

Feasibility Study

Forest Management Certification for Forest Management Unit Kubaan-Puak, Sarawak



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Consultancy for the development of Concept Paper on Sustainable Forest Management and Feasibility Study for Forest Management Certification for FMU Kubaan-Puak, including Terms of Reference, dated 8th July 2015 between **ifmc** and WWF-Malaysia.

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Disclaimer of liability:

ifmc has conducted this study as an independent consulting firm. The descriptions, statements, interpretations and conclusions drawn in the report rely on data and information solely made available by *WWF-Malaysia and Ta Ann Holdings Berhad, Sibul/Sarawak* about the situation and status of the FMU Kubaan-Puak, Licence T/0342, managed by *Borlin Sdn. Bhd.*

The analysis of data and information provided, the assessment of the results, as well as subsequent conclusions, statements, and recommendations have been made by applying the principles of due diligence, thorough evaluation, and best professional judgment. **ifmc** cannot assume responsibility for the correctness of data and information provided by third parties and hence, cannot accept liability for any errors and misjudgements resulting from any such data and information.



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1. Introduction

The Forest Management Unit Kubaan-Puak is located within the scope of the Heart of Borneo (HoB) Initiative, a trilateral program of cooperation between the countries of Malaysia, Indonesia, and Brunei that was agreed in year 2012. This initiative recognizes the unique value of the Heart of Borneo and commits the three nations to cooperate with the objective of conserving the region's natural resource capital for the long-term benefit of its inhabitants.

As a consequence of ongoing development, natural forests intersected with forest plantations, large-scale agricultural cropland such as oil palm plantations, and hydro-dams have fragmented the landscape with its inherent biodiversity, as well socio-cultural and aesthetic values. During the last three decades of accelerated development into the interior regions of Borneo valuable habitats for wildlife and plants have been lost. National Parks, Nature Reserves, and other protection areas are increasingly isolated, resulting in high risk of irreversible ecosystem damage through e.g., changes in hydrological cycle, local climate, and gene pool impoverishment.

If such uncoordinated development is continued to happen in future this would significantly affect the quality and integrity of the conservation areas with their multiple ecological, social and economic values. In order to address these problems of habitat isolation and fragmentation, the HoB project seeks to restore landscape connectivity for the sustained conservation of forest ecosystems, generally promoting sustainable land use management practices, including sustainable forest management (SFM).

The Kubaan-Puak Forest Management Unit (FMU) is located in between two major protected areas, i.e. Gunung Mulu and Pulong Tau National Parks and hence, the area forms a critical link and potential major part of an essential corridor connecting the two National Parks.

WWF-Malaysia promotes the globally recognized practice of Sustainable Forest Management for long-term ecological, social, and economic benefits. As part of the conservation efforts within the HoB landscape SFM practices support the objective of sustainable land use management.

Amongst others, two major global forest certification organizations, including the *Forest Stewardship Council* (FSC) and the *Programme for Endorsement of Forest Certification* (PEFC), promote sustainable and responsible forestry practices and have developed forest management certification schemes that can be implemented by forest managers on a voluntary basis. In return, a Forest Management Certificate for well-managed forests is issued by a certification body. Buyers from most of the developed countries prefer certified timber products as these ensure that forests are properly managed by observing the environmental, social and economic standards (Principles, Criteria and Indicators) of the certification organizations.

The *Malaysian Timber Certification Scheme* (MTCS), operating the *Malaysian Criteria and Indicators (MC&I) for Forest Management Certification (Natural Forests, 2012)* is a certification organization endorsed by PEFC and hence, has been internationally acknowledged.

This assessment did not involve a field visit as sufficient information was available from other reports (HCVF Assessment Report, 2012; SEIA Report, 2014) on the FMU. In addition, accessibility inside the FMU is very limited as only a single road is maintained which is also used by third parties from adjacent licence areas. All other roads from previous harvesting had been abandoned and are not passable.

For the reasons mentioned above, the necessary input data and information for this study were gathered through visits and discussions with the company at their Sibu headquarters, and through meeting with WWF-Malaysia, Sarawak Branch, Kuching, Sarawak.

Within the scope of this study, FMU Kubaan-Puak has been evaluated on its eligibility and readiness for forest management certification under the requirements of the *Malaysian Criteria and Indicators (MC&I) for Natural Forest* of the *Malaysian Timber Certification Scheme (MTCS)*. An initial assessment of the compliances, gaps and shortcomings related to the MC&I has been conducted. Subsequently, recommendations for action were made and compiled into a Certification Action Plan (CAP) that describes the activities to be carried out to rectify and close the identified gaps.

The objectives of this study related to forest management certification include the following

- to ascertain the current status and certification readiness of FMU Kubaan-Puak
- to provide detailed information on the scope and type of necessary activities to be implemented in order to fully comply with the MC&I (Natural Forest) certification standards
- to obtain information on the structure of a certifiable Forest Management Plan
- to obtain an assessment of the overall feasibility of forest management certification of FMU Kubaan-Puak, including evaluation of key requirements, potential obstacles and critical success factors

2. Outputs and Tasks

The *outputs* to be delivered by **ifmc** during this initial assessment have been described in the Terms of Reference (TOR) of WWF-Malaysia as attached in **ANNEX I** of this report:

- Certification gap analysis based on standards for Forest Management Certification
- Action Plan, listing specific activities to be implemented including recommendations for management organisation and setup of a certification task force
- Structure of a certifiable Forest Management Plan (FMP) listing the elements to be included to satisfy forest certification requirements
- Conclusions on the feasibility of forest management certification, including critical factors and potential obstacles to achieving certification for the FMU Kubaan Puak

In order to achieve the above outputs the following tasks were carried out during the scope of the consultancy:

