



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

**Certificate Number: FMC-NF 00009  
Date of First Certification: 21 October 2016  
Audit Date: 5<sup>th</sup> – 7<sup>th</sup> April 2022  
Date of Public Summary: 9<sup>th</sup> February 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)**

## TABLE OF CONTENTS

EXECUTIVE SUMMARY .....	3
1.0 INTRODUCTION.....	4
1.1 Name of FMU .....	4
1.2 Contact Person and Address .....	4
1.3 General Background on the Bornion Timber FMU.....	4
1.4 Date First Certified .....	4
1.5 Location of the FMU .....	4
1.6 Forest Management System .....	4
1.7 Annual Allowable Cut/Annual Harvest under the Forest Management Plan .....	4
1.8 Environmental and Socioeconomic Context .....	5
2. AUDIT PROCESS.....	5
2.1 Audit Dates.....	5
2.2 Audit Team .....	5
2.3 Standard Used .....	5
2.4 Stakeholder Consultations .....	5
2.5 Audit Process .....	6
3.0 SUMMARY OF AUDIT FINDINGS.....	6

### **Attachment**

Map of Bornion FMU.....	13
Experiences and Qualifications of Audit Team Members .....	14
Comments Received from Stakeholders and Responses by Audit Team Leader .....	16
Surveillance 2 Audit Plan .....	17
Details on NCRs and OFIs Raised During this Surveillance 2 Audit and Corrective Actions Taken (Current year- 2022) .....	19
Corrective Actions Taken and Final Status on NCRs and OFIs Raised During Previous Audit (2020) ..	23

## EXECUTIVE SUMMARY

This surveillance 2 audit on the Bornion Timber Forest Management Unit (unit 11) (hereafter referred as the (Bornion Timber FMU) was conducted on 5<sup>th</sup> – 7<sup>th</sup> April 2022 to assess the continued compliance of the overall forest management system of the Bornion Timber FMU against the requirements of the *Malaysian Criteria and Indicators for Forest Management Certification* [MC&I SFM] 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 Bornion Timber FMU11.

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

Based on the findings of this surveillance 2 audit, it was found that Bornion Timber FMU11 had continued to comply with the requirements of the MC&I SFM. This surveillance audit had resulted in the issuance of one (1) major Non-Conformity Reports (NCRs), four (4) minor NCRs. In addition, one (1) Opportunity for Improvements (OFI) was raised.

This public summary contains the general information on Bornion Timber FMU11 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

Bornion Timber Sdn Bhd (Forest Management Unit 11)

### 1.2 Contact Person and Address

Name : Mr. Adam Goh  
Designation : Assistant Manager (Forest Management)  
Address : 3rd Floor, Lot 16-18,  
Block K, Jalan Ikan Juara Satu,  
Sadong Jaya, Karamunsing,  
88000 Kota Kinabalu, Sabah  
Phone # : +6088 240111  
Fax # : +6088 240112

### 1.3 General Background on the Bornion Timber FMU

The Bornion Timber - FMU11 is under Timber Licence No. 03/97. The licensed area was granted by the Sabah State Government to Bornion Timber Sdn Bhd on 10th September 1997 and valid until 9 September 2097 under the Sustainable Forest Management License Agreement (SFMLA) No. 03/97 to manage the area based on sustainable forest management principles.

The FMU 11 has been split into two separate sub-management units for the purpose of forest management certification assessment and management as separate entities under Natural Forest (40,924.72 ha) and Forest Plantation (58,233.55 ha) regime respectively.

The certified area of natural forest covers of 40,924.72 hectares located from 116° 15' E to 116° 50' E longitude and 4° 40' N to 5° 30' N in the Sook District, Keningau, Sabah. The forest area under Natural Forest Management consists of Ulu Sg. Milian Forest Reserve (Block A - 30,452.04 ha) and part of Sapulut Forest Reserve (Block B - 10,472.68 ha). The production area is 31,245.78 ha and 9,678.94 ha as the conservation area.

The natural forest is managed under a 30-year rotation period. A Forest Management Plan (FMP) covering the period from 2012 to 2021 presented during the audit. For the period 2012-2021, the AAC has been revised to 25,808 m<sup>3</sup> per annum or 34.41 m<sup>3</sup>/ha.

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

### 1.4 Date First Certified

22 to 26 February 2016

### 1.5 Location of the FMU

The FMU is located between 4° 40' N, 116° 15' E and 5° 30' N, 116° 50' E longitude in the Sook District, Keningau, Sabah.

### 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) 2012 to 2021 was presented during this audit.

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

The annual allowable cut (AAC) for the FMU had been set at 25,808 m<sup>3</sup> per annum or 34.41 m<sup>3</sup>/ha. During this surveillance audit, the size of the FMU is 40,924.72 ha.

## 1.8 Environmental and Socioeconomic Context

*Special Environmental Impact Assessment (SEIA) SFMLA 3/97 FMU 11 Bornion Timber Sdn Bhd* was produced in February 2003. The report had included ERT species. The FMP had incorporated mitigation measures identified in the EIA. The prescribed mitigation measures shall be implemented once harvesting conducted. The FMU also has established river buffer zones (30 m) as biological corridors along large rivers such as Sg. Pingas, Sg. Labau, Sg. Pinangah and Sg. Melikop. The FMU has set aside conservation and protection area with total area 9678.94ha. (23.74 %) which consisting of steep area, portion lower montane forest, lowland dipterocarp forest and water catchment area. The revised FMP had mentioned the protection of animal corridors with the maintenance of the protected forest belt.

