



**PUBLIC SUMMARY  
1<sup>st</sup> SURVEILLANCE AUDIT (1<sup>st</sup> CYCLE) ON  
DANUM FOREST MANAGEMENT UNIT  
FOR FOREST MANAGEMENT CERTIFICATION**

**Certificate Number: FMC-NF 00129  
Date of First Certification: 8 August 2020  
Audit Date: 28 February – 4 March 2022  
Date of Public Summary: 20 December 2022**

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## EXECUTIVE SUMMARY

This surveillance 1 audit on the Danum Forest Management Unit (hereafter referred as the Danum FMU) was conducted on 28 February - 4 March 2022 to assess the compliance of the overall forest management system of the Danum FMU against the requirements of the *Malaysian Criteria and Indicators for Forest Management Certification* [MC&I SFM] using the verifiers stipulated for Sarawak. The scope of this surveillance 1 audit was limited to the forest management system and practices on the Management of Natural Forest in the Danum Forest Management Unit T/3342 (200,383 Hectares).

This surveillance 1 audit was conducted by a 3-member team comprising Mohd Razman Salim (Lead Auditor), Ismail Adnan Abdul Malek (Auditor), and Khairul Najwan Ahmad Jahari (Auditor).

Based on the findings of this surveillance 1 audit, it was found that Danum FMU had complied with the requirements of the MC&I SFM. This audit had resulted in the issuance of four (4) minor Non-Conformity Reports (NCRs).

This public summary contains the general information on the Danum FMU, the findings of the surveillance 1 audit, NCRs raised as well as the decision on the certification of the FMU.

## 1.0 INTRODUCTIONS

### 1.1 Name of FMU

Danum Forest Management Unit

### 1.2 Contact Person and Address

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

### 1.3 General Background on the Danum FMU

The Forest Timber Licence (FTL) No. T/3342 was issued to Shin Yang Industries (Bintulu) Sdn. Bhd. by the Sarawak Forestry Department on 17<sup>th</sup> June 1997 until 16<sup>th</sup> June 2022 to manage a total 219,380 ha of the part of Danum Protected Forest, part of Linau Protected Forest and part of Balui Protected Forest which is located at upper Sg. Murum area in Kapit Division, Sarawak for period of 25 years. About 18,997 ha was excluded from certification scope due to the impoundment of Murum Dam and oil palm plantation within the licensed area (Seping Oil Palm Plantation).

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

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

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

Based on the cutting limits of 50 cm diameter and above for Dipterocarps and 45cm and above for Non-Dipterocarps, the Annual Coupe for Danum FMU was set at not more than 98,715 m<sup>3</sup>/year (average annual coupe production area shall be 5,078 ha/year). Forest Management Plan (FMP) for Danum FMU entitled “Danum FMU T3342-Forest Management Plan 2018-2027” was available and presented during the audit.

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

### 1.4 Date First Certified

8<sup>th</sup> August 2020

### 1.5 Location of the FMU

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

## 1.6 Forest Management System

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

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

The rate of harvest was calculated to not be greater than estimated regrowth of the residual stand based on permanent sample plots assessment (within a pre-defined 30 year of cutting cycle), with total productive area of 5,078 ha/yr. as stated in the Danum FMP. Based on cutting limits of 50 cm diameter and above for Dipterocarps and 45cm and above for Non-Dipterocarps, the Annual Coupe of Danum FMU was set to not more than 98,715 m<sup>3</sup>/year (average annual coupe production area shall be 5,078 ha/year).

## 1.8 Environmental and Socioeconomic Context

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

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

Documentation of the customary rights of indigenous peoples’ lands was available. Procedures on Land Claim and Guidelines on Conflict Resolution will be used if complaint arise against conflicts and grievances between parties involved. The management of Danum FMU has shown respect to the community by paying compensation to all local community who has claimed the community user rights area at Long Tanyit, Long Abit and Long Lidem which were affected by the forest operation. The areas claimed by the community have been marked in the FMU map. The bilateral agreement was agreed by local communities and the Danum FMU management. The agreement was signed by Long Tanyit on 6 September 2019, Long Lidem community on 14 August 2017 and Long Abit on the 22 September 2019.

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

## 2.0 AUDIT PROCESS

### 2.1 Audit Dates

28 February - 4 March 2022 / 15 auditor days.

### 2.2 Audit Team

Mohd Razman Salim (Lead Auditor)

Ismail Adnan Abdul Malek (Auditor)

Khairul Najwan Ahmad Jahari (Auditor)

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

### 2.3 Standard Used

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

### 2.4 Stakeholder Consultations

A stakeholder consultation was conducted beginning February 2022 for a period of one month inviting relevant stakeholders to give comments on the FMU. One (1) comment received from the stakeholders on Danum FMU during the period. The comments showed in **Attachment 3**

### 2.5 Audit Process

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

For each Indicator, the auditors had conducted either a documentation review, consultation with the relevant personnel of the FMU, local community or stakeholders or field audit or a combination of these methods. Depending on the compliance with the verifiers for a particular indicator, the auditors then decided on the degree of the FMU's overall compliance with the indicator and decided whether 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.

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

The coverage of this surveillance 1 audit is as shown in the surveillance 1 Audit Plan in **Attachment 4**.

The Danum FMU had sent a corrective action plan to the audit team to address the minor NCRs which the audit team had reviewed and accepted them. The audit team had prepared an interim surveillance 1 audit report and sent it to the Danum FMU for comment. A second draft of surveillance 1 audit report which had incorporated the comments received from the Danum FMU was then prepared. A final surveillance 1 audit was then prepared after incorporated the comments from reviewer.

## 3.0 SUMMARY OF AUDIT FINDINGS

Based on the findings of this surveillance 1 audit, it was found that the Shin Yang Industries (Bintulu) Sdn.Bhd. had managed the Danum FMU in compliance with most of the requirements of the MC&I SFM. This surveillance 1 audit had resulted in the issuance of 4 minor NCRs. The details on the NCRs raised are shown in **Attachment 5**.

The audit team had reviewed, accepted, and verified the corrective actions taken by the Shin Yang Industries Sdn. Bhd.- Danum FMU to address the Minor NCR raised during this surveillance 1 audit. The audit team reviewed and accepted the proposed corrective actions to address the 4 minor NCRs. However, these corrective actions shall be verified by the audit team during the next audit.

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

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

As there is no major NCR raised during this surveillance 1 audit, the audit team had therefore recommended that the Certificate for Forest Management be awarded to Danum FMU be maintained

The summary on the findings of the Surveillance 1 audit on the Danum FMU against the requirements of the MC&I SFM are as follows:

<b>Principle</b>	<b>Strengths</b>	<b>Weaknesses</b>
<p><b>Principle 1 Compliance with Laws and Principles</b></p>	<p>The forest management had maintained records of all relevant national, local laws, regulations and policies related to forest management. Copies of all relevant laws, policies and regulations stipulated in the MC&amp;I SFM fundamental for the FMU management were available in the office in the office at the Abit Stumping Office or Research Central Office of T/3342 Danum FMU and T/3228 Linau FMU. The 'Legal register' or list of documents available at Shin Yang's FMU' updated in 2022.</p> <p>The FMU Manager was aware of all the binding international agreements relevant to forest management.</p> <p>Danum FMU has not violated any laws and therefore no compound or penalty imposed by the relevant authorities as monitored in the "Summary of Records of Violation and Actions taken by FMU 2020-2022"</p> <p>Current list of all legally prescribed fees, royalties, taxes, and other charges was available at the Danum FMU Base Office (Abit Stumping Office).</p> <p>Documentation of any conflicts between laws, regulations and these principles and criteria was made available. (SOP REF: LEG/01). The records reviews as in "Declaration of Conflict Form" updated 22/2/2022.</p> <p>The forest managers had expressed their willingness to participate in resolution of such conflicts if they arise.</p> <p>Sign boards on control of hunting had been erected at the strategic location. Posters on Total Protected Wildlife in Sarawak were also observed at the Abit Stumping office. The boundaries were clearly marked with orange paint colour at pole/tree with awareness signboard.</p> <p>The policy statement was displayed at prominent sites within the FMU and had been communicated throughout the organization. The policies or statement were clearly explained to all workers on 9 October 2021.</p>	<p>There were no negative findings</p>
<p><b>Principle 2 Tenure and Use</b></p>	<p>All relevant documents of legal or customary tenure or use rights of the FMU were made</p>	<p>There were no negative findings</p>

