

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

SABAH SOFTWOODS BERHAD

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

**CERTIFICATION REGISTRATION NUMBER
SCS-FM/COC-00101P**

Submitted to:

**Sabah Softwoods Berhad
Forest Management Unit**

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Updated: February 2010 (See Section 6.2)**

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Organization of the Report

This report of the results of our pre-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 pre-evaluation process, the management programs and policies applied to the forest, and the results of the pre-evaluation. Section A will be posted on the SCS website (www.scsertified.com). Section B contains more detailed results and information for the use of Sabah Softwoods Berhad.

Forest Management and Stump-to-Gate Chain-of Custody Certification Evaluation Report for Sabah Softwoods Berhad Forest Management Unit

FOREWORD

Scientific Certification Systems, a certification body accredited by the Forest Stewardship Council (FSC), was retained by Sabah Softwoods Berhad to conduct a certification evaluation of its plantation forest estate. 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 7-10 November 2006, 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 4 day field and office audit of the subject property as part of the certification evaluation. 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. As there were major non-compliances resulting in Major Corrective Action Requests (CARs) being raised, a verification visit was made in 3-4 May 2007 to the FMU to reassess the corrective actions taken to close these Major CARs.

This report is issued in support of a recommendation to award FSC-endorsed certification to Sabah Softwoods Berhad, for the management of its plantation forest estate. As detailed below, certain pre-conditions (also known as Major Corrective Action Requests) that were stipulated by the audit team upon completion of the field audit were to be addressed by Sabah Softwoods Berhad and cleared by SCS prior to finalization of this report. In the event that a certificate is awarded, Scientific Certification Systems will post this public summary of the report on its web site (www.scs-certified.com).

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SECTION A- PUBLIC SUMMARY AND BACKGROUND INFORMATION

1.0 GENERAL INFORMATION

1.1 FSC Data Request

Applicant entity	Sabah Softwoods Berhad
Contact person	Mr. Ram Nathan
Address	Sabah Softwoods Berhad Km 8 Jalan Sin Sin, P.O. Box 60966, 91019 Tawau, SABAH
Telephone	089-771333
Fax	089-757919
E-mail	ssqgm@softwoods.com.my
Certificate Type	single FMU
SLIMF <i>if applicable</i>	Not applicable
Group Members <i>if applicable</i>	Not applicable
Number of FMU's <i>if applicable</i>	One
Number of FMUs in scope that are	
less than 100 ha in area	Nil
100 - 1000 ha in area	Nil
1000 - 10 000 ha in area	Nil
more than 10 000 ha in area	One FMU
Location of certified forest area	
Latitude	E 117° 25' to 117° 45'
Longitude	N 4° 30' to 4° 40'
Forest zone	Plantation with fast growing tree species established before 1994.
Total forest area in scope of certificate which is included in FMUs that:	27,313.14 ha
are less than 100 ha in area	Nil
are between 100 ha and 1000 ha in area	Nil
meet the eligibility criteria as <i>low intensity</i> SLIMF FMUs	Nil
Total forest area in scope of certificate which is:	
privately managed ¹	27,313.14 ha
state managed	Not applicable
community managed ²	Not applicable
Number of forest workers (including contractors) working in forest within scope of certificate	644 SSB staff and 1225 from the contractors on site
Area of forest protected from commercial harvesting of timber and managed primarily for conservation objectives	2,544.08 ha
Area of forest protected from commercial harvesting of timber and managed primarily for the production of NTFPs or services	Nil
Area of forest classified as 'high conservation value'	Area not determined

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.

forest'	
List of high conservation values present ³	Not determined
Total area of production forest (i.e. forest from which timber may be harvested)	23,375.36 ha
Area of production forest classified as 'plantation' for the purpose of calculating the Annual Accreditation Fee (AAF)	23,375.36 ha
Area of production forest regenerated primarily by replanting ⁴	23,375.36 ha
Area of production forest regenerated primarily by natural regeneration	Nil
List of main commercial timber and non-timber species included in scope of certificate (botanical name and common trade name)	<i>Acacia mangium</i> (Acacia) <i>Paraserianthes falcataria</i> (Batai) <i>Gmelina arborea</i> (Yemanne)
Approximate annual allowable cut (AAC) of commercial timber	398,250 m ³
Approximate annual commercial production of non-timber forest products included in the scope of the certificate, by product type	Nil
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.)	Pulp log and saw log

1.2 Management Context

In view of the diminishing supply of natural forest timber owing to intensive harvesting activity during the past three decades, the state of Sabah recognized the need to find an alternative to supplement this shortfall. Reforestation using fast growing tree species to produce large quantity of low cost timber for general utility was the strategy developed.

The Sabah Foundation, long being aware of the potential of a reforestation programme, formed the Sabah Softwoods Sdn. Berhad (later incorporated as Sabah Softwoods Berhad) in 1973 in conjunction with the North Borneo Timbers Berhad for the purpose of establishing forest plantation within the state to alleviate the problem of natural forest timber supply. Sapangar Sdn. Bhd. a wholly owned subsidiary of Sabah Foundation was granted a 999-year lease on 60,704 ha in the vicinity of the North Borneo Timber Berhad concession area. Two parcels of the land in two titles issued on 28 September 1977, CL 105467687 for 41,505 ha and CL 105472508 for 19,113 ha were in turn subleased for 60 years to Sabah Softwoods Berhad for the purpose of planting fast growing tree species for pulpwood. The company is now held by

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

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.

Innoprise Corporation Sdn. Berhad (the investment arm of Sabah Foundation) and Tawau Plywood Manufacturing Sdn. Berhad. The planted area had increased from the 120 ha first established in 1974 to 36,000ha in1997. The Timber Operations Division of the company is responsible to maintain 30,000 ha of the total area under forest tree species on a sustainable basis. A chip mill producing quality chips for export was constructed and put in operation at the end of 1997.

The principal regulations of greatest relevance to forest managers in the FMU are associated with the following statutes:

Pertinent Regulations at the Federal and State Level:

Sabah State Forest Policy 1954

Forest Enactment 1968

Forest Rules 1969

Conservation of Environment Enactment 1996

Wildlife Conservation Enactment 1997

Water Resources Enactment 1998

Environmental Quality Act 1974

National Policy on Biological Diversity 1998

Biodiversity Enactment 2000

Land Ordinance 1930

Native Court Enactment 1992

Occupational Safety and Health Act 1997

Convention on Wetlands of International Importance Especially as Waterfowl Habitat (RAMSAR Convention) 1971

International Tropical Timber Agreement 1994

United Nations Framework Conventional on Climate Change 1992

Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)

International Labour Organization (ILO) Conventions

1.2.1 Environmental Context

Understanding the potential negative ecological impacts of clear felling of logged over forests for planting with few species, a concerted effort in protecting residual forest as water catchment areas and conservation sites for flora and fauna were implemented. A total of 2,544.08 ha are demarcated for protection as water catchment, erosion control and riparian reserves. The original vegetation is retained in these areas which also serve as a refuge for animals. In addition there is a standing instruction that a buffer belt of 30m on both sides of major rivers be maintained while for tributaries the belt is 10 m wide. It is also stated that all certified catchment's areas be rehabilitated and preserved.

The use of chemical pesticides and weedicides is presently confined mainly to the nursery as well as newly planted sites. Weeding in the newly planted fields was done manually but owing to rising labour costs, chemical control had been proposed. All forms of hunting and poaching

are prohibited in the plantation forest, and selected members of the staff are trained as honorary game wardens.

Harvesting in areas above 25 degrees slope has to be by cable yarding system to avoid soil compaction through heavy machinery. Open burning is not allowed except for prescribed burning of diseased plants and to reduce debris with the approval of the Environmental Conservation Department.

There is an excellent network of all season roads that are maintained continuously by the company. As the plantation area was formerly active in logging this network of roads are also mainly old logging roads, thus reducing the need to develop new roads.

A third edition of the EIA for the FMU was presented during the verification visit, which updated action taken on environmental protection. It also documented all the mitigation measures that were implemented as well as recommending additional new ones. A stakeholder consultation was also carried out by the FMU with the relevant government agencies, university and NGOs.

1.2.2 Socioeconomic Context

The indigenous people had through the years established themselves around the FMU as farmers planting mainly fruits trees but had gone into oil palm plantation recently owing to the higher value of the crop. There is only one settlement with two longhouses about 2 km north east of the FMU. This community has established orchard and oil palm plantation and does not need to venture into the plantation area. No customary right land claims have been recorded.

During the verification visit, the auditor was informed of a consultation between the surrounding communities and the senior management of the FMU, which was attended by residents from seven villages. A survey on potential social impacts was also conducted in the seven villages and three neighbouring plantations.