Forest managers had recognized, respected, and collaborated with holders of duly recognised legal or customary tenure or use rights of the local communities. The Final Report of “Social Impact Assessment” for Bornion Timber Sdn. Bhd. (FMU No. 11) dated December 2016 was available. The SIA results were incorporated in the “2nd Forest Management Plan: Natural Forest Management (revised May 2018) 2012-2021 for FMU 11” on land use and claim issues under Section 3.7 (Social-economic environment).

No traditional forest-related knowledge and practices of indigenous communities were used in the FMU in forest operations. However, The mechanism and fair and equitable compensation for the commercial utilisation of traditional forest-related knowledge and practices of indigenous peoples was available as evidenced in the FMU’s 2017 Standard Operating Procedure entitled “Management of Community Traditional and Practices Uses in FMU 11” (Document No: BTSB-SOP-CF-04).

Qualified villagers in the surrounding FMU area were employed. As of March 2022, a total of 92 workers were employed, comprising 81 local employees (88%). Out of these local employees, 53 (65%) were from the local communities in the vicinity of the certified area.

## 2. AUDIT PROCESS

### 2.1 Audit Dates

5<sup>th</sup> -7<sup>th</sup> April 2022 / 9 auditor day(s)

### 2.2 Audit Team

Mohd. Annas Amin Hj.Omar (Lead Auditor)  
Hj.Roslee 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 [MC&I SFM] using the verifiers stipulated for Sabah.

### 2.4 Stakeholder Consultations

A stakeholder notification was issued in March 2022 for a period of one month inviting relevant stakeholders to give comments on the FMU. 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 Bornion Timber FMU11's current documentation and field practices in forest management with the standard of performances (SOPs) listed in the MC&I SFM, using the verifiers stipulated for Sabah. For each Indicator, the auditors had conducted either a documentation review, consultation with the relevant personnel of the FMU, local community or stakeholders or field audit or a combination of these methods. Depending on the compliance with the verifiers for a particular indicator, the auditors then decided on the degree of the FMU's overall compliance with the indicator and decided whether 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.

Consultations were held with local communities living adjacent to Bornion Timber FMU11 namely Kg. Mantanid, Kg. Simbuan, Kg. Tampusison, and Kg. Pandiwan. The audit team had also held meeting with the workers.

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

Bornion Timber Sdn.Bhd FMU 11 had sent a corrective action plan to the audit team to address the minor NCRs which the audit team had reviewed and accepted. The audit team had prepared an interim surveillance audit report and sent it to Bornion Timber for comments. A second draft of the audit report which had incorporated the comments received from the Bornion Timber was then prepared.

## 3.0 SUMMARY OF AUDIT FINDINGS

Based on the findings of this surveillance 2 audit, it was found that the Bornion Timber had continued to manage Bornion Timber FMU11 in compliance with most of the requirements of the MC&I SFM. This surveillance audit had resulted in the issuance of 1 Major, 4 Minor NCRs, and 1 OFI. The details on the NCRs raised are shown in **Attachment 5**.

The audit team had reviewed, verified, and accepted the corrective action plans by the Bornion Timber to address the Major and Minor NCRs raised during this surveillance audit, and the Major NCR was closed. However, corrective actions plan for Minor NCR shall be verified by the audit team during the next audit.

The audit team had also verified the corrective actions taken by the Bornion Timber to address the 4 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 are as in **Attachment 6**.

On indigenous peoples' rights, mechanisms had been put in place by the FMU to resolve conflicts and grievances between the FMU and local communities. The Milian-Sapulut Community Forestry Committee (MSCFC) was formed to ensure that the communities were informed, engaged, and their concern about potential impact of forest operations were adequately addressed. The membership of MSCFC-NFM consists of population from nearby villages including Kg. Simbuan, Kg. Sg. Mantanid, Kg. Maatol, Kg. Pandiwan, Kg. Tataluan, Kg. Langkuku, Kg. Kagupil, Kg. Tompusison. Kg. Solog and Kg. Melugus. Pertaining to Native Customary Rights, the management of Bornion Timber FMU11 had updated the SOP on "Management of Community Disputes in FMU 11" to resolve disputes over tenure and use rights.

About Criterion 6.10, there was no conversion of the FMU to forest plantations or other non-forest land uses during the intervening period since the last audit. Conversion of natural forest into non-forest land use had not occurred within the FMU.

As the major NCR raised during this surveillance 2 audit had been closed out, the audit team had therefore recommended that the Certificate for Forest Management for Bornion Timber FMU be maintained.

The summary on the findings of the surveillance 2 audit on the Bornion Timber FMU against the requirements of the MC&I SFM are as follows:

Principle	Strengths	Weaknesses
<b>Principle 1 Compliance With Laws and Principles</b>	<p>The forest management had maintained records of all relevant national, local laws, regulations and policies related to forest management, stipulated in the MC&amp;I (SFM) fundamental for the FMU management.</p> <p>Current list of all legally prescribed fees, royalties, taxes, and other charges was available at the Camp Office.</p> <p>The list records of payment made to Forestry Department Sabah since 2008 to 2022 were available.</p> <p>The forest managers were aware of all the binding international agreements.</p> <p>The forest managers had expressed their willingness to participate in resolution of any conflicts if they arise.</p> <p>Signboards on control of hunting and forest reserve signboards have been erected at significant place such as security check points, base camp office and FMU's boundary.</p> <p>Consultation with staff members at the office showed that policies or statements are communicated throughout the organization. They were able to locate where the policy statements were displayed.</p>	There were no Negatives findings
<b>Principle 2 Tenure and Use Rights and Responsibilities</b>	<p>The legal provisions for the establishment and protection of the forest reserve in the forest management unit (FMU) were specified in the "Sustainable Forest Management License Agreement" ref: SFMLA: 03/97, dated 10<sup>th</sup> September 1997. The agreement was between Bornion Timber Sdn Bhd and the State Government of Sabah.</p> <p>There is no village located within the certified area. There are 13 villages (mainly indigenous Dusun and Murut as well as a minority of Dusun-Lobou) located outside of the certified area but within 2 KM from the certified area boundary.</p> <p>Forest managers had continuously supported legally recognized mechanisms for resolving land claims through the</p>	There were no Negative Findings