Principle	Strengths	Weaknesses
<p><b>Rights and Responsibilities</b></p>	<p>available during the audit. The Forest Timber Licence (FTL) No. T/3342 was issued to Shin Yang Industries (Bintulu) Sdn. Bhd. by the Sarawak Forest Department on 17 June 1997 until 16 June 2022 to manage a total 219,380 ha of the part of Danum Protected Forest, part of Linau Protected Forest and part of Balui Protected Forest for period of 25 years.</p> <p>Forest managers had demonstrated their willingness to support all legal mechanisms on land claim. Only Long Lidem and Long Tanyit community (SIA Report clause 1.6.2 – Local Communities [page 4]) living within the Danum FMU.</p> <p>The Danum FMU management had demarcated the shifting cultivation area (SA) on the map and on the ground.</p> <p>The “Dispute referral Form” was used as document to record claim or complain as the mechanism to resolve dispute.</p>	
<p><b>Principle 3 Indigenous People’s Rights</b></p>	<p>The management of Danum FMU has shown respect to the community by paying compensation to all local community who has claimed the community user rights area at Long Tanyit, Long Abit and Long Lidem which were affected by the forest operation.</p> <p>The bilateral agreement was agreed by local communities and the Danum FMU management. The agreement was signed by Long Tanyit on 6 September 2019, Long Lidem community on 14 August 2017 and Long Abit on 22 September 2019.</p> <p>The Danum FMU was given the right to conduct forest operation in the license areas of Danum FMU T/3342 without any obstruction and disturbance by the local community.</p> <p>The Danum FMU Forest Management Plan, list out the objective of the community development and the community development plan. The FMU Liaison Committee and CCD was established to be responsible for the issues of tenure and land claim.</p> <p>Communities of Long Abit, Long Kajang, Long Tanyit and Long Lidem have confirmed that they are aware of the demarcation of SA area and had participated in the demarcation of HCV areas.</p> <p>“Conflict Resolution Procedure SOP Ref:02” was available as guidelines to address conflict occurrence with local communities due to impact of forest harvesting operation.</p> <p>All four communities rely very much on Abit Camp</p>	<p>There were no negative findings</p>



Principle	Strengths	Weaknesses
	<p>for their health services, telecommunication, and purchased of daily supplies as well for mobility.</p> <p>There was no application of any traditional forest-related knowledge and practices of natives in forest operations. However, the FMU has established SOP no.10 on “Procedures on the Utilization of Indigenous Knowledge.”</p>	
<p><b>Principle 4 Community Relations and Workers’ Rights</b></p>	<p>The FMU has provided training, retraining, local infrastructure, facilities, and social program for all levels of its employees as evidence by the Training record. FMU has conducted 19 training for the year 2021 and planned 20 training for the year 2022.</p> <p>Danum FMU has advertised vacancy post to all four villages.</p> <p>Review on ‘Employee Record for the Month of January and February of 2022’ and site visit at Coupe 1 found that no child labour in the Danum FMU.</p> <p>Up-to-date information on all applicable laws/regulations covering occupational safety and health of forest workers were disseminated to them.</p> <p>Safety and Health Policy dated 1 August 2020 in both Bahasa Malaysia and English had been displayed in the main office at Abit Stumping Camp, workers camp, workshop and Central Stumping and the concept has been discussed frequently during morning briefing. OSH Induction Training was conducted on 27 August 2021.</p> <p>Occupational Safety and Health (OSH) officer had been appointed on 13 January 2021. 1<sup>st</sup> Safety Meeting has been held on 10 January 2022 has covered among others discuss on incidents details as agenda.</p> <p>Local workers and foreign workers had been provided with SOCSO protection.</p> <p>Guidelines for storage and handling of hazardous materials of Scheduled Waste Management were available.</p> <p>The FMU had communicated to the staff and workers of their rights to freely organise into union of their own choice.</p> <p>Danum FMU worker representatives was formed in the FMU on the 11 March 2019. The workers’ representatives are selected by workers and agreed by the management.</p> <p>SOP REF:04 “General Mechanism of Conflict Resolution Procedure” was available as</p>	<p>There were no negative findings.</p>

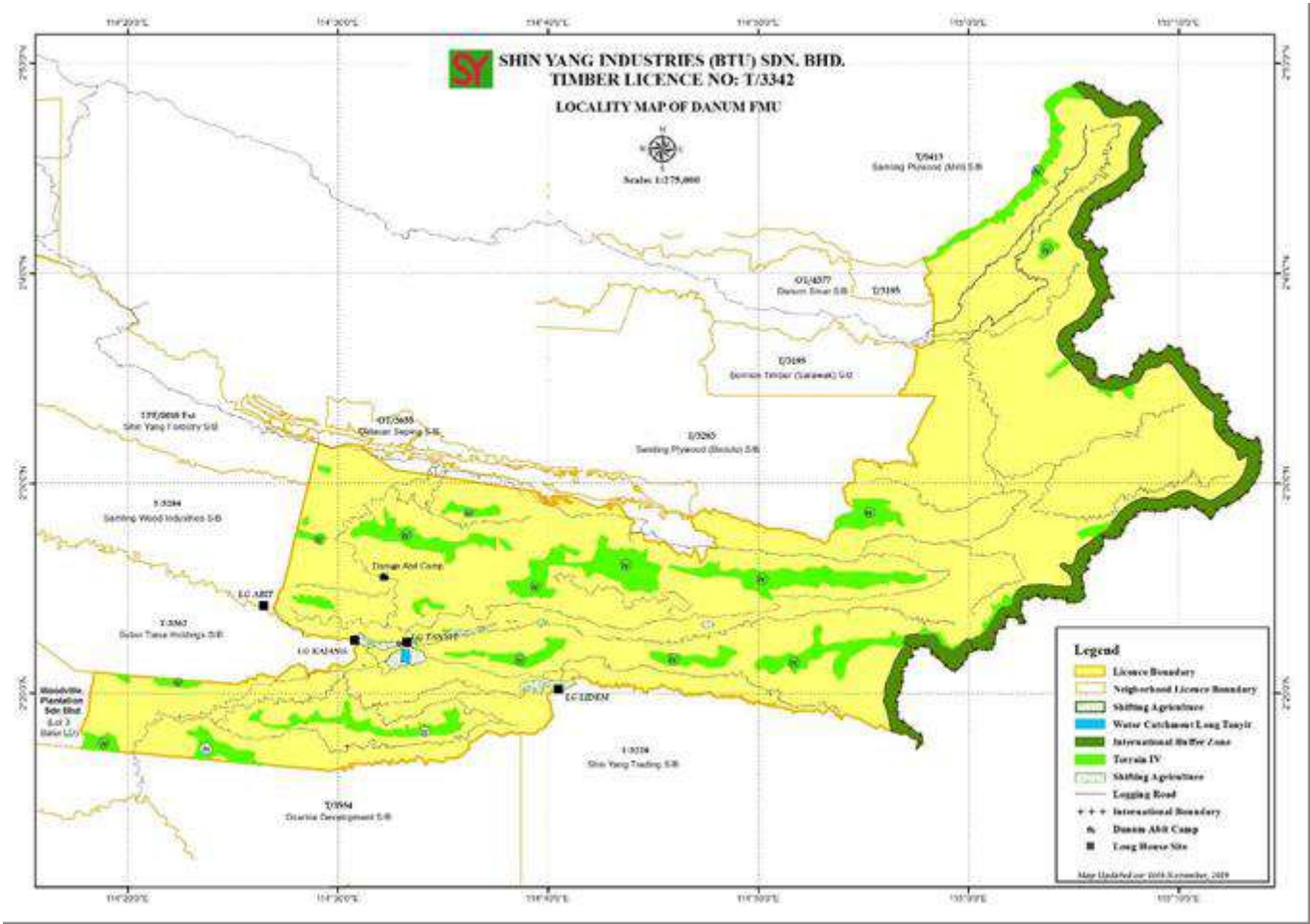
Principle	Strengths	Weaknesses
	<p>guidelines to address conflict occurrence with local communities due to impact of forest harvesting operation.</p>	
<p><b>Principle 5</b> <b>Benefits from the Forest</b></p>	<p>Investments and reinvestments were made in forest management by Danum FMU. The “Budget Operating Expenses (Fixed and Variable) of Shin Yang FMU (T/3342) for 10 years (2018 – 2027) was presented for verification. The “Actual statement of “Revenue and Expenses” for 12 months ended 30/9/2021” was made available.</p> <p>To encourage the optimal use of forest resources, and for more accurate Growth and Yield predictions in the future, Continuous Forest Inventory (CFI) data from established 24 permanent sample plots (PSP) at Danum FMU was used. Till February 2022, a total of 32 PSP’s had been established by the FMU.</p> <p>Monitoring on the compliance of AAC was verified through the document “Daily Log Receiving Report” prepared at the log collection center (log pond) at Belawan.</p> <p>The harvesting activities had followed established SOP which was based on the ‘Guidelines for Reduced and Low Impact Logging Systems in Forest Management Certification (Natural Forest); Second edition 2014’.</p> <p>Regular training has been conducted for the staff on techniques of reduced-impact logging. The Head office Training Summary record (External and Internal) for 2021 was available. Reduced Impact Logging (RIL) training was conducted on 9/1/2021 and 16-17/8/2021.</p> <p>Timber was still the main product being extracted from the forest in the FMU, no minor forest produce had been extracted.</p> <p>The sensitive areas were demarcated and protected for protection of soil and water, watercourses and wetlands which include Stream buffer reserve (SBR) or Riparian buffers, Terrain IV, Water Catchments, Burial sites and other HCVFs.</p> <p>The rate of harvest was calculated to not be greater than estimated regrowth of the residual stand based on permanent sample plots assessment (within a pre-defined 30 year of cutting cycle), with total productive area of 5,078 ha/yr.</p>	<p>There were no negative findings</p>
<p><b>Principle 6</b> <b>Environmental Impact</b></p>	<p>Environmental Impact Assessments (EIA) entitled “<i>Re-entry Hill Timber Harvesting Under the Forest Timber Licence No. T/3342, at Uppper Sg. Murum Area, Kapit Division, Sarawak</i>” [Ref.</p>	<p>1. Containers of Scheduled wastes (SW305, SW306 and SW102) i.e., spent oils and batteries at the Scheduled</p>