- (1) hold discussions with management and staff of *Ta Ann Holdings Berhad*, who own the management rights of Forest Timber Licence T/0342 issued to their subsidiary company *Borlin Sdn. Bhd.*
- (2) obtain overview over forest management planning and operational activities undertaken since the date of acquisition of Forest Timber Licence T/0342
- (3) compile a gap assessment and analysis, indicating shortcomings and weaknesses that need to be addressed prior to the certification audit to be conducted by a certification body accredited by the Malaysian Timber Certification Council (MTCC)
- (4) develop a Certification Action Plan (CAP) that identifies activities and estimated time lines for implementation
- (5) provide guidance on critical areas with potential risk of failing certification, based on experience gained during other forest certification assessments
- (6) develop suggestions on enabling conditions, management setup and operational structures to facilitate achievement of the forest certification objective
- (7) draw overall conclusions concerning the feasibility of forest certification of the FMU Kubaan-Puak (Forest Timber Licence T/0342)

3. Analysis of FMU Compliance with MC&I (Natural Forest) Certification Standards

The compliance assessment for Forest Timber Licence T/0342 was carried out by going through a Checklist which includes all Principles, Criteria, Indicators and Sarawak Verifiers formulated in the *Malaysian Criteria and Indicators for Forest Management Certification (Natural Forest)*, [MC&I (Natural Forest)], published on 13 January 2012.

As the ground operations in the FMU have not started yet there is limited amount of detail available at this point in time and hence, the lowest level that could be assessed is the *Indicator Level*. In addition the MC&I checklist developed by **ifmc** contains columns for *Client Status at Indicator Level*, *Compliance Scoring*, and *Recommended Action*.

The detailed results of the compliance (gap) assessment are attached under **Annex II** of this report. A summary is provided in Table 1 on the following page.

The MC&I (Natural Forest) contain a total of 9 Principles, 47 Criteria and 97 Indicators. Out of the 97 Indicators reviewed 4 Indicators were considered as non-applicable to the operations of FMU Kubaan Puak, as there are no plans to use biological control agents (MC&I 6.8.1) or exotic species (MC&I 6.9.1), or to undertake forest conversion (MC&I 6.10.1 and 6.10.2).

The remaining 93 Indicators were assessed and ranked for three compliance scores as follows:

- *full compliance* with the requirements of the MC&I Indicator
- *partial compliance* with the requirements of the MC&I Indicator
- *non-compliance* with the requirements of the MC&I Indicator

The judgment on compliance scoring was made using the principle of due diligence and professional judgment, based on experience gathered with similar assessments carried out by **ifmc** for a number of other clients undergoing preparatory works for forest management certification.

Depending on the compliance score achieved, recommendations to close-out the identified gap or shortcoming were made. In some cases, recommendations were given although full compliance was achieved to ensure continued compliance and further improvement related to the Indicator assessed.

As a result, the management of FMU Kubaan-Puak currently **fully complies with 35 out of 93 applicable MC&I Indicators**, resulting in a percentage based compliance of **37.63%**. A total of 19 Indicators, respectively **20.43%** were found to be in **partial compliance**, whereas 39 Indicators or **41.94%** were identified as **non-compliant** with the MC&I standards.

Considering the compliance score *by individual MC&I Principles* the highest full compliance ranking was found for Principle 1 (Compliance with Laws, 67%), Principle 2 (Tenure and Use rights, 80%) and Principle 3 (Indigenous Peoples' Rights, 89%). This means that from the perspective of legal requirements, documentation of tenure and use rights as well as consideration of indigenous peoples' rights the licensee currently shows good performance. However, this is partially explained by the fact that forest operations have not commenced yet and many issues may only surface once forest harvesting activities are started in the FMU.

Low full compliance percentages were achieved for Principle 6 (Environmental Impact, 19%) and Principle 7 (Management Plan, 17%), indicating lack of providing sufficiently adequate details in environmental and management planning aspects.

The lowest compliance ranking (less than 10% of the Indicators fully complied) was found with Principle 5 (Benefits from the Forest, 8%) and Principle 8 (Monitoring and Assessment, 0%). The non-compliance with Principle 8 can be explained by the fact that little forest monitoring is being conducted by the licensee as operations have not started yet.

These results indicate that *significant improvements in forest management planning, implementing and monitoring of forest operations are still required* to bring the company to a certifiable level of performance. The scope of a forest certification support project is mainly designed by the recommended activities identified under the partial and non-compliance categories.

Compared to similar initial assessments carried out for third parties, the results are not surprising and in fact quite similar during this preparatory phase. In most cases, forest certification applicants in the early stage do not have the necessary knowledge about the type, level of detail and formats to be used for data presentation when compiling such information.

The MC&I Compliance Checklist (refer **ANNEX II**) contains a separate column with recommended actions to be addressed for closure of the identified gaps. This information is used in the following **Chapter 4** to formulate a Certification Action Plan, which summarizes all partial compliances and non-compliances identified, together with a time line for each activity to be implemented.