1.3 Forest Management Enterprise

1.3.1 Land Use

Sapangar Sdn. Bhd. a wholly-owned subsidiary of Sabah Foundation was granted a 999 year lease on 60,704 ha in the vicinity of the North Borneo Timber Berhad concession area. Two parcels of the land in two titles issued on 28 September 1977, CL 105467687 for 41,505 ha and CL 105472508 for 19,113 ha were in turn subleased for 60 years to Sabah Softwoods Berhad for the purpose of planting fast growing tree species for pulpwood. This means that there will be 28 years left for the plantation operation. Planning for the next phase of the plantation development with option for extending the tenure may be appropriate. There are no disputed tenure claims involving local communities.

The area had been logged several times under the North Borneo Timbers Berhad prior being converted into forest plantation.

1.3.2 Land Outside Scope of Certification

Within the Sabah Softwoods Berhad plantation, 33,014 ha have been designated for the planting of *Accacia mangium*, *Gmelina arbore* and *Paraserianthes falcataria*. Out of this forest tree plantation block, 27,313.14 ha, consisting of Brumas, Bang and portion of Matahari Estates, planted with the above mentioned tree species together with the protected residual forest are presented for the certification exercise. This area was established with these tree species prior to November 1994. Owing to the phasing of the plantation project, the remaining area of about 5,701 ha was planted after that date thus excluded from this certification process. This area is limited to Matahari Estate located in the north western corner of the forest plantation, clearly separated from the rest with distinct markers and signage. It is managed under a separate forest manager but in accordance to all the practices maintained for the area undergoing the certification exercise. All logs harvested from this area are segregated from that of the area undergoing certification.

In addition to fast growing forest tree species, with the diversification of the Company planting programme, 14,538 ha adjacent to the forest plantation had been established with oil palms. Small residual patches of coconut, rubber, coffee and cocoa are also found within this plantation area. The oil palm plantation contributes 50% of the income of the group.

The process *Chain Of Custody* is implemented from the field to the mill to clearly segregate the origin of logs from the two areas. A complete set of documentation kept in the chip mill and the end products could be traced back to the source. There is the use of log docket system at the weight bridge where each batch of logs can be traced to the block of origin. This log docket records the date, compartment and block number from which the log is harvested, felling contractor, yarder number, truck number, loader number, species and number of bundles. A summary of all the log dockets is also produced. Payment to the loader and truck driver is based on this record thus further ensure that there is no mixing of the logs.

1.4 Management Plan

1.4.1 Management Objectives

The main objectives are to produce quality logs and woodchips at optimum cost through planting of fast growing tree species and provide superior agro-forestry land development services in logged over areas thus providing an alternative source of log supply to that from natural forest.

1.4.2 Forest Composition

The block of plantation area presented for certification is established mainly with *Accacia mangium*, *Gmelina arborea* and *Paraserianthes falcataria*. There are some trial plots of *Eucalyptus deglupta*, *Pinus caribaea*, *Tectonia grandis* and some indigenous species.

1.4.3 Silvicultural Systems

At present the planting is targeted towards the production of pulp wood but review through the Strategic Plan has shifted emphasis to saw log production especially for *Acacia mangium*, peel log and block board for *Paraserianthes falcataria* while *Gmelina arborea* could be for furniture. There is a shift from high density planting and a shorter rotation period to a longer harvesting period when the trees are to be harvested for saw logs. .

1.4.4 Management Systems

The projected planting time and harvesting cycles of the selected species depending on the end uses are planned. High density planting is prescribed for the production of pulp, with a 7 years rotation while a 10 year cycle is for sawn logs in the case of *Acacia mangium*.

1.4.5 Monitoring System

Sabah Softwoods Berhad is backed by good research data on genetic improvement, nursery techniques and planting. Research has also produced hybrid of *Acacia* with improved forms. Many reports on establishment, growth and yield from for each species in different soil types together with costing that were available. Research efforts are also put into assessing the planting and maintenance procedures. There are enough research data in the silviculture of the selected species for planting, their growth and yield as well as the end uses for the management of the plantation. Also see discussion under Principle 8.

1.4.6 Estimate of Maximum Sustainable Yield

The estimated productivity for *Acacia mangium* for both pulp log and saw log production is at 22 m³ per ha per year resulting 123 m³ per ha for pulp log and 176 m³ per ha for saw log production. For *Praserianthes falcataria* the estimated productivity is at 24 m³ per ha per year with a net

yield of 192 m³ per ha as peeler saw logs. *Gmelina arborea* is targeted to have a productivity of 20 m³ per ha per year resulting in a net yield of 160 m³ per ha for saw logs.

1.4.7 Estimated, Current and Projected Production

Based on the 10-years Replanting and Harvesting Plan the estimated production for *Acacia mangium* for 2006 is projected at 240,000 m³ coming from 2,400 ha of the planted area. In 2007 the area for harvesting will be increased to 2,550 ha having a projected yield of 255,000 m³. For *Paraserianthes falcataria* the projected production figure for 2006 is 106,250 m³ coming from 850 ha and for 2007 576.92 ha will be harvested producing 75,000 m³. Another 52,000 m³ come from 400 ha of *Gmelina arborea* plantation in 2006 and this will be reduced to 30,000 m³ coming from 222.22 ha in 2007.

2.0 GUIDELINES/STANDARDS EMPLOYED

The FSC Interim Standard for Forest Management Certification in Malaysia (4/1/2005) was adopted for this full evaluation audit.

3.0 THE FULL EVALUATION ASSESSMENT PROCESS

3.1 Assessment Dates

Certification Audit: 7-10 November 2006

Verification visit: 3-4 May 2007

3.2 Assessment Team

Dr. S.K.Yap was the lead auditor with Mr. Khoo Khay Jin and Mr. Ernest Chai as auditors for the certification audit while Dr. S.K.Yap conducted the verification visit.

3.3 Assessment Process

3.3.1 Itinerary

Certification Audit

Date	Time	Activities
Day 1 7 November 2006	8.30 –10.00 am	Opening meeting <ul style="list-style-type: none"> • Lead Auditor briefing on the objectives of the certification evaluation assessment • Briefing by Senior Plantation Manager on Timber Operations on actions taken by the FMU to attain FSC Certification specifications following the pre-certification assessment. • Review of documentation • Discussion with other management staff

	11.00-11.30pm 12.00- 12.30 pm 12.30 –1.30 pm 3.00 – 4.00 pm 5.00 pm-5.30 pm 9.00 pm –11.00 pm	Meeting with the Department of Wildlife Meeting with Forestry Processing and Marketing Division Rakyat Berjaya Sdn. Bhd. Lunch Break then travel to Brumas Camp Meeting with Kalabakan Assistant District Forest Department officer Check into Brumas Camp Review of documentation
Day 2 8 November 2006	7.30 – 12.00 pm 1.00- 4.00 pm 5.00 –6.00 pm	Briefing of the activities of sites selected for inspection Inspection of protected riparian buffer areas and water catchment forest site in Matahari Estate Inspection of harvesting and replanting sites at Brumas Estate Inspection of the nursery in Brumas Camp
Day 3 9 November 2006	8.30 am-12.00 pm 1.00 pm- 2.00 pm 2.00 pm – 4.00 pm 4.00 pm –5.00 pm	Visit to Permanent Sampling Plot and harvesting site at Block 41 B Brunas Estate Assessed the process of controlling the logs transported from stump to gate at the weighing station at the chip mill and the loading point at Sg. Dibin. Meeting with the local communities at Kampung Jelutong Inspection of the Sg. Morotai near the Merotai town
Day 4 10 November 2006	7.30 am – 12.30 pm 1.00 pm –3.00 pm 3.00 pm – 5.00 pm	Inspection of the main workshop at Brumas Camp Interview with Sabah Softwoods workers and contractors Preparation of the closing report Closing meeting Depart to Tawau

Verification visit

Day 1 3 May 2007	7.30 am- 2.00 pm 3.00 pm –5.00 pm	Inspection of the conservation sites demarcated as HCWF and Water Catchment Forest. Documentation review
Day 2 4 May 2007	7.30 am – 11.00 am 11.00 am-	Documentation review Presentation of findings from Verification Visit in Brumas

	12.30 pm 3.00 pm – 4.00 pm	Camp Meeting with Group General Manager Sabah Softwoods Berhad at Tawau
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3.3.2 Evaluation of Management System

For this evaluation assessment the Head Office of Sabah Softwoods Berhad and the office at Brumas Camp were visited. Documents on finance and human resources were examined in the Head Office while planting, harvesting and research records were provided in the Brumas Camp office. The main part of the assessment was conducted in the Matahari, Bang and Brumas estates.

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

Matahari Estate for inspecting the protected residual forest and Umas Umas River entrance point.
 Bang Estate for assessing the maintenance of FMU boundary
 Brumas Estate for reviewing the harvesting and planting processes
 Brumas Camp for nursery, staff quarters and office inspection
 Compartments 102 and 112 Conservation Sites

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 and concurrent with 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, as modified to reflect forest management in Malaysia.