Principle	Strengths	Weaknesses
	<p>#NREB/6-3/2F/70] was available.</p> <p>The Forest Management Plan of Danum FMU had also incorporated an assessment of environmental impacts specific to potential impacts on endangered, rare, and threatened species of flora and fauna (ERT), and the need for biological corridors in the FMU as seen in Chapter 7.</p> <p>FMU management is guided by the FMP to establish representative, conservation, and protection areas, in accordance with existing forest ecosystems.</p> <p>There was existing cooperation between forest managers, and conservation organizations and regulatory authorities in implementing conservation and management activities.</p> <p>Hunting, fishing, and collecting activities were controlled and inappropriate activities were prevented. Monitoring report for year 2021 was seen and verified during the audit.</p> <p>Harvesting in Danum FMU is designed and followed the RIL guidelines with consideration of the need for the conservation of biological corridors and will exclude the area of biological interest for wildlife and declared them as HCVF. Several in-house SOP were available to protect soil from compaction, reduce/low impact logging, forest road, log landing and stream buffer zone.</p> <p>No evident on the use of chemical pesticides. A revised Management policy on environmentally friendly non-chemical methods of pest management dated 13<sup>th</sup> December 2020 was made available and displayed at the strategic location in the base camp.</p> <p>Standard operating procedures on waste disposal and solid non-organic waste were made available in Usage, Labelling, Storage and Disposal of Hazardous Goods.</p> <p>There was no application of biological control agents in the FMU.</p> <p>Conversion of natural forest into non forest land use had not occurred within the Danum FMU and the FMU management has no plan to convert the forest area into plantations.</p>	<p>Waste store did not have “Date of Generation” written on their labels.</p> <p>2. The FMU has registered and notified scheduled wastes, SW305, SW306, SW312 and SW410 through the Electronic Scheduled Waste Information System (e-SWIS). However, the FMU has yet to key-in and update data of SW notification, inventory, and disposal of Scheduled Waste.</p> <p>Therefore, a <b>Minor NCR ISMA 01/2022</b> for <b>Indicator 6.7.1</b> was raised.</p>
<p><b>Principle 7 Management Plan</b></p>	<p>Forest Management Plan (FMP) for Danum FMU entitled “Danum FMU T3342-Forest Management Plan 2018-2027”, has been revised for mid-term review and updated on 26 January 2022 (Revision 5) and was available and presented during the audit.</p>	<p>i. The harvesting schedule for Coupe 1 and Coupe 2 were delayed from the actual harvesting schedule in the FMP.</p> <p>ii. In the Public summary, the net</p>

Principle	Strengths	Weaknesses
	<p>The FMU will periodically revise the forest management plan every 5 years.</p> <p>Forest managers has clearly defined and assign specific roles and responsibilities of the forest worker to ensure effective implementation of the forest management plan.</p> <p>Summary of Forest Management Plan for Danum FMU is made available to the public through website link - <a href="https://www.shinyang.com.my/products-services/forest-management-unit/danum-forest-management-unit-t3342.html">https://www.shinyang.com.my/products-services/forest-management-unit/danum-forest-management-unit-t3342.html</a></p>	<p>volume was stated at 22.0 m<sup>3</sup>/ha. However, this figure was not stated in the FMP (section <b>3.7 AAC Verification</b>)</p> <p>iii. No figure for minimum number of Potential Crop Tree (PCT) to be retained for future harvestable trees in section <b>(5.4 Pre-Felling Inventory)</b> in the FMP.</p> <p>iv. Sufficient stock to permit the forest manager to schedule harvesting was not stated to comply with section <b>5.4 Pre-Felling Inventory</b> and section <b>9.5 Method of Silviculture Treatment</b>.</p> <p>v. The FMU has conducted analysis of post-harvest for sampled inventoried harvestable tree (HT) and PCT in harvested Blocks in Coupe 1. However, this did not comply with section <b>9.2 Diagnostic Sampling After Post Harvesting</b> in the FMP, where the FMU is required to conduct diagnostic sampling of residual forests at certain interval after harvesting was done (i.e. 2.5% of area sampled).</p> <p>Therefore, a <b>Minor NCR MRS 01/2022</b> for <b>Indicator 7.1.1</b> was raised.</p> <p>Management has not yet plan and provide training for camp manager to enhance their knowledge on forest management, forest certification (MC&amp;I SFM), carbon stock/green-house gas emission, forest technology, environmental management, etc.</p> <p>Therefore, a <b>Minor NCR MRS 02/2022</b> for <b>Indicator 7.2.2</b> was raised.</p>
<p><b>Principle 8 Monitoring and Assessment</b></p>	<p>The Danum FMU complies with the regulatory monitoring procedures in accordance with relevant federal and state guidelines of the Forestry Departments and other relevant agencies.</p> <p>The Danum FMU had undertaken an annual internal audit on 11 – 15 October 2021 and management review meeting on 6 November</p>	<p>The FMU has yet to update results and findings from monitoring for year 2020-2021 during the mid-term review of the FMP 2018-2027 for the following requirements:</p> <p>(a)Yield of all forest products harvested,</p>

