



**PUBLIC SUMMARY  
1<sup>st</sup> SURVEILLANCE AUDIT (2<sup>nd</sup> CYCLE) ON  
SAPULUT FOREST MANAGEMENT UNIT  
FOR FOREST MANAGEMENT CERTIFICATION**

**Certificate Number: FMC-NF 00117  
Date of First Certification: 11 June 2018  
Audit Date: 18 - 21 April 2022  
Date of Public Summary: 14 January 2023**

**Certification Body:**

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

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## EXECUTIVE SUMMARY

This surveillance audit on the Sapulut Forest Management Unit (hereafter referred as the Sapulut FMU) was conducted on 18 to 21 April 2022 to assess the continued compliance of the overall forest management system of the Sapulut FMU against the requirements of the *Malaysian Criteria and Indicators for Forest Management Certification (Natural Forest)* [MC&I (Natural Forest)] using the verifiers stipulated for Sabah. The scope of this surveillance audit was limited to the forest management system and practices on the Permanent Reserved Forest (PRF) within the Sapulut FMU.

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

Based on the findings of this surveillance audit, it was found that Sapulut FMU had continued to comply with the requirements of the MC&I (Natural Forest). This surveillance audit had resulted in the issuance of two (2) major and seven (7) minor Non-Conformity Reports (NCRs).

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

## **1.0 INTRODUCTION**

### **1.1 Name of FMU**

Sapulut Forest Management Unit

### **1.2 Contact Person and Address**

Mr Teddy Sius @ Lawrencius  
Mile 60, Jalan Kalabakan  
Keningau, Sabah  
Phone # : +6088 858 811  
Fax # : +6088 858 810  
E-mail : [teddy.siud@sapulut.com](mailto:teddy.siud@sapulut.com)

### **1.3 General Background on the Sapulut FMU**

The Sapulut FMU is managed by the Sapulut Forest Development Sdn. Bhd. (hereafter referred as SFDSB). The management of SFDSB is committed in the management of the FMU on a sustainable basis. The Sapulut FMU No.14 (FMU No.14) managed by SFDSB, covers an area of 54,643 ha of logged-over forest in the Sapulut Forest Reserve.

The inland forest is managed under a Natural Forest Management System (NFM) on a 25-year rotation period. Under the 3<sup>rd</sup> Forest Management Plan (3<sup>rd</sup> FMP), the Annual Allowable Cut (AAC) for the Sapulut FMU has been set at 2,102 ha a year. A Forest Management Plan (FMP) covering the period from 2016 to 2025 had been presented during the audit.

The FMU currently comprises of 2,091 ha of conservation and 52,552 ha of production area. The forest types in the FMU are logged-over Mixed Dipterocarp Forest (MDF), Mixed Dipterocarp Forest and Kerangas Forest, Lower Montane and secondary vegetation.

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

### **1.4 Date First Certified**

11 June 2018

### **1.5 Location of the FMU**

The FMU is located between 4<sup>0</sup> 48' N, 116<sup>0</sup> 54' E and 4<sup>0</sup> 32' N, 116<sup>0</sup> 28' 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. A Forest Management Plan (FMP) 2016 to 2025 was presented during this audit.

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

For the Tenth Forest Management Plan (2016-2025), the annual allowable cut (AAC) for the FMU had been set at 2,102 ha. During this surveillance, the size of the FMU is 54,643 ha.

### **1.8 Environmental and Socioeconomic Context**

In the Special Environmental Impact Assessment (SEIA) report for Forest Logging and Plantation of Sapulut FMU, recommendation was made for the mitigation measures, protection of ERT species, and monitoring of flora and fauna within the FMU. It was also recommended that protection measures such as buffer zone along the common boundary with the Maliau Basin Conservation Area, wildlife, and sensitive areas such as water intake point for the communities of Kg. Bigor, be established.

There are about twenty-four (24) local settlements adjacent to the FMU with estimated population of 3,000 peoples. The main ethnicity of the communities is Murut Tahol and some Kadazan-Dusun. The ethnic of Murut Tahol was originated from Pensiangan extending to the Sapulut river basin and spread to Nabawan, Sook and Keningau. They are still practicing hunting, fishing, and shifting cultivations with some had slowly adapted to commercial agriculture of oil palm and rubber plantations. Few are working with SFDSB's forest operations.

## **2.0 AUDIT PROCESS**

### **2.1 Audit Dates**

18-21 April 2022 (12 man-days)

### **2.2 Audit Team**

Mohd Annas Amin Bin Haji Omar (Lead Auditor)  
Haji Roslee bin Jamaludin (Forester)  
Angelica Sinimis Suimin (Sociologist)

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 (Natural Forest) [MC&I (Natural Forest)] using the verifiers stipulated for Sabah.

### **2.4 Stakeholder Consultations**

A one-month stakeholder consultation was conducted beginning March 2022 to solicit feedback from stakeholders on the compliance of the Sapulut FMU against the requirements of the MC&I (Natural Forest). The comments by the stakeholders and responses by the audit team are shown in **Attachment 3**.

### **2.5 Audit Process**

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

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

- (i) a major NCR is a non-compliance with the requirements of the MC&I (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 villagers and heads of communities from Kg. Kangkamon, Kg. Bigor, Kg. Tonomon, Kg. Sinsingon, Kg. Saliku, Kg. Pulutan Atas / Bawah, Kg. Salangon which located outside the Sapulut FMU, members of the Social Forestry Consultative Committee (SFCC), Sabah Forestry Department (Tibow), Wildlife Department, and Labour Department (Keningau) as well as contractors and workers operating in the FMU.

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

The SFDSB 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. The effectiveness of the corrective actions taken by the FMU to address the minor NCRs will be verified during the next surveillance audit.

### 3.0 SUMMARY OF AUDIT FINDINGS

Based on the findings of this surveillance audit, it was found that the SFDSB had continued to manage the Sapulut FMU in compliance with most of the requirements of the MC&I (Natural Forest). This surveillance had resulted in the issuance of two (2) major and seven (7) 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 SFDSB to address the two (2) major NCRs raised during this surveillance audit. The audit team was satisfied that the corrective action had been effectively implemented and had therefore closed out the major NCRs. The audit team had also reviewed and accepted the SFDSB's proposed corrective actions to address the seven (7) minor NCRs. However, these corrective actions shall be verified during the next audit.

The audit team had also verified on the corrective actions taken by the SFDSB to address the minor NCRs and OFIs which were raised during the previous audit. The responses made by the audit team leader on these corrective actions and on the final status of the NCRs and OFIs are as in **Attachment 6**.

On indigenous peoples' rights, there were mechanisms in place to resolve disputes over tenure and use rights through meetings held with the villagers, heads of the communities and members of the Social Forestry Consultative Committee (SFCC). It was observed that there was no recorded civil court case pertaining to legal or customary tenure or use rights filed against the SFDSB.

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. The PRF in the Sapulut FMU has therefore remained the same, covering an area of 54,643 ha.

As the major NCR raised during this surveillance audit had been closed out, the audit team had therefore recommended that the Certificate for Forest Management be awarded to the Sapulut Forest Development Sdn. Bhd. be maintained.

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

Principle	Strengths	Weaknesses
<b>Principle 1 Compliance with Laws and Principles</b>	<ul style="list-style-type: none"> <li>Copies of all relevant laws, policies and regulations stipulated in the new MC&amp;I Sustainable Forest Management (MC&amp;I SFM) for the FMU management were available in the office of the Sapulut FMU base camp. Current list of all legally prescribed fees, royalties, taxes, and other charges were also available at the base camp office. Records of all payments were kept accordingly.</li> <li>All the binding international agreements such as International</li> </ul>	<p>No evidence of "<i>Permit Barang Kawalan Berjadual</i>" issued by KPDNHEP found for the storage of diesel.</p> <p><b>Minor NCR RJ04/2022</b></p>