To solicit input from affected parties as to the strengths and weaknesses of Sabah Softwoods Berhad's management, relative to the standard, and the nature of the interaction between the company and the surrounding communities.

To solicit input on whether the forest management operation has consulted with stakeholders regarding identifying any high conservation value forests.

Principal stakeholder groups of relevance to this evaluation were identified based upon results from the scoping evaluation. The following types of groups and individuals were determined to be principal stakeholders:

- Sabah Softwoods Berhad employees in the field
- Contractors for planting and harvesting
- adjacent property owners
- Pertinent Tribal members and or representatives
- Local and regionally-based environmental organizations and conservationists
- Local and regionally-based social interest organizations
- Sabah Timber Association and Sabah Timber Investment Association.
- Purchasers of logs harvested on Sabah Softwoods Berhad forestlands
- District Forestry Department, Kalabakan and District Wildlife Department, Tawau.

The evaluation team contacted individuals and organizations within each of these stakeholder groups prior to the assessment by mail. In total, 14 number of groups and individuals were approached but only the governmental agencies responded during in-person interviews (see section 3.3.5.1 for a summary of their comments). A total of 14 number of groups and individuals were sent, regular mail, were offered opportunities to solicit comments (Appendix 2). Names of groups and individuals that commented and were willing to allow names be listed in the report, as well as those who were contacted but did not respond, are listed in Appendix 2.

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

Environmental groups

Comment/Concern	Response
<ul style="list-style-type: none"> • There were no response from these groups 	No response

Community Groups & Local Residents, Including Indigenous Peoples

Comment/Concern	Response
<ul style="list-style-type: none"> • The Iban community next to the FMU is not affected by the plantation activities except for the right to use the access road. 	The road is gated but the community is able to have free access through the FMU.
<ul style="list-style-type: none"> • The residents of the nearest village, Kg. Jelutong, are mostly employed by the FMU or retired employees. They had no comments. 	The residents are generally supportive of the FMU
<ul style="list-style-type: none"> • There was no response from the Chairman of the Security Committee of the nearest town of Ulu Merotai. 	No response. It was reported during the verification visit that a number of requests and comments were made to the FMU management during the consultative dialogue held with the 7 villages. A reply to the villagers' requests was made

	by the Group General Manager of Sabah Softwoods Berhad.
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Governmental Organizations

Comment/Concern	Response
<ul style="list-style-type: none"> The Wildlife Department was reported the intrusion of 5 elephants into the plantation. The maintenance of a wildlife corridor was its main concern. Illegal poaching was not a problem in the area as legal culling of wild boars and deer was permitted. Suggested zonation in the plantation programme. 	The FMU had relocated the elephants with the assistance of the Wildlife Department. Wildlife corridors are maintained and harvesting is carried out in different blocks of the plantation to avoid large breaks in the FMU. Planting and harvesting in different zones.
<ul style="list-style-type: none"> The District Forest Office has no issues 	No response

Employees and Contractors:

Comment/Concern	Response
<ul style="list-style-type: none"> Contractors were able to follow the required specifications of the FMU in planting and harvesting. 	Noted
<ul style="list-style-type: none"> No issues were raised by the employees 	

Comments on Draft Interim Standard

Comments	Response
<ul style="list-style-type: none"> Non of the agencies or individual commented on the interim standard 	Noted

3.3.6 Other Assessment Techniques

Only field surveys of selected sites within the three estates of the FMU were conducted while documentation assessment was done in the head office at Tawau and the Brumas site office.

This report was submitted to two Peer Reviewers for comments and assessment of the CARs raised during the audit. The report has been modified in response to the peer review comments. The peer review comments and the specific revisions made to the report are maintained in the SCS files.

3.4 Total Time Spent on pre-evaluation audit

The evaluation team spent approximately 20 person days on the initial assessment. For the verification audit the team spent approximately 6 person days. Thus, a total of at least 26 person-days (not including the scoping assessment) were spent on the assessment of Sabah Softwoods.

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 auditor determines whether or not the subject forest management operation is in conformance with every applicable indicator of the relevant forest stewardship standard. If not in conformance the auditor recommends additional actions required to achieve conformance prior to the full assessment.

4.0 RESULTS OF THE EVALUATION

Table 4.1 below, contains the auditor'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	<ul style="list-style-type: none"> ▪ The FMU has operated for 30 years and respected all national and local laws and administrative requirements ▪ The FMU has good control of its boundary and guarded or gated entry points with distinct boundary markers and signage. ▪ Forest managers committed to FSC P&C 	<ul style="list-style-type: none"> ▪ Forest managers should enhance their understanding of all binding international agreements which Malaysia is a signatory to ▪ Understanding of FSC commitment should also be acquired by the field staff ▪ Forest Management Plan without a plan for protecting boundary 	<ul style="list-style-type: none"> ▪ Recommendation 1
P2: Tenure & Use Rights & Responsibilities	<ul style="list-style-type: none"> ▪ Proper legal documentation on its tenure and use rights for plantation development ▪ No claims from local communities to the land within the FMU 	<ul style="list-style-type: none"> ▪ none 	<ul style="list-style-type: none"> ▪ none
P3: Indigenous Peoples' Rights	<ul style="list-style-type: none"> ▪ No documented claims by indigenous communities ▪ Local communities are settled farmers with income generating agricultural crops 	<ul style="list-style-type: none"> ▪ No documented reports on consultations with local communities 	<ul style="list-style-type: none"> ▪ Major CAR 2006.1-closed July 2007 ▪ Minor CAR 2006.1
P4: Community Relations & Workers' Rights	<ul style="list-style-type: none"> ▪ The FMU has provided full benefits to staff ▪ Local communities are allowed to benefit from the medical facilities in Brumas Camp ▪ Local communities allowed the use of the plantation roads for access to their long houses ▪ Opportunities for employment provided to local people ▪ Opportunity for employees to meet CEO to register complaints 	<ul style="list-style-type: none"> ▪ No social impact study and consultations with local communities ▪ No expressed commitment towards hiring local communities in FMP ▪ No up-to date records of accident ▪ Domestic Disciplinary Inquiry Procedure Documented conflict resolution not available. 	<ul style="list-style-type: none"> ▪ Minor CAR 2006.2

P5: Benefits from the Forest	<ul style="list-style-type: none"> ▪ Timbers produced from the different species planted in the FMU are marketed for appropriate end uses ▪ Optimum use of harvested materials to minimize wastage ▪ Maintenance of water catchment within the FMU 	<ul style="list-style-type: none"> ▪ No post-harvest audit ▪ No written guidelines on use of woody debris 	<ul style="list-style-type: none"> ▪ Minor CAR 2006.3 ▪ Recommendation 2
P6: Environmental Impact	<ul style="list-style-type: none"> ▪ A good road system within the FMU which is maintained through a contract system ▪ Use of chemicals is presented confined to nursery and selected plots in the field ▪ Use of cable yardling harvesting system in steep area to minimize soil compaction ▪ Presence of buffer belts for rivers ▪ Representative sites of residual forest maintained 	<ul style="list-style-type: none"> ▪ The EMP, however, does not define definite mitigation measures that had already been implemented. • All activities that have potential environmental impacts within the FMU as well as the surrounding areas should be assessed and documented and mitigation measures prescribed. ▪ Rare, threatened and endangered species has not been fully documented ▪ Need to establish more animal corridors with surrounding forests 	<ul style="list-style-type: none"> ▪ Major CAR 2006.2. ▪ Minor CAR 2006.4 ▪ Minor CAR 2006.5 ▪ Minor CAR 2006.6 ▪ Recommendation 3
P7: Management Plan	<ul style="list-style-type: none"> ▪ An approved Forest Management Plan had been prepared 	<ul style="list-style-type: none"> ▪ The social economic conditions and a profile of adjacent lands not incorporated in the FMP ▪ No appropriate indoctrination programme for new forest workers 	<ul style="list-style-type: none"> ▪ Minor CAR 2006.7 ▪ Minor CAR 2006.8
P8: Monitoring & Assessment	<ul style="list-style-type: none"> ▪ Good historical records of planting and silvicultural practices of the FMU ▪ Research backing provided ▪ COC maintained with appropriate documentation 	<ul style="list-style-type: none"> ▪ The public summary has not included results obtained from monitoring ▪ Information on key indicators particularly socio-economic profiles of the operation not available 	<ul style="list-style-type: none"> ▪ Major CAR 2006.3-closed July 2007 ▪ Minor CAR 2006.9
P9: Maintenance of High Conservation Value Forest	<ul style="list-style-type: none"> ▪ The FMU has areas with residual forest ecosystem 	<ul style="list-style-type: none"> ▪ Survey of sites that have attributes of HCVF had not been conducted ▪ The consultative process on the identification of conservation attributes and options for management not conducted. 	<ul style="list-style-type: none"> ▪ Major CAR 2006.4 ▪ Major CAR 2006.5-closed July 2007 ▪ Minor CAR 2006.10 ▪ Minor CAR 2006.11

P10: Plantation	<ul style="list-style-type: none"> ▪ Design and layout of the plantation provide opportunities for movement of animals ▪ Plantation species well studied and tested in the area ▪ Efforts to reduce adverse impacts on soil and water quality maintained 	<ul style="list-style-type: none"> ▪ Monitoring did not include regular assessment of potential on-site and off-site ecological and social impacts. ▪ Absence of policies and guidelines on Integrated Pest Management 	<ul style="list-style-type: none"> ▪ Major CAR 2006.6-closed July 2007 ▪ Minor CAR 2006.12
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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 thus actions have to be taken immediately to rectify the non compliance related to these CARs.

