SCIENTIFIC CERTIFICATION SYSTEMS
FOREST CONSERVATION PROGRAM

Forest Management and Stump-to-Forest Gate Chain-of-Custody
Certification Re Evaluation Report for the:

Perak Integrated Timber Complex (Perak ITC)

Conducted under auspices of the SCS Forest Conservation Program
SCS is an FSC Accredited Certification Body

Certificate Number: SCS-FM/COC-00046N

Under the
SCS Forest Conservation Program
(An FSC-Accredited Certification Program)

Lead Author: Dr. S.K.Yap

Date of Field Audit: August 26-30, September 29, 2007
Date of Report: Draft Oct 24, 2007
Final Report: Feb 22, 2008
Updated: October, 2008 (See section 6.1)
Updated: February, 2010 (See section 6.2)

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Organization of the Report

This report of the results of our evaluation is divided into two sections. Section A provides the public summary and background information that is required by the Forest Stewardship Council. This section is made available to the general public and is intended to provide an overview of the evaluation process, the management programs and policies applied to the forest, and the results of the evaluation. Section A will be posted on the SCS website (www.scscertified.com) no less than 30 days after issue of the certificate. Section B contains more detailed results and information for the use of the Perak ITC.

FOREWORD

Scientific Certification Systems, a certification body accredited by the Forest Stewardship Council (FSC), was retained by Perak Integrated Timber Complex (Perak ITC) to conduct a certification evaluation of its forest management operations in the state of Perak, Malaysia. Under the FSC/SCS certification system, forest management operations meeting international standards of forest stewardship can be certified as "well managed", thereby enabling use of the FSC endorsement and logo in the marketplace.

In August 2007, an interdisciplinary team of natural resource specialists was empanelled by SCS to conduct the evaluation. The team collected and analyzed written materials, conducted interviews and completed a 5-day field and office audit of the subject property as part of the certification evaluation. Owing to the adverse weather conditions, no harvesting activities were conducted thus a second visit was carried out in September to assess the harvesting operation. Upon completion of the fact-finding phase of the evaluation, the team determined conformance to the 56 FSC Criteria in order to determine whether award of certification was warranted.

Perak ITC was first audited for FSC certification in 2001 and was subsequently awarded with the FSC certificate in 2002. Owing to lapses in a series of FSC specifications that were recorded during the surveillance audit in 2006 the certificate was suspended and revoked following. Perak ITC had since undergone a series of top management changes in 2007 and had instituted corrective measures in the management of harvesting with special emphasis on RIL logging.

Section A- Public Summary and Background Information

1.0 GENERAL INFORMATION

The State Economic Development Corporation of Perak (SEDC) is the official Licensee of the 9,000 ha concession area belonging to the State Government of Perak. Perak Integrated Timber Complex (Perak ITC), which is a joint venture formed to build a sustainable vertically integrated timber business in Malaysia, is directly responsible for forest management. Perak ITC's concession constitutes part of the Temenggor Forest Reserve within Hulu Perak district, in the northeast corner of Perak. This forest reserve covering an area of 148,870 ha was constituted as a Permanent Reserved Forest in 10 October 1991. This forested area is under the management of the Hulu Perak Forest District.

This FMU was in July 2002 awarded the forest management certificate by Scientific Certification Systems (SCS-FM/COC–00046N) but following changes in management system, a series of non-compliances with the specifications of FSC Principles and Criteria were recorded during the annual surveillance conducted in January 2006. The certificate was then suspended.

Following the suspension of the certificate the management was restructured and strict adherence to specifications of the P&C was enforced. With these changes in effect, the FMU requested for a re-evaluation assessment to be conducted in August 2007.

Perak ITC practices the Selection Management System (SMS), which allows for a more flexible timber-harvesting regime that is consistent with the need to safeguard the environment, than other schemes. One benefit of SMS is that it discourages the girdling of the presently non-commercial tree species and hence conserves genetic resources for the future. See the Public Summary of Perak ITC Certification (2002) **www.scscertified.com** for a more detailed description of the PITC forest management.

1.1 FSC DATA REQUEST

Applicant entity	Perak State Development Corporation; Perbadanan Kemajuan Negeri Perak
Contact person	Ms Rohati Safie
Address	Perak ITC Sdn. Bhd., Level 8, Bangunan Perak Techno Center, Bandar Meru Raya, off Jalan Jelepang, Ipoh, Perak, Malaysia
Telephone	6 05 2205047
Fax	605 2205049
E-mail	infos@perakitc.com.my
Certificate Type	Single FMU
Certificate Number	SCS-FM/COC-00046N
Certificate Dates	February 22, 2008- February 22, 2013
SLIMF *if applicable*	Not applicable
Group Members *if applicable*	Single FMU
Number of FMU's *if applicable*	One
Number of FMUs in scope that are	
less than 100 ha in area	0
100 – 1000 ha in area	0
1000 - 10 000 ha in area	1
more than 10 000 ha in area	0
Location of certified forest area	
Latitude	5° 24' 40" to 5° 34' 15" N
Longitude	101° 33' 0" to 101° 39' 30" E
Forest zone	Hill Dipterocarp Forest
Total forest area in scope of certificate which is included in FMUs that:	9,000 ha
Total forest area in scope of certificate which is:	
privately managed[1]	9,000 ha
state managed	*0 ha*
community managed[2]	*0 ha*
Number of forest workers (including contractors) working in forest within scope of certificate	59 staff members including contract workers
Area of forest protected from commercial harvesting of timber and managed primarily for conservation objectives	1,279.30 ha (riparian buffer, water catchment, waterfall, area above 1,000m and HCVF)
Area of forest protected from commercial harvesting of timber and managed primarily for the production of NTFPs or services	0 ha
Area of forest classified as 'high conservation value forest'	739.3 ha identified in FMP
List of high conservation values present[3]	*HCVF 1-6*
Total area of production forest (i.e. forest from which timber may be harvested)	7,720.70 ha ha
Area of production forest classified as 'plantation'	0 ha

[1] The category of 'private management' includes state owned forests that are leased to private companies for management, e.g. through a concession system.

[2] A community managed forest management unit is one in which the management and use of the forest and tree resources is controlled by local communities.

[3] High conservation values should be classified following the numbering system given in the ProForest High Conservation Value Forest Toolkit (2003) available at www.ProForest.net

for the purpose of calculating the Annual Accreditation Fee (AAF)	
Area of production forest regenerated primarily by replanting[4]	0 ha
Area of production forest regenerated primarily by natural regeneration	9,000 ha
List of main commercial timber and non-timber species included in scope of certificate (botanical name and common trade name)	Meranti bukit, Mersawa, Jelutong, Merbatu, Merbau, Meranti tembaga, and Meranti sarang punai and all other merchantable species.
Approximate annual allowable cut (AAC) of commercial timber	Approved AAC is 300 ha per year. *m^3 or bd ft by species*
Approximate annual commercial production of non-timber forest products included in the scope of the certificate, by product type	No production of non-timber forest products
List of product categories included in scope of joint FM/COC certificate and therefore available for sale as FSC-certified products (include basic description of product - e.g. round wood, pulp wood, sawn timber, kiln-dried sawn timber, chips, resin, non-timber forest products, etc.)	Logs

Conversion Table English Units to Metric Units

Length Conversion Factors

To convert from	to	multiply by
mile (US Statute)	kilometer (km)	1.609347
foot (ft)	meter (m)	0.3048
yard (yd)	meter (m)	0.9144

Area Conversion Factors

To convert from	to	multiply by
square foot (sq ft)	square meter (sq m)	0.09290304
acre (ac)	hectare (ha)	0.4047

Volume Conversion Factors

Volume

To convert from	to	multiply by
cubic foot (cu ft)	cubic meter (cu m)	0.02831685
gallon (gal)	liter	4.546

1 acre = 0.404686 hectares
1,000 acres = 404.686 hectares
1 board foot = 0.00348 cubic meters
1,000 board feet = 3.48 cubic meters
1 cubic foot = 0.028317cubic meters
1,000 cubic feet = 28.317 cubic meters

Breast height = 1.4 meters, or 4 1/2 feet, above ground level

Although 1,000 board feet is theoretically equivalent to 2.36 cubic meters, this is true only when a board foot is actually a piece of wood with a volume 1/12 of cubic foot. The conversion given here, 3.48 cubic meters, is based

[4] The area is the *total* area being regenerated primarily by planting, *not* the area which is replanted annually. NB this area may be different to the area defined as a 'plantation' for the purpose of calculating the Annual Accreditation Fee (AAF) or for other purposes.

on the cubic volume of a log 16 feet long and 15 inches in diameter inside bark at the small end.

1.2 Management Context

Perak ITC is a state-owned company is committed to managing the forest concession on the principles of Sustainable Forest Management supporting the Forest Stewardship Council's (FSC) Principles and Criteria. As a commercial forest enterprise located in Perak, management of the Perak ITC is subject to a host of local, state and federal regulations. At the federal level, the principal regulations of greatest relevance to forest managers in Malaysia are associated with the following statutes:

LIST OF PERTINENT REGULATIONS

- National Forestry Act1984
- Wood-based Industries Act 1984
- Waters Enactment 1920
- Land Conservation Act 1960
- National Land Code 1965
- Malaysian Timber Industry Board Act 1973
- Protection of Wildlife Act 1972
- Environment Quality Act 1974
- Aboriginal Peoples Act 1954
- Pesticides Act 1974
- Occupational Safety and Health Act (OSHA) 1994
- Employees' Social Security Act 1994
- Workmen' Compensation Act 1952
- Workers' Minimum Standards of Housing and Amenities Act 1990 (Act 446)
- Industrial Relations Act, 1967
- Employment Act, 1955
- Trade Unions Act, 1959
- Employees' Provident Fund (EPF), 1991

- ***Pertinent Regulations at State and Local Level:***
- State Forest Enactment
- State Forest Rules
- State Ordinance related to protection of wildlife

INTERNATIONAL AGREEMENTS & CONVENTIONS

The management of Perak ITC was aware of and seen to honor and/or to comply with appropriate international agreements or conventions of which Malaysia is a signatory. Such agreements and conventions are for examples:

- United Nations Convention on Biological Diversity (CBD), 1992
- Convention on International Trade in Endangered Species of Wild Flora and Fauna (CITES), 1973
- International Tropical Timber Agreement (ITTA), 1994
- United Nation Framework Convention on Climate Change (UNFCCC), 1992
- International Chamber of Commerce (ICC)
- Business Council of Sustainable Management.

- Convention on Wetlands of International Importance Especially as Waterfowl Habitat (RAMSAR Convention) 1971
- International Labour Organization (ILO) Conventions

1.2.1 Environmental Context

Forest Type
The Perak ITC concession area forms part of the Temenggor Forest Reserve within Hulu Perak forest district. This forest reserve was gazettted as permanent forest estate under the National Forestry Act 1984. The forest consists of Hill Dipterocarp Forest.

The FMU is located on part of the western portion of the Titiwangsa Main Range of Peninsular Malaysia with rolling hills with long slopes and many narrow ridge tops. It lies between 400m to about 1,000 m asl. On general the terrain gets higher and steeper as one moves towards the eastern and southern borders.

Located in a virgin Hill Dipterocarp Forest, the FMU is rich in Meranti bukit (*Shorea platyclados*), Keruing (*Dipterocarpus costulatus*), Mersawa (*Anisoptera sp.*), Kempas (*Koompassia malaccensis*) and Merbau (*Intsia palembanica*).

Hydrology
Several rivers run along and form natural boundaries for the northern and western perimeters of the concession. Sungai Seluar, which meets the larger Sungai Mangga, forms the concession's northern boundary. These two rivers eventually join Sungai Singor, which flows along most part of the western boundary. The smaller rivers within the concession are also unique with many cascades. These rivers form the three main watersheds of Singor, Sengoh and Talong all flowing into the Temenggor Lake.