Principle	Strengths	Weaknesses
	<p>establishment of Milian-Sapulut Community Forestry Committee (MSCFC).</p> <p>The appropriate mechanisms to resolve disputes over tenure and use rights were outlined in The Standard Operating Procedure titled “Management of Community Disputes in FMU11 Doc. No BTSB-SOP-CF-01 (2017)”. In addition, a Record Form: “Community Grievances and Action Taken” is used as a mechanism to report the grievances by the community and action taken by Bornion Timber Sdn. Bhd.</p> <p>Consultations with communities from Kg.Dumbun, Kg. Simbuan, Kg, Kipaliu, Kg. Pulutan, Kg. Matanid,Kg. Fontas Mendolong,Kg. Kalindukan, Kg. Solog on the 6<sup>th</sup> April, 2022 confirmed that the related matter on land claim and land use was discussed in the MSCFC meetings.</p>	
<b>Principle 3 Indigenous People’s Rights</b>	<p>The legal and customary rights of local communities to own, use and manage their lands, territories, and resources had continued to be recognised and respected by the Bornion Timber FMU 11.</p> <p>The FMU did not make use of indigenous land and hence delegation of control with free, prior and the issue of obtaining informed consent by the local communities does not arise.</p> <p>There were appropriate mechanisms in place for resolving conflicts with regards to tenure claims, use rights and other complaints.</p> <p>The communities confirmed that their land use in the certified area has not threatened or diminished their resources or tenure rights by FMU activities within the certified area.</p> <p>The traditional forest-related knowledge and practices of indigenous communities were not used in the FMU in forest operations. However, The mechanism and fair and equitable compensation for the commercial utilisation of traditional forest-related knowledge and practices of indigenous peoples was available as evidenced in the FMU’s 2017 Standard Operating Procedure entitled “Management of Community Traditional and Practices Uses in FMU 11” (Document No: BTSB-SOP-CF-04).</p>	There were no Negative Findings
<b>Principle 4 Community Relations and</b>	The Bornion Timber FMU had provided sufficient support for training, retraining, local infrastructure, facilities and social	The Labour Dept. Sabah, has a memo Ref.no. (600-1/2/14/17(11/KGU/2020-050) to