Background/Justification: Management planning and operations shall incorporate the results of evaluations of social impact. Consultations shall be maintained with people and groups directly affected by management operations. The FMU did not incorporate results of evaluations of social impact in management planning and operations. There were no consultations with people directly affected by management operations except the staff of the FMU and the relevant governmental agencies.	
MAJOR CAR 2006.1	Consultations shall be maintained with people and groups directly affected by management operations. All consultations shall be documented.
Reference	<i>FSC Criterion 4.4 and FSC Principle 4</i>
Actions Taken by FMU/Auditor Comments:	During the verification visit minutes of a consultative dialogue with the 7 neighbouring local communities held in 26 March 2007 was provided. In addition a social impact interview was conducted by the Timber Operation Division in 7 villages and 3 plantation companies around the FMU. As consultations had been conducted and documented this Major CAR is closed.

Background/Justification: Assessments shall include landscape level considerations as well as the impacts of on-site processing facilities. An Environmental Management Plan (EMP) identifying environmental impacts was presented during the audit and mitigation measures adequately integrated into management systems. This EMP, however, does not define definite mitigation measures that had already been implemented. All activities that have potential environmental impacts within the FMU as well as the surrounding areas shall be assessed, documented and mitigation measures prescribed. It shall also include suggestions for protection zones (based on biodiversity and landscape-level information) as well as a survey of flora and fauna of the area.	
Major CAR 2006.2	The EMP shall emphasize on all relevant mitigation measures that are now been practiced and propose new measures whenever necessary. Inventory of the flora and fauna has to be conducted to assess the diversity of the protected sites by next assessment.
Reference	<i>FSC Criterion 6.1 and FSC Principle # 6</i>
Actions Taken by FMU/Auditor Comments:	The third revision of the EMP was presented in the verification visit. It has documented all the relevant mitigation that have been implemented within the FMU and also proposed new measures where necessary. An inventory of the flora and fauna in the protected areas had also been initiated and preliminary data were made available. As all the specified measures in the CAR had been carried out this CAR is closed.

Background/Justification: While respecting the confidentiality of information, forest managers shall make publicly available a summary of the results of monitoring indicators, including those listed in Criterion 8.2. Public summary of the FMP had not included results of monitoring.	
MAJOR CAR 2006.3	A summary of the results of monitoring will have to be included during the updating of the public summary in the web page.
Reference	<i>FSC Criterion 8.5 and FSC Principle 8</i>
Actions Taken by FMU/Auditor Comments:	The FMU had updated the public summary to include aspects specified under the Criterion. The procedure of monitoring and collaboration with other agencies were added. The CAR is closed.

Background/Justification: Assessment to determine the presence of the attributes consistent with High Conservation Value Forests have to be completed, appropriate to scale and intensity of forest management. Assessment of the full range of attributes consistent with High Conservation Value Forests, especially on species of importance to the region, had not been completed.	
MAJOR CAR 2006.4	Documentation of the attributes especially on the presence of species that are of significance in the region shall be conducted.
Reference	<i>FSC Criterion 9.1 and FSC Principle 9</i>
Actions Taken by FMU/Auditor Comments:	During the verification visit the auditor was shown the inventory lines established within the proposed HCVF sites. Preliminary data of the survey were also presented. Proper demarcation both on sites and maps of these sites had also been established. The CAR is therefore closed.

Background/Justification: The consultative portion of the certification process must place emphasis on the identified conservation attributes, and options for the maintenance thereof. Only limited consultation with pertinent stakeholders on identification of HCVFs attributes and options for maintenance.	
MAJOR CAR 2006.5	Consultations shall be conducted with people and groups directly affected by the operations of the plantation.
Reference	<i>FSC Criterion 9.2 and FSC Principle 9</i>
Actions Taken by FMU/Auditor Comments:	Minutes of the consultative meeting held on 7 March 2007 with University Malaysia Sabah, Sabah Environmental Protection Society, Sabah Forest Department and Sabah Wildlife Department was presented during the verification visit. Recommendations and proposal of research activities were also presented during the meeting. As the due consultative process has been conducted the CAR is closed.

Background/Justification: Appropriate to the scale and diversity of the operation, monitoring of plantations shall include regular assessment of potential on-site and off-site ecological and social impacts, (e.g., natural regeneration, effects on water resources and	
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soil fertility, and impacts on local welfare and social well-being), in addition to those elements addressed in Principles 8, 6 and 4. Special attention will be paid to social issues of land acquisition for plantations, especially the protection of local rights of ownership, use or access. Monitoring of ecological impacts had been implemented but there was no study on the social impacts on local welfare and social well-being.	
MAJOR CAR 2006.6	Monitoring of social impacts of the operation of the plantation on local welfare and social well-being shall be conducted.
Reference	<i>FSC Criterion 10.8 and FSC Principal 10</i>
Actions Taken by FMU/Auditor Comments:	As recorded in Major CAR 2006.1, minutes of a consultative dialogue with the 7 neighbouring local communities held in 26 March 2007 was provided during the verification visit. Preliminary analysis of a social impact interview in 7 villages and 3 plantation companies around the FMU were also made available. As consultations and monitoring of social impacts had been initiated this Major CAR is closed.

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 Sabah Softwoods Berhad be awarded FSC certification as a “Well-Managed Forest” subject to the corrective action requests stated in Section 5.2. Sabah Softwoods Berhad has demonstrated that their system of management is capable of ensuring that all of the requirements of the SCS Interim Standard for Malaysia are met over the forest area covered by the scope of the evaluation. Sabah Softwoods Berhad 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

The Peer Reviewers had supported the issuance of the following CARs with the exception of CAR 2006.1 where one of them recommended to be closed. The response of the auditors is given in the write up for the CAR.

Background/Justification: Forest managers should solicit through effective consultative mechanisms the concerns and perspectives of potentially affected indigenous peoples; the results of such consultation are documented, including the actions taken to accommodate concerns and viewpoints that were presented. There has not been any consultation with the local communities around the FMU.

One of the Peer Reviewers recommended that this CAR be closed. The auditors recognized that initial consultations had been conducted by the FMU but it is important that this be a continuous process thus the CAR is to be maintained and assessed in the

surveillance visit.	
Minor CAR 2006.1	Regular consultations with the local communities shall be initiated.
Deadline	By the next surveillance visit
Reference	<i>FSC Indicator 3.2.3</i>

Background/Justification: Forest managers have to maintain up-to-date safety records so that the worker safety statistics deemed from the records could then be compared with industrial or other similar norms in the region. These records were not available.	
Minor CAR 2006.2	Records shall be maintained and all staff and field workers shall report all accidents, near miss accidents, dangerous occurrence and occupational diseases in the FMU as specified in the FMP.
Reference	<i>FSC Indicator 4.2.6</i>
Deadline	<i>Next surveillance audit</i>

Background/Justification: Post-harvest audits within harvest units, log landings, log sort yards have to be systematically conducted and such audits shall include an assessment of resource damage and wastage so that corrective actions could be undertaken based upon the results. Amount of trees harvested in each block and the volume of logs produced are documented but an assessment of the resource damage and wastage had not been conducted	
Minor CAR 2006.3	An assessment of the damages to the resources and amount of wastage that resulted from harvesting activities shall be conducted by next assessment.
Reference	<i>FSC Indicator 5.3.4</i>
Deadline	<i>Next surveillance audit</i>

Background/Justification: Forest managers are required to compile information regarding the extent to which representative samples of existing ecosystems are protected within the regional landscape. The forest managers would then take actions to correct those deficiencies that exist within the landscape that reflects the scale and intensity of operations. The forest managers have information on representative samples of existing ecosystems but not identify gaps and take appropriate action to correct these deficiencies.	
Minor CAR 2006.4	The forest managers shall identify representative samples of ecosystem from the available data and take appropriate actions to correct any deficiencies. This shall be completed by the next surveillance visit.
Reference	<i>FSC Indicator 6.4.2.</i>