Table 1: Results of MC&I Certification Gap Assessment carried out for FMU Kubaan-Puak T/0342 Borlin Sdn. Bhd.)

| Malaysian Criteria & Indicators (Natural Forest), 2012 | | | | COMPLIANCE MATRIX FMU Kubaan-Puak | | SCOPE OF CERTIFICATION PROJECT | |
|---|----------------------------|----------------------------------|----------------------------|--------------------------------------|-----------------------|-----------------------------------|----------------------|
| Principles | No. Indicators reviewed | No. Indicators not applicable | No. Indicators assessed | Full Compliance | Partial compliance | Non- compliance | Full Compliance % |
| P 1: Compliance with Laws and Principles | 12 | 0 | 12 | 8 | 1 | 3 | 66.7% |
| P 2: Tenure and Use Rights | 5 | 0 | 5 | 4 | 1 | 0 | 80.0% |
| P 3: Indigenous Peoples' Rights | 9 | 0 | 9 | 8 | 1 | 0 | 88.9% |
| P 4: Community Relations and Worker's Rights | 15 | 0 | 15 | 8 | 3 | 4 | 53.3% |
| P 5: Benefits from the forest | 12 | 0 | 12 | 1 | 5 | 6 | 8.3% |
| P 6: Environmental Impact | 25 | 4 | 21 | 4 | 5 | 12 | 19.0% |
| P 7: Management Plan | 6 | 0 | 6 | 1 | 1 | 4 | 16.7% |
| P 8: Monitoring and Assessment | 6 | 0 | 6 | 0 | 1 | 5 | 0.0% |
| P 9: Maintenance of HCVF | 7 | 0 | 7 | 1 | 1 | 5 | 14.3% |
| Total / Avg. | 97 | 4 | 93 | 35 | 19 | 39 | |
| Percentage: | | | | 37.63% | 20.43% | 41.94% | |

Note: results based on preliminary MC&I assessment conducted by ifmc during August/September 2015

4. Certification Action Plan

In order to address and erase the existing gaps identified during the compliance assessment, a well-structured management approach needs to be designed. The most practical way forward is a specific and systematic work programme, which upon completion would enable the company to go through and smoothly pass the certification audit. The audit is scheduled to be conducted by a certification body which is accredited by the *Malaysian Timber Certification Council* (MTCC) which operates the *Malaysian Timber Certification Scheme* (MTCS). Once the preparatory works for the forest certification audit have been completed the Licensee of T/0342 needs to apply for the audit against the MC&I (Natural Forest) with an independent certification body accredited by MTCC.

On the following pages, a Certification Action Plan (CAP) is presented in Table 2. The CAP lists all activities to be carried out under the 9 MC&I Principles, based on the non-compliances and partial compliances identified in the gap analysis.

The CAP is to be considered as a document for high-level monitoring, enabling the company management to schedule, review and monitor the planned activities. It also includes an indication of the period and duration for each recommended activity on quarterly basis. The time frame assumes the start of activities during the last quarter of year 2015 and ends in the 2nd quarter of year 2017, corresponding with the Sarawak State Government's request to achieve certification by mid-year 2017. Note that start and end of each activity shown by annual quarters is shown for initial and general orientation only.

Plan details and refinements will have to be elaborated through an internal company-level discussion and decision making process, mainly depending on the human and technical resources that can be made available for the certification project. At the discretion of the Licensee *Borlin Sdn. Bhd.* further details to be elaborated and proposed herewith include the following:

- Breakdown of activities by sub-activities (where necessary)
- Breakdown of activities by individual months
- Identification of the responsible persons in charge (PIC)
- Review/refine timelines and deadlines for activity completion

It should be noted that implementing a Certification Action Plan requires a *project management structure*, to ensure all activities are planned, monitored, and carried out in a team effort, with adequate professional knowledge and quality of outputs, and within the stipulated time frames.

Table 2: Certification Action Plan – Borlin Sdn. Bhd.

| MC&I PRINCIPLE | MC&I Indicator | RECOMMENDED ACTIVITIES | QTR IV 2015 | QTR I 2016 | QTR II 2016 | QTR III 2016 | QTR IV 2016 | QTR I 2017 | QTR II 2017 |
|---|----------------|---|-------------|------------|-------------|--------------|-------------|------------|-------------|
| P 1: Compliance with Laws and Principles | 1.1.1 | Review compilation of laws and regulations, ensure that any recent laws, guidelines and regulations are included. | | | | | | | |
| | 1.1.2 | Hold and document refresher briefing for forest managers on applicable laws and regulatory framework. | | | | | | | |
| | 1.1.3 | Ensure records on violations of laws / forest offence and action taken are kept up to date in a separate file. | | | | | | | |
| | 1.2.1 | Ensure list of legally prescribed fees and taxes is maintained and regularly updated. | | | | | | | |
| | 1.3.1 | Hold and document refresher briefing for forest managers on international agreements and conventions related to natural forest management. | | | | | | | |
| | 1.4.1 | Undertake evaluation of conflicts between MC&I and prevailing Malaysian laws and regulations. Alternatively, provide a letter of confirmation from FDS, other government agencies or NGOs if any of these have already carried out such analysis. | | | | | | | |
| | 1.4.2 | Compile records on conflict resolutions that were achieved with direct involvement of company managers and staff. | | | | | | | |

| MC&I PRINCIPLE | MC&I Indicator | RECOMMENDED ACTIVITIES | QTR IV 2015 | QTR I 2016 | QTR II 2016 | QTR III 2016 | QTR IV 2016 | QTR I 2017 | QTR II 2017 |
|--|----------------|---|-------------|------------|-------------|--------------|-------------|------------|-------------|
| | 1.5.2 | Extend area controls in the FMU to include illegal settlement and hunting. Provide records of all patrolling and other monitoring/control activities conducted in the FMU, including action taken in the case of violations. | | | | | | | |
| | 1.6.1 | Develop written policy on commitment to forest certification based on MC&I. | | | | | | | |
| | 1.6.2 | Communicate written policy on commitment to forest certification based on MC&I to the general public. | | | | | | | |
| P 2: Tenure and Use Rights | 2.1.2 | Provide records on support of land claim resolution in the FMU, if applicable. | | | | | | | |
| | 2.2.1 | Regularly update documentation including maps of any legal or customary rights in the FMU. | | | | | | | |
| | 2.2.2 | Verify the completeness of documented and mapped NCR claims. Identify and assess risks of potential future claims on additional areas within the FMU. | | | | | | | |
| | 2.3.1 | Compile records on practical application of dispute resolution mechanism, demonstrating successful application of the mechanism. | | | | | | | |
| P 3: Indigenous Peoples' Rights | 3.1.1 | Carry out permanent marking of the boundaries of Magoh Penan Reserve within the FMU, including a buffer zone. Existence of any additional NCR claims of Indigenous People within the FMU should be assessed and documented/mapped, if applicable. | | | | | | | |