Climate
The Mid Term Revision of the *Forest Management Plan for Perak ITC*, describes the region having a typical tropical monsoon climate with high temperatures (from 24.2^{o} C to 29.9^{o} C) and high humidity (from 70% to 98%). High rainfall is experienced in April and October each year reaching 3,000 mm per year at times. Months of low rainfall are February and July.

Geology, Topography and Site Conditions
As mentioned above Perak ITC is part of Titiwangsa Main Range of Peninsula Malaysia. Altitude ranges from 400m to around 1,000m above mean sea level. The geology is mostly of metamorphic arenaceous rock or carbonaceous slate especially on the lower grounds, which evolve into acid igneous rock on the hills and steep slopes. These parent materials yield the fertile alluvial soils on the lower ground and sandy clay loam respectively. The presence of thick bamboo growth in many locations has resulted in the lack of humus layer, exposing the topsoil rendering it prone to erosion.

The revised FMP recorded some 21.5% of the FMU having a gentle (0 – 10 degrees) topography, 31.9% moderately steep (11-20 degrees) 34.45% are steep (21 – 30 degrees), and 12.1% are very or extremely steep (over 30 degrees)

1.2.2 Socioeconomic Context

The concession area awarded to SEDC for long-term sustainable forest management is managed by Perak ITC. The Perak ITC is a subsidiary company formed by SEDC to supervise and monitor selected anchor Bumiputra individuals/companies. It was initiated as a continuation of Perak state's Vendor Development Programme for the development of product manufacturing and marketing.

The corporate objectives of Perak ITC are as follows:
To develop a sustainable vertically integrated timber based industry
To actively develop and integrate Bumiputra entrepreneurs in the timber based industry
To continuously improve processing of timber resources and enhancing the value of downstream activities
To promote export of high value forest products
To manage the forest resources in compliance with internationally recognized P&C
To enhance public awareness on the environmental and conservation roles of forests
To seek certification under FSC P&C and ISO 14001

As reported in the revised FMP, it employs a total of 59 workers in the forest operations and it has a policy of employing local communities and Orang Asli staying in the area. This number does vary with the intensity of the harvesting activities as more local people are taken on as contract workers during peak harvesting period. The breakdown of employment is as follows:

Local people	16
Orang Asli (4 permanent and 9 contract workers)	13
Contractor workers	30
Total	59

There are numbers of Orang Asli (Aborigines) villages within 15km from the FMU. In 1979, the Department of Aboriginal Affairs (JHEOA), under the Regroupment Scheme (Rancangan Pengumpulan Semula or RPS) for Orang Asli, established a service center for the Orang Asli a few kilometers away from what is now the concession under PITC management. The scheme, named RPS Air Banun, covers an area of 2,106 ha and the supporting services provided are for the eight Orang Asli (Jahai and Temiar) villages spread out over that area. The villages are connected to the center by road and/or river. Four of these villages are within reach of the PITC Concession. PITC had hired a few Jahai from the village closest to it as manual laborers since its inception. A few of the Jahai workers and their families from Air Banun village, with the agreement and support of PITC, have established a village in the Belum Forest Reserve along the boundary of the concession. Since its establishment, the village had been increasing in size as the few founding families were joined by others. There is a possibility that in the future more villagers from Air Banun village or elsewhere may move to this village as they found the

location of the village (which was also, according to Air Banun village headman, the site of an old and abandoned Jahai village) more attractive than their existing village. The village may eventually reach a size that may have management implications for PITC. There is also a reported settlement within the Perak ITC FMU and the Department of Orang Asli Affairs is planning to locate the settlement.

Surveys conducted by the FMU indicate that the local communities living in the vicinity of the FMU operation area have been using the natural resources to meet subsistence and cash needs.

1.3 Forest Management Enterprise

1.3.1 Land Use

The State Economic Development Corporation of Perak (SEDC) is the official Licensee of the 9,000 ha concession area belonging to the State Government of Perak. Perak Integrated Timber Complex (Perak ITC), which is a joint venture formed to build a sustainable vertically integrated timber business in Malaysia, is directly responsible for forest management. Perak ITC's concession constitutes part of the Temenggor Forest Reserve within Hulu Perak district, in the northeast corner of Perak. This forest reserve covering an area of 148,870 ha was constituted as a Permanent Reserved Forest in 10 October 1991. This forested area is under the management of the Hulu Perak Forest District.

Perak ITC practices the Selection Management System (SMS), which allows for a more flexible timber-harvesting regime that is consistent with the need to safeguard the environment, than other schemes. One benefit of SMS is that it discourages the girdling of the presently non-commercial tree species and hence conserves genetic resources for the future.

1.3.2 Land Outside Scope of Certification

Perak ITC is the sole operator for the concession area and it does not have any areas outside of the present site seeking certification.

1.4 Management Plan

1.4.1 Management Objectives

According to the Forest Management Plan for Perak ITC, the management objectives are:

To manage the forest concession according to the principles of sustainable forest management
To maximize socio-economic benefits through the optimum utilization of timber and non-timber forest products
To determine the optimum production of timber through the analysis on the growing stock composition in terms of species and size distributions,
To identify areas for protection and develop appropriate conservation measures,
To formulate feasible and practical instructions, measures and strategies that support SFM.

1.4.2 Forest Composition

The forest is made up of Hill Dipterocarp Forest rich in commercial species such as Meranti (*Shorea* spp.), Mersawa (*Anisoptera* spp.), Kedondong (*Canarium* spp.), Kempas (*Koompassia malaccensis*), Merbau (*Intsia palembanica*), Medang (*Lauraceae*) and Perah (*Elateriaspermum tapos*). The nett standing volume of trees of 30.0cm dbh and above has been estimated at 208.11 m^3/ha, which is above average by Peninsular Malaysian standards. Estimated gross volume of Dipterocarp trees of diameter at and above 50cm is at 49.71 m^3 per ha and 12.20 trees per ha. For Non-Dipterocarps trees with diameter at and above 45 cm it was estimated that the gross volume to be 76.75 m^3 per ha and 36.39 trees per ha.

There were also patches in areas dominated by Bamboo and Rattan as well as other palms such as Bayas (*Oncospermum horrida*) and Bertam (*Eugeissona triste).*

1.4.3 Silvicultural Systems

Owing to its modest size of the concession the management needs to optimize productivity per hectare through proper planned strategy and management practices so to avoid environmental degradation. Guided by the principle of sustained yield management, Perak ITC regulates the rate of forest harvesting and forest rehabilitation activities. It develops an appropriate silvicultural system to enhance the growth and timber quality of natural forests. Presently it employs the Selective Management System (SMS), which restrict harvesting by diameter limits. It ensures an economic cut and emphasizes on leaving sufficient intermediate sized trees (30-45cm) to form the next crop in 25 to 30 years. At present, it has an annual coupe (AAC) of 300 hectares regulated on area control based on 25-30 years harvesting cycle. At the time of this audit, Perak has already harvested 3 blocks of its forest concession. It allows a flexible cutting limit determined from pre-felling inventory data (at present 65 cm for Dipterocarp and 55 cm for Non-Dipterocarp) and the residual stand must have a minimum of 32 intermediate sized commercial residuals. The practice of SMS is in line with the guidelines developed by the Forestry Department.

1.4.4 Management Systems

The Perak State Economic Development Corporation (SEDC) as the official Licensee of the 9,000 ha of Perak ITC Concession, with the letter of offer from the State Forestry Department in 1999.

The daily operation of the Perak ITC concession is managed by the General Manager, Ms Rohati Shafie. Under her are the Administration, Quality System, Roads, Harvesting, Environment, Pre- and Post Felling, and Log Yard Management Sections. An Acting Forest Manager, who is a forestry graduate and with working experience with the Forestry Department reports directly to the General Manager and oversees the operation in the field.

1.4.5 Monitoring System

Although Perak ITC does not have in-house capability to carry out its research and development (R&D), it has developed a good cooperative research capability with local research institutions and external agencies. It is in the process of formalizing a joint funded project with FRIM in an international multi agencies project that is supported by GEF and ITTO. The project aims to enhance integration of conservation of biodiversity into forest planning and management. The General Manager is also a member of both the Project Steering Committee and the Technical Committee of this Project so that the FMU will benefit directly from the various studies.

It had worked with Malaysian Nature Society on documenting the hornbill species in the region and is also in the process of establishing a working study on the fauna within the FMU. In addition the environmental officer of Perak ITC has been conducting a continuous monitoring of changes of flora and fauna in the harvesting blocks. As specified by the Department of Environment it is monitoring the water quality of the rivers at different specified points. The FMP has specified that a Growth and Yield Plot has to be established in each 1000 ha and the first plot has been developed in Block 1. Systematic monitoring will be maintained.

1.4.6 Estimate of Maximum Sustainable Yield

Logging in Perak ITC is occurring mostly in natural virgin forests that have high volumes of wood as a result of accumulated growth over hundreds of years.

As described in the Forest Management Plan for Perak ITC (2008-2037), the yield regulation is based primarily on the general direction issued by the State Department of Forestry. The Annual Allowable Cut (AAC) has also been recalculated to ensure that it is in line with sustained yield management practices, To ensure continuous improvement to the AAC, growth and yield plots will be established within the concession to enable more reliable estimates growth be made and thus better calculation of the AAC. Results of the analysis of AAC indicates that the average AAC for PITC concession is at the rate of 2.09 m3/ha/year for harvesting intensity of 50%. With the rate of opening of about 300 ha/year, the AAC in terms of gross volume will be about 18,000 m3/year. However the AAC is differs between logging blocks due to different initial stocking and the level of removals from each block. Monitoring and readjustment of AAC will be carried out by PITC. Although the AAC had been prescribed by the Forestry Department in accordance to its study for similar sites in the state the final cut could be much lower. Only trees that are tagged could be harvested and trees in steep slopes as well as protected trees are excluded from harvesting. Records from the first 3 blocks have shown that Perak ITC had been harvesting well below the prescribed limit.

Additionally, as reported in the plan, considerations on yield regulation would be based on:
Current conditions of the stand and site conditions;
Available growth and yield data from representative PSPs (when these are no available, reliable minimum estimates);
Deductions according to the extent of logging impacts on the remaining stand;

Deductions for unproductive areas within production forest (e.g. infrastructure);
Applied silvicultural treatments.

1.4.7 Estimated, Current and Projected Production

Estimated net volume and number of trees per hectare of Dipterocarp species in the forests stood at + 50cm dbh are 49.71m^3 and 12.20 trees respectively, whereas that of the Non-Dipterocarps is 76.75m^3 and 36.39 trees, thus giving a total of 126.46m^3 and 48.59 trees. However, PITC has to abide by the rule set out by the Perak State Forestry Department to limit the extraction of timber to a maximum of 85 m^3/ha or a net volume of 61 m^3/ha. The production figures for the harvested blocks in the FMU since 2001 were provided to the auditors. The number of trees tagged, the estimated volume of timber and the actual number of tress as well as volume harvested were presented in the following Table. For Block 3 of Compartment 26 C the harvesting was intensified with 2375 trees harvested from the 2,904 trees tagged for logging. The volume obtained was 11,544 m^3. As of 26 September 2007, logging had just been completed in Sub-block 1 of Block 4 covering an area of 75 ha. In this sub-block 1,103 trees were tagged but only 271 trees or 24.6% were felled.