Deadline	<i>Next surveillance audit</i>
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Background/Justification: Managers are required to develop contingency plans and procedures for prevention and cleanup following spills or other accidents involving chemical pesticides, oils and fuels. Such plans and procedures are yet to be implemented.	
Minor CAR 2006.5	Contingency plans and procedures for prevention and cleanup following spills or other accidents shall be instituted by the surveillance visit.
Reference	FSC Indicator 6.7.2
Deadline	<i>Next surveillance audit</i>

Background/Justification: When exotic species are used, such use is governed by written guidelines for controlling off-site regeneration; active ongoing monitoring is mandatory. Written guidelines to prevent off-site regeneration had not been prepared and incorporated in FMP.	
Minor CAR 2006.6	Written guidelines to prevent off-site regeneration shall be prepared and incorporated in FMP by the surveillance visit.
Reference	FSC Indicator 6.9.2.
Deadline	<i>Next surveillance audit</i>

Background/Justification: The written management plan for the defined forest area has to address all the subjects and plan components as specified in Criterion 7.1. Socio-economic conditions and a profile of adjacent land use have not been included.	
Minor CAR 2006.7	An approved FMP was presented and in general, it contained all the sections specified in Criterion 7.1. The social economic conditions and a profile of adjacent lands shall be incorporated into the FMP by the surveillance visit.
Reference	<i>FSC Indicator 7.1.1.</i>
Deadline	<i>Next surveillance audit</i>

Background/Justification: For efficient implementation of the FMP adequate training should be provided to all forest workers. Standard operating procedures for indoctrination of new forest workers and training program had not been established.	
Minor CAR 2006.8	A set of standard operating procedures for indoctrination of new forest workers and training program shall be developed by the surveillance visit.
Reference	<i>FSC Indicator 7.3.2..</i>
Deadline	<i>Next surveillance audit</i>

Background/Justification: Forest managers are to acquire and utilize information on key indicators pertaining to the production, environmental and socio-economic profiles of	
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their operation. Social economic profile had not documented thus such information was not available to forest managers.	
Minor CAR 2006.9	Key indicators pertaining to social economic profile shall be determined and the data utilized by the forest managers.
Reference	<i>FSC Indicator 8.2.4.</i>
Deadline	<i>Next surveillance audit</i>

Background/Justification: The conservation values of each identified HCV area are to be described in the management plan. The conservation value of each HCV area had not been described in the FMP except for the catchment site.	
Minor CAR 2006.10	The conservation value of each HCV area within the FMU shall be documented in the management plan.
Reference	<i>FSC Indicator 9.3.2.</i>
Deadline	<i>Next surveillance audit</i>

Background/Justification: Measurable effectiveness indicators are developed and presented in the HCVF section of the management plan. Measurable effectiveness indicators had yet to be developed and presented in the FMP.	
Minor CAR 2006.11	Measurable effectiveness indicators of HCVF shall be developed and presented in the FMP.
Reference	<i>FSC Indicator 9.4.1.</i>
Deadline	<i>Next surveillance audit</i>

Background/Justification: The management plan should contain policies and guidelines for integrated pest management that are demonstrably followed in the field. Prescriptions on manual weeding and slashing of undesired plants had been documented in the FMP. There was, however, no stated policy on integrated pest management.	
Minor CAR 2006.12	Sabah Softwoods policy on integrated pest management shall be included in the FMP.
Reference	<i>FSC Indicator 10.7.2.</i>
Deadline	<i>Next surveillance audit</i>

Recommendations:

Background/Justification: The management plan should incorporate express policies stating that the FMU shall be protected from illegal harvesting, settlement and other unauthorized activities. The Environmental Management Plan has presented the need to protect the FMU but this is not included in the FMP.	
REC 2006.1	Policies stating the protection of the FMU should be emphasized in FMP.
Reference	<i>FSC Indicator 1.5.1 and FSC Principal # 1</i>
Actions Taken by FMU/Auditor Comments:	

Background/Justification: Forest managers have to establish field guidelines that recognize the ecological value of biomass being left on site following harvesting following the no burning policy. Written guidelines for retention of downed woody debris and standing snags within harvest areas have not been established.	
REC 2006.2	Written guidelines on staking of such woody debris along planting lines should be written.
Reference	<i>FSC Indicator 5.3.6 and FSC Principal # 5</i>
Actions Taken by FMU/Auditor Comments:	

Background/Justification: Known ecological functions and values should be described in the management plan and updated periodically as additional information/knowledge is acquired. These ecological functions are described in the FMP but there is a continuous need to update this information.	
REC 2006.3	Forest managers should take affirmative steps to eliminate gaps in information and knowledge about ecological functions through their continuous monitoring. This is to enable periodic updating in the Forest Management Plan.
Reference	<i>FSC Indicator 6.3.1 and FSC Principal # 6</i>
Actions Taken by FMU/Auditor Comments:	

6.0 SURVEILLANCE EVALUATIONS

When certification is awarded, surveillance evaluations will take place at least annually to monitor the status of any open corrective action requests and review the continued conformance of Sabah Softwoods Berhad to the SCS Interim Standard for Forest Management Certification in Malaysia. Public summaries of surveillance evaluations will be posted separately on the SCS website (www.scscertified.com).

6.1 2008 ANNUAL AUDIT

6.1.1 Assessment Dates

The first annual surveillance audit on Sabah Softwoods Bhd was carried out from 11-14 November 2008 by Dr. S.K.Yap as the auditor. The audit included on-site inspections of field operations as well as interviews with management, field personnel, contractors and the headmen of two neighbouring local communities.

The auditors had a day to prepare the audit programme following discussion with the representative from Sabah Softwoods Berhad. Another 3.5 days were spent in the field and office for inspection of the FMU, discussions with the relevant stakeholders, staff as well as going through reports and production figures. A session was arranged to assess the COC process of logs movement from the stump to the weigh bridge (gate) next to the chip mill. Another 2 days were spent in the preparation of the report.

During the annual surveillance assessment conducted from 11 to 14 November 2008 three Minor CARs were not closed and according to FSC requirement these CARs were raised to be come major CARs. To allow continuous certification of the FMU these major CARs were have to be closed within three months from finalization of the report. A verification of the corrective actions taken by the FMU was conducted from 23 to 25 March 2009.

6.1.2 Assessment Personnel

For this annual audit, Dr. S.K.Yap served as the auditor and he was also the lead auditor for the full compliance audit of 2006 and the verification audit in 2007.

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. He had worked 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 20 forest management audit under SCS/SIRIM-FSC and Malaysian Timber Certification Council. He was the Lead Auditor for 16 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, conversion of forest to plantation and aluminum smelter projects in the country. From 2004 to 2006 he conducted 8 workshops on EIA for the Malaysian Environmental NGOs under the sponsorship of DANIDA and the Malaysian Nature Society.

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) 1992 to 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.

6.1.3 Assessment Process

The scope of the 2008 annual audit, as with all annual audits, included: document review, auditor spending time in the field and office, interviewing management personnel and, as appropriate, interacting with outside stakeholders

The site visit and discussion were conducted from 11 to 14 November 2008.

This annual surveillance audit concentrated on the corrective actions taken by the FMU on the outstanding 12 CARs, raised during the compliance audit through assessing the relevant documents and operation in the plantation. Focus was also made on the community sited next to the FMU and the COC control process was reviewed.

The field component of the 2008 annual surveillance assessment commenced on November 11 to 14, is as shown below:

November

DAY ONE : November 11, 2008		
Time	Agenda	Personnel involved
4.30pm-6.00pm	Opening Meeting with a briefing by Lead Auditor on the objectives of the surveillance assessment at the Brumas Camp office. Briefing by the Senior Forest Manager Sabah Softwoods Berhad on progress/performance/changes by FMU.	Management and staff
8.00 pm - 10.30 pm	Confirmation of the itinerary for the audit. Documentation review	Auditor

DAY TWO : November 12, 2008		
7.30am-5.30pm	<p>The field review started with an inspection of the replanting and harvesting activities in Matamas, Bung and Brumas Estates. A demonstration of the newly improved yarding system that was fabricated by the FMU was conducted in Brumas Estate.</p> <p>Inspection of the demarcation of the FMU boundary with neighbouring Usahawan Borneo Plantation, Benta Wawasan Plantation and Ulu Kelumpang Forest Reserve was conducted. Riparian buffers established for the main rivers Sunagi Umas Umas and Moraotai Besar were also inspected.</p> <p>The experimental plot established in August 2008 for genetic gain study for <i>Acacia mangium</i> was shown. Visit was also made to the planting of natural forest species of <i>Hopea odorata</i> established in 1996.</p> <p>An inspection of the nursery and the vegetative propagation facilities for <i>Acacia mangium</i> was conducted.</p>	Auditor together with management and field staff
8.30pm-10.30pm	Review of documentation	Auditor
DAY THREE: November 13, 2008		
7.30 am-5.00 pm	<p>Inspection of the designated protected steep areas ST 5 and water catchment forest within the Brumas Estate were inspected. The survey lines established in ST 5 where an inventory of the flora and fauna had been initiated were also inspected. The nursery at Brumas had prepared a stock of 1,585 indigenous forest tree seedlings for rehabilitation of the protected areas.</p> <p>Designated water catchment areas WC 1 and WC2 (Compartments 112,102 and 114) which had flora and fauna surveys conducted were inspected.</p>	Auditor together with management and field staff
8.30pm-10.30pm	Documentation review	Auditor
DAY FOUR: November 14, 2008		
7.30 am-11.45 am	<p>Meeting with the local communities in Jelutong Village at Sg. Udin and next to the chip mill was conducted.</p> <p>Inspection of the COC process and the related documentation at the weigh bridge at the chip mill was carried out.</p>	Auditor
1.00 pm-3.00 pm	Preparation of the closing report	Auditor and management