Principle	Strengths	Weaknesses
	<p>Labour Organisations Conventions (ILO), Convention of Biological Diversity (CBD), International Tropical Timber Agreement 1994, Convention on Wetlands, Waterfowl Habitat 1971, United Nations Framework Convention on Climate Change (UNFCCC) and Convention of International Trade of Endangered Species (CITES) which Malaysia is signatory were available.</p> <ul style="list-style-type: none"> <li>• Documentation of any conflicts between laws and regulation based on revised MC&amp;I SFM standard was prepared and updated by the FMU.</li> <li>• The Sapulut FMU is operates under the Forest Timber License (SFMLA 04/97) issued to Sapulut Forestry Development Sdn. Bhd. The license was issued by the Sabah State Government for a period of 99 years.</li> <li>• Legal provisions for the establishment and protection of the FMU are available. The coupe and river boundaries are clear and adequately marked with signboards and signage.</li> <li>• A statement of commitment towards forest management certification was incorporated in the 3<sup>rd</sup> Forest Management Plan (2016 – 2025) for the Forest Management Unit No. 14 of Sapulut Forest.</li> <li>• The statement of commitment is made available at <a href="https://sapulut.com.my/forest-certification/natural-forest-management/">https://sapulut.com.my/forest-certification/natural-forest-management/</a></li> </ul>	<p>Site visit at Compartment 160A (FR-03) found that 1 tree stump was without harvestable tag had been felled.</p> <p><b>Major NCR ANS01/2022</b></p>
<p><b>Principle 2 Tenure and Use Rights and Responsibilities</b></p>	<ul style="list-style-type: none"> <li>• The licensed agreement of the FMU was issued for 99 years, covering a period from 1997 to 2096. It was signed between the Chief Minister of the State of Sabah and Sapulut Forest Development Sdn. Bhd. in September 1997.</li> <li>• A SOP on Community Relations-Conflict Resolution was established to resolve any land claim issues through the Social Forestry Consultative Committee (SFCC) meeting.</li> <li>• There was no local and indigenous community living within the FMU area. All settlements are located adjacent and outside of the FMU.</li> </ul>	

Principle	Strengths	Weaknesses
	<ul style="list-style-type: none"> <li>The forest manager had recognised and collaborates with holders of customary tenure or use rights of the community living adjacent to the FMU by establishing a GPS location map on <i>Village Water Intake Surrounding FMU</i> area.</li> <li>Social Forestry Consultative Committee Meeting- (SFCC) was used as a mechanism to resolve disputes over tenure claims and use rights.</li> </ul>	
<b>Principle 3 Indigenous People's Rights</b>	<ul style="list-style-type: none"> <li>Two maps on the "Village Location and Area of Interest, Sapulut Forest Development Sdn Bhd" and "Location of Registered Village and Non-Registered Village, Sapulut Forest Development Sdn Bhd FMU" showed that the indigenous of Murut settlements are located outside the FMU area.</li> <li>Clear boundary was marked on the ground to prevent any possible adverse impacts to the land of indigenous communities adjacent to the FMU area.</li> <li>A procedure to identify sites of special cultural, ecological, economic, or religious significance to indigenous peoples was available.</li> <li>A map entitled "Villagers Water Intake Surrounding FMU" was established to show the presence of water intake points located within and adjacent to the FMU.</li> <li>A SOP on Community Relations-Conflict Resolution was established to resolve any issues raise between the community and FMU, through a Social Consultative Committee (SFCC) meeting.</li> </ul>	
<b>Principle 4 Community Relations and Workers' Rights</b>	<ul style="list-style-type: none"> <li>Training programs were established by Sapulut Forest Development Sdn. Bhd. to enable and support capacity building for its operation during 2021-2022. These include Forest Certification Briefing (MC&amp;I), PPE Training in Weedicide application, First Aid and Snake Bite, Hazard identification, Risk Assessment, and Risk Control (HIRARC).</li> <li>Stakeholder consultation conducted had confirmed that many workers from the nearby villagers were</li> </ul>	<p>Adequate safety and operational equipment were not made available to forest workers in the workplace. It was evidence that, 1 (one) set of Chain Block used in the workshop, and 2 (two) sets in the lorry with registration No. SU1319A were without safety latch.</p> <p><b>Minor NCR RJ02/2022</b></p> <p>2 drums of SW 305 were not labelled with the date of first</p>

Principle	Strengths	Weaknesses
	<p>currently engaged in various types of the FMU's forest operation and were given preference for employment.</p> <ul style="list-style-type: none"> <li>• The total employment in the NFM division is about 176 people with 97% is Malaysian.</li> <li>• Records of dissemination of up to-date safety and health information of forest workers are complied with the Occupational Safety and Health Act, 1994 and NADOPOD, 2004.</li> <li>• Policy statement on occupational safety &amp; health for Sapulut Forest Development was displayed in the main office, workers camp, workshop, and Central Stumping.</li> <li>• Based on Safety and Health accident report (JKKP8/110936/2022), there was no major or fatal accident occurred since previous audit.</li> <li>• PPE such as safety Helmet, Protective gloves, Foot protection, and High Visibility Vest were supplied annually.</li> <li>• Tender Loving Care (TLC) committee was formed comprising of workers and management representatives with an objective to assist workers to negotiate peacefully and subsequently reached an agreement with the employer. The TLC committee meeting will be conducted quarterly in accordance with the SOP.</li> <li>• The Sapulut Social Impact Assessment (SIA) 2019 for the Forest Management Unit (FMU) No.14 was carried out and completed in January 2020. Results of the SIA were incorporated in the 3<sup>rd</sup> Forest Management Plan, 2016-2025.</li> <li>• A Sapulut Social Forestry Consultative Committee (SFCC) was established as a platform for communities to raise their concerns directly to the SFDSB, Forestry Department and local government authorities.</li> </ul>	<p>generated and Schedule Waste Code no.</p> <p>7 used batteries (SW102) were stored not at the designated area as schedule waste store and not labelled with the date of first generated.</p> <p>The signboard for Schedule waste store, "Safety first "and "Mudah Terbakar" were not install at Schedule waste store.</p> <p><b>Minor NCR RJ03/2022</b></p> <p>Interview and employment document review conducted found that deduction of salary for cash advances and personal expenses as well as provisions for accumulative of 5-6 rest days a month were still being implemented without approval from the Labour Department, Sabah.</p> <p><b>Major NCR AS01/2022</b></p>
<p><b>Principle 5 Benefits From the Forest</b></p>	<ul style="list-style-type: none"> <li>• Investments and reinvestments in forest management at Sapulut FMU include provisions for forest administration, forest development, research (scientific collaboration and PSP), human resource development, protection (patrolling), economic (operating), conservation (HCV),</li> </ul>	

Principle	Strengths	Weaknesses
	<p>environmental (EMR) and social aspects (CSR, compensation). It was described in the budget for AWP 2022. In 2022, the budget for Sapulut FMU ITP was at RM26.32 mill and SFM at RM17.64 mill.</p> <ul style="list-style-type: none"> <li>• It was stated in the 3<sup>rd</sup> Forest Management Plan (2016 – 2025) that the FMU will maintain, restore, or enhance the productive capacity and ecological integrity of the FMU to ensure its economic viability. Silviculture treatments, forest rehabilitation and reforestation operations were also described in the FMP.</li> <li>• The FMU was using Log Fisher Trail (LFT) and bulldozer Skid Trail (SKT) for skidding to reduce damage to the residual stand.</li> <li>• The RIL Operation Guidebook: code of practice for Forest Harvesting in Sabah, Malaysia Third Edition (March 2009) was referred for the harvesting operations.</li> <li>• Training program for the 2021/2022 year was established and conducted accordingly except training on reduce impact logging.</li> <li>• A map of “Forest Function Map with River Buffer 50 Meter (SFMLA 04/97)” was available. Map on sensitive areas such as riparian reserved was incorporated in the “Additional Map” as addendum in the FMP.</li> <li>• Riparian reserve was demarcated and marked on the field. These buffer belts had been established within the FMU in accordance with the RIL Guidelines. In addition, for the protection of soil and water, additional 100m buffer was established for the local communities of Kg. Simatuoh's benefits.</li> <li>• 65 PSPs had been established in the FMU. The PSP data was used in the harvesting planning and described in the 3<sup>rd</sup> Forest Management Plan for Sapulut FMU.</li> <li>• The NFM's AAC is 2,102 ha/year or not more than 95,644m<sup>3</sup>/year for the 10 years management plans.</li> </ul>	<p>Based on the 2021 training record, training on technique of reduced impact logging has not been conducted since 2021.</p> <p><b>Minor NCR ANS02/2022</b></p>