Table showing the timber production from the three harvested blocks

Compartment No.	Block No.	Area (ha)	No. of trees tagged	Estimated volume (m^3)	No. of trees harvested	Volume (m^3)
26A	1	300	3,492	29,257	2,264	12,594
26B	2	300	3,516	26,866	1,590	10,761
26C	3	300	2,904	23,154	2,375	11,544

From the analysis conducted on the data collected in resource inventory, showed that all the compartments in this concession area fulfill the requirements for SMS, thus 30 years cutting cycle can be applied in this area. Results of the analysis of AAC for PITC using MYRLIN Simulation Model show that the average AAC is at the rate of 2.09 m^3/ha/year for harvesting intensity of 50%. With the rate of opening of about 300 ha/year, the AAC in terms of gross volume will be about 18,000 m3/year. However the AAC is definitely differs between logging blocks due to different initial stocking and the level of removals from each block. Monitoring and readjustment of AAC will be carried out by PITC.

1.4.8 Chemical Pesticide Use

Perak ITC does not use chemicals pesticides in its forest management operations.

2.0 Guidelines/Standards Employed

The FSC Interim Standard for Forest Management Certification in Malaysia (V. 3.0 Oct 2006) was used for this full evaluation audit. This Standard requires conformation with the Principles,

Criteria and Indicators and deviation from any of the Criteria will result in a Major CAR. CARs are raised when there are discrepancies at the level of the Indicators.

3.0 THE CERTIFICATION ASSESSMENT PROCESS

3.1 Assessment Dates

The assessment was conducted in two sessions as during the first session (26-30 August 2007) no harvesting was conducted in the FMU owing to bad weather. The second visit conducted in 28-29 September was specifically to inspect the harvesting activities, which had just been initiated.

3.2 Assessment Team

For this assessment audit, the team comprised of Dr. Yap S.K., who also served as team leader, Mr. Samsudin Musa and Dr. Rusli Mohd as auditors. Dr. Yap was part of the 2002 full evaluation as well as the auditor for 2003, 2004 and 2005 annual audits, thus providing for good continuity.

Dr. S.K.Yap, Team Leader (sonkheong@hotmail.com**):**
Dr. Yap S. K. is currently an independent consultant on forestry, arboriculture and environment. He has a B.Sc. Hons. Second Class Upper (Botany) Ph. D. (Forest Biology) under the University of Aberdeen (Scotland) and University of Malaya Fellowship in Tropical Rain Forest Project. His working career started as a research officer in the Forest Research Institute Malaysia (FRIM) after his postgraduate research in the reproductive biology of forest trees. He has also being responsible for the Plantation Branch of the institute before heading the Biology Branch. Prior leaving the institute he was the senior research officer and Program Leader for the Urban Forestry for the Enhancement of the Environment responsible for the development of research activities in urban forestry. Constantly on call for providing technical advise on tree planting and maintenance to governmental agencies, semi-governmental bodies and private developers. Working closely with local authorities, the Department of Housing and Local Government, Department of Town and Country Planning and City Hall Kuala Lumpur.

He left the government service and was in the corporate sector involving in landscape development projects of the nation before establishing a consultancy on forestry and environment. He is an independent auditor appointed by SIRIM QAS to conduct Forest Management Certification under the cooperation between SIRIM and FSC's accredited certifier - Scientific Certification System (SCS) of USA and Malaysian Timber Certification Council. He had conducted 40 forest management audit under SCS/SIRIM-FSC and Malaysian Timber Certification Council. He was the Lead Auditor for 25 of the above assessment exercises. He is also an EMS ISO 14001 auditor with SIRIM. He was the forest/flora ecology consultant for EIA study for landfill, thermal incinerator, forest conversion to plantation and aluminum smelter projects in the country. In 2005 he conducted 7 workshops on EIA for the Malaysian Nature Society and another on macro EIA for the Forestry Department of Perak.

He has international experience as a FAO consultant for seed technology for the Indian Council of Forestry 1993. He was also a member of the International Union of Forestry Research (IUFRO) Working Party on Seed Problems, Member of the Acid Precipitation Committee of Japan International Forestry Promotion Organization. 1993 to 1995 and Project Leader ASEAN-Australian Tree Improvement Project

in 1986 to 1987. He was actively involved with the ASEAN-Canadian Forest Tree Seed Project from 1985 to 1995 as co-chairman of the working group.

Outside his official duties Dr. Yap was the Hon. Secretary of the Malaysian Nature Society (MNS) 1992to August 1996 and Council Member of the MNS 1989 to August 2000. He was also a member of the Technical Committee on National Park (Johor) Corporation. 1993 to 1995 and Alternate Member of the Board of Directors of the National Park Corporation (Johor) 1993 to 1995. On environmental related issues he actively participated as an Alternate Member of the National Environmental Quality Council, Ministry of Science, Technology and Environment from 1994 till 1996. He was also a member of the ad hoc Committee on EIA Review, Department of Environment. He was the Expedition Leader for The MNS Belum Expedition 1993-1994. In 2004 he conducted three workshops on EIA Review for the Malaysian Environmental NGOs under the sponsorship of DANIDA.

Mr. Samsudin bin Musa , Auditor (shams@frim.gov.my)

Mr. Samsudin Musa is a Senior Research Officer at the Forest Research Institute Malaysia (FRIM) since 1997. He graduated in 1984 with a B. Sc. (.Forestry) from the University Putra Malaysia. From 1993 to 1997 he was the Forest Inventory Officer at the Forestry Department Headquarters, Peninsular Malaysia. Prior to that he was the Head of the Inventory Unit of the ASEAN Institute of Forest Management in Kuala Lumpur from 1987 to 1993. He had also spent 4 years in the Forestry Department Headquarters as a Training Officer.

He was involved with the following Forest Management/Chain-Of-Custody Certification training:

Workshop on Forest Management Certification , Forest Research Institute Malaysia, Kepong. (12-13 th. December 1996). – Resource person
XXI IUFRO Pre-Congress Workshop on Sustainable forest management and Criteria & Indicators, FRIM, Kepong, Malaysia (1-4 August, 2000) – Resource person
Workshop on Methodologies for Assessing Forest Biodiversity and Estimating its Recovery. Kuala Lumpur, Malaysia (30-31 October, 2001). –Resource person
Training in Forest Management Certification by Scientific Certfication System, SIRIM, February 2000.
Training Workshop on MC&I 2002 by MTCC

His auditing experiences include the following:

Member of the Team under MTCC/SGS(M) Sdn. Bhd. (Local expert/Auditor) for the testing of the application of Malaysian Criteria and Indicators for Forest Management Certfication for the State of Johor, Malaysia, 14-18 August 2001.
FRIM Internal Auditor for ISO 9002
Observer for the Assessment of Perak Integrated Timber Complex by SIRIM based on FSC Principles and Criteria under SCS in 8-11 October 2001
GTZ-FD Project on the Development of Internal Assessment Procedures for Forest Certification. 1999 (Local expert)
GTZ-FD Project on the Development of Internal Assessment Procedures for Sustainable Forest Management using new *MC&I. 2000/2001* (Consultancy Project Leader)
Auditor for Assessment and Verification Exercise for Kelantan FMU under SIRM 2004
Lead Auditor in Field Tests of MC&I 2002 for Sarawak FMU
Lead Auditor in the First Surveillance of Johor FMU, 2-7 August 2004
Auditor in the Second Surveillance of Johor FMU, 14-17 November 2005

Dr. Rusli: Team Social Scientist

Dr. Rusli Mohd has served the Faculty of Forestry, Universiti Putra Malaysia (UPM) for more than twenty five years now in various capacities, including as the Dean from 1996 to 2001. He obtained his bachelor degree from the same Faculty in 1979, Master of Philosophy degree from University of Edinburgh in 1982 and Doctor of Philosophy degree from North Carolina State University in 1993 specialising in forest policy and his doctoral dissertation analysed how NGOs try to influence the USA policies on the rainforests. He has taught undergraduate and graduate courses on forest policy and law, natural resource policies, sustainable forest resource development, industrial relations in wood-based industries and international forestry. While teaching forest law, he was intrigued by the question why companies or individuals break the forest law and has, since then, devoted much of his time to finding answers to the question. He has presented and published papers as well as written consultancy reports on economics of forest law. He still continues to do research on NGOs, however, lately, has started to do research works on the impacts of forest certification, local community independence on forest products as well the roles of media in forest policy formation. He has been involved in preparing state forest management plans and has also served as auditor in forest management certification assessment. Dr. Rusli has been quite active in social works and has held several responsibilities at the community and national levels.

3.3 Assessment Process

The auditors reviewed all relevant documents and inspected Blocks 3 and 4 of Compartment 27, with the latter undergoing active harvesting. Sites selected for water sampling and conservation were visited. The proposed HCVF in Compatment 26/25 was also inspected. Interviews were also conducted with management personnel and field staff, as appropriate, meeting with a local community and contractors. At the conclusion of the field visits and interviews, the auditor synthesized the findings and provided a brief to the management.

The 2007 assessment audit of Perak ITC comprised of the following key steps:

Interviews with PITC staff, a local Orang Asli community and contractors
Review of pertinent planning and management documents supplied by PITC personnel
Site visits to a cross section of areas and field operations within PITC's concession
Completion of an exit briefing with PITC personnel, at which the general findings of the SCS audit team were presented
Preparation of the written audit report

3.3.1 Itinerary

The field component of the 2007 assessment audit commenced on August 26 to August 30, September 28 and ended on September 29 as shown below:

DAY ONE : 26th August 2007

Time	Agenda	Auditee
5.30pm-6.30pm	Opening Meeting with a briefing by Lead Auditor on the objectives of the re-assessment audit. Briefing by General Manager Perak ITC on progress/performance/changes by FMU towards preparation of the FMU for the re-assessment audit. Confirmation of the itinerary for the audit.	Management & staff Harvesting and Road Contractors
8.00 pm-11.00 pm	Documentation examination by auditors.	
DAY TWO : 27th August 2007		
8.30am-1.00pm	Inspection of pre harvesting Block 4 in Compartment 27 and post harvesting in Block 3.	Auditors and Perak ITC staff
1.30pm-2.00pm	Lunch break	
2.00pm-4.30pm	Visit to the Orang Asli community within Perak ITC and Permanent Sample Plot in Block 1.	Auditors and Perak ITC staff
4.30 pm-6.30pm	Discussion with FMU staff	Auditors and Perak ITC staff
8.00 pm-10.00 pm	Review of documentation	Auditors
DAY THREE: 28th August 2007		
8.30 am-10.30 am	Inspection of old skid trail in Block 1 Inspection of boundary of HCVF in Block 1	Auditor and Perak ITC staff
10.30 am-12.00 pm	Assessment of documentation related to COC of log movement	Auditor and Perak ITC staff
12.00pm-2.00 pm	Lunch break	
2.00pm- 4.30 pm	Travel to Gerik	Auditor and Perak ITC staff
8.00pm-10.30pm	Dinner meeting with Forest Officers from the District and Head Office of Ipoh, Officers of Wildlife and National Park Department, Department of Orang Asli Affairs and WWF.	
DAY FOUR: 29th August 2007		
8.30 am-9.30 am	Meeting with District Forest Officer	**Auditors**
9.30am-11.30 am	Meeting with officers of Wildlife and National Parks Department and Department of Orang Asli Affairs at Gerik	Auditors
12.00 pm-1.00 pm	Lunch in Gerik	
1.00 pm-2.00 pm	Travel back to base camp	

2.00 pm-4.00 pm	Discussion with staff of Perak ITC	
DAY FIVE 30th August 2007		
8.00am-11.30 am 11.30 am-12.30 pm	Preparation of closing report Closing meeting	Auditors
28 September 2007 Inspection visit		
4.00 pm-6.00 pm	Briefing by General Manager Perak on harvesting activities	
29 September 2007		
7.30 am-12.30 pm	Inspection of harvesting sites in Block 4 Closing discussion	Perak ITC staff

3.3.2 Evaluation of Management System

See section 3.3.1

3.3.3 Selection of FMU's to Evaluate

The forest management operation undergoing certification consists of a single Forest Management Unit.