Principle	Strengths	Weaknesses
	<p>2021 for its forest management activities.</p> <p>The Danum FMU management has appropriately included all relevant information needed to monitor items listed in (a) to (e) of Criterion 8.2.</p> <p>Tracking the forest product (logs) from its origin, a process known as the “chain of custody”, leaving the certified area, was verified through selected records and relevant documents presented. The documents were verified to be in order.</p> <p>Public summary of the forest monitoring indicators a) to e) is available at the website: <a href="https://www.shinyang.com.my/products-services/forest-management-unit/danum-forest-management-unit-t3342.html">https://www.shinyang.com.my/products-services/forest-management-unit/danum-forest-management-unit-t3342.html</a></p>	<p>(b) Composition changes of flora and fauna, and (c) Cost and productivity of forest management</p> <p>Therefore, a <b>Minor NCR MRS 03/2022</b> for <b>Indicator 8.4.1</b> was raised.</p>
<p><b>Principle 9 Maintenance of High Conservation Values</b></p>	<p>The assessment report titled ‘High Conservation Value (HCVF) Assessment Report Danum FMU, dated July 2017 by Sarawak Forestry Corporation Sdn Bhd’ was available.</p> <p>A review and updating of the status of HCV at Danum FMU was done on 9 Feb 2022 where SA areas in the FMU were excluded from the HCV 4 classification.</p> <p>Records of meetings/dialogues (minutes, attendance list and pictures) with relevant stakeholders and experts regarding the HCVFs consultation held on 21 November 2017 were available. The latest consultation process that was conducted by the FMU with relevant HCV stakeholders during the audit with indigenous local communities of Long Kajang and Long Abit was conducted on 1<sup>st</sup> March 2022, and on 2<sup>nd</sup> March 2022, with Long Lidem Long Tanyit.</p> <p>Public Summary on HCVs with measures was included as verified during the audit in The Forest Management Plan (Danum Forest Management Unit (T- 3342)) for Forest Logging Re-Entry (2018- 2027), at the Shin Yang’s website: <a href="https://www.shinyang.com.my/products-services/forest-management-unit.html">https://www.shinyang.com.my/products-services/forest-management-unit.html</a></p> <p>Site verification of the fauna monitoring for Block 34 Coupe 2, and HCV 6.0 for Pulau Mali in Coupe 12. Showed that, the boundary has been marked with blue paint, and the conservation areas were clearly undisturbed.</p> <p>Monitoring on HCVs in the FMU has been conducted and latest HCVs monitoring reports were verified during the audit.</p> <p>Results and findings of the HCVs monitoring activities had been incorporated into the revised Forest Management Plan (2018 – 2027) Rev 02</p>	<p>There were no negative findings.</p>

Map of Danum FMU



## Experiences and Qualifications of Audit Team Members

Assessment Team	Role/Area of MC&I Requirement	Qualification and Experience
Mohd Razman Salim	Assessment Team Leader / Forester	<p><u>Academic Qualification:</u> B.Sc of Forestry (Forest Production), University Putra Malaysia.</p> <p><u>Work Experience:</u> Five years experienced as Research Officer at the Forest Research Institute Malaysia (FRIM) since 2007 in a various area such as ecological research for lowland and hill dipterocarp forest, Geographic Information Systems, forest inventories, forest harvesting and forest management system (SMS). Participate in organizing committee member, division level activities and projects. Coordinate and collaborate a long-term ecological plot and inventory data about 25 years at the Pasoh, Negeri Sembilan with Negeri Sembilan Forestry Department, universities (local &amp; international) and NGOs. Published and presented research findings at the seminars and conferences. Currently as Auditor at the Food, Agriculture and Forestry Section (FAF), SIRIM QAS International Sdn Bhd, since 2013. Involved in conducting assessments on forest management certification [MC&amp;I SFM], MYNI of RSPO P&amp;C and other management systems on ISO 9001, 14001 and OHSAS 18001</p> <p><u>Training / Research Areas:</u> Has attended and passed in the following training programmes:</p> <ul style="list-style-type: none"> <li>• Auditor Training Course on Malaysian Criteria and Indicators for Forest Management Certification [MC&amp;I (Natural Forest)] &amp; [MC&amp;I (Plantations)] organized by MTCC, 1-4 December 2013.</li> <li>• EMS 14001: 2004 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 18-22 March 2013.</li> <li>• OHSAS 18001: 2007 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 11-15 March 2013.</li> <li>• QMS 9001: 2008 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 4-8 March 2013.</li> </ul>
Khairul Najwan Ahmad Jahari	Audit Team Leader / Forester	<p><u>Academic Qualification:</u> B.Sc. of Forestry (Forest Management), Universiti Putra Malaysia.</p> <p><u>Work Experience:</u> Appointed as contract Research Officer in the Natural Forest Division, Forest Research Institute of Malaysia (FRIM), since 2001. Conduct and coordinate research on 8th Malaysian Plan Project. Produce technical reports, meeting, seminar, and conferences reports as well as quarterly physical and financial reports. Coordinate and participate field work, multi-level meetings, seminars, conferences, and workshops. Spent some time in other existing FRIM projects (inter divisional) as an organizing committee member, division level activities and projects. Currently as Lead Auditor at the Food, Agriculture and Forestry Section (FAF), SIRIM QAS International, since 2009. Involved in conducting assessments on forest management certification (MC&amp;I and FSC P&amp;C), MYNI of RSPO P&amp;C and other management system on ISO 9001, 14001 and OHSAS 1800</p> <p><u>Training / Research Areas:</u></p>

		<p>Was attending and pass in the following training programmes:</p> <p>Auditor Training Course on Malaysian Criteria and Indicators for Forest Management Certification [MC&amp;I (2002)] organized by MTCC, 30 March - 2 April 2009.</p> <p>EMS 14001: 2004 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 2-6 March 2009.</p> <p>OHSAS 18001: 2007 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 23-27 Feb 2009.</p> <p>QMS 9001: 2008 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 16 – 21 Feb 2009.</p>
Ismail Adnan Abdul Malek	Auditor/ Forester	<p>Academic Qualification: Master of Forestry, University of British Columbia, Canada</p> <p>Work Experience: One-year (1974-1975) experience as Sub Assistant Conservator of Forest at the Pahang Forest Department, involved with Forest Administration/Management and Enforcement. Next, seven years (1979-1986) experience as Forest Officer/Logging Superintendent at Syarikat Jengka Sdn. Bhd (SJSB), an integrated timber complex in Pahang. Responsible for Forest Licensing/ Administration, Forest Mapping, Road Construction and Logging Operations. Senior Lecturer at the Forestry Faculty, Universiti Putra Malaysia (UPM) from 1986 to 2014. Responsible for teaching and research in Forest Mensuration, Forest Survey, Forest Road, GIS/Remote Sensing and Forest Mapping. Responsible for academic supervision of more than 100 Bachelor/Master/Phd students in their research and thesis writing. Own research at UPM include various areas such as forest mapping using geo spatial tools, forest inventories, forest harvesting and forest management system (SMS). Also involved with consultancy works which include RPH development and Forest Mapping. Participate in organizing local/international seminars on Forestry areas. Published and presented research findings at seminars/conferences and journals. Currently as Auditor at the Food, Agriculture and Forestry (FAF), SIRIM QAS International Sdn Bhd, since 2016. Involved in conducting assessments on forest management certification MC&amp;I (Natural Forest) &amp; MC&amp;I (Forest Plantations).</p> <p>Training / Research Areas: Auditor Training Course on MC&amp; I (Natural Forest) and MC&amp;I (Forest Plantation V2), 9th-10th July 2015, SIRIM QAS International Sdn Bhd ISO 14001:2004 Lead Assessor Training, 23rd-27th Nov 2015, SIRIM Training Services Sdn. Bhd. Training on Auditing Techniques, 26th January 2016, SIRIM QAS International Sdn Bhd</p>