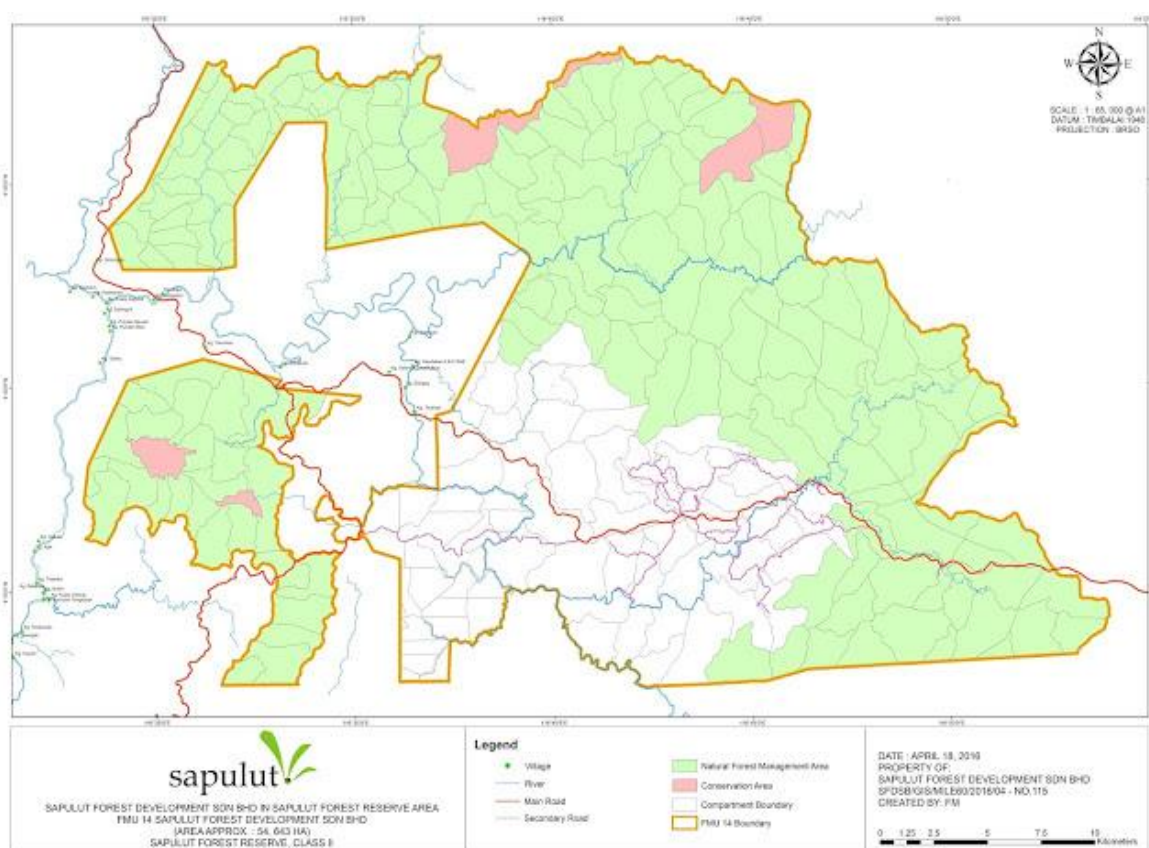
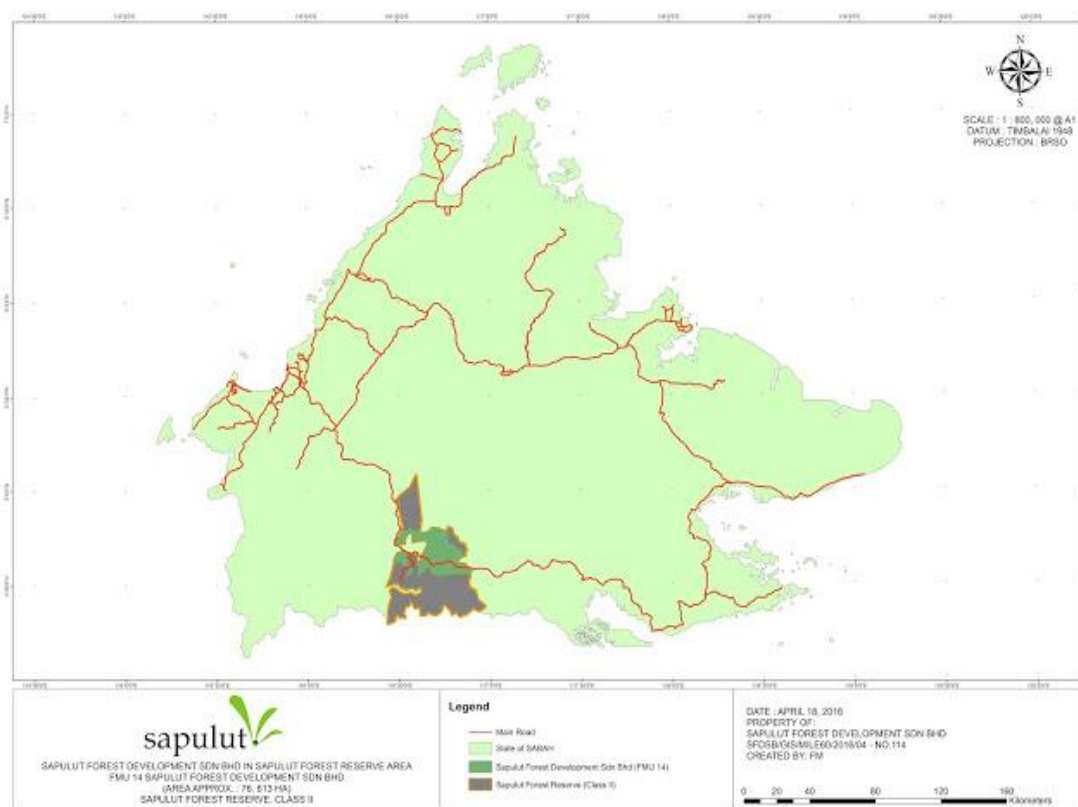
Principle	Strengths	Weaknesses
<b>Principle 6 Environmental Impact</b>	<ul style="list-style-type: none"> <li>• A Special Environmental Impact Assessment (SEIA) at landscape level was conducted in February 2005, prior to the commencement of forest operations. The SEIA assessment covered potential impacts on ERT species (Ecology), guidelines for the protection of ERT species which include management of special conservation of biological features such as seed trees, salt licks, nesting and feeding areas. Also included are provision guidelines for establishing representative conservation and protection areas such as buffer zone along the common boundary with the Maliau Basin Conservation, sensitive and wildlife areas.</li> <li>• Standard Operating Procedures (SOP) regarding Protection for Wildlife, Forest Protection, RIL, HCVF were established and implemented accordingly. It also includes identification, management and monitoring procedures.</li> <li>• Cooperation between SFDSB and relevant stakeholders including local communities and government authorities including Nabawan District Office, Tibow Forestry Department, JKKK, Village Heads, and Ketua Anak Negeri were well established.</li> <li>• Hunting, fishing and collecting activities were controlled and strictly prohibited in the FMU. A “No entry to Permanent Forest Reserve” and “No hunting” signage have been erected along the external boundaries, FMU access points (gates) and displayed on the notice boards at workers’ camps.</li> <li>• The field staff of Sapulut FMU had showed awareness that hunting is not allowed in the FMU. They also played the role of disseminating and advising the local villagers that hunting is not allowed.</li> <li>• Forest workers were aware of ERT flora and fauna in the FMU. Information on hunting prohibition was prominently displayed in project sites and offices. Workers and their families were regularly briefed and educated to discourage illegal hunting.</li> <li>• The awareness program was conducted to also highlight the EIA and</li> </ul>	<p>An OFI was raised against the new requirement of the MC&amp;I SFM at previous audit. It was regarding consideration on the impacts on risks of forest carbon stocks was not available in the EIA report. At this audit, the impact on risk of forest carbon stocks is still not available in the SEIA.</p> <p>The OFI was upgraded to <b>Minor NCR RJ01/2022</b></p>

Principle	Strengths	Weaknesses
	<p>Wildlife matter. The awareness was conducted together with the OSH and OP at Simgaya Camp site.</p> <ul style="list-style-type: none"> <li>Guidelines for post-harvest regeneration assessment in Natural Forest of the FMU were available which include equipment, method, evaluation and silvicultural information on Post – harvest stand.</li> <li>Post Harvest activity on Systematic Line Plot Sampling Methodology (Post-F) was followed accordingly.</li> <li>The design and data analysis method used in the post-F sampling was adapted from “Silviculture and Management Inventory Procedures and Guidelines for Logged Over Forest” by Dr. Robert C. Ong of Sabah Forestry Department.</li> <li>RIL guidelines were implemented on areas demarcated and conserved against impact from the management operations particularly harvesting. The areas include Kerangas forest, riparian reserves, areas with slopes &gt; 25°, watershed and designated HCVF areas. In addition, designated wildlife corridors were also conserved.</li> <li>Fire prevention and control plan was prepared and implemented for all fire prone forest in the FMU, as stated in the Forest Fire Management Plan 2018-2028 for Sapulut Forest Reserve.</li> <li>A management policy on environmentally friendly non-chemical methods of pest management was available in dual language and displayed at strategic areas within the FMU's premises.</li> <li>The guidelines on usage, labelling, storage and disposal of hazardous goods, pest and disease control in the nursery are available.</li> <li>There was no application of biological control agents in the Sapulut FMU No. 14.</li> <li>Only indigenous forest species from the locality were used for the enrichment and restorative planting in the FMU.</li> <li>There was no further conversion of natural forest area into plantation forest since the establishment of Sapulut FMU in 2005.</li> </ul>	