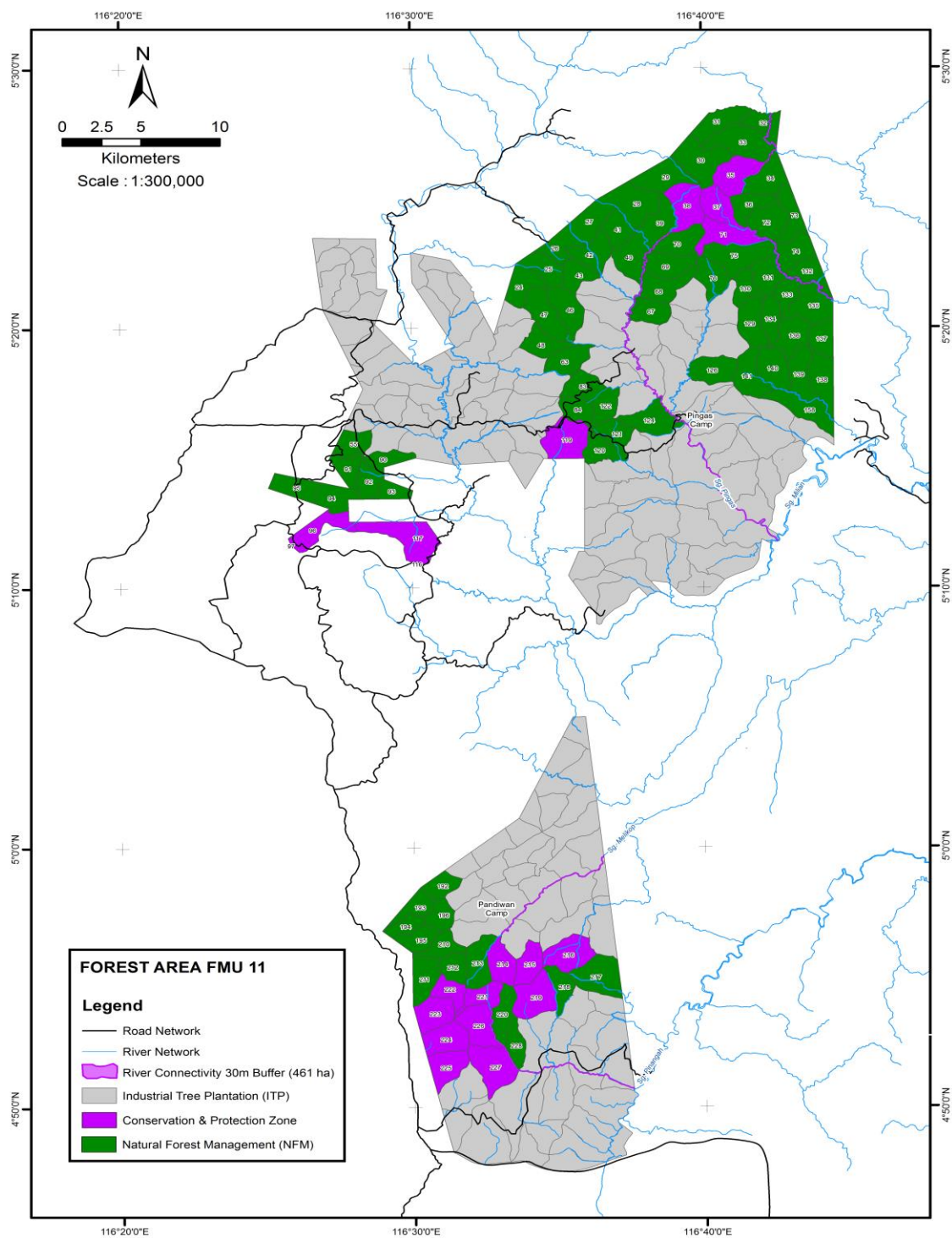
Principle	Strengths	Weaknesses
<b>Workers' Rights</b>	<p>programs for departmental staff.</p> <p>Record showed that qualified villagers in the vicinity of FMU area were employed.</p> <p>All applicable laws and/or regulations covering health and safety of employees were made available and explained to them.</p> <p>The FMU supplied appropriate safety and operational equipment (safety boots, helmets and goggles) in good working condition to its employees while the contractors had provided the same for their workers.</p> <p>The schedule waste was disposed by the certified contractor, Legenda Bumimas Sdn. Bhd.</p> <p>The Certificate for 2 (two) units of air compressor used by the workshop were made available and still valid through 27<sup>th</sup> April 2022</p>	<p>allow deduction of wages not more than 50% of the workers' salary. Inspection of salary slips of workers (listed below) indicated that deductions were more than 50% of their salary.</p> <ul style="list-style-type: none"> <li>i. 100050046</li> <li>ii. 100100140</li> <li>iii. S0061</li> <li>iv. S0062</li> </ul> <p>Therefore, A <b>Major NCR AS 01/2022</b> for <b>Indicator 4.3.3</b> was raised.</p> <ol style="list-style-type: none"> <li>1. In the BTSB SIA, 2018, 3rd FMP (2022-2031 for FMU 11), has not included the people and groups directly affected by the forest operations.</li> <li>2. Field visits and interview indicated that Kg.Kipaliu has access rights to their ancestral graveyards located within the compartment 32 and 33. However, they were not included in SIA and FMP for FMU11.</li> </ol> <p>Therefore, a <b>Minor NCR AS02/2022</b> for <b>Indicator 4.4.1</b> was raised.</p>
<b>Principle 5 Benefits From the Forest</b>	<p>Investments and reinvestments were made in forest management, including for forest administration, research, human resource development, protection, economic, conservation environmental and social aspects, consistent with the tenure of the FMU.</p> <p>Data from 32 PSPs were used in management planning towards forest resource optimal use which includes monitoring growth and yield and AAC calculation for future harvesting volumes.</p> <p>Since the FMU is scheduling to start the logging operation on the 2023, the FMU rely on other source of income, the ITP and fruit tree from their orchard for income generation.</p> <p>Consultation with local communities surrounding the FMU indicated that non-timber forest products were collected for their personal use.</p> <p>The AAC has been revised to 25, 808 m3 based on average harvestable AAC volume of 34.42 m3/ha and annual net production area of 750 ha (21, 493 for 30 years).</p>	<p>Training on technique of reduced impact logging has not been conducted since 2020. Therefore an OFI for indicator 5.3.3 (MC&amp;I Natural Forest Standard) on the previous surveillance audit was <b>upgraded to Minor NCR ANS01/2022</b> for <b>indicator 5.3.2</b> (MC&amp;I SFM).</p> <p>The SOP on enrichment planting (BTSB -SOP-FD- 03—02 (updated 30/12/2020) could be further improved to includes, inventory after planting and silvicultural treatment.</p> <p>Therefore, <b>OFI for Indicator 5.1.2</b> was raised.</p>

Principle	Strengths	Weaknesses
<b>Principle 6 Environmental Impact</b>	<p><i>Special Environmental Impact Assessment (SEIA) SFMLA 3/97 FMU 11 Bornion Timber Sdn Bhd</i> was produced in February 2003. The report had included ERT species. The FMP had incorporated mitigation measures identified in the EIA.</p> <p>An <i>SOP Identification and Protection of Rare, Threatened and Endangered (RTE) Species and their Habitats BTSB-SOP-CP-03</i> had been prepared. There was also a SOP for the <i>Survey and Identification of HCVF and Other Protected Areas BTSB-SOP-CP-01</i>.</p> <p>Signage and posters had been posted at the main entrance and office. Signs prohibiting hunting were also erected at strategic points.</p> <p>The FMU has set aside conservation and protection area with total area 9678.94ha. (23.74 %) which consisting of steep area, portion lower montane forest, lowland dipterocarp forest and water catchment area.</p> <p>There was continuous cooperation between forest managers, conservation organizations and regulatory authorities on implementing conservation and management activities.</p> <p>There were no logging activities carried out during this audit. RIL Operation Guidebook (FD Sabah) Third Edition, Environmental Impact Assessment (EIA), and Guideline for Forest Harvesting (logging) were available for harvesting operation. Harvesting would be conducted in accordance to the RIL specifications with pre-felling and post-felling inventories conducted.</p> <p>Chemicals were not used in forest operation except for paints and fuel.</p> <p>The scheduled waste at camp has been disposed by registered contractor Legenda Bumimas Sdn Bhd, Licence No. 004940 - valid until 30 April 2022.</p> <p>Biological control agents have not been used in the management.</p> <p>The monitoring of invasive plant with NFM area was conducted annually. The latest monitoring was conducted on 12 June 2021 (Cpt. 158).</p> <p>There was no plan for converting the forest</p>	There were no Negative Findings