3.3.4 Sites Visited

See section 3.3.1.

3.3.5 Stakeholder Consultation

Pursuant to SCS protocols, consultations with key stakeholders were an integral component of the evaluation process. Consultation took place prior to, concurrent with, and following the field evaluation. The following were distinct purposes to the consultations:

To solicit input from key stakeholders as to the applicability of the SCS interim draft standard.

To solicit input from affected parties as to the strengths and weaknesses of Perak ITCs management, relative to the standard, and the nature of the interaction between the company and the surrounding communities.

To solicit input on whether Perak ITC has consulted with stakeholders regarding identifying any high conservation value forests.

Principal stakeholder groups of relevance to this evaluation were identified from the following sources:

- Lists of stakeholders from Perak ITC
- List of pertinent regulatory agencies and conservation groups

The following types of groups and individuals were determined to be principal stakeholders:

- Perak ITC employees, from the headquarters and field;
- Contractors of Perak ITC;
- Malaysian Nature Society Head Office ;
- WWF Malaysia;
- Centre for Orang Asli Concern;
- Society of Orang Asli Peninsular Malaysia
- State Department of Orang Asli Affairs Perak;
- State Forestry Department
- State Department of Wildlife and National Parks;
- Department of Environment
- JKKP Gerik

The evaluation team contacted individuals and organizations within each of these stakeholder groups. A total of 12 groups and individuals were sent, via email or regular mail, a public notice describing the upcoming evaluation and were offered opportunities to solicit comments. We had no responses from stakeholders during this initial contact. The list of initial stakeholders contacted is maintained in the SCS files.

During the site evaluation, several stakeholders from the local area were consulted in regard to their relationship with Perak ITC, and views on its management. Stakeholders included leaders of local community, and field staffs of Perak ITC itself. Stakeholders were contacted with a notification mailing soliciting comment and/or phone contact. Comments were received via personal "face-to-face" interviews. Additional comments were received from individuals not wishing to reveal their identities.

Name	Affiliation	Consultation
Mr. Hamizon Mohd.	Department of Orang Asli Affairs	Personal interview
Mr. Abdul Othman Abu Zarini	Department of Orang Asli Affairs	Personal interview
Mr. Adrian	District Department of Wildlife and National Parks	Personal Interview
Mr. Nor Shahrim Mohd. Noor	District Department of Wildlife and National Park	Personal Interview
Haji Zainal	State Forestry Department	Personal Interview
Mr. Shafie Ahmad	State Forestry Department	Personal Interview

Mr.Amir Sharifuddin	District Forest Department Hulu Perak	Personal Interview
Mr. Azid	District Forest Department Hulu Perak	Personal Interview
Ms Kanitha Krishnasamy	Malaysian Nature Society	Written comments
Ms Audrey Lee Mei Fong	WWF Malaysia	Discussion
Dr. Ismail Harun	FRIM	Discussion
Mr. Yeo Foo Wan	Road Contractor	Discussion
Mr. Lim Geok Leong	Harvesting Contractor	Discussion
Mr. Ashok	Orang Asli community	Discussion
Mr. Bashan	Orang Asli community	Discussion
Ivy Wong	WWF Malaysia	Email correspondence

Discussions with representatives of contractors

1. Mr. Mohd Shukri Ibrahim Chainsaw operator
2. Mr. Che Ghani Awang Chainsaw operator
3. Mr. Voon Seow Ming Bulldozer driver
4. Mr. Chen Ming Sun Bulldozer driver
5. Mr. Lee Ming Hwa Bulldozer driver

3.3.5.1 Summary of Stakeholder Concerns and Perspectives and Responses from the Team Where Applicable

In general the workers and officers of Perak ITC were satisfied with their job and did not raise any major issues to be taken up to the management. According to them, the terms of service like pay and benefits are comparable with those offered by local employers or government agencies in the region. Whatever grievances they may have are usually brought up either direct to the General Manager to be resolved or channeled to the Board of Directors.

The leaders of local community and the Orang Asli did not raise any major issues related to the operations of Perak ITC. They acknowledge the social and economic contributions of Perak ITC particularly in providing employment opportunities. They also mentioned that some villagers do frequent the forests of Perak ITC to collect forest products like rattan, gaharu and medicinal plants.

The logging contractors appreciate the initiative taken by Perak ITC to have the forest management system certified. In general, they understand the importance of forest certification and are willing to work together with Perak ITC to achieve the goal. However, some of the contractors expressed concern on the additional costs that may be incurred in harvesting operations as this would affect the economics of their business operations.

Economic Concerns

Comment/Concern	Response
• Proper documentation must be made on dispute claims and verification made	All documentation on dispute of boundaries maintained and shown to auditors
• Growth and yield data are available to indicate sustainability	The revised Forest Management Plan has provided data documented and also a model of growth following logging in the FMU
• The FMU is only managed by Perak ITC through a contractual agreement with Perak SEDC. Clear management policies and management prescriptions must be in place	With the new management arrangement Perak ITC is now fully responsible of the forest operation. The General Manager oversees all operation in the forest and has control of the contractors employed.
• The need to increase availability of field transport	At present the vehicles in the forest are sufficient for the operation
• Need to confirm the long term tenure of the FMU	As required in the main report Perak ITC shall draw up a time schedule for SEDC to get the concession agreement with the state government signed. At present the FMU is operating on a license from the State Forestry Department issued for each compartment to be harvested.

Social Concerns

Comment/Concern	Response
• Greater involvement of the Orang Asli in the FMU operation especially in employment opportunities	The management of the FMU has initiated a programme to employ local Orang Asli in the field. This policy is also transmitted to the contractors involved in road construction and harvesting
• Documentation of meetings and discussion with the local communities especially the Orang Asli	Documentation of meetings held are made available

• Evidences on ensuring that resource rights of the Orang asli in the forest are not diminished	The Orang Asli in the region are still entering the FMU to collect the forest resources. During the assessment Petai fruits collected by the Orang Asli were brought to the camp for transportation to the main road for sale to middlemen.
• Sale of logs to local vendors	At present Perak ITC is only responsible for selling the logs to Maju Kayu at the main log yard.

Environmental Concerns

Comment/Concern	Response
• Sufficient training on understanding of environmental issues for all levels of staff	Training is provided for all levels of Perak ITC staff. This included technique of water sampling, basic ecology and EIA and Environmental management System in 2006 and 2007.
• Full compliance with specifications of Principle 6 especially on rare, threatened and endangered species as well as a network of protected areas	The revised EIA has presented the importance of genetic, species and habitat protection within the FMU. A study on hornbill in the Temenggor FR is also presented
• Implementation of HCVF protection and monitoring	HCVF sites have been identified and demarcated. Monitoring is being initiated
• Training on fauna identification and inventory	PERHILITAN has the facility for training and is willing to offer the opportunity to Perak ITC The management will be approaching the Department before the surveillance.
• Able to adhere to all specifications guided by Perak ITC	Response from contractors for road construction and harvesting is positive and in accordance to the FMU management.

3.4 Total Time Spent on audit

SCS spent 16 person-days on the on-site portion of the full assessment, which included document review, stakeholder and staff interviews, and field assessments. Another 7 person-days were spent preparing the report.

3.5 Process of Determining Conformance

FSC accredited forest stewardship standards consist of a three-level hierarchy, principle, then the criteria that make up that principle, then the indicators that make up each criteria. Consistent with SCS Forest Conservation Program evaluation protocols, the team collectively determines whether or not the subject forest management operation is in conformance with every applicable indicator of the relevant forest stewardship standard. Each non-conformance must be evaluated to determine whether it constitutes a major or minor non-conformance at the level of the associated criterion or sub-criterion. Not all indicators are equally important, and there is no simple numerical formula to determine whether an operation is in non-conformance. The team must use their collective judgement to assess each criterion and determine if it is in conformance. If the forest management operation is determined to be in non-conformance at the criterion level, then at least one of the indicators must be in major non-conformance.

Corrective action requests (CAR's) are issued for every instance of non-conformance. Major non-conformances trigger major CAR's and minor non-conformances trigger minor CAR's

Interpretations of Major CAR's (Preconditions), Minor CARs and Recommendations

Major CARs/Preconditions: Major non-conformances, either alone or in combination with non-conformances of other indicators, result (or are likely to result) in a fundamental failure to achieve the objectives of the relevant FSC Criterion given the uniqueness and fragility of each forest resource. These are corrective actions that must be resolved or closed out prior to award of the certificate. If major CAR's arise after an operation is certified, the timeframe for correcting these non-conformances is typically shorter than for minor CAR's. Certification is contingent on the certified operations response to the CAR within the stipulated time frame.

Minor CARs: These are corrective action requests in response to minor non-conformances, which are typically limited in scale or can be characterized as an unusual lapse in the system. Corrective actions must be closed out within a specified time period of award of the certificate.

Recommendations: These are suggestions that the audit team concludes would help the company move even further towards exemplary status. Action on the recommendations is voluntary and does not affect the maintenance of the certificate. Recommendations can be changed to CARs if performance with respect to the criterion triggering the recommendation falls into non-conformance.

4.0 Results of the Evaluation

Table 4.1 below, contains the evaluation team's findings as to the strengths and weaknesses of the subject forest management operation relative to the FSC Principles of forest stewardship. The table also presents the corrective action request (car) numbers related to each principle.

Table 4.1 Notable strengths and weaknesses of the forest management enterprise relative to

the P&C

Principle/Subject Area	Strengths Relative to the Standard	Weaknesses Relative to the Standard	CAR/RECs
P1: FSC Commitment and Legal Compliance	▪ All pertinent documents were available in main office while key summaries for operational purposes are available to field staff. ▪ Forest managers committed to FSC P&C and supported by the Board of Directors	▪ Some of these documents were outdated and it is recommended that updates of all relevant statutes be maintained. ▪ FMU external boundary had yet to be confirmed by the Forestry Department.	▪ Recommendation 2007.1 ▪ Minor CAR 2007.1 1
P2: Tenure & Use Rights & Responsibilities	▪ SEDC had been given the permission for harvesting in the FMU by the Forestry Department ▪ No claims from local communities to the land within the FMU	▪ The formal agreement with the Forestry Department for the had not been signed ▪ Important to know how long the current lease or terms of management are for	▪ Minor CAR 2007.2
P3: Indigenous Peoples' Rights	▪ No documented claims by indigenous communities ▪ The Orang Asli communities are allowed to continue their utilization of the forest for their livelihood ▪ Continuous dialogue with the local communities	▪ It would be good if the access offered within the FMU was also extended to the whole Forest Reserve area	Minor CAR 2007.6
P4: Community Relations & Workers' Rights	▪ The FMU has provided full benefits to staff ▪ Opportunities for employment provided to local people ▪ Opportunity for employees to meet General Manager to register complaints	▪ Maintenance records should be kept for equipment ▪ Timeliness in supply of safety equipment can be improved.	▪ Recommendation 2007.2 ▪ Recommendation 2007.3 ▪ Recommendation 2007.4 ▪ CAR 2007.6