## Comments Received from Stakeholders and Responses by Audit Team Leader

No.	Stakeholder	Comments/Issues Raised	Response by Audit Team
1	Long Lidem	<p>Letter from Head of Village Long Lidem dated 1 March 2022.</p> <p><u>Permohonan Orang Kampung Long Lidem (Punan Vuhang) kepada Camp Linau dan Danum, Shin Yang</u></p> <p>Adalah dengan segala hormatnya merujuk perkara di atas bertarikh 1/3/2022, saya ketua kampung Long Lidem Nareu Pua memohon pihak tuan agar dapat mengetengahkan beberapa perkara seperti berikut:</p> <ol style="list-style-type: none"> <li>1.Membuka jalan seperti menolak tanah dan membina jalan</li> <li>2.Permintaan Hutan Komunal untuk Komuniti Penan dari Sungai Manjung ke Sungai Napun.</li> <li>3.Cadangan untuk Taman Negara antara Kawasan Danum dan Linau</li> </ol> <p>Oleh itu, kerjasama dari Camp Linau dan Camp Danum (Shin Yang) sangat kami perlukan agar segala perancangan ini dapat kita jalankan dengan baik. Terima kasih.</p>	<p>This request/issues have been highlighted in the CCD Meeting on 1 July 2020. It was stated in Minutes of meeting, in first item section “isu-isu/perkara yang dibangkitkan dan laporan kemajuan kampung oleh komuniti”.</p> <p>In term of communal forest and Taman Negara, it was beyond Danum FMU jurisdiction. It should be highlighted with Sarawak Forest Department (FDS). It was noted this request have been made to FDS in year 2003, and FDS have replied by not considered to be converted to communal forest or Taman Negara. However, communities of Long Lidem were allowed to use the forest for their livelihood.</p>

## Surveillance 1 Audit Plan (2022)

DAY	TIME	PROGRAM		
		AUDITOR 1 (Razman)	AUDITOR 2 (Ismail)	AUDITOR 3 (Najwan)
<b>Saturday</b> 26/2/2022		<ul style="list-style-type: none"> <li>• Travel to Bintulu (17:10 – 19:15; MH2746)</li> <li>• Overnight at New World Suites Hotel</li> </ul>		
<b>Sunday</b> 27/2/2022		<ul style="list-style-type: none"> <li>• Travel from Bintulu to Danum FMU camp</li> </ul>		
<b>Day 1</b>  <b>Monday</b> 28/2/2022		AUDITOR 1 (Razman)	AUDITOR 2 (Ismail)	AUDITOR 3 (Najwan)
	8.00 am – 12.30 pm	<ul style="list-style-type: none"> <li>• Opening Meeting with representatives of FMU</li> <li>• Briefing session by Forest Manager of the FMU</li> <li>• Follow up on NCR from previous audit.</li> <li>• Check on complaints, stakeholder comments and follow-up actions (if any)</li> </ul>		
	2.00 – 5.00 pm	<u>Documentation and records review</u> <ul style="list-style-type: none"> <li>• Principle 6 – Environmental Impact</li> <li>• Principle 7 – Management Plan</li> <li>• Principle 8 – Monitoring and Assessment</li> </ul>	<u>Documentation and records review</u> <ul style="list-style-type: none"> <li>• Principle 1 – Compliance with Laws</li> <li>• Principle 5 – Benefits from the forest</li> <li>• Principle 9 – Maintenance of High Conservation Value Areas</li> </ul>	<u>Documentation and records review</u> <ul style="list-style-type: none"> <li>• Principle 2 – Tenure and Use Rights and Responsibilities</li> <li>• Principle 3 – Indigenous Peoples' Right</li> <li>• Principle 4 - Community Relations and Worker's Right</li> </ul>
		<ul style="list-style-type: none"> <li>• Review of Day 1 Findings by Audit Team Leader</li> </ul>		
<b>Day 2</b>  <b>Tuesday</b> 01/03/2022		AUDITOR 1 (Razman)	AUDITOR 2 (Ismail)	AUDITOR 3 (Najwan)
	8.00 am – 5.00 pm	<ul style="list-style-type: none"> <li>• Inspection of pre-harvesting area – Block 44, Coupe 1</li> <li>• Inspection of active harvesting area – Block 46, Coupe 1</li> </ul>	<ul style="list-style-type: none"> <li>• Inspection of active harvesting area – Block 48, Coupe 1</li> <li>• Inspection of post-harvesting area (Enrichment planting) – Block 3, Coupe 1</li> </ul>	<ul style="list-style-type: none"> <li>• Consultations with Penan Communities at Long Kajang</li> <li>• Consultations with Penan Communities at Long Abit</li> </ul>

		<ul style="list-style-type: none"> <li>• Inspection of workers' 'rumah tarik'/skid house</li> <li>• Inspection of post-harvesting (Enrichment planting) – Block 4 &amp; 37, Coupe 1</li> <li>• Post-F assessment – Block 4 &amp; 37, Coupe 1</li> </ul>		<ul style="list-style-type: none"> <li>• Visit to SA and Burial site of Long Kajang and Long Abit at Coupe 29 and Coupe 5</li> <li>• Licence boundary inspection between Samling Wood Industries T/3284 with Danum FMU Coupe 29</li> </ul>
<ul style="list-style-type: none"> <li>• Review of Day 2 Findings by Audit Team Leader</li> </ul>				
<b>Day 3</b>		<b>AUDITOR 1 (Razman)</b>	<b>AUDITOR 2 (Ismail)</b>	<b>AUDITOR 3 (Najwan)</b>
<b>Wednesday</b> <b>02/03/2022</b>	8.00 am – 5.00 pm	<ul style="list-style-type: none"> <li>• Inspection of PSP Cluster – Block 6, Coupe 2</li> <li>• Inspection of PSP Stripe – No.18, Coupe 5</li> </ul>	<ul style="list-style-type: none"> <li>• Inspection of HCV – Salt lick Sg. Berapa, Coupe 1</li> <li>• Inspection of HCV – Salt lick Sg. Pelawai, Coupe 5</li> <li>• Fauna / Wildlife monitoring (camera trap)</li> </ul>	<ul style="list-style-type: none"> <li>• Consultations with Punan Busang Communities at Long Lidem</li> <li>• Consultations with Penan Communities at Long Tanyit</li> <li>• Visit to SA Long Lidem (Coupe 4) and Long Tanyit (Coupe 5)</li> </ul>
<ul style="list-style-type: none"> <li>• Review of Day 3 Findings by Audit Team Leader</li> </ul>				
<b>Day 4</b>		<b>AUDITOR 1 (Razman)</b>	<b>AUDITOR 2 (Ismail)</b>	<b>AUDITOR 3 (Najwan)</b>
<b>Thursday</b> <b>03/03/2022</b>	8.00 am – 5.00 pm	<u>Site inspection</u> <ul style="list-style-type: none"> <li>• CoC inspection at stumping (PoRM) KM83</li> <li>• Documentation and records review</li> </ul>	<u>Site inspection</u> <ul style="list-style-type: none"> <li>• Camp inspection - diesel storage, genset, SW store, clinic, workshop, housing, nursery and chemical store</li> <li>• Documentation and records review</li> </ul>	<ul style="list-style-type: none"> <li>• Consultations with Penan Communities at Long Tanyit</li> <li>• Consultation with workers representative</li> <li>• Documentation and records review</li> </ul>
<ul style="list-style-type: none"> <li>• Review of Day 4 Findings by Audit Team Leader</li> </ul>				