Principle	Strengths	Weaknesses
	area to plantations, and conversion of natural forest into non forest land use had not occurred within the FMU.	
<b>Principle 7 Management Plan</b>	<p>3<sup>rd</sup> FMP: Natural Forest Management (2022-2031) for FMU 11 was Approved on 21<sup>st</sup> March 2022 by FDS.</p> <p>The presence of ERT species had been documented and protective measures for them had been included in this revised FMP in the Section 3.5 (Faunal diversity).</p> <p>Forest manager was found to be aware of new scientific and technical information pertinent to the management of the area to be certified.</p> <p>Forest managers has clearly defined and assigned specific roles and responsibilities of the forest worker to ensure effective implementation of the forest management plan. This</p> <p>Training had been provided by the FMU to the workers and training records were made available to the audit team.</p> <p>Summary of Forest Management Plan has been prepared, implemented, and made available to the public through website link as follows: <a href="http://www.bornion.com">www.bornion.com</a></p>	<p>Review of the 3<sup>rd</sup> Forest Management Plan: Natural Forest Management (2022-2031) for FMU 11. Bornion Timber Sdn.Bhd. found the following information not included in the FMP:</p> <ul style="list-style-type: none"> <li>a) Fire prevention and control (Paragraph C in Criterion 7.1)</li> <li>b) Description of stakeholder's consultation (Paragraph J in Criterion 7.1)</li> </ul> <p>Therefore, <b>a Minor NCR RJ01/2022 for Indicator 7.1.1.</b> was raised.</p>
<b>Principle 8 Monitoring and Assessment</b>	<p>Appropriate monitoring procedures for ecological and environmental impacts in accordance with various guidelines of the Sabah Forestry Department appropriate to the intensity of forest operations were developed.</p> <p>Relevant information necessary to monitor on the various items in Criterion 8.2 has been gathered by FMU: They are (a) yield of forest products (no logging), (b) growth rates and regeneration, (c) composition and observed changes in flora and fauna, (d) Environmental and social impacts, and (e) management costs, productivity, and efficiency.</p> <p>Even though there was no logging operation been conducted during the audit, an SOP for Chain of Custody (COC) [BTSB-SOP-LP-0] was available and verified. The SOP outlined the flow of the COC process so that the origin of the logs could easily be determined.</p> <p>The updated version of the FMP entitled "3<sup>rd</sup> Forest Management Plan: Natural Forest Management (2022-2031) for FMU 11" was prepared by the FMU. The latest</p>	<p>Review of Internal audit report conducted on 22-26 November 2021 and Management Review conducted on 30<sup>th</sup> November 2021, found that the information did not include the requirement as listed in Appendix A as in Indicator 8.1.3.</p> <p>Therefore, <b>a Minor NCR RJ02/2022 for Indicator 8.1.3</b> was raised.</p>

Principle	Strengths	Weaknesses
	<p>findings of the monitoring activities were incorporated in the text of the FMP.</p> <p>Summary of results of monitoring indicators was made available to the public via website <a href="http://www.bornion.com/monitoring.html">www.bornion.com/monitoring.html</a></p>	
<b>Principle 9 Maintenance of High Conservation Values</b>	<p>HCVF sites in Bornion Timber FMU11 were identified in accordance with the WWF-Malaysian Toolkit for Malaysia. The summary and map of the HCVF were presented in Chapter 6.0 in the 3<sup>rd</sup> Forest Management Plan: Natural Forest Management (2022-2031) For FMU 11. Which includes six HCV categories that were found in the FMU.</p> <p>The FMU has consulted regularly with the relevant stakeholders in the government agencies, NGOs, and local communities to maintain or enhance the identified HCVF. A list of stakeholders was presented to the auditors which include NGOs, Government Agencies and local communities.</p> <p>The 3<sup>rd</sup> Forest Management Plan: Natural Forest Management (2022-2031) for FMU 11 - 1st Revision 2018 has clearly documented and demarcated the HCV in the map dated 10 December 2021 (pg. 129).</p> <p>Annual monitoring activities were effectively implemented based on the documents of "Work Plan for Annual Monitoring of HCV's NFM 2021/2022" and "HCVF Monitoring Activity Report", as evidence by site visit to the HCV 4- Sg. Pingas Compt 124 during this SA2 audit, at the point of N05° 16' 36.2" and E 116° 38' 53.11". It was found that the boundaries of the area was clearly marked with red paint. Signage was found to be erected and clearly maintained.</p>	<p>There were no Negative Finding</p>

