRF, and TB-01-05-21 Compt. 14 (Part) Hulu Telemong PRF . Therefore, a Minor RJ 03 2020 for Indicator 8.3.1 raised during previous audit is satisfactorily closed.</p> <p>Status: Closed</p> |

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| | | standing tree diameter as in “Buku Kawalan Pengeluaran” for Licence No: TS-01-03-20, Compt. 89, Jengai PRF and Licence No. TB-01-01-20, Compt. 11 (Part) Hulu Terengganu Tambahan PRF. | Kayu Balak pada Buku Penandaan Pokok dan Kawalan Pengeluaran’ on 16 August 2020. | |
| Indicator 4.2.3 | OFI #1 | <u>Appropriate safety and operational equipment in good working condition, including operational procedures, shall be made available to forest workers in the workplace.</u> Chain block (rantai angkat) used at workshop was without safety latch and not clear on its loading capacity as the label was faded. | Not required. | The chain block has not been used at the workshop in active harvesting areas visited, therefore an OFI for Indicator 4.2.3 raised during the surveillance 2 audit was satisfactorily closed. Status: Closed. |
| Indicator 4.2.4 | OFI #2 | <u>Forest managers shall maintain up-to-date safety records in compliance with all applicable laws and/or regulations covering health and safety of forest workers</u> The FMU has yet to conduct Safety & Health Committee meeting for the year 2020 due to Covid-19 pandemic. The meeting could be conducted quarterly. | Not required. | The FMU has conducted Safety & Health Committee meeting for year 2020 and 2021 dated 20/9/2020, 14/12/2020, 15/3/2021 and 28/6/2021. Therefore, an OFI for Indicator 4.2.4 was raised during this Surveillance 2 Audit was satisfactorily closed. Status: Closed |
| Indicator 7.2.1 | OFI #3 | <u>Implementation of procedures to periodically revise the forest management plan, incorporating the results of monitoring or new scientific and technical information, the frequency of which shall be appropriate to the scale and intensity of forest management operations, so as to respond to changing environmental, social and economic circumstances</u> | Not required. | The TSFD was appointed UPM Consultancy & Services Sdn Bhd for mid-term review FMP 2016-2025. Reference PHNT 4779/BHG.6. (35). Status: Closed. |

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| | | The FMU has allocated budget for mid-term review FMP 2016-2025 for year 2020. However, the evidence of revision has not yet commenced. | | |
| Indicator 7.3.2 | OFI #4 | <p><u>Forest workers shall be trained as to their respective roles in the implementation of the forest management plan</u></p> <p>Training on scheduled waste management and eSWIS system (https://esis.doe.my) could be conducted with participation from person incharge of active licence area (ranger/forester) and personnel from contractor.</p> | Not required. | Status: OFI was upgraded to minor NCR RJ02/2021 was raised against this Indicator 7.3.2. |

End of Report