Principle	Strengths	Weaknesses
<b>Principle 7 Management Plan</b>	<ul style="list-style-type: none"> <li>The 3<sup>rd</sup> Forest Management Plan (2016–2025) of FMU No. 14 (SFMLA 04/97) Sapulut Forest Reserve is available.</li> <li>Periodic review of the Sapulut FMU Forest Management Plan will be conducted every five years. The next review will be taken place in 2023.</li> <li>The Sapulut FMU forest manager is aware of the new scientific and technical information pertinent to the management of the natural forest.</li> <li>Training of workers in their respective roles in the implementation of the FMP was implemented in 2020/21.</li> <li>Training programmes were listed in the Annual Working Plan for 2021. Among the courses attended, include work safety, MC&amp;I Awareness, Wildlife Awareness, RIL Operation, Policies, Environmental training, Forest Fire and Prevention, HCVF Training, and Forest Inventory.</li> <li>A summary of the primary elements of the forest management plan is publicly available at <a href="https://sapulut.com.my">https://sapulut.com.my</a></li> </ul>	<p>Review of the 3<sup>rd</sup> Forest Management Plan Draft (January 1, 2016 – December 31, 2025) FMU No. 14 (SFMLA 04/97) Sapulut Forest Reserve (Partly) Revised Version 3<sup>rd</sup> FMP, Year 2021 in Page 14 has not incorporated the updated of social impact monitoring to include socio-economic conditions and demographic profile of the communities adjacent to the Forest Management Unit.</p> <p><b>Minor NCR AS02/2022</b></p> <p>Interview with a person in charge of Schedule Waste Management, Community Liaison Officer and Safety &amp; Health officer were lack of knowledge of their respective roles.</p> <p><b>Minor NCR ANS03/2022</b></p>
<b>Principle 8 Monitoring and Assessment</b>	<ul style="list-style-type: none"> <li>A total of 65 Permanent Sample Plots (PSPs) were established to assess growth of forest stand. Data collected were analysed by the SFDSB and results were incorporated in the 3<sup>rd</sup> FMP. The monitoring procedures was in line with the guidelines of the Sabah Forestry Department.</li> <li>Monitoring procedures was adequately implemented in accordance with the FMU's SOP for Monitoring of Social, Environmental and Economic Impacts, and reported accordingly.</li> <li>An Internal Audit was conducted in November 2021 covering all aspect of the MC&amp;I. A total of five (5) non-compliances were raised during the internal audit. Following the internal audit, a management review meeting (MRM) was conducted in December 2021 discussing results of the internal audit, status of action taken from previous MRM and decisions related to continual improvement.</li> <li>The movement of harvested log from Sapulut FMU 14 certified forest to its destination, a process known as the "chain of custody", was enabled through relevant documentations and</li> </ul>	

Principle	Strengths	Weaknesses
	<p>implementation of computer – based “Log Flow Information System (LFIS)”.</p> <ul style="list-style-type: none"> <li>• All logs at the Central stumping points and Mega landing site were incised with a serial number that is traceable to the CHP tree list, Check Scaling forms, Transit Pass, Removal Pass and Timber Disposal Permit</li> <li>• The results and findings of the monitoring activities were also incorporated in the 3<sup>rd</sup> revision of the FMP in 2021.</li> <li>• Summary of the monitoring results, including those listed in Criterion 8.2, was maintained and publicly available at <a href="https://sapulut.com.my/forest-certification/natural-forest-management/#single/0">https://sapulut.com.my/forest-certification/natural-forest-management/#single/0</a></li> </ul>	
<b>Principle 9 Maintenance of High Conservation Values</b>	<ul style="list-style-type: none"> <li>• Stakeholders’ consultation on the options to maintain or enhance the identified HCV areas was conducted in October 2017. The stakeholders invited include WWF (Sabah, Malaysia), Borneo Rhino Alliance (BORA), Sabah Environmental Trust (SET), PACOS Trust, Maliau Basin Conservation Area, representative from Institute of Biology Tropical and Conservation, UMS, Bornion Timber Sdn Bhd, and Forever Sabah (NGO).</li> <li>• The management prescriptions to maintain and / or enhance HCV attributes and measures taken by Sapulut Forest Development Sdn. Bhd. is publicly available. The HCVF attributes and map were updated on the Sapulut FMU 14 website’s at <a href="https://sapulut.com.my/forest-certification/natural-forest-management/#single/0">https://sapulut.com.my/forest-certification/natural-forest-management/#single/0</a>.</li> <li>• The annual monitoring to assess the effectiveness of measures taken in the management of the HCV areas in the FMU was done on 6-monthly and yearly basis. HCV areas monitored in 2022 were Batu Tantaliwau, Labau soil, Water intake for Kg. Bigor, and Salt Lick. A new HCV of Mud Volcano Salt Lick was found, mapped, and monitored. The finding was included during the 5<sup>th</sup> review of the FMP and relevant stakeholders were consulted in 2021.</li> </ul>	

**Map of Sapulut FMU 14**



**Experiences and Qualifications of Audit Team Members**

<b>Assessment Team</b>	<b>Role/Area of MC&amp;I Requirement</b>	<b>Qualification and Experience</b>
Mohd Annas Amin Hj Omar	Audit Team Leader / Forester	<p>Academic Qualification: Diploma in Forestry, UPM B. Sc. In Forestry, UPM</p> <p>Work Experience: Six years as Assistant Forest Officer at Perak Forestry State Department in the year from 2013-2018. Main responsibility is Assisting District Forest Officers in administrative work, forest development and forest operations. Conduct forest Enforcement Team Activities such as The Prevention of illegal logging. Appointed to be Raid Officer in Raid Eradicating Illegal Refinery in Perak Forestry. Also appointed to be Investigative Officer in Investigations into a case involved Forest Reserve and Cased Prosecuted in Court.</p> <p>Training/Research Areas:  <ol style="list-style-type: none"> <li>1. Program of MTCS Training Course (MC&amp; I) in Kuantan (9-12 July 2018)</li> <li>2. Lead Auditor ISO 9001, ISO 14001 &amp; ISO 45001 Exemplar Global Certified (13-18 Ogos 2018)</li> <li>3. RSPO Lead Auditor Training (9-13 March 2020)</li> </ol> </p>
Haji Roslee Jamaludin	Auditor / Forester	<p>Academic Qualification: B.Sc. of Forestry (Forest Management), University Putra Malaysia. Diploma in 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&amp;I for forest certification. A member of MAJURUS was appointed as an Internal Auditor for the MC&amp;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>Training / Research Areas:</p>

		<ol style="list-style-type: none"> <li>1. Auditor Training Course on Malaysian Criteria and Indicators for Forest Management Certification [MC&amp;I (Natural Forest)] &amp; [MC&amp;I (Plantations)] organised by MTCC, 9 – 10 July 2015</li> <li>2. EMS 14001: 2004 Lead Assessor Training Course organised by SIRIM Training Services Sdn Bhd, 23 Nov. – 27 Nov. 2015.</li> <li>3. Briefing on RSPO Principle &amp; Criteria (HCV) organised by SIRIM QAS (Food, Agri &amp; Forestry Section) 21 August 2015.</li> <li>4. Workshop on Auditing Technique for FMC (2) organised by SIRIM QAS (Food, Agri &amp; Forestry Section) 26 Jan 2016.</li> <li>5. FMC Workshop 28th -29th November 2017</li> <li>6. FMC Workshop for 2018 organised by SIRIM (Food, Agr. &amp; Forestry) 22 November 2018</li> <li>7. COC Workshop 2018 organised by SIRIM 26 November 2018</li> <li>8. Auditor Training Course on PEFC Chain of Custody Certification organized by MTCC on 19th -20th December 2018.</li> <li>9. MSPO Training Course 16-17 Feb 2019 organised by SIRIM.</li> <li>10. COC Workshop 27/6/2019 FAF SIRIM QAS</li> <li>11. FMC 25-26/6/2019 organised by FAF SIRIM QAS</li> </ol>
Angelica Suminis Suimin	Auditor (Social)	<p><b>Academic Qualification:</b> She has a Bachelor of Arts in Social Science and MSc in Environmental Management and Social Development. Has a certificate in Paralegal Studies and Diploma in Emergency Medical Technician (UK) and Human Resources Management (UM).</p> <p><b>Work Experience:</b> A competent One to One Competency Based and Education Trainer from De Taffe University, Australia. Independent Auditor under SIRIM QAS Malaysia and Technical Expert for FSC audit under SCS Global services. Has worked as Rural Sociologist under the World Bank project under the Japanese Trust Fund for Community Forestry Project in Sabah for 3 years. She has over 30 years of working experience and was working in the Forestry Related Industries both in Sabah and Sarawak for 28 years in different capacities (e.g independent Researcher, Rural Sociologist, Sr.Training and Administrator, Human Resources Executive, Emergency Medical Technician, Training Officer, CSR Manager, Chief Operation Officer for Avantha Foundation Malaysia).</p> <p><b>Attended training programmes:</b></p> <ol style="list-style-type: none"> <li>1. MTCC Forest certification Standards for Forest Management and Plantations, 2013, Sirim QAS</li> <li>2. FSC Forest Certification standards from Forest Management and Control Wood, 2015; Nepcon</li> <li>3. LEAD ASSESSOR COURSE ISO 14001(EXEMPLAR GLOBAL CERTIFIED LEMS01), 2016; Sirim QAS</li> <li>4. DIPLOMACY TRAINING (Human Rights, Indigenous People, the Private Sector and Development), 2017; Faculty of law, Uni New South Wales</li> <li>5. MC&amp;I Natural Forests and Plantation v.2 standards, 2017 – MTCC</li> </ol>