P5: Benefits from the Forest	▪ Optimum use of harvested materials to minimize wastage ▪ Maintenance of water catchment within the FMU ▪ Establishment of 1 ha plots after harvesting ▪ Permanent Sample Plots (PSP) establishment	▪ Need to increase the number of PSPs especially in areas before harvesting	▪ Recommendation 2007.5 ▪ Minor CAR 2007.7
P6: Environmental Impact	▪ A good road system within the FMU which is maintained through a contract system ▪ There is no use of chemicals ▪ Presence of buffer belts for rivers ▪ Representative sites of residual forest maintained ▪ A revised EIA covering all the requirements of FSC P&C produced ▪ An internal audit check and balance available	▪ Rare, threatened and endangered species has not been fully documented ▪ Need to establish more animal corridors with surrounding forest ▪ More sites with rich diversity should be identified and marked out for protection. ▪ The specifications in the Guidelines for RIL have not been included in the SOP ▪ The data for the one ha plot established for each block not in a computerized database for easy analysis of the stocking. ▪ The quality/health of the residual trees be recorded to ensure that there is sufficient healthy residuals in the future cut not recorded This point is very important when high volumes over 40m3/ha are being harvested	▪ Recommendation 2007.6. ▪ Recommendation 2007.7 ▪ Minor CAR 2007.3
P7: Management Plan	▪ FMP revised and updated with essential sections specified under FSC P&C added ▪ AAC revised using Mrylin Model and establishment of Permanent Sample Plots (PSP) specified	▪ Only one PSP established ▪ The public summary is available in the URL web page, which is not readily accessible to interested stakeholders.	▪ Minor CAR 2007.4

P8: Monitoring & Assessment	▪ Long history of cooperative research activities with FRIM and NGOs. ▪ Association with Tropical Forest Trust ▪ To begin a joint research effort with UNDP-GEF-ITTO Conservation of Biodiversity Project and FRIM ▪ COC maintained with appropriate documentation ▪ Internal monthly monitoring of all activities within the FMU ▪ Water monitoring as required by the Department of Environment maintained	▪ Only one PSP established	
P9: Maintenance of High Conservation Value Forest	▪ Regular stakeholders' consultations to enhance the conservation attributes ▪ Maintain monitoring as specified in the FMP and SOPs ▪ Public summary available	▪ SOP for continuous identification of sites with HCVF attributes through pre-felling inventory and joint research programmes	▪ Minor CAR 2007.5

4.2 Preconditions

Preconditions are major corrective action requests that are placed on a forest management operation after the initial evaluation and before the operation is certified. Certification cannot be awarded if open preconditions exist.

No preconditions were placed on Perak ITC during the initial evaluation.

5.0 Certification Decision

5.1 Certification Recommendation

As determined by the full and proper execution of the SCS *Forest Conservation Program* evaluation protocols, the evaluation team hereby recommends that the Perak ITC be awarded FSC certification as a "Well-Managed Forest" subject to the corrective action requests stated in Section 5.2. Perak ITC has demonstrated that their system of management is capable of ensuring that all of the requirements of the FSC Interim Standard for Forest Management Certification in Malaysia (V. 3.0 Oct 2006) are met over the forest area covered by the scope of the evaluation. Perak ITC has also demonstrated that the described system of management is being implemented consistently over the forest area covered by the scope of the certificate.

5.2 Initial Corrective Action Requests and Conditions

5.2.1 Corrective Action Requests

Background/Justification: Manpower and financial resources had been put into establishment of all internal boundaries for each harvesting blocks prior to initiation of harvesting. Proper signs had been erected at the entrances of the FMU and regular monitoring maintained. It was, however, noted that the FMU external boundary had yet to be confirmed and demarcated by the Forestry Department. Owing to the undefined boundary part of the FMU on the eastern boundary may have been encroached on. It is important that external boundary of the FMU be surveyed and demarcated. This will involve the cooperation of the Forestry Department and time consuming thus has to be done in phases.	
Minor CAR 2007.1	Perak ITC must prevent encroachment of unauthorized activities by surveying and marking external boundaries and devoting additional resources to surveillance for early detection of illegal activities.
Deadline	To be completed by the surveillance audit following the reinstatement of the certificate
Reference	*FSC Indicator 1.5.2 and FSC Principle # 1*

Background/Justification: SEDC of Perak had been awarded the concession for the Perak ITC area in a letter from the Forestry Department PPN.PK(Sulit) 55/4(9) dated in July 1999. A subsequent agreement was drafted for the award of the concession. The agreement had been reviewed pending signature. Written documentation of legal use rights to the FMU has to be made available.	
Minor CAR 2007. 02	Perak ITC must develop a schedule with SEDC for the formalization of the agreement with the State government.
Deadline	To be completed by the first audit following the reinstatement of the certificate
Reference	*FSC Indicator 2.1.1 and FSC Principle # 2*

Background/Justification: The FMP has incorporated specifications from the Guidelines for Reduced Impact Logging of the Forestry Department. The SOP for harvesting has not included these specifications.	
Minor CAR 2007.03	The Forest Management Plan shall contain specific written guidelines to minimize damages during harvesting through implementation of RIL techniques.
Deadline	To be completed by the surveillance audit
Reference	*FSC Indicator 6.5.2 and FSC Principle # 6*

Background/Justification: A public summary is available in the URL web page, which is not readily accessible to interested stakeholders. This shall be included in the Perak ITC's homepage or a document readily accessible to the public.	
Minor CAR 2007.04	The public summary for the Forest Management Plan must be made readily available to all interested parties.
Deadline	To be completed by the first audit following the reinstatement of the certificate
Reference	*FSC Indicator 7.4.1 and FSC Principle # 7*

Background/Justification: Only the site in Compartment 26, riparian buffer and the water catchment sites had been marked out on ground. Conservation zones and protected sites with attributes of HCVF shall be established and protected through proper demarcation and safeguards.	
Minor CAR 2007.5	Perak ITC shall develop and implement a SOP for periodic review of inventory from pre-felling, flora and fauna surveys, research (e.g. Joint FRIM UNDP-GEF-ITTO Project) for the purpose of identifying and designating additional areas that have the attributes of HCVF.

Deadline	To be completed by the first surveillance audit
Reference	*FSC Indicator 9.1.1 and FSC Principle # 9*

Background/Justification: The Forest Management Plan shall contain a section presenting the results of periodic social impact assessments. The management plan and EIA include sections on the local communities in the region. An Economic survey on the Orang Asli was done in 2005. However, periodic social impact assessments must be carried out. Additionally, mitigating measures to minimize impacts of forest operation on local communities, especially Orang Asli, must be taken.	
CAR 2007.6	Perak ITC must implement a program for period social impact assessments and mitigation measures for impacts identified.
Deadline	First surveillance audit
Reference	*FSC Criterion 4.1, FSC Principle # 4, Indicator 4.4.1*

Background/Justification: Appropriate to the scale of operations and the frequency of commercial activity, estimates of total periodic timber growth have to be determined through analysis of data collected from Permanent Sampling Plots (PSP) within the harvested sites.	
CAR 2007.7	Perak ITC must establish PSP within the harvested area in addition to the existing PSP that is within an unharvested area.
Deadline	First surveillance audit
Reference	*FSC Criterion 5.6, FSC Principle # 5, Indicator 5.6.4*

5.2.2 Recommendations:

Background/Justification: All pertinent documents were available in the main office while key summaries for operational purposes are available to field staff. The FMU keeps 12 relevant statues and maintains summaries of the major ones for reference. Some of these documents were outdated and it is recommended that updates of all relevant statutes be maintained.	
REC 2007.1	An up-to-date register of all pertinent statutes and regulations should be maintained to be made available to forest managers
Reference	*FSC Indicator 1.1.1 and FSC Principle # 1*

Background/Justification: Safety equipment is provided by the FMU and its contractors to field workers. The equipment is maintained but records of maintenance and testing for safety should be provided.	
Recommendation 2007.2	Perak ITC should implement a record keeping log for equipment maintenance

Reference	*FSC Indicator 4.2.4 and FSC Principle # 4*

Background/Justification: The FSC standard requires that issues and grievances raised by workers are investigated promptly and in an objective and fair manner. There is a system of raising grievances with the head of department for resolution. The FMU has special procedure to handle issues and grievances through SOP 030 Implementation and Operation of External Communication and Reporting and SOP 113 Dispute Settlement. Discussions with workers indicated no major issues or grievances.	
REC 2007.3	It is recommended that issues of pay condition raised by the workers and timely supply of safety equipment be implemented as soon as possible.
Reference	*FSC Indicator 4.3.2 and FSC Principle # 4*

Background/Justification: Income generating harvesting activities are financially viable to the FMU	
REC 2007.4	The volume of timber to be harvested had been set to provide economic return to SEDC and Perak ITC, The FMU is behind its harvesting operations and should improve efficiency of activities so as to be financially attractive
Reference	*FSC Indicator 5.1.4 and FSC Principle # 5*

Background/Justification: Timber harvesting must be guided by a timber management plan that includes a calculated allowable cut	
REC 2007.5	The revised FMP has elaborated on the calculation of the rate of harvest based on growth and yield calculations. The FMU had collaborated with FRIM in this aspect to ensure that the determination of the rate of harvest is calculated based on proper modeling approaches using up-to date growth information. Projected log output in terms of gross volume and volume of net production areas had been estimated. The FMP has formulated a guiding policy for harvesting. Perak ITC had tested the Annual Allowable Cut (AAC) with the Oxford Myrlin Model and found the level acceptable. The AAC is now determined by the Forestry Department and the revised FMP. It is recommended that future growth and yield calculations be based on the FMU growth plots that are to be established in accordance to the FMP. From these calculations the AAC can then be adjusted accordingly.
Reference	*FSC Indicator 5.6.1 and FSC Principle # 5*

Background/Justification: Field employees are to be trained to recognize endangered species and their habitats. Discussion with the officers of the Department of Wildlife and National Parks (PERHILITAN) at Gerik indicated that are running regular courses on endangered species and their habitats.	
REC 2007.6	It is recommended that Perak ITC staff attend these courses to enhance their knowledge in conservation of these species.
Reference	*FSC Indicator 6.2.6 and FSC Principle # 6*

Background/Justification: The FSC Standard requires that regeneration after harvesting activities occurs in a timely manner, and with desired species that reflect the original composition of the forest. The one-ha plot established in harvested Blocks 2 and 3 had shown 104 and 60 trees respectively with dbh greater than 32 cm remaining. This is in excess of he 32 trees stipulated under SMS. More of these plots will be established with the harvesting activities of Block 4.	
REC 2007.7	It is recommended that these data for the one ha plot established for each block should be properly entered into a computerized database for easy analysis of the stocking. It is also recommended that the quality/health of the residual trees be recorded to ensure that there is sufficient healthy residuals in the future cut
Reference	*FSC Indicator 6.3.4 and FSC Principle # 6*

5.3 General Observations

This 2007 assessment audit had observed that Perak ITC had taken concerted effort to implement good management within the FMU. A separate road construction and maintenance team had been employed to ensure that all roads are properly constructed and maintained according to specifications of the Forestry Department. RIL specifications are enforced on the logging contractors and sufficient standing residual trees were observed. Financial support was also provided to revise the Forest Management Plan and the EIA report to make them more comprehensive and in accordance to the requirements of FSC Principles and Criteria.

Through the improvement in the management structure of the FMU and the support of the Board of Directors the harvesting process has been maintained in accordance of the specifications of the Forestry Department. There are only 7 minor non-conformances with the FSC Interim Standard for Malaysia and 7 recommendations were made to further enhance the management of the FMU.

6.0 Surveillance Evaluations

6.1 2008 Annual Audit

The first annual surveillance audit was carried out from October 21-24, 2008.

6.1.1 Assessment Team

For this annual surveillance assessment, SCS auditor Dr. S.K.Yap conducted on-site inspections of field operations as well as interviews with management, field personnel and contractors. A short discussion was also held with a group of Orang Asli that had come out from the interior to visit the village next to the Perak ITC campsite. Dr. Yap was part of the 2002 full evaluation as well as the auditor for 2003, 2004, 2005 and 2006 annual audits as well as the re-certification assessment in 2007, thus providing for good continuity.