## Map of Bornion FMU



## Experiences and Qualifications of Audit Team Members

Names of Audit Team	Role	Qualification and Experience
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 year as Assistant Forest Officer at Perak Forestry State Department in the year from 2013-2018. Main responsibility is Assisting District Forest Officers in administrative work, forest development and forest operations. Conduct forest Enforcement Team Activities such as The Prevention of illegal logging. Appointed to be Raid Officer in Raid Eradicating Illegal Refinery in Perak Forestry. Also appointed to be Investigative Officer in Investigations into a case involved Forest Reserve and Cased Prosecuted in Court.</p> <p>Training/Research Areas: Program of MTCS Training Course (MC&amp; I) in Kuantan (9-12 July 2018) Lead Auditor ISO 9001, ISO 14001 &amp; ISO 45001 Exemplar Global Certified (13-18 Ogos 2018) RSPO Lead Auditor Training (9-13 March 2020)</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:  Had Attended and Passed the following Training programmes:  Auditor Training Course on Malaysian Criteria and Indicators for Forest</p>

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

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



## Surveillance 2 Audit Plan

DAY	TIME	PROGRAM		
		Auditor 1 (Annas)	Auditor 2 (Haji Roslee)	Auditor 3 (Angelica)
<b>Day 0</b> <b>4 April</b> <b>2022</b>  <b>(Mon)</b>		<ul style="list-style-type: none"> <li>Travel from KLIA to Kota Kinabalu <b>(MH2646; 1135 – 1415)</b></li> <li>Travel from Kota Kinabalu to FMU base camp</li> <li>Briefing by Audit Team Leader on the audit plan</li> </ul>		
<b>Day 1</b> <b>5 April</b> <b>2022</b>  <b>(Tue)</b>	9.00 – 10.30 am	<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>Evaluation of changes to the management of the FMU</li> <li>Check on progress of planned activities aimed at enhancing the operation system to achieve improvement in overall performance</li> <li>Check on complaints and follow-up actions</li> <li>Evaluate on internal audit and management review</li> <li>Verification of NCRs raised during the previous audit.</li> </ul>		
	10.30 am – 5.00 pm	<ul style="list-style-type: none"> <li>Documentation review               <ul style="list-style-type: none"> <li>Principle 1 – Compliance with Laws and Principles</li> <li>Principle 5 – Benefits from the forest</li> <li>Principle 6 – Environmental Impact</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Documentation review               <ul style="list-style-type: none"> <li>Principle 7 – Management Plan</li> <li>Principle 8 – Monitoring and Assessment</li> <li>Principle 9 – Maintenance of High Conservation on Value Forests</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Documentation review               <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 Workers' Right</li> </ul> </li> <li>Consultation with local communities:               <ul style="list-style-type: none"> <li>-Kg. Mantanid</li> <li>-Kg. Simbuan</li> </ul> </li> <li>Visit water catchment – Compt. 94 of Kg. Simbuan</li> </ul>
	5.00 – 5.30 pm	<ul style="list-style-type: none"> <li>Review of Day 1 Findings by Audit Team Leader</li> </ul>		
<b>Day 2</b> <b>6 April</b> <b>2022</b>  <b>(Wed)</b>	8.00 am – 5.00 pm	Site visits: NFM PSP -Cpt 83 Hutan Simpan Ulu Sg. Milian License boundary -Cpt 119 Nursery Basecamp	Site visits: <ul style="list-style-type: none"> <li>HCV</li> <li>- Sg Pingas HCV 4 Cpt 124</li> <li>Buffer Belt Cpt 121</li> <li>Basecamp</li> <li>-Workshop</li> <li>-Schedule Waste Storage</li> <li>-Chemical Storage</li> <li>Enrichment Planting</li> <li>-Cpt 84</li> </ul>	Site visits: <ul style="list-style-type: none"> <li>Consultation with local communities:               <ul style="list-style-type: none"> <li>-Kg. Tampusison</li> <li>-Kg. Pandiwan A</li> </ul> </li> </ul>
	5.00 – 5.30 pm	<ul style="list-style-type: none"> <li>Review of Day 2 Findings by Audit Team Leader</li> </ul>		

<b>Day 3</b>  <b>7 April 2022 (Thu)</b>	8.00 am – 2.00 pm	<ul style="list-style-type: none"> <li>• Continue any unfinished documentation review</li> </ul>	<ul style="list-style-type: none"> <li>• Continue any unfinished documentation review</li> </ul>	<ul style="list-style-type: none"> <li>• Consultation with staff and workers</li> <li>• Continue any unfinished documentation review</li> </ul>
	2.00 – 5.00 pm	<ul style="list-style-type: none"> <li>• Closing meeting</li> </ul>		