| MC&I PRINCIPLE | MC&I Indicator | RECOMMENDED ACTIVITIES | QTR IV 2015 | QTR I 2016 | QTR II 2016 | QTR III 2016 | QTR IV 2016 | QTR I 2017 | QTR II 2017 |
|----------------|----------------|---|-------------|------------|-------------|--------------|-------------|------------|-------------|
| | 3.2.1 | Identify and incorporate preventive and mitigation measures for loss or damage of resources or tenure rights into the Forest Management Plan. | | | | | | | |
| | 3.2.2 | Prepare SOP for actions to be taken to prevent and mitigate potential impacts of forest operations on identified resources or tenure rights. Ensure inclusion of relevant information from social baseline survey, and participation of affected communities. | | | | | | | |
| | 3.3.1 | Penan Reserve to be clearly ground marked including buffer zone, prior to start of nearby harvesting operations. Forest managers and workers including contractors to be briefed on the location of the reserve, and any other conservation and protection areas, to avoid disturbance. | | | | | | | |
| | 3.3.2 | Compile records of dialogues and consultations with natives and relevant stakeholders related to conflict resolution. | | | | | | | |
| | 3.4.2 | Set up Community Representative Committee for local communities to provide a communication platform addressing disputes, grievances and concerns. | | | | | | | |
| | 3.4.2 | Develop procedures and compensation mechanism for indigenous people in the event of commercial utilisation of traditional knowledge and practices. | | | | | | | |

| MC&I PRINCIPLE | MC&I Indicator | RECOMMENDED ACTIVITIES | QTR IV 2015 | QTR I 2016 | QTR II 2016 | QTR III 2016 | QTR IV 2016 | QTR I 2017 | QTR II 2017 |
|---|----------------|---|-------------|------------|-------------|--------------|-------------|------------|-------------|
| P 4: Community Relations and Worker's Rights | 4.1.1 | Develop and disseminate written company policy on provision of training facilities, development of local infrastructure and social programmes as identified during project implementation. | | | | | | | |
| | 4.1.2 | Develop and disseminate written company policy on giving priority to qualified applicants from local communities. | | | | | | | |
| | 4.2.1 | Adopt Forest Worker Training Programme of Sarawak Timber Association (STA). Develop specific Safety & Health training modules by job scope. | | | | | | | |
| | 4.2.2 | Adopt and implement Safety & Health management policy upon start of operations in the FMU. | | | | | | | |
| | 4.2.3 | Review and update operational Safety and Health procedures, as required to match DOSH regulations. Organize/pre-arrange Personal Protective Equipment sets for all employed forest workers. | | | | | | | |
| | 4.2.4 | Prepare templates for Safety & Health recording and monitoring according to DOSH regulations. | | | | | | | |
| | 4.2.5 | Develop or adopt Guidelines for Storage and Handling of Hazardous Materials from other T/Licences. Pre-identify hazardous areas in the FMU, if applicable. | | | | | | | |
| | 4.3.1 | Develop and disseminate company policy supporting ILO Convention No. 87 | | | | | | | |

| MC&I PRINCIPLE | MC&I Indicator | RECOMMENDED ACTIVITIES | QTR IV 2015 | QTR I 2016 | QTR II 2016 | QTR III 2016 | QTR IV 2016 | QTR I 2017 | QTR II 2017 |
|--------------------------------------|----------------|---|-------------|------------|-------------|--------------|-------------|------------|-------------|
| | 4.3.2 | Develop and disseminate company policy supporting ILO Conventions No. 98, No. 111, No. 100. | | | | | | | |
| | 4.3.4 | Develop written procedures (SOP) for handling and resolving worker grievances and conflicts. | | | | | | | |
| | 4.4.1 | Evaluate, disseminate and explain the results of the HCVF and EIA studies to the affected local communities within and adjacent to the licence area. | | | | | | | |
| | 4.4.2 | Incorporate relevant results of the EIA and HCVF studies into the forest management planning and operational practices, as necessary. | | | | | | | |
| | 4.5.1 | Develop list of prevention measures and potential impacts of forest operations on local communities. Formulate appropriate mitigation measures in the case of damages or loss. | | | | | | | |
| | 4.5.2 | Review and standardize current mechanisms dealing with community grievances, loss, damage and compensation. Develop comprehensive written procedures (SOP). | | | | | | | |
| P 5: Benefits from the forest | 5.1.1 | Develop budget for FMU, including preparatory activities, starting in year 2016. Compile investments made since the date of FMU acquisition. | | | | | | | |
| | 5.1.2 | Conduct forest stratification by growing stock levels to determine areas to be harvested and areas to undergo | | | | | | | |