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

<b>No.</b>	<b>Comments/Issues Raised</b>	<b>Response by Audit Team</b>
1	<ol style="list-style-type: none"> <li>1) Pencemaran sungai boleh menyebabkan berlakunya banjir kilat.</li> <li>2) Pembebasan gas karbon dioksida secara berleluasa menjadi punca utama berlakunya kesan rumah hijau.</li> <li>3) Cahaya matahari membawa sinaran ultraungu ke bumi tetapi haba yang sampai ke permukaan bumi tidak dapat dibebaskan akibat disekat oleh gas karbon dioksida yang meliputi atmosfera. Akibatnya suhu semakin panas.</li> </ol>	Noted
2	<ol style="list-style-type: none"> <li>1. Masalah pengambilan pekerja yang tidak memuaskan iaitu,               <ol style="list-style-type: none"> <li>a) Ramai penduduk kami yang mengisi dan interview tetapi tidak kena ambil bekerja di syarikat FMU 14.</li> <li>b) Sempadan di antara FMU dengan orang kampung tidak menentu.</li> </ol> </li> <li>2. Kami berharap agar syarikat FMU 14 dapat menyelesaikan perkara ini demi kebaikan di antara syarikat dan orang kampung.</li> </ol>	Information taken including names of people involved, will be forwarded to the FMU but auditor will not be able to guarantee that everyone will get a job from the village but will forward the suggestion to the company.
3	Saya K.K Laidos bin Angai mencadangkan kepada pihak syarikat di kawasan hutan simpan FMU 14 untuk penduduk Kampung Maatol meminta kayu balak sahaja, ataupun papan dari Sumel 20 bandul. Oleh sebab itu kami menumbang kayu balak di kawasan kampung kami, tetapi syarikat jabatan hutan simpan forest melarangkan kami dimana kami orang kampung mendapat keperluan seperti alat rumah dan lain-lain.	All donations or social contributions of the company is not included in the audit. It's a goodwill of the company. Auditor can only forward the requests and No Auditors can guarantee all the requests forwarded are fulfilled by the company.

## Surveillance Audit Plan

DAY	TIME	PROGRAMME		
		Auditor 1 (Annas)	Auditor 2 (Roslee)	Auditor 3 (Angelica)
<b>Day 0</b> <b>17.4.2022</b> <b>(Sunday)</b>	7:00 am- 12:00pm	All Auditors travelling from KLIA to Kota Kinabalu on 18 April 2021 <b>Flight from Kuala Lumpur (KUL) to Kota Kinabalu (BKI)- MH2610 ETD - 09:15, ETA - 11:50)</b>		
	2.00pm- 7.00pm	Travel to Sapulut Camp site		
<b>Day 1</b> <b>18.4.2022</b> <b>(Monday)</b>	8.00 am- 1.00 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>Q&amp;A Session</li> <li>Follow up on issues of concern from last audit.</li> <li>Check on complaints, stakeholder comments and follow-up actions (if any)               <ul style="list-style-type: none"> <li>Local Communities</li> <li>Government agencies</li> <li>NGOs</li> </ul> </li> <li>Evaluate on internal audit and management review.</li> </ul>		
	2.00 pm- 5.00 pm	<u>Documentation and records review</u> Principle 1 Compliance with Laws and Principles Principle 5 – Benefits from the Forest Principle 7 – Management Plan	<u>Documentation and records review</u> Principle 6 – Environmental Impact Principle 8 – Monitoring and Assessment Principle 9 – Maintenance of High Conservation Value (HCV)	<u>Documentation and records review</u> Principle 2 – Tenure and Use Rights and Responsibilities Principle 3 – Indigenous Peoples' Right Principle 4 - Community Relations and Worker's Right
		Review of Day 1 Findings by Audit Team Leader		

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

Indicator	Specification Major/Minor/ OFI	Detail Non-conformances	Corrective Action Taken	Verification by Assessor
1.5.2	Major ANS01/2022	<p><b>Requirement:</b> FMU shall be protected from encroachment, illegal harvesting, hunting, and settlement, and other unauthorised activities.</p> <p><b>Finding:</b> Inadequate evidence of control measures to control encroachment, illegal harvesting and other unauthorised activities.</p> <p><b>Objective evidence:</b> During site visit at Compartment 160A (FR-03) found that, 1 tree stump (Species Sedaman Dbh 59 cm) without harvestable tag had been felled.</p>	<p><b>Result of investigation and determination of root cause:</b> During felling the tagged tree, the tree fall and stuck on the sedaman tree although directional felling applied. Thus due to safety the sedaman trees need to be fell to release the tagged tree.</p> <p><b>Correction and corrective action plan including completion date:</b> An application for additional tree to tibow forestry office has been apply via letter SFDSB/THSS/RIL/160/2021/04 dated 21 April 2022 for the necessary action by tibow forestry office,</p>	<p>Evidence received on 23 July 2022 was verified and accepted on 23 July 2022 as below.</p> <p>An application for additional tree to tibow forestry office has been apply via letter SFDSB/THSS/RIL/160/2021/04 dated 21 April 2022 for the necessary action by tibow forestry office—was verified by the auditor.</p> <p><b>Status closed</b></p>
4.3.3	Major AS01/2022	<p><b>Requirement:</b> The right of workers to employment benefits and social protection is assured under applicable laws and/or regulations.</p> <p><b>Finding:</b> The right of workers to employment benefits and social protection under Labour Ordinance Cap. 67 were not complied.</p> <p><b>Objective evidence:</b> 1. Inspection of 8 employment documents from Jaya Enterprise (employment</p>	<p><b>Result of investigation and determination of root cause:</b> 1. There is no follow up action by HR for the application “<i>Permohonan mengumpul cuti rehat mingguan</i>”. This is clue the management has decided to change the employee rest days in which workers required to one rest day in a week, in line with the Labour Ordinance (Sabah Cap 67) Under section 104B(1)</p>	<p>Evidence received on 23 July 2022 was verified and accepted on 23 July 2022 as below:</p> <p>The letter from Jaya Enterprise to JTK dated 28 June 2022 for ‘<i>Memohon kebenaran untuk membuat potongan daripada gaji pekerja-pekerja syarikat</i>’ was verified.</p> <p><b>Status closed</b></p>

		<p>contracts, EIS, EPF, SOCSO and salary slips ) showed that, deduction of salary for cash advances, and personal expenses were done without approval from labour Department.</p> <p>2. Accumulative rest days of 5-6 days per month for FMU employees' is yet to be approved by Labour Department, Sabah. Status of application 'Permohonan Mengumpul Cuti rehat Mingguan (Borang G) Ruj. Kami MD/NW/SFD/Permit/572/20-em dated 5<sup>th</sup> August 2020' is not known. Consultation with Keningau JTK confirmed that FMU has to follow up on the application status as it has been forwarded to Director of Labour Department, Sabah.</p>	<p>2. Contractor did not aware such requirements need to get the permit from Jabatan Tenaga Kerja.</p> <p><b>Correction and corrective action plan including completion date:</b></p> <p>1. HR will inform the employees about changes of the Rest Days application, once the employees understand the changes HR will issue a memo signed by managing director/general manager for official notification to the employees.</p> <p>2. To brief Jaya the requirement by Sapulut HR.Jaya to apply for the permit on approval of salary deduction for workers estimated completion 1 July 2022</p>	
1.1.1	Minor RJ 01/2022	<p><b>Requirement:</b> Records and availability of up-to-date applicable federal, state, and local laws, and regulations and policies, particularly those related to forest management.</p> <p><b>Finding:</b> There was no permit issued for storage of diesel.</p> <p><b>Objective evidence:</b> The storage of diesel in Contractor Jaya Workshop was without the "<i>Permit Barang Kawalan Berjadual</i>" issued by KPDNHEP.</p>	<p><b>Result of investigation and determination of root cause:</b> Jaya fail to apply for permit due to planning to move to a new camp as the current working compartment become further and the cost to build the bund-wall at the current campsite.</p> <p><b>Correction and corrective action plan including completion date:</b>  To apply for proper permit and adhere the EIA requirements</p>	<p>Corrective action plan for the non-compliance was accepted on 24 May 2022.</p> <p><b>Status:</b> <b>Effectiveness of the implementation of corrective action plan will be verified during next audit.</b></p>