3.00 pm-5.00 pm	Closing meeting	Auditor and all management staff
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March

Date	Time	Activity
23 March 2009	12.00 pm-7.00 pm	Travel from Kuala Lumpur to Brumas Camp of Sabah Softwoods Berhad
24 March 2009	8.00 am – 4.00 pm	Inspection of the protected areas and documentation review. Discussion with field staff of Sabah Softwoods Berhad.
25 March	8.30 am-1.00 pm	Travel back to Kuala Lumpur

6.1.4 Status of Corrective Action Requests

November 2008 Status of new CARs from the Sabah Softwoods Berhd 2007 Compliance Audit

<p>Background/Justification: Forest managers should solicit through effective consultative mechanisms the concerns and perspectives of potentially affected indigenous peoples; the results of such consultation are documented, including the actions taken to accommodate concerns and viewpoints that were presented. There has not been any consultation with the local communities around the FMU.</p> <p>One of the Peer Reviewers recommended that this CAR be closed. The auditors recognized that initial consultations had been conducted by the FMU but it is important that this be a continuous process thus the CAR is to be maintained and assessed in the surveillance visit.</p>	
Minor CAR 2006.1	Regular consultations with the local communities shall be initiated.
Reference	<i>FSC Indicator 3.2.3</i>
Deadline	By the next surveillance visit
Actions taken by the FMU	A second consultation meeting was conducted in the public hall of Merotai Besar. Altogether 91 villagers from the surrounding communities attended the session together with 23 of the FMU staff. This dialogue was conducted in the presence of the state assemblyman of Merotai.
Status	With the consultation conducted this CAR is closed.

Background/Justification: Forest managers have to maintain up-to-date safety records so that the worker safety statistics deemed from the records could then be compared with industrial or other similar norms in the region. These records were not available.	
Minor CAR 2006.2	Records shall be maintained and all staff and field workers shall report all accidents, near miss accidents, dangerous occurrence and occupational diseases in the FMU as specified in the FMP.
Reference	<i>FSC Indicator 4.2.6</i>
Deadline	<i>Next surveillance audit</i>
Action taken by FMU	Monthly records of different types of accidents occurring within the FMU and patients with different diseases treated by the dispensary at Brumas Camp were compiled. A summary of all accidents that had happened from 2005 to September 2008 was also presented.
Status	The CAR is therefore closed.

Background/Justification: Post-harvest audits within harvest units, log landings, log sort yards have to be systematically conducted and such audits shall include an assessment of resource damage and wastage so that corrective actions could be undertaken based upon the results. Amount of trees harvested in each block and the volume of logs produced are documented but an assessment of the resource damage and wastage had not been conducted	
Minor CAR 2006.3	An assessment of the damages to the resources and amount of wastage that resulted from harvesting activities shall be conducted by next assessment.
Reference	<i>FSC Indicator 5.3.4</i>
Deadline	<i>Next surveillance audit</i>
Actions taken by FMU	The FMU conducts per harvesting inventory to estimate the volume available from each block. These data will be compared with that of the actual volume extracted to determine the differences. Volume loss due to wastage will be investigated by the harvesting personnel together with the log graders. A system of penalty with fine is instituted to ensure all trees are harvested as specified with minimal damages. The FMU is currently testing a new cable yarding system to reduce breakage due to conventional tractor logging. The speed and efficiency of the new system also increase efficiency. To further reduce wastage, the FMU is now engaging contractors to remove all branches from the harvested trees for chipping.
Status	The CAR is closed.

Background/Justification: Forest managers are required to compile information regarding the extent to which representative samples of existing ecosystems are protected within the regional landscape. The forest managers would then take actions to correct those deficiencies that exist within the landscape that reflects the scale and intensity of

operations. The forest managers have information on representative samples of existing ecosystems but not identify gaps and take appropriate action to correct these deficiencies.	
Minor CAR 2006.4	The forest managers shall identify representative samples of ecosystem from the available data and take appropriate actions to correct any deficiencies. This shall be completed by the next surveillance visit.
Reference	<i>FSC Indicator 6.4.2.</i>
Deadline	<i>Next surveillance audit</i>
Actions taken by the FMU	The forest managers had initiated an assessment of flora and fauna within protected habitats of the FMU as well as documenting the existing ecosystems bordering its plantation. Field staff have been organized for this monitoring process.
Status	This CAR is therefore closed

Background/Justification: Managers are required to develop contingency plans and procedures for prevention and cleanup following spills or other accidents involving chemical pesticides, oils and fuels. Such plans and procedures are yet to be implemented.	
Minor CAR 2006.5	Contingency plans and procedures for prevention and cleanup following spills or other accidents shall be instituted by the surveillance visit.
Reference	FSC Indicator 6.7.2
Deadline	<i>Next surveillance audit</i>
Actions taken by FMU	A write up on the prevention and cleanup following spills of chemical pesticides, oils and fuels were presented during the surveillance. There were also written contingency plans to contain these problems.
Status	This CAR is closed.

Background/Justification: When exotic species are used, such use is governed by written guidelines for controlling off-site regeneration; active ongoing monitoring is mandatory. Written guidelines to prevent off-site regeneration had not been prepared and incorporated in FMP.	
Minor CAR 2006.6	Written guidelines to prevent off-site regeneration shall be prepared and incorporated in FMP by the surveillance visit.
Reference	FSC Indicator 6.9.2.
Deadline	<i>Next surveillance audit</i>
Actions taken by FMU	Written guidelines on preventing off-site regeneration of <i>Acacia mangium</i> have not been written. This CAR will have to be closed 3 months from finalization of the report
Status	This is re-issued as Major CAR 2008.1
Status as of March 24, 2009	A set of guidelines for the prevention of <i>Acacia mangium</i> intruding into the remaining natural forest sites within the designated water catchment and protected steep areas was presented to the auditor the

	verification inspection on 24 March 2009. These include the establishment of buffer belts consisting of 3 rows of non invasive species, a tractor path of 4 m wide between the planted <i>Acacia mangium</i> and the above mentioned sites together with regular monitoring. Work had also been started on establishing a belt of less invasive tree species around the protected areas to further screen off the <i>Acacia mangium</i> .
Comments from auditor	As a set of written guidelines has been presented and actions implemented in the field this CAR is closed.

Background/Justification: The written management plan for the defined forest area has to address all the subjects and plan components as specified in Criterion 7.1. Socio-economic conditions and a profile of adjacent land use have not been included.	
Minor CAR 2006.7	An approved FMP was presented and in general, it contained all the sections specified in Criterion 7.1. The social economic conditions and a profile of adjacent lands shall be incorporated into the FMP by the surveillance visit.
Reference	<i>FSC Indicator 7.1.1.</i>
Deadline	<i>Next surveillance audit</i>
Actions taken by FMU	Data on the land use and number of villagers in areas adjacent to the FMU had been documented. The social survey conducted in 2007 had also provided basic information of the profile of the local communities. This information will be incorporated into the revision of the FMP.
Status	This CAR is closed

Background/Justification: For efficient implementation of the FMP adequate training should be provided to all forest workers. Standard operating procedures for indoctrination of new forest workers and training program had not been established.	
Minor CAR 2006.8	A set of standard operating procedures for indoctrination of new forest workers and training program shall be developed by the surveillance visit.
Reference	<i>FSC Indicator 7.3.2.</i>
Deadline	<i>Next surveillance audit</i>
Actions taken by FMU	General induction training for new recruits of Sabah Softwoods Berhad had been instituted. Once appointed to work in the Timber Division a regular briefing on FSC specifications would be provided. These training records were provided during the surveillance.
Status	This CAR is closed.