Dr. S.K.Yap, Team Leader (sonkheong@hotmail.com**):**
Dr. Yap S. K. is currently an independent consultant on forestry, arboriculture and environment. He has a B.Sc. Hons. Second Class Upper (Botany) Ph. D. (Forest Biology) under the University of Aberdeen (Scotland) and University of Malaya Fellowship in Tropical Rain Forest Project. His working career started as a research officer in the Forest Research Institute Malaysia (FRIM) after his postgraduate research in the reproductive biology of forest trees. He has also being responsible for the Plantation Branch of the institute before heading the Biology Branch. Prior leaving the institute he was the senior research officer and Program Leader for the Urban Forestry for the Enhancement of the Environment responsible for the development of research activities in urban forestry. Constantly on call for providing technical advise on tree planting and maintenance to governmental agencies, semi-governmental bodies and private developers. Working closely with local authorities, the Department of Housing and Local Government, Department of Town and Country Planning and City Hall Kuala Lumpur.

He left the government service and was in the corporate sector involving in landscape development projects of the nation before establishing a consultancy on forestry and environment. He is an independent auditor appointed by SIRIM QAS to conduct Forest Management Certification under the cooperation between SIRIM and FSC's accredited certifier - Scientific Certification System (SCS) of USA and Malaysian Timber Certification Council. He had conducted 40 forest management audit under SCS/SIRIM-FSC and Malaysian Timber Certification Council. He was the Lead Auditor for 25 of the above assessment exercises. He is also an EMS ISO 14001 auditor with SIRIM. He was the forest/flora ecology consultant for EIA study for landfill, thermal incinerator, forest conversion to plantation and aluminum smelter projects in the country. In 2005 he conducted 7 workshops on EIA for the Malaysian Nature Society and another on macro EIA for the Forestry Department of Perak.

He has international experience as a FAO consultant for seed technology for the Indian Council of Forestry 1993. He was also a member of the International Union of Forestry Research (IUFRO) Working Party on Seed Problems, Member of the Acid Precipitation Committee of Japan International Forestry Promotion Organization. 1993 to 1995 and Project Leader ASEAN-

Australian Tree Improvement Project in 1986 to 1987. He was actively involved with the ASEAN-Canadian Forest Tree Seed Project from 1985 to 1995 as co-chairman of the working group.

Outside his official duties Dr. Yap was the Hon. Secretary of the Malaysian Nature Society (MNS) 1992to August 1996 and Council Member of the MNS 1989 to August 2000. He was also a member of the Technical Committee on National Park (Johor) Corporation. 1993 to 1995 and Alternate Member of the Board of Directors of the National Park Corporation (Johor) 1993 to 1995. On environmental related issues he actively participated as an Alternate Member of the National Environmental Quality Council, Ministry of Science, Technology and Environment from 1994 till 1996. He was also a member of the ad hoc Committee on EIA Review, Department of Environment. He was the Expedition Leader for The MNS Belum Expedition 1993-1994. In 2004 he conducted three workshops on EIA Review for the Malaysian Environmental NGOs under the sponsorship of DANIDA.

6.1.2 Assessment Process

The auditor reviewed all relevant documents and inspected Block 4, which was at the final stage of completing the harvesting process. Inspection of tree tagging and road construction in Block 6, which was scheduled for logging next year, was also carried out. Special emphasis was placed on the condition of roads constructed and skid trails in the harvesting block examined to determine adherence to specifications of RIL. Water sampling sites, protected area, Permanent Sample Plots and protected site for rare flora were inspected. Interviews were also conducted with management personnel and field staff. Meetings with contractors and a group of nomadic Orang Asli who had come out from the interior were also conducted. At the conclusion of the field visits and interviews, the auditor synthesized the findings and provided a brief to the management.

The 2008 surveillance audit of Perak ITC comprised of the following key steps:

- Interviews with PITC staff and contractors
- Review of pertinent planning and management documents supplied by PITC personnel
- Site visits to a cross section of areas and field operations within PITC's concession
- Completion of an exit briefing with PITC personnel, at which the general findings of the SCS audit team were presented
- Preparation of the written audit report

The field component of the 2008 annual surveillance assessment commenced on October 21 to October 24, is as shown below:

DAY ONE : October 21, 2008

Time	Agenda	Personnel
8.30pm-10.00pm	Opening Meeting with a briefing by Lead Auditor on the objectives of the surveillance assessment. Briefing by General Manager Perak ITC on progress/performance/changes by FMU. Confirmation of the itinerary for the audit. Night in Gerik	Auditor together with management & staff
DAY TWO : October 22, 2008		
7.30am-9.00pm	Travel to the FMU	
9.00 am-6.00 pm	Inspection of Block 4, which had just completed 90% of the harvesting. Inspection of Block 6, which is scheduled to be logged in 2009.	Auditor with Perak ITC staff
8.00pm-10.30pm	Review of documentation	Auditor and Perak ITC staff
DAY THREE: October 23, 2008		
7.30 am-5.00 pm	Inspection of protection site for *Rafflesia* specimen. Inspection of boundary of HCVF and water catchment sites in Block 1. Assessment of the COC process. Discussion with contractors' staff	Auditor together with Perak ITC and contractors' staff
8.00pm-10.30pm	Documentation review	Auditor
DAY FOUR: October 24, 2008		
7.30 am-9.30 am	Preparation of closing report	Auditor
9.30am-10.30 am	Discussion with management of Perak ITC	Auditors and management
11.00 am-11.30 am	Closing meeting	All staff of Perak ITC
1.00 pm-5.00 pm	Travel back to Perak ITC Ipoh office	
5.00 pm-5.30 pm	Discussion with the Chief Executive of Perak State Development Corporation	Auditor, General Manager and Chief Executive

6.1.3 Status of Corrective Action Requests

October 2008 Status of new CARs from the Perak ITC 2007 Re-assessment Audit

Background/Justification: Manpower and financial resources had been put into establishment of all the internal boundary of each harvesting blocks prior to initiation of harvesting. Proper signs had been erected at the entrances of the FMU and regular monitoring maintained. It was, however, it was noted that the FMU external boundary had yet to be confirmed by the Forestry Department. Owing to the undefined boundary part of the FMU on the eastern boundary may have been encroached on. It is important that external boundary of the FMU be surveyed and demarcated. This will involve the cooperation of the Forestry Department and time consuming thus has to be done in phases.	
Minor CAR 2007.1	Perak ITC must prevent encroachment of unauthorized activities by surveying and marking external boundaries and devoting additional resources to surveillance for early detection of illegal activities.
Deadline	To be completed by the surveillance audit following the reinstatement of the certificate
Reference	*FSC Indicator 1.5.2*
Action by FMU	The management of Perak ITC had written to the State Forestry Department immediately following the audit in October 2007 and subsequently a meeting between the State Forestry Director and Chairman of Perak ITC was held on 7 November 2007. A follow up letter to the Forestry Department was written on 27 August 2008. In response the Department had written stating that it will take the necessary action in enforcing prevention of encroachment. It will also be marking all external boundaries of the FMU in its 2009 program.
Status	The CAR is therefore closed

Background/Justification: SEDC of Perak had been awarded the concession for the Perak ITC area in a letter from the Forestry Department PPN.PK(Sulit) 55/4(9) dated in July 1999. A subsequent agreement was drafted for the award of the concession. The agreement had been reviewed pending signature. Written documentation of legal use rights to the FMU has to be made available.	
Minor CAR 2007. 02	Perak ITC shall develop a schedule with SEDC for the formalization of the agreement with the State government.
Deadline	To be completed by the first audit following the reinstatement of the certificate
Reference	*FSC Indicator 2.1.1 and FSC Principle # 2*
Action by FMU	As in the previous CAR the Forestry Department had acknowledged the request for formalizing the agreement and had responded that the document had been submitted to the legal advisor for review.

Status	This CAR is closed

Background/Justification: The FMP has incorporated specifications from the Guidelines for Reduced Impact Logging of the Forestry Department. The SOP for harvesting has not included these specifications.	
Minor CAR 2007.03	The Forest Management Plan shall contain specific written guidelines to minimize damages during harvesting through implementation of RIL techniques.
Deadline	To be completed by the surveillance audit
Reference	*FSC Indicator 6.5.2 and FSC Principle # 6*
Action by FMU	Both the FMP and SOP have added the reference on RIL of the Forestry Department.
Status	The CAR is therefore closed

Background/Justification: A public summary is available in the URL web page, which is not readily accessible to interested stakeholders. This shall be included in the Perak ITC's homepage or a document readily accessible to the public.	
Minor CAR 2007.04	The public summary for the Forest Management Plan must be readily available to all interested parties.
Deadline	To be completed by the first audit following the reinstatement of the certificate
Reference	*FSC Indicator 7.4.1 and FSC Principle # 7*
Action by FMU	The public summary has established its own home page *www.perakitc.com.my* and a recent copy was provided during the audit.
Status	This CAR is therefore closed

Background/Justification: Only the site in Compartment 26, riparian buffer and the water catchment sites had been marked out on ground. Conservation zones and protected sites with attributes of HCVF shall be established and protected through proper demarcation and safeguards.	
Minor CAR 2007.05	Perak ITC shall develop and implement a SOP for periodic review of inventory from pre-felling, flora and fauna surveys, research (e.g. Joint FRIM UNDP-GEF-ITTO Project) for the purpose of identifying and designating additional areas that have the attributes of HCVF.
Deadline	To be completed by the first surveillance audit.
Reference	*FSC Indicator 9.1.1 and FSC Principle # 9*
Action by FMU	A SOP 201E for High Conservation Value Forest (HCVF) Version 7 supplemented with work instructions WI-201X Version 5 Mammal Biodiversity Monitoring, Bird Biodiversity Monitoring WI210X Version 3 and WI-209X Version 3 HCVF Monitoring Programme were presented

	during the surveillance. These documents incorporated the process of in establishing new HCVF sites. The inventory for the biological resources had started within the FMU by the Joint FRIM-UNDP-ITTO Project.
Status	The CAR is therefore closed

Background/Justification: The Forest Management Plan shall contain a section presenting the results of periodic social impact assessments. The management plan and EIA include sections on the local communities in the region. An economic survey on the Orang Asli was done in 2005. However, periodic social impact assessments must be carried out. Additionally, mitigating measures to minimize impacts of forest operation on local communities, especially Orang Asli must be taken.	
Minor CAR 2007.06	Perak ITC must implement a program for periodic social impact assessments and mitigation measures for impacts identified.
Deadline	To be completed by the first surveillance audit.
Reference	*FSC Indicator 4.4.1 and FSC Principle # 4*
Action by FMU	A recent social survey of the local communities of Orang Asli was conducted on 14 April 2008 with a follow up in 22 July 2008 by Perak ITC staff.
Status	This Minor CAR is closed.

Background/Justification: Appropriate to the scale of operations and frequency of commercial activitiy, estimates of total periodic timber growth have to be determined through analysis of data collected from Permanent Sampling Plots (PSP) within the harvested sites.	
Minor CAR 2007.07	Perak ITC must establish PSP within the harvested area in addition to the existing PSP that is within an unharvested area.
Deadline	To be completed by the first surveillance audit.
Reference	*FSC Indicator 5.6.4 and FSC Principle # 5*
Action by FMU	A new PSP was established 30 April 2008 in the harvesting site in Block 4. This was inspected during the surveillance and tagging trees were found.
Status	This CAR is therefore closed.

6.1.4 Recommendations:

Background/Justification: All pertinent documents were available in main office while key summaries for operational purposes are available to field staff. The FMU keeps 12 relevant statues and maintains summaries of the major ones for reference. Some of these documents were outdated and it is recommended that updates of all relevant statutes be maintained.	
REC 2007.1	An up-to-date register of all pertinent statutes and regulations has to be maintained and made available to forest managers.
Reference	*FSC Indicator 1.1.1 and FSC Principle # 1*
Action by FMU	The revised version of the Environmental Quality Act 2005 was made available during the audit.