4.2.3	Minor RJ02/2022	<p><b>Requirement:</b> Appropriate safety and operational equipment in good working condition, including operational procedures, shall be made available to forest workers in the workplace.</p> <p><b>Finding:</b> Appropriate safety and operational equipment was not made available to forest workers in the work place.</p> <p><b>Objective evidence:</b>  1 set of Chain Block used in the Jaya Workshop and 2 sets in a lorry with registration No. SU1319 A at Jaya workshop respectively, were without safety latch.</p>	<p><b>Result of investigation and determination of root cause:</b> Lack of awareness safety and Health by the Contractor workers</p> <p><b>Correction and corrective action plan including completion date:</b></p> <ol style="list-style-type: none"> <li>1. To conduct awareness safety and health training for the contractors' workers.</li> <li>2. To replace and install safely latch all the Chain black.</li> </ol>	<p>Corrective action plan for the non-compliance was accepted on 24 May 2022.</p> <p><b>Status:</b> <b>Effectiveness of the implementation of corrective action plan will be verified during next audit.</b></p>
4.2.5	Minor RJ03/2022	<p><b>Requirement:</b> Demarcation of hazardous areas and provision of guidelines for storage and handling of hazardous materials.</p> <p><b>Finding:</b> Storage and handling of hazardous material not adhered to Environmental Quality (Schedule waste) Regulation 2005.</p> <p><b>Objective evidence:</b> Site inspection to Contractor Jaya Workshop, found that ;</p>	<p><b>Result of investigation and determination of root cause:</b></p> <ol style="list-style-type: none"> <li>1. Training/brief the handling schedule waste by company to the contractor camp in Charge was not reach into implementation. No contractor worker has been assigned as the person in charge to handle the schedule waste in contractor camp.</li> </ol> <p><b>Correction and corrective action plan including completion date:</b></p> <ol style="list-style-type: none"> <li>a. To do labelling all scheduled waste according to the Schedule waste Regulation CSW code and date of first generated.</li> </ol>	<p>Corrective action plan for the non-compliance was accepted on 24 May 2022.</p> <p><b>Status: Effectiveness of the implementation of corrective action plan will be verified during next audit.</b></p>

		<ol style="list-style-type: none"> <li>1. 2 drums of SW 305 were not labelled with the date of first generated and Schedule Waste Code no.</li> <li>2. 7 used batteries (SW102) were stored not at the designated area as schedule waste store and not labelled with the date of first generated.</li> <li>3. The signboard for Schedule waste store, "Safety first "and "Mudah Terbakar" were not install at Schedule waste store.</li> </ol>	<ol style="list-style-type: none"> <li>b. To install signboard of Safety First and mudah Terbakar"at schedule waste store</li> <li>c. To conduct training to staff and contractor on SW management SOP (to prepare training evidence-attendance list photo.</li> <li>d. To assign the contractor workers or the manager itself as a person in charge and responsible to handle the scheduled waste and be monitor monthly by company EIA officer.</li> </ol>	
5.3.2	Minor ANS02/2022	<p><b>Requirement:</b> Training shall be conducted for the staff on techniques of reduced-impact logging.</p> <p><b>Finding:</b> Training on technique of reduced impact logging has not been conducted.</p> <p><b>Objective evidence:</b> Based on the training record 2021, training on technique of reduced impact logging has not been conducted since 2021.</p>	<p><b>Result of investigation and determination of root cause:</b> Training included in the AWP 2021. Anyhow head of department did not set the training plan properly which result to clash with IPS schedule training plan.</p> <p><b>Correction and corrective action plan including completion date:</b></p> <ol style="list-style-type: none"> <li>1. To engage Institute Perhutanan Sabah to organize the training.Application has been made to Sabah Forestry via email echange between Angeline Loh and Pn Helda Parut dated 4 May 2022.</li> <li>2. Follow up is being carried out via email dated 10 May 2022.Training to be conducted by IPS expected in July 2022.</li> </ol>	<p>Corrective action plan for the non-compliance was accepted on 24 May 2022.</p> <p><b>Status:</b> <b>Effectiveness of the implementation of corrective action plan will be verified during next audit.</b></p>

6.1.2	Minor RJ04/2022	<p><b>Requirement:</b> Environmental impact assessments are carried out, including the potential impacts on rare, threatened endangered species of flora and fauna, and rare and vulnerable ecosystems, and the need for biological corridors in the FMU, appropriate to the scale and intensity of forest management; as well as consideration of the impacts on risks of fire and pollution or siltation of water courses and wetlands and forest carbon stocks.</p> <p><b>Finding:</b> Consideration of the impacts on risks of forest carbon stocks are not available.</p> <p><b>Objective evidence:</b> Review of the Special Environmental Impact Assessment (SEIA) for Forest Logging &amp; Plantation of 95,300 ha. Forest Management Unit (FMU 14) Sapulut, Sabah. Sapulut Forest Development Sdn.Bhd. Kota Kinabalu (February 2005), found that the consideration of the impact on risk of forest carbon stocks are not available.</p> <p><b>Previous OFI upgraded to Minor NCR RJ04/2022</b></p>	<p><b>Result of investigation and determination of root cause:</b> The SEIA was done in 2005 which forest Carbon stock was not included before Sapulut apply for forest management certification for ITP year 2020.</p> <p><b>Correction and corrective action plan including completion date:</b>  To hire consultant to prepare High Carbon Stock Assessment report for the consideration of in the impact on risk of forest carbon stock. The assessment can combine for natural forest area.</p>	<p>Corrective action plan for the non-compliance was accepted on 24 May 2022.</p> <p><b>Status:</b> <b>Effectiveness of the implementation of corrective action plan will be verified during next audit.</b></p>
7.2.1	Minor AS02/2022	<p><b>Requirement:</b> 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</p>	<p><b>Result of investigation and determination of root cause:</b> The latest SIA was done in year 2015 and has been incorporated in the revise version of 3<sup>rd</sup> FMP. However, the table 2.4 (Minor catchment areas in relation to forest zoning in Sapulut Forest Reserve) was not updated</p>	<p>Corrective action plan for the non-compliance was accepted on 24 May 2022.</p> <p><b>Status:</b> <b>Effectiveness of the implementation of corrective</b></p>

		<p>operations, so as to respond to changing environmental, social and economic circumstances.</p> <p><b>Finding:</b> Social impact monitoring was not incorporated in the 3<sup>rd</sup> Forest Management Plan (January 1, 2016– December 31, 2025)</p> <p><b>Objective evidence:</b> Review of the 3<sup>rd</sup> Forest Management Plan Draft (January 1, 2016 – December 31, 2025) FMU No. 14 (SFMLA 04/97) Sapulut Forest Reserve (Partly) Revised Version 3<sup>rd</sup> FMP, Year 2021 in Page 14 has not incorporated the updated of social impact monitoring to include socio-economic conditions and demographic profile of the communities adjacent to the Forest Management Unit.</p>	<p>based on latest demographic after the excision 2015.</p> <p><b>Correction and corrective action plan including completion date:</b></p> <p>To review the SIA report and identifies, evaluates and conveys information regarding the positive and negative impact of company project or company planned operation to the community nearby FMU area.</p> <p>The SIA reviewed settled actual villages to be included in Sapulut list stakeholders that involved with company FMP including the annual work Plan.</p>	<p><b>action plan will be verified during next audit.</b></p>
7.3.2	Minor ANS03/2022	<p><b>Requirement:</b> Availability of programmes to train forest workers to their respective roles for proper implementation of the forest management plan.</p> <p><b>Finding:</b> Programmes to train forest workers to their respective roles for proper implementation of the forest management plan was not available.</p> <p><b>Objective evidence:</b> Person in Charge of Schedule Waste Management, Community Liaison Officer and Safety &amp; Health officer were lack of knowledge of their respective roles.</p>	<p><b>Result of investigation and determination of root cause:</b> No competency training attended by EIA officer.</p> <p><b>Correction and corrective action plan including completion date:</b> EIA officer to attend competency training course for Certified Environmental Professional in Scheduled waste management.</p>	<p>Corrective action plan for the non-compliance was accepted on 24 May 2022.</p> <p><b>Status:</b></p> <p><b>Effectiveness of the implementation of corrective action plan will be verified during next audit.</b></p>