Background/Justification: Forest managers are to acquire and utilize information on key indicators pertaining to the production, environmental and socio-economic profiles of their operation. Social economic profile had not documented thus such information was not available to forest managers.	
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Minor CAR 2006.9	Key indicators pertaining to social economic profile shall be determined and the data utilized by the forest managers.
Reference	<i>FSC Indicator 8.2.4.</i>
Deadline	<i>Next surveillance audit</i>
Actions taken by FMU	A social survey through the use of questionnaires was conducted from 28 February to 15 March 2007. A report was compiled on the responses provided by residents of 7 neighbouring villages and 3 plantation companies.
Status	This CAR is closed

Background/Justification: The conservation values of each identified HCV area are to be described in the management plan. The conservation value of each HCV area had not been described in the FMP except for the catchment site.	
Minor CAR 2006.10	The conservation value of each HCV area within the FMU shall be documented in the management plan.
Reference	<i>FSC Indicator 9.3.2.</i>
Deadline	<i>Next surveillance audit</i>
Actions taken by FMU	Soil protection and wildlife refuge for threatened and endangered species of animals had been cited as HCVF attributes in addition to being as water catchment for the 2,441 ha of HCVF sites.
Status	This CAR is closed

Background/Justification: Measurable effectiveness indicators are developed and presented in the HCVF section of the management plan. Measurable effectiveness indicators had yet to be developed and presented in the FMP.	
Minor CAR 2006.11	Measurable effectiveness indicators of HCVF shall be developed and presented in the FMP.
Reference	<i>FSC Indicator 9.4.1.</i>
Deadline	<i>Next surveillance audit</i>
Actions taken by FMU	Measurable effectiveness indicators of HCVF had not been developed. This CAR will have to be closed 3 months from finalization of the report.
Status	This is re-issued as Major CAR 2008.2
Status as of March 24, 2009	A set of indicators was written for the monitoring of fauna, an assessment of the effectiveness of the buffer belt that is being established and the potential recruitment of forest tree species within the identified HCVF area. The effectiveness of protective measures for water catchment area is assessed through Rapid Water Quality Assessment and to be followed by annual consultation with the local communities at the down stream of the main rivers.
Comments from auditor	A set of indicators for measuring effectiveness of HCVF had been written and this CAR is closed.

Background/Justification: The management plan should contain policies and guidelines for integrated pest management that are demonstrably followed in the field. Prescriptions on manual weeding and slashing of undesired plants had been documented in the FMP. There was, however, no stated policy on integrated pest management.	
Minor CAR 2006.12	Sabah Softwoods policy on integrated pest management shall be included in the FMP.
Reference	FSC Indicator 10.7.2.
Deadline	<i>Next surveillance audit</i>
Actions taken by FMU	Goals and practices of Integrated Pest Management have been set out by the FMU. Guidelines for application of IPM in <i>Acacia mangium</i> and <i>Paraserianthus falcataris</i> were presented during the surveillance. These will form the strategy for pest management policy in the plantation.
Status	This CAR is closed

Recommendations:

Background/Justification: The management plan should incorporate express policies stating that the FMU shall be protected from illegal harvesting, settlement and other unauthorized activities. The Environmental Management Plan has presented the need to protect the FMU but this is not included in the FMP.	
REC 2006.1	Policies stating the protection of the FMU should be emphasized in FMP.
Reference	<i>FSC Indicator 1.5.1 and FSC Principal # 1</i>
Actions Taken by FMU/Auditor Comments: The FMU has implemented strict management control on protecting its boundary with clear signage and markings along its perimeter.	

Background/Justification: Forest managers have to establish field guidelines that recognize the ecological value of biomass being left on site following harvesting following the no burning policy. Written guidelines for retention of downed woody debris and standing snags within harvest areas have not been established.	
REC 2006.2	Written guidelines on staking of such woody debris along planting lines should be written.
Reference	<i>FSC Indicator 5.3.6 and FSC Principal # 5</i>
Actions Taken by FMU/Auditor Comments: The FMU is implementing a control of wastage in the harvesting process with the collection of all branches for chipping.	

Background/Justification: Known ecological functions and values should be described in the management plan and updated periodically as additional information/knowledge is acquired. These ecological functions are described in the FMP but there is a continuous need to update this information.	
REC 2006.3	Forest managers should take affirmative steps to eliminate gaps in information and knowledge about ecological functions through their continuous monitoring. This is to enable periodic updating in the

	Forest Management Plan.
Reference	<i>FSC Indicator 6.3.1 and FSC Principal # 6</i>
Actions Taken by FMU/Auditor Comments: The FMU has maintained the monitoring of the water quality of its main rivers. Riparian buffers are strictly enforced. Reference to Minor CAR 2008.1.	

New CARs 2008

Background/Justification: Compartments 112, 102 and 114 covering an area of 606.4 ha of residual forest were identified as HCVF sites with attributes as water catchment, soil protection and sites with threatened animal species. Inventory conducted in 2007 had indicated the presence of Orang Hutan and Maroon Langur. Harvesting using conventional techniques during October 2008 caused soil erosion with the extensive network of logging roads and log landings. Large trees, which were nesting trees and food sources for the protected animals were harvested. This does not indicate the working understanding of the management on the concept and endeavor to comply with the spirit of this Criterion. In addition the environmental impacts resulting from this operation contrivance with Criteria 5.5, 6.2, 6.4 and 10.6.	
Major CAR 2008.3	An immediate stop work order shall be implemented to prevent further damages to this area and an assessment on the extent of damages to forest be conducted. Rehabilitation process shall be carried out with soil erosion control mechanisms on all the exposed surfaces and planting with the indigenous species reflecting the composition of the forest be implemented. The area affected should be protected from further encroachment by erecting trenches at the junctions of the logging roads and the access roads.
Reference	Criterion 10.5
Dateline	This Major CAR will have to be closed within 3 months from finalization of the report
Status as of March 24, 2009	Immediately following the 2008 annual surveillance a letter was sent to the logging company Sasaran Sejahtera Sdn. Bhd. On November 18, 2008 instructing it to stop operation with immediate effect. Copy of the letter was presented to the auditor. During the field inspection it was found that all the entrances to the major logging roads had been blocked by trenching and logs placed across them to prevent further encroachment. At the steep sections of these roads bunds were constructed across them to divert water away. To encourage vegetation establishment some section of the compacted soil along these roads and stumping sites had been ripped over. Along the closed logging roads and stumping sites 1,623 seedlings of indigenous 13 species had been planted in November and December 2008. Six of these were timber tree species while the others were fruit tree species. Efforts were made to source more seedlings of forest tree species for the rehabilitation programme.

Comment from auditor	As stop work order had been issued to prevent further damage to the protected area and rehabilitation through planting and soil protection started the CAR is closed.
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Background/Justification: Forest managers shall recognize and implement management activities that minimize impacts on watershed quality during harvesting and planting. The reports on water sampling provided by the Tawau Health Officer in September 2006 and Department of Drainage and irrigation Pengairan dan Saliran Kota Kinabalu in February 2007 indicated water quality below the acceptable levels. Recommendations were also presented by the two governmental agencies to improve the water quality.	
Minor CAR 2008.1	The FMU shall monitor the water quality of the two main rivers flowing through its area.
Reference	<i>FSC Indicator 5.5.1</i>
Deadline	By the next surveillance visit

Background/Justification: Road surfaces shall be well drained with sufficient cross drains to allow efficient drainage of rainwater. A number of stretches along the main access road to Block 157 and 152 of Matamas Estate had deep depressions owing to water retention on the road surfaces.	
Minor CAR 2008.2	The FMU shall provide efficient drainage to these waterlogged sectors of the road.
Reference	<i>FSC Indicator 6.5.6</i>
Deadline	By the next surveillance visit

Background/Justification: Containers for scheduled waste especially fuels and used oil shall be disposed off site in compliance with legal requirement and in a manner that avoids contamination of the environment. Fuel containers were left in all the contractors' camps inspected in the 3 estates. Used tyres and spare parts were found to be scattered around the Kings Contractor camp in Brumas Estate.	
Minor CAR 2008.3	All containers for fuel and used oil as well as vehicles parts shall be disposed off site.
Reference	Indicator 6.7.1
Deadline	By the next surveillance inspection

6.2.0 2009 ANNUAL AUDIT

6.2.1 Assessment Dates

The second annual surveillance audit on Sabah Softwoods Bhd was carried out from 23 to 24 November 2009 by Dr. S.K.Yap as the lead auditor and Ms Thor Moi See as the auditor. The audit included on-site inspections of field operations as well as interviews with management, field personnel and contractors.

The auditors had a day to prepare the audit program following discussion with the representative from Sabah Softwoods Berhad. Another 2 days were spent in the field and office for inspection of the FMU, discussions with the relevant stakeholders, staff as well as going through reports and production figures. A session was arranged to assess the COC process of logs movement from the stump to the weigh bridge (gate) next to the chip mill and another at Sungai Udin. Another 2 days were spent in the preparation of the report.

6.2.2 Assessment Personnel

For this annual audit, Dr. S.K.Yap served as the auditor and he was also the lead auditor for the full compliance audit of 2006 and the verification audit in 2007.