## Details on NCRs and OFIs Raised During this Surveillance 2 Audit and Corrective Actions Taken (Current year- 2022)

Indicator	Detail Non-conformances	Corrective Action Taken	Verification by Assessor
MAJOR  NCR: AS01/ 2022	<p><b>Requirement: Indicator 4.3.3</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> The Labour Dept. Sabah, has a memo Ref.no.(600-1/2/14/17(11/KGU/2020-050) to allow deduction of wages not more than 50% of the workers' salary. Inspection of salary slips of workers (listed below) indicated that deductions were more than 50% of their salary.</p> <p>i. 100050046 ii. 100100140 iii. S0061 iv. S0062</p>	<p><b>Result of investigation and determination of root cause:</b></p> <ul style="list-style-type: none"> <li>Workers were approached regarding the consent of wages deduction for any incurred debt in the company and was agreed upon.</li> <li>The percentage calculated was based on gross salary instead of basi salary over total deduction.</li> </ul> <p><b>Correction and corrective action plan including completion date:</b></p> <ul style="list-style-type: none"> <li>Conduct briefing for staff regarding monthly wage deduction (by May 2022)</li> <li>Monitoring of workers deduction of wages (April to June 2022)</li> </ul>	<p>Evidence received on 5 July 2022 was verified and accepted on 6 July 2022 as below:</p> <p><i>Memo BTSB/HR/IM/22-72 Pengambilan Barang Mengikut Had Limit Hutang Pekerja was verified</i></p> <p><i>Taklimat berkenaan potongan gaji pekerja tidak melebihi 50% and attendance list record dated 21 April 2022 was verified</i></p> <p>Sample Pay Slip Salary for April, May and June 2022 for 3 workers Id Number S0061, S100100140 &amp; S100050046 were sighted and deduction of wages not more than 50%</p> <p><b>Status closed</b></p>
MINOR  NCR AS02/2022	<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> <ul style="list-style-type: none"> <li><b>Finding:</b> Social Impact Assessment was not comprehensive to include the people and groups directly affected by the forest</li> </ul>	<p><b>Result of investigation and determination of root cause:</b></p> <ul style="list-style-type: none"> <li>SIA was updated in 2018 whereby detail of Kg Kipaliu was omitted</li> <li>Data Collection for the revision of the SIA was interrupted as a result of the covid pandemic in 2020 &amp; 2021</li> </ul> <p><b>Correction and corrective action plan including completion date:</b></p>	<p>Corrective action plan for the non-compliance was accepted on 29 April 2022.</p> <p><b>Status: Effectiveness of the implementation of corrective action plan will be verified during next audit.</b></p>

	<p>operations</p> <p><b>Objective evidence:</b></p> <ol style="list-style-type: none"> <li>1. In the BTSB SIA, 2018, 3rd FMP (2022-2031 for FMU 11), has not included the people and groups directly affected by the forest operations.</li> <li>2. Field visits and interview indicated that Kg.Kipaliu has access rights to their ancestral graveyards located within the compartment 32 and 33. However, they were not included in SIA and FMP for FMU11.</li> </ol>	<ul style="list-style-type: none"> <li>• To revise SIA and review stakeholders list to include people and groups directly affected by forest operations through the following activities</li> <li>• Incorporate into FMP (April to November 2022)</li> </ul>	
MINOR NCR ANS01/2022	<p><b>Requirement: Indicator 5.3.2</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> Training on technique of reduced impact logging has not been conducted since 2020. Therefore an OFI for indicator 5.3.3 (MC&amp;I Natural Forest Standard) on the previous surveillance audit was upgraded to Minor NCR ANS01/2022 against indicator 5.3.2 (MC&amp;I SFM).</p>	<p><b>Result of investigation and determination of root cause:</b> Training for reduced Impact Logging was unable to be conducted as scheduled in 2021 due to Covid 19 Restrictions.</p> <p><b>Correction and corrective action plan including completion date:</b>  To apply to Sabah Forestry Department to conduct Reduced Impact Logging Training for the company</p>	<p>Corrective action plan for the non-compliance was accepted on 29 April 2022.</p> <p><b>Status: Effectiveness of the implementation of corrective action plan will be verified during next audit.</b></p>
MINOR NCR RJ01/2022	<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> The supporting documents were not sufficient to cover Forest Management Plan</p>	<p><b>Result of investigation and determination of root cause:</b></p> <ul style="list-style-type: none"> <li>• Fire prevention and control were mentioned in the FMP. However a sole section on the topic of fire prevention and control was omitted.</li> <li>• Description of stakeholders consultation was omitted in the FMP</li> </ul> <p><b>Correction and corrective action plan including completion date:</b>  To included an addendum to the FMP on the topic</p>	<p>Corrective action plan for the non-compliance was accepted on 29 April 2022.</p> <p><b>Status: Effectiveness of the implementation of corrective action plan will be verified during next audit.</b></p>

		Description of stakeholders consultation (by November 2022)	
MINOR NCR RJ02/2022	<p><b>Requirement: Indicator 8.1.3</b> - Forest managers shall undertake annual internal audit and management review of forest management for continual improvement. The conduct of internal audit, management review and continual improvement is stipulated in APPENDIX A.</p> <p><b>Finding:</b> Annual Internal audit and management review conducted not as stipulated in Appendix A.</p> <p><b>Objective evidence:</b></p> <p>1. Review of Internal audit report conducted on 22-26 November 2021 found, that the following information were not included:</p> <ul style="list-style-type: none"> <li>(i) Frequency of internal audit</li> <li>(ii) Methods and responsibilities</li> <li>(iii) Audit criteria and audit scope</li> <li>(iv) Issuance of non-compliance report</li> <li>(v) Closure of non-compliance report</li> <li>(vi) Timeframe of reporting of internal audit report.</li> </ul> <p>2. Management Review conducted on 30th November 2021, found that, the review did not include the requirement as listed in Appendix A:</p> <p>a. An annual management review shall be conducted and include at least the following; i) the status of action from previous management reviews;; ii) changes in external and internal issues that are relevant to the management system; iii) information on the organization's performance, including trends in : non conformities and corrective actions, monitoring and measurement result and audit result. iv) opportunities for continual improvement.</p>	<p><b>Result of investigation and determination of root cause:</b> Internal audit and management review were conducted in a manner of which lacked certain aspects as required in the MC&amp;I SFM Standards.</p> <p><b>Correction and corrective action plan including completion date:</b></p> <p>To conduct a more detailed and through management review with top management as according to MC&amp;I SFM Standards (by November 2022)</p> <p>To include information of items I to vi to the next internal audit report (by November 2022)</p>	<p>Corrective action plan for the non-compliance was accepted on 29 April 2022.</p> <p><b>Status: Effectiveness of the implementation of corrective action plan will be verified during next audit.</b></p>