## Correctives Actions Taken and Final Status on NCRs and OFIs Raised During Previous Audit (2021)

Indicator	Specification Major/Minor/OFI	Detail Non-conformances	Corrective Action Taken	Verification by Assessor
4.5.2	Major AS01/2021	<p><b>Requirement:</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> Mechanisms within relevant federal and state legal frameworks employed to resolve grievances involving loss or damage affecting the local people's legal or customary rights, property, resources, or their livelihoods, caused by forest management operations were not adequately implemented. Implementation of the corrective action plan by FMU was not effective to resolve Minor NCR (AS2/2020) raise in the previous audit, thus <b>upgraded to Major NCR</b></p> <p><b>Objective evidence:</b> Audit found the Grievances SOP (SOP#:3.1 v2 and SOP#:3.3 v2) was updated but not circulated to the respective village headmen or representatives. Establishment of the village representative committees involving the Forestry Department was included in the SOP but not implemented and schedule plan</p>	<p><b>Result of investigation and determination of root cause:</b></p> <ol style="list-style-type: none"> <li>SOP was revised to improve grievances management. However, due to the increase of Covid-19 cases at nearby villages, we are unable to distributed and brief the new appointed headmen the feedback form as in the SOP.</li> <li>According to our scheduled plan, the Sapulut Social Forestry Consultative Committee (SSFCC) was supposed to be established within the first quarter. However, due to the pandemic, we had to change our schedule as many villages were put under quarantine, including our premises close by Health Department last March. Furthermore, establishing a committee must have a proper work plan and management to enable the committee to function well.</li> </ol> <p><b>Correction and corrective action plan including completion date:</b> Correction action plan to be done as follow; -</p> <ol style="list-style-type: none"> <li>To distribute and explain the purpose and how to fill the feedback form to each village through their chief.</li> </ol>	<p>Evidence received on 25 May 2021 was verified and accepted on 31 May 2021 as below.</p> <p>Report on "Consultation with villages" Headman/representative Regarding Establishment of Sapulut Social Forestry Consultative Committee" was reviewed and accepted by auditor. The consultation was conducted on 19 and 20 May 2021.</p> <p>The Head / representatives for each of kampongs involved as listed below.</p> <ol style="list-style-type: none"> <li>Kg Tataluan, Kg Bangau</li> <li>Kg Sandukan, Kg Maatol, Kg Mawantul</li> <li>Kg Salarom Taka</li> <li>Kg Samuran, Kg Kangkamon</li> <li>Kg Liningkar, Kg Labang, Kg Naturan</li> <li>Kg Bigor, Kg Kaigalan, Kg Koyoon, Kg Tantayakan, Kg Tampa Ri Kailau</li> <li>Kg Tonomon, Kg Simatuoh, Kg Bukokoh, Kg Nantayap</li> </ol>

		for implementation was also not presented during the audit. This was confirmed during the consultation with Kg. Tonomon, Kg. Singsingon, Kg. Samuran, Kg. Kangkamon and Kg. Nalasaran.	2. To reorganize the scheduled plan and submit a letter for the establishment of the committee. Discussions will be held with each head to get their feedback on the establishment of the committee.	<p>8. Kg Sinsingon, Kg Mukim Sapulut</p> <p>9. Kg Saliku, Kg Pulutan Atas / Bawah, Kg Salangon, Kg Nalasaran</p> <p>It was noted all representative agreed that Forestry Department to involved in the committee, thus issues related to forest reserved could be discussed directly with the Forest Department.</p> <p><b>Status: Closed</b></p>
<b>4.2.3</b>	Minor ANS01/2021	<p><b>Requirement:</b></p> <p>Appropriate safety and operational equipment in good working condition, including operational procedures, shall be made available to forest workers in the workplace.</p> <p><b>Finding:</b></p> <p>Appropriate safety and operational equipment maintenance records were not available at workplace.</p> <p><b>Objective evidence:</b></p> <ol style="list-style-type: none"> <li>1. Site visit at harvesting area found one (1) chain saw was not covered with safety bar/blade cover at Compartment 157 and Simgaya Enterprise contractor camp, respectively.</li> <li>2. Visit at active harvesting area at Compartment 157 found the maintenance record for one (1) Log Fisher and one (1) bulldozer [Jaya Contractor] and eight (8)</li> </ol>	<p><b>Result of investigation and determination of root cause:</b></p> <ol style="list-style-type: none"> <li>1. Inadequate awareness on the requirement to utilize chainsaw scabbard during transporting and during storing.</li> <li>2. Contractor not aware the requirement of to keep record on maintenance record.</li> </ol> <p><b>Correction and corrective action plan including completion date:</b></p> <ol style="list-style-type: none"> <li>1. Conducting a Safety Awareness to address the specific safety requirements for safe use and storage of Chainsaw. Monitoring the compliance shall be carried out to ensure rules has been followed.</li> </ol>	<p>During this audit, FMU had provided updated information on all relevant laws and/or regulations covering safety and health of forest workers to be disseminated in Bahasa/ English. All the relevant documents were presented during the audit and confirmed by the 6 workers consulted, closing the OFI raised under Indicator 4.2.1 in the previous Audit.</p> <p><b>Status: Closed</b></p>

		<p>bulldozers and five (5) excavators by [Simgaya Contractor] was not available.</p> <p>3. Visit at active harvesting area at Compartment 267 found the maintenance record for two (2) Log Fisher and four (4) bulldozers [Megabig Contractor] was not available.</p>	<p>2. Briefing has been conducted on 8th May 2021 for both contractors to keep records of machinery maintenance.</p> <p>Completion Date: May 08, 2021 - Safety Awareness has been conducted.</p> <p>Corrective action to be done is as follow.</p> <p>a) To enforce the requirement of maintenance record keeping.</p> <p>b) Periodically checking to be done to make sure record keeping up to date.</p> <p>Expected Completion Date: 30 July 2021.</p>										
5.2.1	Minor KN01/2021	<p><b>Requirement:</b></p> <p>Forest management practices encourage the optimal use of forest resources.</p> <p><b>Finding:</b></p> <p>The implementation of forest management practices encourages the optimal use of forest resources was not sufficient. The analysis from AWP and post-harvest inventory report showed the FMU does not optimize the utilization of forest resources. This will affect Sapulut FMU 14 planning in the next 25 years cycle.</p> <p><b>Objective evidence:</b></p> <ul style="list-style-type: none"><li>Result from the AWP Annual Compliance from year 2016 to 2020 shows the area that has been harvested were less than 60% (except 2017) from the total planned area.</li></ul>	<p><b>Result of investigation and determination of root cause:</b></p> <p>1. In 2016 to 2019, the harvesting area concentrated at NFM West area. Harvesting hampered due to steepness which effect on harvesting contractors harvesting works e.g., machinery frequently breakdown. Certain area covered with rocky and undulating thus effect the harvesting volume.</p> <p>2. For AWP 2020, operation was affected due to the covid-19 virus outbreak which led to enforcement of MCO for the month of March until June 2020.</p> <p>3. Decision to stop harvesting of the tagged Sedaman species in year 2017 due to low market price.</p> <p>4. 36cm DBH tree tagged but not harvested – Market demand low for 36cm DBH tree. Management decided to harvest above 48 cm DBH tree only.</p>	<p>During this surveillance audit 2022, auditor was verified Result of the post-harvest inventory report [Clause 2.1 Harvesting Intensities] (sampled for Compartment 159 and 160) found the felled trees above 70% of the total tagged trees. The reason of unfelled tree was identified.</p> <table><tr><td>Compartments</td><td>Tree Tagged (CHP)</td><td>Tree harvested</td></tr><tr><td>159 A</td><td>5,255</td><td>3,894 (74%)</td></tr><tr><td>160</td><td>5,946</td><td>4,359 (73%)</td></tr></table>	Compartments	Tree Tagged (CHP)	Tree harvested	159 A	5,255	3,894 (74%)	160	5,946	4,359 (73%)
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		<table><tr><th>AWP Year</th><th>Planning (Ha)</th><th>Achievement (Ha)</th></tr><tr><td>2020</td><td>2,458</td><td>829 (34%)</td></tr><tr><td>2019</td><td>2,859</td><td>2,087 (73%)</td></tr><tr><td>2018</td><td>1,552</td><td>788 (51%)</td></tr><tr><td>2017</td><td>2,759</td><td>1,340 (49%)</td></tr><tr><td>2016</td><td>2,693</td><td>1,535 (57%)</td></tr></table> <ul style="list-style-type: none"><li>Result of the post-harvest inventory report [Clause 2.1 Harvesting Intensities] (sampled for Compartment 232A, 229, 232B, 260B) found the felled trees only half of the total tagged trees.</li></ul> <table><tr><th>Compartment</th><th>Tree Tagged (CHP)</th><th>Tree harvested</th></tr><tr><td>232A</td><td>8,650</td><td>4,599 (53%)</td></tr><tr><td>229</td><td>4,020</td><td>2,296 (57%)</td></tr><tr><td>260B</td><td>1,869</td><td>960 (51%)</td></tr><tr><td>232B</td><td>9,132</td><td>5,070 (55%)</td></tr></table>	AWP Year	Planning (Ha)	Achievement (Ha)	2020	2,458	829 (34%)	2019	2,859	2,087 (73%)	2018	1,552	788 (51%)	2017	2,759	1,340 (49%)	2016	2,693	1,535 (57%)	Compartment	Tree Tagged (CHP)	Tree harvested	232A	8,650	4,599 (53%)	229	4,020	2,296 (57%)	260B	1,869	960 (51%)	232B	9,132	5,070 (55%)	<p>5. Poor tree identification: Quality 3 trees tagged, prohibited trees, defect trees and trees far from SKT/LFT lead to the reduction of trees volume to be harvested.</p> <p>6. AWP planning used Gross Ha while AWP achievement used Net Ha after ground demarcation done for CHP preparation work which result different in Ha.</p> <p>7. Heavy rain downpour at the NFM West also hampered the work done by contractors.</p> <p><b>Correction and corrective action plan including completion date:</b></p> <ol style="list-style-type: none"><li>to tag and harvest tree 48 cm DBH only.</li><li>conduct tree identification training for CHP contractors to reduce tree ID error.</li><li>report of AWP to use gross ha as per approved AWP planning.</li></ol>	Status: <b>Closed</b>
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9.2.1	Minor ANS02/2021	<p><b>Requirement:</b></p> <p>Forest managers shall consult with relevant stakeholders on the options to maintain or enhance the identified HCV areas.</p>	<p><b>Result of investigation and determination of root cause:</b></p> <p>Salt lick Saleha Compartment 148 was found right after the HCV assessment report was made. Management decided to</p>	During this SA1 audit (2022), the FMU has consulted the relevant stakeholders base on the letter Ref. No.Sap/JPHTN.HQ/011/2021.AS dated 11 <sup>th</sup> June 2021. Therefore,																																	