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 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 85 forest management audits under SCS/SIRIM-FSC and Malaysian Timber Certification Council. He was the Lead Auditor for 60 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, conversion of forest to plantation and aluminum smelter projects in the country. From 2004 to 2006 he conducted 8 workshops on EIA for the Malaysian Environmental NGOs under the sponsorship of DANIDA and the Malaysian Nature Society.

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) 1992 to 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.

Tor, Mooi See

Ms Tor graduated with a Bachelor of Science in Forestry in 2000 from University Putra Malaysia majoring in forest management specializing in wildlife management and forest policy. She has working experiences in Forest Management Assessment and Evaluation for FSC & PEFC certification, Chain of Custody Assessment for FSC & PEFC certification, Forest Management and Chain of Custody technical support services, Legal origin verification of wooden products, FSC controlled wood verification, Environmental and Social Impact Assessment (ESIA) Studies, Wildlife monitoring and management, Social baseline studies and ISO 14001:2004 Audit (in progress). She is presently a consultant in **Global Forestry Services (M) Sdn Bhd** since 2006 working with forest and plantation managers in South East Asia especially Sumatra, Indonesia and Sabah, Malaysia to provide technical supports in forest and plantation management. She provides training and technical support services such as communities' surveys, stakeholder consultations, wildlife and environmental management, harvesting operation, pre & post inventories and assist forest and plantation managers to meet the certification standards. This included social baseline assessment and stakeholder consultations for FMUs in Sabah. Currently she involved in auditing on Forest Management Units in Sabah based on TLAS system to meet the EU FLEGT requirements. She is also involves in Carbon Forestry Program as a team member for some projects. Prior to this she was with **World Wide Fund For Nature Malaysia (WWF Malaysia)** as the : Scientific Officer (Forest Management).involved with Malaysia's forestry certification and Producer Group - Malaysia Forest & Trade Network.. She had facilitated few national and Regional Stakeholders Consultations. She was also involved in the FLEGT and VPA negotiation. She had worked with **Rimbaka Timber Envi-Harvester Sdn. Bhd.** as a Forest Management Assistant from 2001 to 2002.after leaving the **Faculty of Forestry, University Putra Malaysia** as a Research Assistant in 2001. Her main areas of expertise are in Sustainable Forest Management (Natural & Plantation), Forest Management Plan, Forest, Rehabilitation and Reforestation, Plantation Establishment, Chain of Custody System, Development & Assessment, Policy Advocacy, Wildlife Management, Social Survey and Assessment

6.2.3 Assessment Process

The scope of the 2009 annual audit, as with all annual audits, included: document review, auditor spending time in the field and office, interviewing management personnel and, as appropriate, interacting with outside stakeholders

The site visit and discussion were conducted from 23 to 24 November 2009.

This annual audit visit concentrated on the corrective actions taken by the FMU on the 3 Minor CARs raised during the 2008 annual surveillance audit through assessing the relevant documents and operation in the plantation. Focus was also made on the environmental conservation, monitoring and the COC control process was reviewed.

November 23, 2009

The annual assessment started with the opening meeting in the Sabah Softwoods office at Brumas where the Lead Auditor briefed on objectives and procedures of the annual surveillance visit. This was followed with a presentation, by the Senior Manager Forest Operation, Sabah Softwoods Berhad on the current activities of the FMU with emphasis on the corrective actions taken on the issues raised during the previous assessment.

Review of relevant documentation was then conducted.

November 24, 2009

Inspection was conducted on the harvesting activities in Bung Estate which had adopted the newly improved yarding system. The separation of logs for chip, sawn timber and residual materials was followed. Visit was made to the northern boundary of Matamas Estate to assess the boundary protection and protection of steep sites.

Inspection was also made to the Permanent Sample Plots in Bung Estate and the species trials in Brumas estate.

Assessment of the rehabilitation planting of encroached sites within the protected sites
Preparation of the closing report.

Closing meeting at Brumas Camp.

6.2.4 Status of Corrective Action Requests

November 2009 Status of CAR from the Sabah Softwoods Berhad 2008 annual surveillance assessment audit

Background/Justification: Forest managers shall recognize and implement management activities that minimize impacts on watershed quality during harvesting and planting. The reports on water sampling provided by the Tawau Health Officer in September 2006 and Department of Drainage and irrigation Pengairan dan Saliran Kota Kinabalu in February 2007 indicated water quality below the acceptable levels. Recommendations were also presented by the two governmental agencies to improve the water quality.	
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Minor CAR	The FMU shall monitor the water quality of the two main rivers
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2008.1	flowing through its area.
Reference	<i>FSC Indicator 5.5.1</i>
Deadline	By the next surveillance visit
Action by FMU	Water sampling was conducted again by the Department of Irrigation and Drainage on February 11, 2009 and recorded the water quality to be average. The FMU had installed a new water treatment system that met with the WHO standard for human consumption.
Status Nov 2009	The Minor CAR is closed.

Background/Justification: Road surfaces shall be well drained with sufficient cross drains to allow efficient drainage of rainwater. A number of stretches along the main access road to Block 157 and 152 of Matamas Estate had deep depressions owing to water retention on the road surfaces.	
Minor CAR 2008.2	The FMU shall provide efficient drainage to these waterlogged sectors of the road.
Reference	<i>FSC Indicator 6.5.6</i>
Deadline	By the next surveillance visit
Action by FMU	Inspire of the rainy season, inspection of roads in Matamas, Bung and Brumas Estates had indicated improved drainage system except for newly resurfaced sectors.
Status Nov 2009	This Minor CAR is therefore closed.

Background/Justification: Containers for scheduled waste especially fuels and used oil shall be disposed off site in compliance with legal requirement and in a manner that avoids contamination of the environment. Fuel containers were left in all the contractors' camps inspected in the 3 estates. Used tyres and spare parts were found to be scattered around the Kings Contractor camp in Brumas Estate.	
Minor CAR 2008.3	All containers for fuel and used oil as well as vehicles parts shall be disposed off site.
Reference	Indicator 6.7.1
Deadline	By the next surveillance inspection
Action by FMU	During the inspection of the contractor camps in Bung and Brumas Estates fuel containers were disposed of off in a dump site. Contractors operating the yarder in Compartment 48 Bung Estate were using a metal tray to hold all fuel and oil storage containers.
Status Nov 2009	This Minor CAR is therefore closed.

6.2.5 General Observations

It was noted that there was a reorganization of the management structure of the FMU.

Ms Ummi Ainul Hafizah Mohd Ismail Ali is now the Certification & OSH Compliance Executive.

6.2.6 New Corrective Action Requests and Recommendation

Background/Justification: As the defined forest area for which certification is being sought does not constitute the entire ownership, management activities on the portion of the ownership, as in Matahari Estate that is not undergoing certification evaluation are generally compatible with the P&C, as determined through appropriate means by the SCS auditor(s). The operation within the major area of Matahari Estate had been changed into oil palm plantation with the conversion of 4,100 ha of the forest tree plantation into oil palm by 2015.	
Minor CAR 2009.1	The process of converting the plantation shall adhere to the requirement of maintaining riparian buffers for all water ways.
Reference	FSC Indicator 1.6.4.
Deadline	This CAR shall be closed at the next surveillance assessment.

Background/Justification: Forest managers have not endeavored to the keep the monitoring summary up-to-date with revisions are made annually	
Minor CAR 2009.2	Public summary of the FMP had not included results of recent monitoring including HCVF monitoring. A summary of the results of monitoring shall be included in the public summary in the web page.
Reference	Criterion 8.5.1
Dateline	This CAR shall be closed at the next surveillance assessment

Background/Justification: The results of HCVF monitoring have not been used adaptively in modifying HCVF management and protection policies as well in revising the management plan	
Minor CAR 2009.3	The FMU shall analyze the results from HCVF monitoring to modify and enhance the existing HCVF sites.
Reference	Criterion 9.4.4
Dateline	This CAR shall be closed at the next surveillance assessment

2009 Recommendations

Background/Justification: For “stump to forest gate” there exist written descriptions of the materials handling and inventory control procedures (i.e., chain-of-custody procedures) that are employed for assuring that only logs from the certified forest area carry the status as FSC-certified wood.	
REC 2009.1	The segregation of FSC certified logs in the Sg. Ubin log pond could be made more distinct so that bundles of certified Acacia logs could be separated from the non certified logs.
Reference	<i>FSC Indicator 8.3.2</i>

Background/Justification: Study and research should be put into the HCVF and surrounding habitats to ensure that the documentation gathered would be used in the conservation and management of these areas. With the management of HCVF being incorporated into the research unit, there is a need to integrate conservation of biodiversity into the existing research activities.	
REC 2009.2	The Research Unit which is now responsible for managing the HCVF

	sites could incorporate conservation of biodiversity into its research program.
Reference	<i>FSC Indicator 9.3.5</i>

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. Hrubec
Senior Vice-President
Scientific Certification Systems

2200 Powell Street, Suite 725
Emeryville, California, USA94608
Email: rhubes@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.