| MC&I PRINCIPLE | MC&I Indicator | RECOMMENDED ACTIVITIES | QTR IV 2015 | QTR I 2016 | QTR II 2016 | QTR III 2016 | QTR IV 2016 | QTR I 2017 | QTR II 2017 |
|----------------|----------------|--|-------------|------------|-------------|--------------|-------------|------------|-------------|
| | | silvicultural treatment (if found to be necessary). | | | | | | | |
| | 5.2.1 | Conduct Forest Resource Assessment (FRA, management inventory) covering the whole productive area of the FMU. Analyze data and determine management prescriptions based on the results of the FRA. | | | | | | | |
| | 5.2.2 | Determine mix of products and local processing options, following collection and analysis of the Forest Resource Assessment (FRA) data. | | | | | | | |
| | 5.3.1 | Conduct training of forest workers (surveyors, machine operators, tree fellers, hook men) on RIL practices, prior to start of harvesting operations. | | | | | | | |
| | 5.3.2 | Include aspects of optimum use and minimising log waste and damage to residual stands and forest environment in the RIL Guideline. | | | | | | | |
| | 5.3.3 | Conduct RIL training courses for forest workers. Conduct RIL trials under different environmental conditions, prior to starting RIL operations at commercial scale. | | | | | | | |
| | 5.4.1 | Develop and evaluate options for product diversification, taking into account the results of the FRA. | | | | | | | |
| | 5.5.1 | Mark all identified sensitive sites/areas prior to start of harvesting operations in the Coupe planned for a specific | | | | | | | |

| MC&I PRINCIPLE | MC&I Indicator | RECOMMENDED ACTIVITIES | QTR IV 2015 | QTR I 2016 | QTR II 2016 | QTR III 2016 | QTR IV 2016 | QTR I 2017 | QTR II 2017 |
|----------------------------------|----------------|--|-------------|------------|-------------|--------------|-------------|------------|-------------|
| | | harvesting year, and along all accessible forest roads. | | | | | | | |
| | 5.5.2 | Develop list of forest services and resources. Develop management guideline, indicating measures to maintain/enhance values of forest services and resources. | | | | | | | |
| | 5.6.1 | Establish additional PSPs, based on results of variability of commercial stocking conditions in the FMU (to be derived from FRA results). In the absence of FMU growth data, undertake conservative estimate on commercial regrowth, and /or employ growth simulation models. | | | | | | | |
| | 5.6.2 | Develop recording system for monitoring of forest product harvesting. Build database along with progress of harvesting operations. | | | | | | | |
| P 6: Environmental Impact | 6.1.2 | Examine whether RTE species distribution patterns and potential disturbances from timber harvesting require the delineation and protection of biological corridors. | | | | | | | |
| | 6.1.3 | Amend FMP to include all relevant environmental and social mitigation measures as identified in the HCVF and EIA reports. | | | | | | | |
| | 6.2.1 | Adopt or develop Guidelines for identification of RTE species and features of biological interest. | | | | | | | |

| MC&I PRINCIPLE | MC&I Indicator | RECOMMENDED ACTIVITIES | QTR IV 2015 | QTR I 2016 | QTR II 2016 | QTR III 2016 | QTR IV 2016 | QTR I 2017 | QTR II 2017 |
|----------------|----------------|--|-------------|------------|-------------|--------------|-------------|------------|-------------|
| | | Ensure implementation prior to start of forest operations. | | | | | | | |
| | 6.2.2 | Adopt or develop appropriate management guidelines for establishment of representative conservation and protection areas, and ensure their implementation. | | | | | | | |
| | 6.2.3 | Ensure continued cooperation with conservation organizations in implementation of conservation management. | | | | | | | |
| | 6.2.4 | Evaluate the need for control measures related to hunting, fishing, and forest product collection, particularly by 3rd parties not residing within or adjacent to the FMU. | | | | | | | |
| | 6.2.5 | Plan and organize RTE awareness measures in close collaboration with relevant research/conservation organizations and related agencies, prior to the start of forest operations. | | | | | | | |
| | 6.3.1 | Analyze stocking conditions in the FMU (using a combination of high-resolution satellite imagery and ground verification) to identify areas requiring silvicultural treatment to enhance growth rates of commercial species. | | | | | | | |
| | 6.3.2 | Adapt existing or develop new guidelines for conservation of diversity at genetic, species and ecosystem level, in close collaboration with research and conservation organizations, as well as forestry professionals. | | | | | | | |
| | | | | | | | | | |

| MC&I PRINCIPLE | MC&I Indicator | RECOMMENDED ACTIVITIES | QTR IV 2015 | QTR I 2016 | QTR II 2016 | QTR III 2016 | QTR IV 2016 | QTR I 2017 | QTR II 2017 |
|----------------|----------------|--|-------------|------------|-------------|--------------|-------------|------------|-------------|
| | 6.3.3 | Ensure that operational maps at Coupe and Block level contain all relevant conservation and protection areas not to be affected during harvesting operations. Observe any existing Guidelines or directives from stage government agencies (e.g. DF Circular 6/99) Conduct training of own staff and contractor workers for full understanding and compliance on the ground. | | | | | | | |
| | 6.4.1 | Procure high-resolution satellite image and undertake analysis and ground verification of pre-identified areas for identification, selection and subsequent protection of representative forest ecosystem areas. | | | | | | | |
| | 6.4.2 | Determine protection and management activities for representative forest ecosystems. Develop SOP for ground implementation. | | | | | | | |
| | 6.5.1 | Review RIL Guidelines to determine their effectiveness in protecting soils from erosion and compaction during harvesting operations. | | | | | | | |
| | 6.5.2 | Conduct forest worker RIL training. Conduct regular and frequent on-site monitoring to ensure full implementation of RIL Guideline during forest harvesting operations. | | | | | | | |
| | 6.5.3 | Review Road Construction Guidelines, ensure standards for all necessary road features/elements are included. | | | | | | | |