		<p><b>Finding:</b> Relevant stakeholders were not consulted for newly identified HCVF in FMU</p> <p><b>Objective evidence:</b> Evidence of consultation with stakeholder was not available for newly saltlick HCVF identified in Compartment 148.</p>	<p>include Salt lick Saleha in FMP 3rd during 5th year revision since the cost to conduct HCV Assessment is high.</p> <p><b>Correction and corrective action plan including completion date:</b> Correction action plan to be done as follow; - 1. To do HCV identification on the area by referring to HCV identification toolkit. 3. To include Salt lick Saleha in FMP 3rd on 5th year revision 4. To consult with stakeholder by submitting identification and monitoring report for review.</p>	<p>minor NCR ANS02/2021 for Indicator 9.2.1 was satisfactorily closed.</p> <p>Status: <b>Closed</b></p>
1.4.1 (MC&I SFM)		<p><u>Availability of documentation of any conflicts between laws, regulations and these Principles and Criteria.</u></p> <p>Documentation of any conflicts between laws and regulation and MC&amp;I SFM standard yet to be prepared by the FMU.</p>	Not required	<p>Audit found the documentation of any conflicts between laws and regulation of newly revised MC&amp;I SFM standard has been prepared by the FMU updated 23 March 2022. Thus, OFI against Indicator 1.4.1 was satisfactorily closed.</p> <p>Status: <b>Closed</b></p>
1.6.1 (MC&I SFM)		<p><u>Availability of policies or statements of commitment to forest management practices consistent with these Principles and Criteria.</u></p> <p>The statement of commitment to MC&amp;I standard in the Forest Management Plan (FMP) (2016-2025) yet to be replaced to new standard MC&amp;I SFM.</p>	Not required	<p>The statement of commitment to MC&amp;I standard in the Forest Management Plan (FMP) (2016-2025) has been replaced to new standard MC&amp;I SFM at page 3. Thus, OFI against Indicator 1.6.1 was satisfactorily closed.</p> <p>Status: <b>Closed</b></p>

6.1.2 (MC&I SFM)		<p><u>Environmental impact assessments are carried out, including the potential impacts on rare, threatened endangered species of flora and fauna, and rare and vulnerable ecosystems, and the need for biological corridors in the FMU, appropriate to the scale and intensity of forest management, as well as consideration of the impacts on risks of fire and pollution or siltation of water courses and wetlands and forest carbon stocks.</u></p> <p>Consideration of the impacts on risks of forest carbon stocks are not available.</p>	Not required	<p>During this surveillance 2 audit (2022), review of the Special Environmental Impact Assessment (SEIA) for Forest Logging &amp; Plantation of 95,300 ha. Forest Management Unit (FMU 14) Sapulut, Sabah. Sapulut Forest Development Sdn.Bhd. Kota Kinabalu (February2005), found that the consideration of the impact on risk of forest carbon stocks are still not available in the SEIA.</p> <p>Therefore, OFI was upgraded to <b>Minor NCR RJ01/2022</b> for <b>Indicator 6.1.2.</b></p> <p>Status: <b>Upgraded</b></p>
7.1.1 (MC&I SFM)		<p><u>Availability and implementation of forest management plan including consideration of risks and opportunities concerning compliance with the requirements of the standard.</u></p> <p>The following information yet to be included in the FMP:</p> <p>7.1 d) non-timber forest product used commercially.</p> <p>7.1 j) description of stakeholder consultation</p> <p>7.1.1 considering of risk and opportunities concerning compliance with the requirements of the standard.</p>	Not required	<p>The following information that required in new MC&amp;I SFM were has been included in the FMP:</p> <p>7.1 d) non-timber forest product used commercially (Para 5.19)</p> <p>7.1 j) description of stakeholder consultation (Para 5.24)</p> <p>7.1.1 considering of risk and opportunities concerning compliance with the requirements of the standard (Para 5.23)</p> <p>Status: <b>Closed</b></p>

8.1.3 (MC&I SFM)		<p><u>Forest managers shall undertake annual internal audit and management review of forest management for continual improvement. The conduct of internal audit, management review and continual improvement is stipulated in <b>APPENDIX A</b>.</u></p> <p>The management review conducted on 1 October 2020 does not covered status of action from previous MRM, opportunities for continual improvement, and decisions related to continual improvement.</p>	Not required	<p>The management review meeting (MRM) conducted on 2<sup>nd</sup> December 2021 has included the element on status of action from previous MRM, opportunities for continual improvement, and decisions related to continual improvement.</p> <p>Status: <b>Closed</b></p>
8.3.1 (MC&I SFM)		<p><u>Forest managers shall provide relevant documents to ensure that all forest products leaving the certified area can be identified (including volumes and types) so that their origin can be determined. Specific claims to communicate the origin of products are specified in APPENDIX B.</u></p> <p>Specific claim should be used to communicate the origin of products in area covered by the standard to customers with PEFC Chain of Custody.</p>	Not required	<p>During this SA1 audit (2022) the specific claim has been used by the FPMU as verified through the invoice SFD-A0008/03/22 dated 23-03-22 (lot SQ MS E19).</p> <p>Status: <b>Closed</b></p>
4.1.2 (MC&I SFM)		<p><u>Communities living within, or adjacent to, the FMU are given preference for employment contract Criteria.</u></p> <p>Information on the employment opportunities at the FMU is yet to be disseminated to the newly appointed community elders.</p>	Not required	<p>The FMU has briefed and disseminated employment opportunities to the communities on the 16/02/2022 through advertisement at strategic place at local shops and restaurant in Kg.Tonomon, Kg. Sapulut and Kg. Salarom Taka. The information was also disseminated to the newly appointed community elders during the SSFCC meeting on the</p>

				<p>12/4/2022. This is confirmed by communities of Kg. Tonomon, Kg.Simatuoh, Kg. Kangkamon,Kg.Bigor, Kg. Saliku,Kg. Pulutan Bawah/Atas and Kg. Sinsingon during the field audit.</p> <p>Status: <b>Closed</b></p>
4.2.1 (MC&I SFM)		<p><u>Up-to date information on all applicable laws and/ or regulations covering safety and health of forest workers shall be disseminated to them in Bahasa and /or English.</u></p> <p>Updated information on all relevant laws and/or regulations covering safety and health of forest workers to be disseminated in Bahasa/ English.</p>	Not required	<p>During this audit, FMU had provided updated information on all relevant laws and/or regulations covering safety and health of forest workers to be disseminated in Bahasa/ English. All the relevant documents were presented during the audit and confirmed by the 6 workers consulted.</p> <p>Status: <b>Closed</b></p>