Background/Justification: Safety equipment is provided by the FMU and its contractors to field workers. These equipment is maintained but records of maintenance and testing for safety have to be provided.	
REC 2007.2	Perak ITC should implement a record-keeping log for equipment maintenance.
Reference	*FSC Indicator 4.2.4 and FSC Principle # 4*
Action by FMU	All maintenance records for Perak ITC machinery had been maintained.

Background/Justification: The FSC standard requires that issues and grievances raised by workers are investigated promptly and in an objective and fair manner. There is a system of raising grievances with the head of department for resolution. The FMU has special procedure to handle issues and grievances through SOP 030 Implementation and Operation of External Communication and Reporting and SOP 113 Dispute Settlement. Discussions with workers indicated no major issues or grievances.	
REC 2007.3	It is recommended that issues of pay raised by the workers and timely supply of safety equipment on time be implemented as soon as possible.
Reference	*FSC Indicator 4.3.2 and FSC Principle # 4*
Action by FMU	Action was taken to avoid late payment and pay slip indicated adjustment in 07/08 and bonus provided were provided during the audit.

Background/Justification: Income generating harvesting activities are financially viable to the FMU	
REC 2007.4	The volume of timber to be harvested had been set to provide economic return to SEDC and Perak ITC, The FMU is behind its harvesting operations and needs to enhance activities so as to be financially attractive
Reference	*FSC Indicator 5.1.4 and FSC Principle # 5*
Action by FMU	The FMU has taken steps to catch up with the logging activities but activities are limited by the weather conditions so as to prevent negative environmental impacts.

Background/Justification: Timber harvesting must be guided by a timber management plan that includes a calculated allowable cut.	
REC 2007.5	The revised FMP has elaborated on the calculation of the rate of harvest based on growth and yield calculations. The FMU had collaborated with FRIM in this aspect to ensure that the determination of the rate of harvest is calculated based on proper modeling approaches using up-to date growth information. Projected log output in terms of gross volume and volume of net production areas had been estimated. The FMP has formulated a guiding policy for harvesting. Perak ITC had tested the Annual Allowable Cut (AAC) with the Oxford Myrlin Model and found

	the level acceptable. The AAC is now determined by the Forestry Department and the revised FMP. It is recommended that growth and yield calculations be based on the FMU growth plots that are to be established in accordance to the FMP. From these calculations the AAC can then be adjusted accordingly.
Reference	*FSC Indicator 5.6.1 and FSC Principle # 5*
Action by FMU	An additional Permanent Sample Plot was established in Block 4. It was inspected during the audit.

Background/Justification: Field employees are to be trained to recognize endangered species and their habitats. Discussion with the officers of the Department of Wildlife and National Parks (PERHILITAN) at Gerik indicated that are running regular courses on endangered species and their habitats.	
REC 2007.6	It is recommended that Perak ITC staff attend these courses to enhance their knowledge in conservation of these species.
Reference	*FSC Indicator 6.2.6 and FSC Principle # 6*
Action by FMU	A course on identification of endangered faunal species conducted in the camp on 23 June 2008.

Background/Justification: The FSC Standard requires that regeneration after harvesting activities is occurring in a timely and with desired species that reflect the original composition of the forest. The one-ha plot established in harvested Blocks 2 and 3 had shown 104 and 60 trees respectively with dbh greater than 32 cm remaining. This is in excess of he 32 trees stipulated under SMS. More of these plots will be established with the harvesting activities of Block 4.	
REC 2007.7	It is recommended that these data for the one ha plot established for each block should be properly entered into a computerized database for easy analysis of the stocking. It is also recommended that the quality/health of the residual trees be recorded to ensure that there is sufficient healthy residuals in the future cut
Reference	*FSC Indicator 6.3.4 and FSC Principle # 6*
Action by FMU	A new 1 ha plot for block 4 will be established after completion Borang Bancian Kajian Tumbesaran & Pengeluaran F-201B Ver:1 30 April 2008)

NEW CARs RAISED FOLLOWING THE SURVEILLANCE ASSESSMENT

Background/Justification: Habitats of rare and threatened species have to be identified through field surveys and are protected or managed at a level sufficient to ensure maintenance or restoration of the populations. The FMU had only identified and demarcated a site for the protection of *Rafflesia* within Block 4 since the re-assessment. As the joint FRIM-GEF-ITTO Project had enumerated 35 ha within Block 5 of the

FMU, the forest manager shall examine these data for the identification and protection of specific nesting habitats and distribution pattern of any rare and threatened flora or faunal species.	
Minor CAR 2008.01	The forest manager shall analyse the data from the inventory conducted within Block 5 to determine any habitats of rare, threatened and endangered species.
Deadline	To be completed by the next surveillance audit in 2009.
Reference	*FSC Indicator 6.2.5*

Background/Justification: Water courses are to be protected on site. The side walls constructed at the bridge at km 14.3 of Block 4 were washed away during the current rainy weather resulting in soil being washed into the stream.	
Minor CAR 2008.02	Remedial actions shall be taken to prevent soil being washed into the stream in Block 4.
Deadline	To be completed by the next surveillance audit in 2009.
Reference	*FSC Indicator 6.5.8*

Background/Justification: All toxic chemicals and their containers shall be disposed off site in an environmental and legal manner. Used oil containers and old vehicle batteries were found in Block 4	
Minor CAR 2008.03	Perak ITC shall remove these containers and batteries in an environmentally friendly manner and ensure that all contractors understand the need to dispose these materials off site in an appropriate manner.
Deadline	To be completed by the next surveillance audit in 2009.
Reference	*FSC Indicator 6.7.1*

Recommendations:

Background/Justification: There is a proper solid waste disposal system within the base camp.	
REC 2008.1	With the implementation of collaborative projects and the establishment of more housing facilities a set of house keeping rules will be needed to dispose off all solid wastes within the base camp.
Reference	*FSC Indicator 6.7.4*

Background/Justification: Forest managers shall periodically gather information on the composition and observed changes in the flora and fauna.	
REC 2008.2	The FMU has periodically gathered data on the biodiversity of the forest prior and after forest harvesting. It is recommended that a preliminary analysis be conducted to assess the result so as to be able to further enhance the data collection process.
Reference	*FSC Indicator 8.2.1*

Background/Justification: The annual HCVF monitoring has been presented during the surveillance.	
REC 2008.3	The presentation of the annual report could be enhanced with consultation and input of appropriate stakeholders.
Reference	*FSC Indicator 9.4.5 and FSC Principle # 9*

6.2 2010 SURVEILLANCE DECISION AND PUBLIC RECORD

6.2.1 Assessment Dates

The first annual surveillance audit was carried out from October 21-24, 2008 and follow by this second annual surveillance visit from December 21-24, 2009. For this annual surveillance assessment, SCS auditor Ms. Tor Mooi See spent 3 days for on-site inspections of field operations as well as interviews with management, field personnel and contractors. A short discussion was also held with a group of Orang Asli that live in the village next to the Perak ITC campsite.

6.2.2 Assessment Personnel

For this annual audit, the team was comprised of Ms Tor Mooi See as the auditor of FSC certification. This is the first visit by Ms. Tor to Perak ITC.

Ms. Tor Mooi See, Team Leader (tmsee@hotmail.com):

Tor Mooi See graduated from the University Putra Malaysia with a Bachelor Science in Forestry with major in forest management and specializes in wildlife management and forest policy. She worked as Forestry Management Assistant in preparation of Forest Management Plan, Standard Operating Procedures and Environment Impact Assessment Reports for newly forest concession areas under concessionaire in 2001-2003. She was also the Forest Officer in a non-profit organisation and involved in two main areas of Malaysia's forestry sector: forest policy and business industry since 2003. She has actively participated in promoting FSC and deal with national forest standard process in this country. At the same she was a coordinator for the Malaysia Forest & Trade Network to promote responsible forestry and purchasing in forestry sector. She has been involved with some of the field assessment for Forest Management Unit in Malaysia and familiar with few forest certification schemes such as FSC, MTCS and PEFC etc. Currently she is responsible for auditing and training clients under the GFS Wood Tracking Program, Supply Chain Program; and Training & Support Services. She also involved in Forest Management and COC certification works through agreements that GFS with FSC certification bodies such as SCS.

6.2.3 Assessment Process

The auditor reviewed all relevant documents and inspected Block 4, which was at the final stage of completing the harvesting process. Inspection of tree tagging and road construction in Block

6, which was scheduled for logging next year, was also carried out. Special emphasis was placed on the condition of roads constructed and skid trails in the harvesting block examined to determine adherence to specifications of RIL. Water sampling sites, protected area, Permanent Sample Plots and protected site for rare flora were inspected. Interviews were also conducted with management personnel and field staff. Meetings with contractors and a group of nomadic Orang Asli who had come out from the interior were also conducted. At the conclusion of the field visits and interviews, the auditor synthesized the findings and provided a brief to the management.

The 2009 surveillance audit of Perak ITC comprised of the following key steps:

- Interviews with Perak ITC staff and contractors
- Review of pertinent planning and management documents supplied by Perak ITC personnel
- Site visits to a cross section of areas and field operations within Perak ITC's concession
- Completion of an exit briefing with Perak ITC personnel, at which the general findings of the SCS audit team were presented
- Preparation of the written audit report

The field component of the 2009 annual surveillance assessment commenced on December 21 to October 24, is as shown below:

DAY 1: December 21, 2009		
Time	**Agenda**	**Personnel**
7.00 pm – 2.00 pm 2.30 pm – 4.00 pm 5.00 pm – 8.00 pm	Travel to Perak ITC base camp Opening Meeting:- • Introduction by General Manager Perak ITC on latest status in FMU • Briefing by Lead Auditor on the objectives of the surveillance assessment • Confirmation of the itinerary for the audit Documentation review Night in Base Camp	Auditor together with management and staff
DAY 2: December 22, 2009		
8.00 am – 6.00 pm 7.30 pm – 10.00 pm	Inspection of pre harvesting sites and after harvesting sites; Inspection of research plots, conservation sites and protected areas Documentation review	Auditor together with Perak ITC's staff Auditor

	Night in base camp	
DAY 3: December 23, 2009		
7.30 am – 5.00 pm 7.30 pm – 10.00 pm	Visit Kg. Selaur next to Perak ITC's base camp and interview indigenous people; Interview with Perak ITC staffs and contractors; Inspection health and safety conditions in campsite Discussion with Perak ITC staff and documentation review Night in base camp	Auditor together with Perak ITC's staffs and contractors' staff, indigenous people
DAY 4: December 24, 2009		
7.30 am – 10.00 am 10.00 am – 12.30 pm 1.00 pm – 3.00 pm	Verify the COC process Preparation of closing report Closing meeting Travel to KL	Auditor together with Perak ITC's staff and contractors' staff Auditor All staff of Perak ITC

6.2.4 Status of Corrective Action Requests

CAR 2008.1 Minor	**Reference**: FSC Indicator 6.2.5
The forest manager shall analyse the data from the inventory conducted within Block 5 to determine any habitats of rare, threatened and endangered species.	
Action Taken By Company/Auditor Comments	
Forest manager has yet to analyse the data from the inventory conducted in Block 5 by FRIM-GEF-ITTO Project as the data has not been made available to forest manager after the inventory by researchers from FRIM-GRF-ITTO. The researchers are working on the data and expected to provide PITC a preliminary report in next meeting. A meeting by Project Steering Committee of CBioD will further discuss the follow up actions with forest manager which scheduled in January 2010.	
Position in the end of this audit: This CAR is remaining as **Minor CAR 2008.1**	

CAR 2008.2 Minor	**Reference**: FSC Indicator 6.5.8
Remedial actions shall be taken to prevent soil being washed into the stream in Block 4.	
Action Taken By Company/Auditor Comments	
Riparian buffer belts have been demarcated within the FMU. It was observed that the sidewalls of a bridge at km 14.3 of Block 4 are still under construction and repair due to another washed away during rainy weather. Another 2 bridges at km 15.4 and 9.6 also observed to have similar problem. The buffer zones established were not able to protect the watercourse appropriately. This CAR will have to be closed 3 months from finalization of the report.	
Position in the end of this audit: This CAR is elevated to **Major CAR 2008.2**.	