	<p>b. The output of the management review shall include decision related to continual improvement opportunities and any need for changes to the management system.</p> <p>c. Documented information as evidence of the result of management reviews shall be retained.</p>		
OFI 5.1.2	<p><b>Indicator 5.1.2 - Provisions and management prescriptions are made to maintain, restore or enhance the productive capacity and ecological integrity of the FMU to ensure its economic viability.</b></p> <p>The SOP on enrichment planting (BTSB -SOP-FD- 03—02 (updated 30/12/2020) could be further improve to includes, inventory after planting and silvicultural treatment.</p>	Not required	Not Required

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

Indicator	Specification Major/Minor/OFI	Detail Non-conformances	Corrective Action Taken	Verification by Assessor
3.3.1	OFI #1	<p><u>Availability of appropriate procedures within current administrative processes for identifying and protecting such sites and provisions for rights of access to these sites by indigenous peoples within relevant federal, state and local laws or by mutual agreement.</u></p> <p>Villagers in Kg Mantanid, Kg Simbuan, Kg Tampusison and Kg Pandiwan A were aware they have rights of access to their significant sites. Even though the FMU has applied the conditions of access, however some villagers were not sure of the conditions of access implemented.</p>	Not required	Communities consulted from Kg. Dumbun, Kg. Simbuan, Kg. Kipaliu, Kg. Pulutan, Kg. Matanid, Kg. Fontas Mendolong, Kg. Kalindukan and Kg. Solog were aware of the forestry department provisions to local community to allow access to the gravesite and ancestral land to collect agriculture products but not to expand or established new agriculture site. Thus, an OFI for Indicator 3.3.1 was satisfactorily closed.
4.2.4	OFI #2	<p><u>Forest managers shall maintain up-to-date safety records in compliance with all applicable laws and/or regulations covering health and safety of forest workers.</u></p> <p>1) The safety committee meeting was conducted once for year 2020 which was on 14 July 2020. The FMU could enhance the frequency of safety meeting by conducting on quarterly basis.</p> <p>2) There was no accident cases as for year 2019. The FMU has submitted annual accident report (JKKP 8) for year 2019 to DOSH. However, the</p>	Not required	<p>An OFI was raised for Indicator 4.2.4 during the previous Audit for issues below:</p> <p>1) The safety committee meeting was conducted once for year 2020 which was on 14 July 2020. And late submission of JKPP report to Dosh. The FMU could enhance the frequency of safety meeting by conducting in quarterly basis and submit JKPP report on time. This OFI is now closed with the following evidence.</p> <p>a. 2021- OSHA meeting twice (18 March, 8 December) MCO13-26<sup>th</sup> July 2021- 26Sept-9<sup>th</sup> October, 2021</p> <p>b. 2022- OSHA (28 March, and scheduled for June, September, Dec)</p> <p>c. Submission of JKPP8 was updated. It was noted that ``Akuan penerimaan Pendaftaran'' JKPP8 was submitted on 30 January 2021 reference number JKPP8/81014/2021 and JKPP 8 for the year 2021 was submitted on the 27 /01/2022.</p>

		<p>submission record (JKKP 8) to DOSH was on 4 February 2020. The submission shall be before 31 January of each year.</p> <p>3) Safety data sheet SDS for Rock phosphate, Evermax (CRF NPK 20-9-12+3Mgo) and Nitrophoska were made available at the base camp. The SDS shall be accessible to all employees at the place of work who might be exposed to the hazardous to health.</p>		
5.3.3	OFI #3	<p><u>Regular training shall be conducted for the staff on techniques of reduced-impact logging.</u></p> <p>The FMU has allocated some budget on Reduced Impact Logging (RIL) Course for year 2020 as stated in the Annual Working Plan 2020. However, the FMU has yet to assign any staff or workers to attend any RIL course because no training on RIL has been offered by Sabah FD for year 2020, a result of the implementation of the Movement Control Order.</p>	Not required	<p>During this surveillance audit (2022). Training on technique of reduced impact logging has not been conducted since 2020. <b>Therefore an OFI for indicator 5.3.3 (MC&amp;I Natural Forest Standard) on the previous surveillance audit was upgraded to Minor NCR ANS01/2022 against indicator 5.3.2 (MC&amp;I SFM).</b></p>
6.7.1	OFI #4	<p><u>Oil, fuel, tyres, containers, liquid and solid non-organic wastes shall be disposed of in an environmentally appropriate and legal manner.</u></p> <p>The FMU has registered most of scheduled waste (notification and disposed SW) in the online system called eswis (<a href="https://eswis.doe.gov.my">https://eswis.doe.gov.my</a>). However, information of certain scheduled waste has yet to be updated in the system for year 2019 and 2020:</p> <p>1. The SW305-Spent lubricating oil and</p>	Not required	<p>For this surveillance audit:</p> <ol style="list-style-type: none"> <li>1) SW102-Used battery and SW409-Dispose container have been registered in the eswis system.</li> <li>2) The FMU has update latest disposal of scheduled waste (Consignment Note) for SW305-Used lubricating oil and SW410-Oil filter in the eswis system.</li> </ol> <p>Thus, an OFI was raised for Indicator 6.7.1 was satisfactorily closed.</p>



		<p>SW410-Used oil filter have been registered in the eswis system on 12 September 2019 except for SW102-Used battery and SW409-Dispose container.</p> <p>2. The FMU has yet to update latest disposal of scheduled waste (Consignment Note) for SW305-Used lubricating oil and SW410-Oil filter in the eswis system although the scheduled waste had been disposed twice on 16 July 2019 and 1 April 2020.</p>		
--	--	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	--

**End of Report**