Day 5		AUDITOR 1 (Razman)	AUDITOR 2 (Ismail)	AUDITOR 3 (Najwan)
Friday 04/03/2022	8.00 am - 12.00 pm	<ul style="list-style-type: none"> <li>• Audit team discussion and preparation of audit finding and reports</li> <li>• Briefing to representatives of FMU on the findings of audit</li> </ul>		
	2.00 – 5.00 pm	<ul style="list-style-type: none"> <li>• Closing meeting and presentation of findings of audit</li> </ul>		
	5.00 pm	<ul style="list-style-type: none"> <li>• Travel from base camp to Bintulu</li> </ul>		
Saturday 05/03/2022		<ul style="list-style-type: none"> <li>• Travel from Bintulu to Kuala Lumpur (11:30 - 13:50; MH2743)</li> </ul>		

## Details on NCRs and OFIs Raised During this Surveillance 1 Audit and Corrective Actions Taken (2022)

Indicator	Detail Non-conformances	Corrective Action Taken	Verification by Assessor
<p><b>Indicator 6.7.1</b></p> <p><b>Minor</b></p> <p><b>NCR: ISMA 01/2022</b></p>	<p><b>Requirement: Indicator 6.7.1</b> – Oil, fuel, tyres, containers, liquid, and solid non-organic wastes, shall be disposed of in an environmentally appropriate and legal manner</p> <p><b>Finding:</b> Environmental Quality (Scheduled Wastes) Regulations 2005 was not fully complied with.</p> <p><b>Objective evidence:</b></p> <p>3. Containers of Scheduled wastes (SW305, SW306 and SW102) i.e., spent oils and batteries at the Scheduled Waste store did not have “Date of Generation” written on their labels.</p> <p>4. The FMU has registered and notified scheduled wastes, SW305, SW306, SW312 and SW410 through the Electronic Scheduled Waste Information System (e-SWIS). However, the FMU has yet to key-in and update data of SW notification, inventory and disposal of Scheduled Waste.</p>	<p><b>Result of investigation and determination of root cause:</b></p> <ol style="list-style-type: none"> <li>1) Based on the investigation, it was found out that the storekeepers (Mr Aris Biantoro, Mr Radiansyah, and Mr Udang Hasan) wrongly thought that the date of the labelling shall be input with the date when the drum is fully filled, instead of "first generated date". It's due to the lack of provision of awareness program of Scheduled Waste Management towards the storekeeper, and lack of supervision.</li> <li>2) The management of Danum FMIJ is currently retaining the previous practice by submitting consignment notes manually to the Department of Environment. This is due to the management hasn't changed its practice since its first submission back to year 2016.</li> </ol> <p><b>Correction and corrective action plan including completion date:</b></p> <ol style="list-style-type: none"> <li>1. An awareness internal training program 'Scheduled Waste Management' will be conducted as soon as possible to enhance the awareness of storekeepers toward the correct procedure of Scheduled Waste Management. The training will include agenda such as labeling of scheduled waste, storage of Scheduled Waste, etc. Besides, the management will regularly perform site verification to ensure that the date input on the labeling of the drum is correct and according to the correct practice.</li> <li>2. The management will liaise with the Department of Environment (DOE) for the registration of eSWIS and will study the use of eSWIS system. Once registered, the management will convert from the current practice of manual submission of consignment notes to submission through eSWIS system.</li> </ol>	<p><b>Evidence submitted by FMU:</b></p> <p>Corrective action plan was received on 10 March 2022. The corrective action plan has been verified and accepted by audit team.</p> <p><b>Status: Implementation and effectiveness of the corrective action plan will be verified during next audit.</b></p>

<p><b>Indicator</b> <b>7.1.1</b></p> <p><b>Minor</b></p> <p><b>NCR:</b> <b>MRS 01/</b> <b>2022</b></p>	<p><b>Requirement: Indicator 7.1.1</b> Availability and implementation of forest management plan including consideration of risks and opportunities concerning compliance with the requirements of the standard.</p> <p><b>Finding:</b> Actual schedule of harvesting operation, figure of AAC, implementation of Pre-Felling Inventory, minimum number of PCTs and post-harvest assessment were not clearly described in the FMP 2018-2027.</p> <p><b>Objective evidence:</b></p> <ul style="list-style-type: none"> <li>vi. The harvesting schedule for Coupe 1 and Coupe 2 were delayed from the actual harvesting schedule in the FMP.</li> <li>vii. In the Public summary, the net volume was stated at 22.0 m<sup>3</sup>/ha. However, this figure was not stated in the FMP (section <b>3.7 AAC Verification</b>)</li> <li>viii. No figure for minimum number of Potential Crop Tree (PCT) to be retained for future harvestable trees in section (<b>5.4 Pre-Felling Inventory</b>) in the FMP.</li> <li>ix. Sufficient stock to permit the forest manager to schedule harvesting was not stated to comply with section <b>5.4 Pre-Felling Inventory</b> and section <b>9.5 Method of Silviculture Treatment</b>.</li> <li>x. The FMU has conducted analysis of post-harvest for sampled inventoried harvestable tree (HT) and PCT in harvested Blocks in Coupe 1. However, this did not comply with section <b>9.2 Diagnostic Sampling After Post Harvesting</b> in the FMP, where the FMU is required to conduct diagnostic sampling of residual forests at certain interval after harvesting was done (i.e 2.5% of area sampled).</li> </ul>	<p><b>Result of investigation and determination of root cause:</b></p> <ul style="list-style-type: none"> <li>(1) Due to Pandemic hit and production process and application process with Government Agencies have been affected the schedule performance of harvesting in Coupe 1.</li> <li>(2) FMP are written according to comments and advice from forest department. Inside the green book of FMP guideline, economical cut 22m<sup>3</sup>/ha is not the compulsory item in 3.7. AAC and ACA are sufficient in chapter 3 according to guideline. Thus, Danum FMP is basically follow the requirement of FMP per said in green book.</li> <li>(3) FMP of pre-post harvesting in chapter 4-5 is written according to the Sarawak RIL guidelines (Part 1 &amp; Part 2) and baseline of PCT (Minimum) is not mentioned in RIL guidelines and RIL only cover the guidelines of PCT tagging and selection characteristic.</li> <li>(4) FMU existing stock control practice for pre-felling are focus only on Harvestable Tree(s) which shall at least achieve 22m<sup>3</sup>/ha or 8-11 trees and not yet focus on the baseline set for PCTs. Our PCT inventoried are only the PCT with interval 60m between skid trail which may impacted by harvesting operation within the winch able range (60m left and right of skid trail).</li> <li>(5) SMI in the Danum FMP is self — regulatory based on Forest Manager decision making on post felling inventory. Sometimes after post felling, ground may not be able to fulfil the exact interval as per requested in FMP. FMU is dependent on surveyors / enrichment planting crew to check the residual trees after the post harvesting and constraints of crew members arrangement may affect the time of checking inline to the interval set in FMP.</li> </ul> <p><b>Correction and corrective action plan including completion date:</b></p> <ul style="list-style-type: none"> <li>1. Forest manager decided to proceed Coupe 2 application and estimated the operation will proceed to next coupe for year 2023;</li> <li>2. Revised the content of FMP Chapter 3.7 by include the AAC, ACA and economical cut for Harvestable Tree.</li> </ul>	<p><b>Evidence submitted by FMU:</b></p> <p>Corrective action plan was received on 10 March 2022. The corrective action plan has been verified and accepted by audit team.</p> <p><b>Status: Implementation and effectiveness of the corrective action plan will be verified during next audit.</b></p>
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		<p>Management plan will also include the target of balance will be preserved for future.</p> <p>3. Minimum PCT has been set as minimum 19 trees PCT/ha for each harvesting block and this has been updated in FMP as part of the management objective in FMP;</p> <p>4. Forest manager has set sufficient stock as HT (11 tree/ha) &amp; PCT (19 tree/ha) for Pre-F AND HT (3 trees/ha) &amp; PCT (18 trees/ha) for post F based on the condition of logged-over forest in FMU.</p> <p>5. FMU will ensure the ground practice in conducting diagnostic sampling of residual forests at certain interval after harvesting. Once PEC 5 approved, FM will set interval e.g., 9 months harvesting and 1 month after harvesting</p>	
<p><b>Indicator 7.2.2</b></p> <p><b>Minor</b></p> <p><b>NCR:</b></p> <p><b>MRS 02/ 2022</b></p>	<p><b>Requirement: Indicator 7.2.2</b> - Forest managers shall be aware of new scientific and technical information, including any applicable traditional and indigenous knowledge pertinent to the management of the FMU.</p> <p><b>Finding:</b> Management has yet to provide training on new scientific and technical information for sustainable forest management for forest managers.</p> <p><b>Objective evidence:</b> Management was yet to plan and provide training for camp manager to enhance their knowledge on forest management, forest certification (MC&amp;I SFM), carbon stock/ green-house gas emission, forest technology, environmental management, etc.</p>	<p><b>Result of investigation and determination of root cause:</b> FMU manager is new manager and commence dated Jan 2022. Thus, the training for camp manager is yet to be arrange.</p> <p><b>Correction and corrective action plan including completion date:</b></p> <ul style="list-style-type: none"> <li>• Manager will be trained for Carbon Emission issue on Apr 2022 which covers the impact of logging activities to carbon emission &amp; climate change AND mitigation of harvesting activities to reduce the impact in carbon emission;</li> <li>• Manager will be trained for new scientific knowledge such as RILs and Excavator (workmen rule) in May 2022 ;</li> <li>• Manager will be trained for understanding of EIA terms and conditions in June 2022;</li> <li>• Manager has been trained for MC&amp;I SFM and Management plan in Jan 2022.</li> </ul>	<p><b>Evidence submitted by FMU:</b> Corrective action plan was received on 10 March 2022. The corrective action plan has been verified and accepted by audit team.</p> <p><b>Status: Implementation and effectiveness of the corrective action plan will be verified during next audit.</b></p>
<p><b>Indicator 8.4.1</b></p>	<p><b>Requirement: Indicator 8.4.1</b> - Forest managers shall incorporate the results and findings of the monitoring activities into the</p>	<p><b>Result of investigation and determination of root cause:</b></p> <p>i. FMU has updated the Yield of all forest products harvested (production), HCV 1.2-1.3 monitoring and cost</p>	<p><b>Evidence submitted by FMU:</b> Corrective action plan was received on</p>