CAR 2008.3 Minor	**Reference**: FSC Indicator 6.7.1
Perak ITC shall remove these containers and batteries in an environmentally friendly manner and ensure that all contractors understand the need to dispose these materials off site in an appropriate manner.	
Action Taken By Company/Auditor Comments	
Perak ITC has disposed all toxic chemicals, batteries and their containers in an environmental friendly manner. All toxic chemicals and containers have been kept and stored properly.	
Position in the end of this audit: This CAR is therefore closed.	

REC 2008.1	**Reference**: FSC Indicator 6.7.4
With the implementation of collaborative projects and the establishment of more housing facilities a set of house keeping rules will be needed to dispose off all solid wastes within the base camp.	
Action Taken By Company/Auditor Comments	
Perak ITC has improved the solid wastes disposal within the base camp. All solid waste has been kept in an allocate area within base camp and transport to town for disposal.	
Position in the end of this audit: This REC is therefore addressed.	

REC 2008.2	**Reference**: FSC Indicator 8.2.1
The FMU has periodically gathered data on the biodiversity of the forest prior and after forest harvesting. It is recommended that a preliminary analysis be conducted to assess the result so as to be able to further enhance the data collection process.	
Action Taken By Company/Auditor Comments	
The forest manager has monitor and gather information periodically on the biodiversity of the forest prior and after forest harvesting. The data collected from PSP in Block 6 especially was inadequate. Forest manager has yet to analyse the data and not able to determine the growth rates accurately.	
Position in the end of this audit: This REC is reissue as **CAR 2009.6 Minor**.	

REC 2008.3	**Reference**: FSC Principle 9 and Indicator 9.4.5
The presentation of the annual report could be enhanced with consultation and input of appropriate stakeholders.	
Action Taken By Company/Auditor Comments	
The 2009 Annual Report on HCVF for Perak ITC has incorporated feedback from stakeholders. Dr. Lilian Chua and Ms. Chan Yoke Mui have jointly provided input on HCVF identification in Block 6 for species *Johannesteijsmannia altifrons*.	
Position in the end of this audit: This REC is therefore addressed.	

6.2.5 General Observations

Perak ITC had since undergone a series of top management changes in 2007 and had instituted corrective measures in the management of harvesting with special emphasis on RIL logging. Perak ITC has appointed new General Manager, Mr. Khairul Anuar Hassan since December

2009 and committed the continuity of FSC certification in the FMU. This is support by some senior staff that have been involved in FSC certification since 2001. This 2009 annual audit had observed that Perak ITC had taken concerted effort to implement good management within the FMU. However the road conditions require further improvement; enhancement of road construction methods should consider the rainy weather in FMU.

6.2.6 New Corrective Action Requests and Recommendations

Background/Justification: Habitats of rare and threatened species have to be identified through field surveys and are protected or managed at a level sufficient to ensure maintenance or restoration of the populations. The FMU had only identified and demarcated a site for the protection of *Rafflesia* within Block 4 since the re-assessment. As the joint FRIM-GEF-ITTO Project had enumerated 35 ha within Block 5 of the FMU, the forest manager shall examine these data for the identification and protection of specific nesting habitats and distribution pattern of any rare and threatened flora or faunal species. The data has yet made available to forest manager for further analyse. The researchers are working on the data and expected to provide PITC a preliminary report in next meeting. A meeting by Project Steering Committee of CBioD will further discuss the follow up actions with forest manager which scheduled in January 2010.	
Minor CAR 2008.1	The forest manager shall further analyse the data from the inventory conducted within Block 5 to determine any habitats of rare, threatened and endangered species with the preliminary results from FRIM-GEF-ITTO Project.
Deadline	By next surveillance visit
Reference	*FSC Indicator 6.2.5*

Background/Justification: Forest manager is required to protect the water courses and maintain forest roads to ensure all in good conditions. The sidewalls constructed at the bridge at km 14.3 of Block 4 were washed away during rainy weather resulting in soil being washed into the stream. The main road from km 7.8-12 is in bad condition due to landslide and difficult to access especially during rainy season. Some culverts were blocked and not able to drain the road effectively. It was observed that the sidewalls of a bridge at km 14.3 of Block 4 are still under construction and repair due to another washed away during rainy weather. Another 2 bridges at km 15.4 and 9.6 also observed to have similar problem. The buffer zones established were not able to protect the watercourse appropriately.	
Major CAR 2008.2	Remedial actions shall be taken to prevent soil being washed into the streams in Block 4 and improve road conditions. Forest manager also ensure all culverts are functioning accordingly.
Deadline	This CAR will have to be closed 3 months from finalization of the report.
Reference	*FSC Indicator 6.5.8*

Non-conformity: Forest manager shall aware and respected the provisions of all binding international agreements. A list of Applicable and Other Environmental Requirement is prepared. Forest manager has lack of awareness on the social related laws and regulations

such as ILO and OSHA and yet to prepare a list with reference to social related laws and regulations.	
Minor CAR 2009.1	Forest manager shall prepare a list with reference to social related laws and regulations such as ILO and OSHA.
Deadline	By next surveillance visit
Reference	*FSC Indicator 1.3.1*

Non-conformity: Forest manager and contractors should provide adequate health and safety equipment for staff and workers on site. Some fire extinguishers were observed expired and yet to renew accordingly. The first aid kits were incomplete and filled with unnecessary medicine. Forest manager has yet to carry out any health and safety training for forest workers in 2009.	
Minor CAR 2009.2	Forest manager shall maintain and ensure all fire extinguishers and first aid kits are functioning all the time. Training on health and safety shall be established on a regular basis especially for those new forest workers.
Deadline	By next surveillance visit
Reference	*FSC Indicators 4.2.1, 4.2.3,and 4.2.4.*

Non-conformity: All protected areas shall identify and demarcated on maps and on the ground. A protected area with >1000m in Block 8 have been identified by forest manager but yet to be delineated on the ground.	
Minor CAR 2009.3	Forest manager shall delineate and mark the protected area in Block 8 on the ground.
Deadline	By next surveillance visit
Reference	*FSC Indicator 6.4.4*

Non-conformity: The public summary made available to all stakeholders and update periodically by forest manager. It has not update periodically and those changes in the management arrangement have yet to be incorporated in the public summary.	
Minor CAR 2009.4	Forest manager shall incorporated new changes of management in public summary and update in the website.
Deadline	By next surveillance visit
Reference	*FSC Indicator 7.4.4*

Non-conformity: Forest manager should improve data collection and monitor the growth rates to determine yield of products harvested. The data collected from PSP was inadequate and not able to determine the actual growth rates accurately.	
Minor CAR 2009.5	Forest manager shall redesign its PSPs and ehance the data collection on site to obtain more accurate growth rates of tree stands.
Deadline	By next surveillance visit
Reference	*FSC Indicator 8.2.1*

Non-conformity: Forest manager should identify and conserve HCVF according appropriate to scale and intensity of forest management. The size of HCVF area demarcated for rare

palm plant, *Johannesteijsmannia altifrons* was found inadequate to its population in Block 6. The feedback from FRIM suggested expansion of the area. Forest manager has yet to re-demarcate this HCVF area.	
Minor CAR 2009.6	Forest manager shall re-demarcate the HCVF area for rare palm plant, *Johannesteijsmannia altifrons* in Block 6.
Deadline	By next surveillance visit
Reference	*FSC Indicator 9.1.4*

Recommendations:

Background/Justification: Forest manager should demonstrate clear evidence of long term forest use rights to the land. The State Forestry Department had acknowledged the concern of the FMU and the document had been submitted to the State Legal Advisor. The draft agreement has not been finalized. The management agreement dated 2000 and contract management dated 2001 has some conflict shown. The function of Perak ITC is inappropriate stated in the agreement.	
REC 2009.1	Forest manager shall review the draft agreement with State Forestry Department and State Legal Advisor and ensure accurate information incorporated accordingly.
Reference	*FSC Criteria 2.1 and Principle 2*

Background/Justification: Forest manager has carried out social survey on Kg. Selaur to evaluate the social impact on local communities.	
REC 2009.2	Forest manager should include women and education issues in the future survey to gain better understanding of social impact on local communities.
Reference	*FSC Criteria 4.4*

6.2.7 General Conclusions of the Annual Audit

Based upon information gathered through site visits, interviews, and document reviews, the SCS audit team concludes that Perak ITC's management of its FMU in Grik, Perak, Malaysia continues to be in overall compliance with the FSC Principles and Criteria, as now further elaborate with FSC Interim Standard for Forest Management Certification in Malaysia (V. 3.0 Oct 2006). However a Major CAR found in FSC Criteria 6.5. That is, and while there remains aspects of the management program that are deficient relative to the standard of certification, the SCS audit team has concluded from this annual audit that Perak ITC's forest management program is in general conformance with FSC Principles 1 through 9 (Principle 10 is not applicable as Perak ITC's operations are classified as "natural forest management" under the FSC definitions). As such, continuation of the certification is warranted, subject to Perak ITC to address the Major CAR identified within 3 months from finalization of the report and required field visit to verify accordingly. Perak ITC should ongoing progress in closing out the eight open CARs and 2 Recommendations and subject to subsequent annual audits.

7.0 Summary of SCS Complaint and appeal Investigation Procedures

The following is a summary of the SCS Complaint and Appeal Investigation Procedures, the full versions of the procedures are available from SCS upon request. The SCS Complaint and Appeal Investigation Procedures are designed for and available to any individual or organization that perceives a stake in the affairs of the SCS Forest Conservation Program and that/who has reason to question either the actions of SCS itself or the actions of a SCS certificate holder.

A **complaint** is a written expression of dissatisfaction, other than **appeal**, by any person or organization, to a certification body, relating to the activities of staff of the SCS Forest Conservation Program and/or representatives of a company or entity holding either a forest management (FM) or chain-of-custody (COC) certificate issued by SCS and duly endorsed by FSC, where a response is expected (ISO/IEC 17011:2004 (E)). The SCS Complaint Investigation Procedure functions as a first-stage mechanism for resolving complaints and avoiding the need to involve FSC.

An "**appeal"** is a request by a certificate holder or a certification applicant for formal reconsideration of any adverse decision made by the certification body related to its desired certification status. A certificate holder or applicant may formally lodge an appeal with SCS against any adverse certification decision taken by SCS, within thirty (30) days after notification of the decision.

The written Complaint or Appeal must:

- Identify and provide contact information for the complainant or appellant
- Clearly identify the basis of the aggrieved action (date, place, nature of action) and which parties or individuals are associated with the action
- Explain how the action is alleged to violate an SCS or FSC requirement, being as specific as possible with respect to the applicable SCS or FSC requirement
- In the case of complaints against the actions of a certificate holder, rather than SCS itself, the complainant must also describe efforts taken to resolve the matter directly with the certificate holder
- Propose what actions would, in the opinion of the complainant or appellant, rectify the matter.

Written complaints and appeals should be submitted to:

Dr. Robert J. Hrubes
Senior Vice-President
Scientific Certification Systems
2200 Powell Street, Suite 725
Emeryville, California, USA94608
Email: rhrubes@scscertified.com

As detailed in the *SCS-FCP Certification Manual,* investigation of the complaint or appeal will be confidentially conducted in a timely manner. As appropriate, corrective and preventive action and resolution of any deficiencies found in products or services shall be taken and documented.