| MC&I PRINCIPLE | MC&I Indicator | RECOMMENDED ACTIVITIES | QTR IV 2015 | QTR I 2016 | QTR II 2016 | QTR III 2016 | QTR IV 2016 | QTR I 2017 | QTR II 2017 |
|-----------------------------|----------------|---|-------------|------------|-------------|--------------|-------------|------------|-------------|
| | 6.5.4 | Clarify which buffer widths (subject to width of water course) should be applied considering differing standards of Government agencies (FDS, NREB, DID). Develop implementation Guidelines for buffer widths along rivers and streams. | | | | | | | |
| | 6.6.1 | Develop management policy on environmentally friendly non-chemical methods of pest management. | | | | | | | |
| | 6.6.2 | Develop or adopt existing Guidelines on the use of chemicals for pest control. | | | | | | | |
| | 6.6.3 | Prepare SOP on procedures regulating the use of approved chemicals in nursery and during field operations. | | | | | | | |
| | 6.7.1 | Develop SOP on collection, storage and disposal of Scheduled Wastes, according to DOE regulations. Conduct training of forest workers in SOP implementation. Provide necessary infrastructure for SOP implementation (DOE compliant SW stores, containers, absorbent, etc). | | | | | | | |
| P 7: Management Plan | 7.1.1 | Refine FMP to provide detailed chapters with specific data and procedures concerning points 7.1 a) to e) | | | | | | | |
| | 7.2.1 | Update the FMP with relevant recent data and information, including results from EIA and HCVF Reports, monitoring requirements, etc. Incorporate results from Forest Resource Assessment for overview over current growing stock and harvest planning. | | | | | | | |

| MC&I PRINCIPLE | MC&I Indicator | RECOMMENDED ACTIVITIES | QTR IV 2015 | QTR I 2016 | QTR II 2016 | QTR III 2016 | QTR IV 2016 | QTR I 2017 | QTR II 2017 |
|---------------------------------------|----------------|---|-------------|------------|-------------|--------------|-------------|------------|-------------|
| | 7.2.2 | Conduct training and briefing sessions to forest managers concerning updated scientific and technical information and tools related to forest management. | | | | | | | |
| | 7.3.1 | Arrange training courses for forest workers in relevant work fields, prior to commencement and during forest operations. | | | | | | | |
| | 7.3.2 | Arrange training of forest workers, addressing their specific roles in FMP implementation, prior to commencement and during forest operations. | | | | | | | |
| | 7.4.1 | Prepare and publish an executive summary of the FMP on the company website (create forest certification section). | | | | | | | |
| P 8: Monitoring and Assessment | 8.1.1 | Develop or adopt monitoring systems and procedures according to requirements of federal and state (FDS) Guidelines (refer Criterion 8.2). | | | | | | | |
| | 8.1.2 | Develop specific procedures (SOP) for monitoring and reporting on social, ecological, environmental and economic impacts. | | | | | | | |
| | 8.2.1 | Develop monitoring systems and procedures for collection, processing, analysis and reporting of relevant data as per Indicator 8.2 (a) to (e). | | | | | | | |
| | 8.3.1 | Prepare SOP on internal Chain-of-Custody from stump to point of sales and ensure full compliance with certification requirements. | | | | | | | |

| MC&I PRINCIPLE | MC&I Indicator | RECOMMENDED ACTIVITIES | QTR IV 2015 | QTR I 2016 | QTR II 2016 | QTR III 2016 | QTR IV 2016 | QTR I 2017 | QTR II 2017 |
|---------------------------------|----------------|--|-------------|------------|-------------|--------------|-------------|------------|-------------|
| | 8.4.1 | Start monitoring activities as soon as forest operations begin. Carry out initial analyses after 3-6 month initial implementation period. Determine subsequent monitoring intervals. | | | | | | | |
| | 8.5.1 | Prepare summary of forest monitoring results after an initial implementation period of 6 months. | | | | | | | |
| P 9: Maintenance of HCVF | 9.1.1 | Incorporate the results and management recommendations of the HCVF assessment into the Forest Management Plan. | | | | | | | |
| | 9.2.1 | Develop TOR and establish Stakeholder Consultation Committee well before forest operations commence, Discuss HCVF maintenance and enhancement measures. Ensure all stakeholders are informed about scheduled activities. | | | | | | | |
| | 9.2.2 | Develop SOP on management prescriptions for HCVF and other protection areas. Ensure full compliance with HCV protection measures according per SOP. | | | | | | | |
| | 9.3.1 | Refine the existing delineation of HCV areas, as necessary following ground verification, prior to commencement of forest operations in any particular Coupe of the FMU. | | | | | | | |
| | 9.3.2 | Develop detailed descriptions of demarcation and HCV attribute maintenance/enhancement in the FMP. Compile Public Summary of HCVF measures. | | | | | | | |
| | | | | | | | | | |

| MC&I PRINCIPLE | MC&I Indicator | RECOMMENDED ACTIVITIES | QTR IV 2015 | QTR I 2016 | QTR II 2016 | QTR III 2016 | QTR IV 2016 | QTR I 2017 | QTR II 2017 |
|----------------------------------|----------------|---|-------------|------------|-------------|--------------|-------------|------------|-------------|
| | 9.4.1 | Develop monitoring procedures for assessment of effectiveness of the HCV measures (determine effectiveness indicators), including monitoring intervals. | | | | | | | |
| | 9.4.2 | Ensure that results from HCVF monitoring are incorporated into implementation and revision of the FMP. | | | | | | | |
| Number of activities per quarter | | | 20 | 40 | 26 | 29 | 26 | 30 | 15 |

5. Organisational Set-up

The first step of CAP implementation is the development of a suitable organizational structure, enabling decision making on project planning and administration, assignment of functions, technical, human and financial resources. This is best accomplished through the establishment of a *Certification Task Force* (CTF). The CTF plans, coordinates and monitors the implementation of the forest certification project as defined by the Certification Action Plan (CAP).

The key objective of the CTF is

to ensure the achievement of forest management certification of Forest Timber Licence T/0342 against the MC&I (Natural Forest) standards of MTCC, until mid-year 2017.