<p><b>Minor</b></p> <p><b>NCR: MRS 03/ 2022</b></p>	<p>implementation and revision of the forest management plan.</p> <p><b>Finding:</b> Management yet to update results and findings from monitoring during mid-term review of the FMP2018-2027.</p> <p><b>Objective evidence:</b> The FMU has yet to update results and findings from monitoring for year 2020-2021 during the mid-term review of the FMP 2018-2027 for the following requirements:</p> <p>(a)Yield of all forest products harvested, (b) Composition changes of flora and fauna, and (d) Cost and productivity of forest management</p>	<p>&amp; productivity of forest management and this info are yet to be updated into FMP due to Danum FMP is no yet come to mid —year review (5 years)</p> <p>2. However, financial report of FMU is sensitive &amp; confidential and protected under control copy. Thus, detail of cost is not convenient to be shown in FMP and Public Summary.</p> <p><b>Correction and corrective action plan including completion date:</b></p> <p>1.Harvesting Yield for year 2020-2021 will updated in the mid-year revised FMP; 2.Change of Flora and fauna will be updated in the chapter 11 (HCV) of FMP 3.Latest costing report will be updated in FMP chapter 15 only and general total costing updated public summary due to confidential of financial report.</p>	<p>10 March 2022. The corrective action plan has been verified and accepted by audit team.</p> <p><b>Status: Implementation and effectiveness of the corrective action plan will be verified during next audit.</b></p>
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## Corrective Actions Taken and Final Status on NCRs and OFIs Raised During Previous Stage 2 Audit (2019)

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

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

<p><b>Indicator 1.5.2</b></p> <p>Major NCR: KN01/2019</p>	<p><b>Requirement: Indicator 1.5.2</b> - Control of encroachment, illegal harvesting, hunting, and settlement, and other unauthorised activities in the FMU</p> <p><b>Finding:</b> verification on control of encroachment, illegal harvesting, hunting, and settlement, and other unauthorised activities in the FMU could not be conducted due to non-accessible area</p> <p><b>Objective evidence:</b></p> <ul style="list-style-type: none"> <li>During site inspection, auditor has found Danum FMU (T/3342) external License Boundaries with T/3195, and T/3283 in the north-part of Danum FMU could not be verified due to non-accessibility.</li> <li>Visit to License Boundary of Danum FMU with T/3284 found the boundary mark along Sg. Abit was not sufficient.</li> </ul>	<p><b>Result of investigation and determination of root cause:</b></p> <ol style="list-style-type: none"> <li>The Licence Boundaries with T3195 and T3283 has been demarcated on the ground on 18-19/09/2019 (T3195) and 10-12/05/2019 (T3283). However, auditor was unable to verify the area due to constraint of accessibility.</li> <li>Demarcation has been marked on the ground (river rock) on 16/5 – 8/5/2019. However, due to the rise of river water level after a few days of demarcation &amp; color was faded. According to surveyor it was rainy season during the demarcation was made.</li> </ol> <p><b>Correction and Corrective action plan including completion date:</b></p> <ol style="list-style-type: none"> <li>FMU will repair the non-accessibility road to the boundary with T3195 and OT4377 areas. After repair will build a control gate (with Lock) and FMU will set high precaution to patrol and monitoring to the area atleast 3 time per year in the license monitoring program.</li> <li>Surveyor team will demarcate and put more signboard of license boundary on trees along the riverbank of sg abit.</li> </ol> <p>Completion date: Estimated 16<sup>th</sup> February 2020</p>	<p>Corrective action dated 6 December 2019 has been accepted and the evidence dated 13 February 2020 have reviewed and accepted by auditor as below:</p> <ul style="list-style-type: none"> <li>Map of licence Boundaries which showed the portion (with highlighted yellow colour) of boundaries that have been re-brushed and demarcated.</li> <li>Report of monitoring, Re-Demarcation &amp; Cleaning of Licence Boundary from Point X to Point Y to Close Major 1.5.2 dated 4 December 2019, includes pictures of signages installed, clearing the boundaries and repaint unclear marking were verified by auditor.</li> <li>Report of monitoring, Re-Demarcation &amp; Cleaning of Licence Boundary from Point X to Point W to Close Major 1.5.2 dated 10 December 2019, includes pictures of signages installed, clearing the boundaries and repaint unclear marking were verified by auditor.</li> <li>Report Establishment of Gate to Prevent Encroachment Occur to Danum FMU T/3342 Area to Close NCR Major 1.5.2 dated 11 December 2019.</li> </ul> <p>Verification audit conducted 17 March 2020 found the Danum FMU has made an effort to control the encroachment by constructing a locked gate, monitors, putting a warning signages and clear boundaries demarcation. No signs of encroachment found during the visit.</p> <p>Verification along external boundary, along</p>
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			<p>Coupe 22 at Lat N2<sup>0</sup> 36' 48", E114<sup>0</sup> 58' 33" and Coupe 20 at Lat N2<sup>0</sup> 36' 38", E114<sup>0</sup> 58' 34" found the external boundaries with Danum Sinar Plantation was painted with oranges colour, and along the riverbank.</p> <p>All documents and records were verified and accepted by the auditors.</p> <p><b>Status: Closed</b></p>
<p><b>Indicator 2.2.2</b></p> <p><b>Minor NCR: AS02/2019</b></p>	<p><b>Indicator 2.2.2</b> - Forest managers shall recognise, respect, and collaborate with holders of duly recognised legal or customary tenure or use rights within relevant federal, state and local laws, in activities that may affect such rights.</p> <p><b>Finding:</b> Community Use area (hunting grounds, community forest etc.) was identified as 'claimed' area.</p> <p><b>Objective evidence:</b></p> <ol style="list-style-type: none"> <li>1. Consultation with communities of Long Abit, Long Kajang, Long Tanyit and Long Lidem confirmed that area identified as claimed areas are community use area known as 'Marakau' (Pulau), 'Lumak' (Farm), Bae' (Temuda), Talun/Tuan (Pulau Galau)'. 2. In the SIA, Chapter -1.1.1 Status Native Right (NCR) Land page 5 it was mentioned as Claimed area and included in the social map as well as agreement with Long Tanyit and Long Lidem Agreement.</li> </ol>	<p><b>Result of investigation and determination of root cause:</b></p> <p>The understanding of local community like <i>Marakau, Lumak, Temuda</i> and <i>Pulau Galau</i> is considered as their claim area, thus after referring to the toolkit of HCV Malaysia, the word term "Claim Area" is not suitable and applicable under this attribute.</p> <p><b>Correction and Corrective action plan including completion date:</b></p> <ol style="list-style-type: none"> <li>1. The term "Claim Area" is not suitable and should be change into "Community Use Area."</li> <li>2. Change all document that stated, "Claimed Area" to "Community Area."</li> </ol>	<p>Corrective action dated 6 December 2019 has been accepted and the effectiveness of the action taken to be verified during the next audit.</p> <p><b>Status: Accepted</b></p>
<p><b>Indicator 4.1.2</b></p> <p>Minor NCR: AS03/2019</p>	<p><b>Indicator 4.1.2</b> - Qualified people in communities living within, or adjacent to, the FMU are given preference for employment and contract works.</p> <p><b>Finding:</b> No records of employment opportunities given to local communities.</p>	<p><b>Result of investigation and determination of root cause:</b></p> <ol style="list-style-type: none"> <li>1. Previous post in 2017, FMU has distribute vacancy post to local but due to no response from local, FMU has took another alternative by providing daily basis work rate (RM50) in 2018 in identifying</li> </ol>	<p>Corrective action dated 6 December 2019 has been accepted and the effectiveness of the action taken to be verified during the next audit.</p> <p><b>Status: Accepted</b></p>