In order to achieve this objective, the CTF should be given a clear mandate and authority by the company top management. The authority includes decision making capacities on human, technical and financial resources.

The tasks to be accomplished by the CTF are summarized in the following:

- (1) organize, guide, monitor and control the certification preparation process
- (2) serve as a platform for discussions and clarification of certification related questions and concerns
- (3) achieve full understanding of the tasks to be completed
- (4) compose a multi-disciplinary team comprising legal, ecological, environmental, social, and economic expertise
- (5) ensure team members have adequate organizational, technical and communication skills
- (6) review, verify and refine the Certification Action Plan
- (7) undertake budget development and seek management approval for certification related activities
- (8) hold regular certification progress meetings
- (9) provide or arrange technical expertise in preparing necessary plans, documents, procedures and guidelines
- (10) provide assistance to CTF members, make proposals, develop solutions, facilitate CAP implementation
- (11) set up a Compliance Monitoring Unit that identifies and reports non-compliances to the MC&I standards by issuing system of Corrective Action Requests (CARs) and monitoring the closing-out of CARs
- (12) undertake periodical CAP progress reporting to the company management

Though structuring and organizing the preparation process for forest certification appears to be a complex undertaking experience indicates that a CTF (or certification committee) is an indispensable and essential practical tool that helps to maintain control, identify obstacles and bottlenecks, support and facilitate certification activities, and to keep the work progress on track.

6. Proposed Structure of Certifiable Forest Management Plan

In the forestry sector, the Forest Management Plan (FMP) is the most important document that formulates, describes and summarizes management policies and objectives, the planning approach, as well as the implementation and monitoring of activities at operational level. Besides this, the FMP also serves as the primary reference document for forest certification auditing, as it provides the overview over the forest area in its environmental, social and economic context.

As a well-designed FMP facilitates orientation and understanding of the management planning framework it is advisable to make sure the FMP addresses the relevant aspects to a satisfactory level of detail, and that it is compliant with all requirements of forest management certification.

In the following Table 3 the structure of a FMP is proposed that is considered as meeting forest certification requirements. Further refinements and restructuring may become necessary following in-depth discussion of the planned management activities of the company.

Table 3: Proposed Structure of Forest Management Plan for FMU Kubaan Puak

| FOREST MANAGEMENT PLAN CHAPTER / SUB-CHAPTER |
|---|
| 1.0 INTRODUCTION |
| 1.1 Background and Management History |
| 1.2 Policy Statements and commitment to forest certification |
| 1.3 Management Objectives |
| 1.4 Legal Framework |
| 2.0 ADMINISTRATIVE FRAMEWORK |
| 2.1 Name, Location |
| 2.2 Legal Status and Tenure |
| 3.0 GENERAL AREA DESCRIPTION |
| 3.1 Meteorological conditions |
| 3.1.1 Rainfall |
| 3.1.2 Temperature |
| 3.1.3 Relative Humidity |
| 3.1.4 Sunshine and solar radiation |
| 3.1.5 Evaporation |
| 3.2 Geology and soils |
| 3.2.1 Geology |
| 3.2.2 Soil associations and soil types |
| 3.3 Topography and hydrology |
| 3.3.1 Topography |
| 3.3.2 Hydrology |
| 3.4 Forest Types |
| 3.4.1 Lowland Mixed Dipterocarp Forest |

| FOREST MANAGEMENT PLAN CHAPTER / SUB-CHAPTER |
|--|
| 3.4.2 Hill Mixed Dipterocarp Forest |
| 3.4.3 Kerangas Forest |
| 3.4.4 Sub-montane Forest |
| 3.4.5 Transitional Forest Types |
| 3.5 Faunal diversity |
| 3.5.1 Literature review |
| 3.5.1 Methodology of Wildlife Survey |
| 3.5.2 Results of wildlife survey |
| 3.5.3 Implications for wildlife management |
| 3.6 Infrastructure |
| 3.6.1 Road network |
| 3.6.2 Camps and buildings |
| 3.6.3 Log yards |
| 3.6.4 Nursery |
| 3.6.5 Other infrastructure |
| 3.7 Socio-economic environment |
| 3.7.1 Social Baseline Survey |
| 3.7.2 Location of Settlements |
| 3.7.3 Population, ethnicity and religion |
| 3.7.4 Community infrastructure, facilities and services |
| 3.7.5 Land use and issues |
| 3.7.6 Economic and subsistence activities |
| 3.7.7 Employment situation |
| 3.7.8 Household income |
| 3.7.9 Forest dependence of local communities |
| 3.7.10 Current programmes and projects |
| 3.7.11 Management implications |
| 4.0 REVIEW AND IMPLICATIONS OF PAST MANAGEMENT |
| 5.0 ENVIRONMENTAL IMPACT ASSESSMENT |
| 5.1 Environmental impacts of forest operations |
| 5.2 Recommended mitigation measures |
| 6.0 HIGH CONSERVATION VALUES |
| 6.1 Methods and classification of HCV |
| 6.2 Results of HCV assessment |
| 7.0 FOREST RESOURCES |
| 7.1 Method and implementation of Forest Resource Assessment |
| 7.2 Results of Forest Resource Assessment |
| 7.2.1 Species diversity |