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

		2. Re-conduct briefing on grievance Standard of Procedure to all workers.	
<p><b>Indicator 4.5.2</b></p> <p><b>Minor NCR: AS06/2019</b></p>	<p><b>Indicator 4.5.2</b> - 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><b>Finding:</b></p> <ol style="list-style-type: none"> <li>Grievance Report form was not made available to community leaders.</li> <li>Records of community grievance status including written response was not available and grievances is not responded expeditiously.</li> </ol> <p><b>Objective evidence:</b></p> <ol style="list-style-type: none"> <li>Consultation with CCD and communities of Long Abit, Long Kajang, Long Tanyit and Long Lidem confirmed that the headmen of the longhouses have never submitted any formal complaint using the Shin Yang grievance report form. Those who have seen it were mainly the CCD exco but unable to understand the procedures because it was written in English.</li> <li>Somes Issues raised in the CCD meeting takes a long time to be resolved, a follow up by communities is responded verbally and no documentation on the status to indicate case has been resolved or still pending.</li> </ol>	<p><b>Result of investigation and determination of root cause:</b></p> <ol style="list-style-type: none"> <li>Consultation with CCD and communities of Long Abit, Long Kajang, Long Tanyit and Long Lidem confirmed that the headmen of the longhouses have never submitted any formal complaint using the Shin Yang grievance report form. Those who have seen it were mainly the CCD exco but unable to understand the procedures because it was written in English.</li> <li>Some issues raised in the CCD meeting takes a long time to be resolved, a follow up by communities is responded verbally and no documentation on the current status to indicate case has been resolved or still pending.</li> </ol> <p><b>Correction and Corrective action plan including completion date:</b></p> <ol style="list-style-type: none"> <li>FMU CSR team has briefed to local community during visiting on 16.6.2017 and another briefing to TR and JKK at camp office on 22.8.2019. However, most local people are not aware of the existence of dispute/grievance SOP since is hard for them understand and it is in English language.</li> <li>There is no sufficient black and white evidence to local regarding their complaint/grievance since local community usually raise demand/request verbally.</li> </ol>	<p>Corrective action dated 6 December 2019 has been accepted and the effectiveness of the action taken to be verified during the next audit.</p> <p><b>Status: Accepted</b></p>
<p><b>Indicator 6.9.1</b></p> <p><b>Minor NCR:</b></p>	<p><b>Indicator 6.9.1</b> - Document, control and monitor on the use of exotic species to avoid adverse ecological impacts. Preference shall be given to native species in enrichment planting.</p>	<p><b>Result of investigation and determination of root cause:</b></p> <ol style="list-style-type: none"> <li>Demarcation boundary between planted</li> </ol>	<p>Corrective action dated 6 December 2019 has been accepted and the effectiveness of the action taken to be verified during the next audit.</p>

MNS01/2019	<p><b>Finding:</b> No record of monitoring and control of the exotic species planted in the FMU.</p> <p><b>Objective evidence:</b> A total of 432.15 ha of exotic species, Batai (<i>Paraserianthes falcataria</i>) was planted in Coupe 28AR and Coupe 29AR but mechanism and record to monitor and control the species is not available.</p>	<p>forest (exotic species) and natural forest is not enough.</p> <p>2. Monitoring report of planted forest area is available but did not cover the control of widespread for the exotic species to the adjacent natural forest area.</p> <p><b>Correction and Corrective action plan including completion date:</b></p> <ol style="list-style-type: none"> <li>1. FMU will establish mechanism (SOP) on monitoring and control form using exotic species.</li> <li>2. Brief ground staff about the SOP (Training records)</li> <li>3. Ground Staff will conduct survey in the existing planted forest area and demarcate the boundary of this area.</li> <li>4. Other than research plot re-measurement activity, the FMU will include boundary monitoring and action plan if found conquer incident happen (for exotic species)</li> </ol>	<p><b>Status: Accepted</b></p>
<p><b>Indicator 7.1.1</b></p> <p>Minor NCR: MNS02/2019</p>	<p><b>Indicator 7.1.1</b> - Availability and implementation of Forest Management Plan</p> <p><b>Finding:</b> The management plan has flawed in planning/describing the following items; 7.1c) Description of silvicultural and/or other management system, based on the ecology of the forest in question and information gathered through resource inventories 7.1h) Maps describing the forest resource base including protected areas, planned management activities and land ownership</p> <p><b>Objective evidence:</b></p> <ol style="list-style-type: none"> <li>1. Enrichment planting described in the FMP using indigenous species but listed out exotic species namely Khaya (<i>Khaya ivorensis</i>), Mahogany (<i>Swietenia macrophylla</i>) [pg. 85]</li> </ol>	<p><b>Result of investigation and determination of root cause:</b></p> <ol style="list-style-type: none"> <li>1. The FMP Danum was approved in Nov 2018, the enrichment planting using exotic species by the time is acceptable. However, this is conflict with the DF Circular 2/2019 restoration program under enrichment planting which is only allow the FMU to enrich the forest with local species. This DF was issued after the date of approved Danum FMP. However, we overlook the species list for enrichment planting, we amend FMP only by changing the wording to “using indigenous species”.</li> <li>2. Herbicide poisoning is written “option” only in the FMP under silviculture plan in case to control the wide spread of pioneer species. However, this is another conflict with our</li> </ol>	<p>Corrective action dated 6 December 2019 has been accepted and the effectiveness of the action taken to be verified during the next audit.</p> <p><b>Status: Accepted</b></p>

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



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