| FOREST MANAGEMENT PLAN CHAPTER / SUB-CHAPTER |
|--|
| 7.2.2 Stem-diameter distribution by species groups |
| 7.2.3 Stand and stock tables by species groups |
| 7.2.4 Stand quality assessment |
| 7.2.4.1 Crown quality |
| 7.2.4.2 Competition status |
| 7.2.4.3 Climber impact |
| 7.2.4.4 Stem form and defects |
| 7.2.4.5 Non-timber forest products |
| 7.3 Assessment of general stocking situation |
| 7.4 Management implications |
| 8.0 FUTURE MANAGEMENT |
| 8.1 Forest Management System |
| 8.2 Infrastructure development |
| 8.2.1 Area subdivision |
| 8.2.2 Road network development |
| 8.2.3 Log yards |
| 8.2.4 Camps |
| 8.2.5 Nursery |
| 8.2.6 Other infrastructure |
| 8.3 Forest Functions and Zoning |
| 8.4 Net production area |
| 8.5 Management of Conservation and Protection Areas |
| 8.6 Management of Production Area |
| 8.6.1 Yield regulation |
| 8.6.2 Annual Allowable Cut and cutting cycle |
| 8.6.3 Forest strata by stocking levels |
| 8.6.4 Spatial harvest planning |
| 8.6.5 Timber harvesting schedule |
| 8.6.6 Harvest planning at Compartment/Block Level |
| 8.6.7 Silvicultural management |
| 8.6.7.1 Silvicultural management concept |
| 8.6.7.2 Stand selection for treatment |
| 8.6.7.3 Silvicultural treatment schedule |
| 8.6.7.4 Enrichment planting |
| 8.7 Community Support and Development |
| 8.7.1 Community development goal, objectives, and strategy |
| 8.7.1.1 Community Liaison Committee |
| 8.7.1.2 Community infrastructure development |

| FOREST MANAGEMENT PLAN CHAPTER / SUB-CHAPTER |
|---|
| 8.7.1.3 Transportation |
| 8.7.1.4 Education and training |
| 8.7.1.5 Emergency and Healthcare |
| 8.7.1.6 Agro-forestry projects |
| 8.7.1.7 Ethno- and ecotourism development |
| 8.7.1.8 Employment of local workforce |
| 8.7.1.9 Income generating opportunities |
| 8.7.2 Control of forest encroachment and hunting |
| 8.7.3 Management of claims, conflicts and grievances |
| 8.8 Research and development |
| 8.8.1 Core activities and expected outputs |
| 8.8.2 Analysis of Permanent Sample Plots |
| 8.8.3 Terrain modelling |
| 8.8.4 Continuous Growth Monitoring System |
| 8.8.5 Growth and yield modelling |
| 8.8.6 Timber stock mapping |
| 8.8.7 Silvicultural transformation |
| 9.0 ENVIRONMENTAL MANAGEMENT |
| 9.1 Environmental management standards |
| 9.2 Precautionary approach |
| 9.3 Mitigation measures |
| 10.0 ORGANIZATION AND HUMAN RESOURCE DEVELOPMENT |
| 9.1 Organization structure |
| 9.2 Manpower |
| 9.3 Training and human resource development |
| 11.0 PROCEDURES, MONITORING AND REPORTING |
| 11.1 Standard Operating Procedures |
| 11.2 Responsibilities and reporting |
| 11.3 Monitoring system and elements |
| 11.4 Compartment database |
| 12.0 MARKETING AND SALES |
| 12.1 Global market situation of tropical hardwoods |
| 12.2 Target products |
| 12.3 Global market research |
| 12.4 Opportunities and outlook |
| 13.0 BUDGET AND FINANCIAL EVALUATION |
| 13.1 Financial budget |
| 13.2 Revenues from forest products |

| FOREST MANAGEMENT PLAN CHAPTER / SUB-CHAPTER |
|---|
| 13.3 Financial analysis |
| 14.0 PLAN REVIEW |
| 15.0 CONCLUDING REMARKS |

7. Potential Obstacles to Forest Certification

Each effort to achieve forest certification may be subject to certain risks of failure, caused by changes that could not be anticipated by the time of making the decision to pursue the certification objective. As the future is hard to predict it is difficult to foresee which situations or factors might arise within the next two years that could cause major non-compliances against the MC&I (Natural Forest) certification standards. Nevertheless, an attempt is made here to identify some possible reasons that could result in failure to obtain a forest management certificate from MTCC.

(a) Land and resource claims by local communities

The ethnic group of the Penan dominating the population of the villages in and adjacent to FMU Kubaan-Puak is considered as “semi-settled”, indicating still a comparatively highly dependence on forest resources. Though a Penan Reserve and Community forest has been established covering a portion of about 3,230 ha within the FMU the Penan do not restrict their use of forest resources to this particular area. Based on their lifestyle of small-scale farming, hunting and collection of forest produce they are roaming throughout the FMU which they perceive as their home territory.

There is a possibility that these communities *might claim additional areas under their native customary right*, or even object the company's forest operations in the FMU.

This is why the company should employ a sensitive and environmentally friendly management system for conducting its forest operations. This should include the application of Reduced and Low Impact Logging methods that conserve the natural forest structure with its typical multi-layered appearance and species composition, including the non-timber resources used by the local communities for their subsistence and livelihood.

In addition, the proposed Community Liaison Committee should take a proactive approach in dealing with and entertaining the needs of the local communities well before harvesting operations commence, to pre-empt any negative perceptions and develop ‘good neighbourhood’ relations with the affected villages.

(b) Insufficient net production area affecting economic viability

Applying the principles of Sustainable Forest Management (SFM) includes the need for protecting High Conservation Values (HCV) and other environmentally sensitive sites.

One of the critical aspects concerns the slope limit of 35° for timber harvesting operations, as set by the State Government. This limit should be strictly adhered to in order to avoid significant damage to forests stocking on shallow soils at steep slopes.

There is an obvious problem with current topographical maps which are not accurate enough and hence, produce unreliable results. Areas appearing as “operable” (i.e. below the legal slope limit) on the map are mostly much steeper on the ground and would have to be protected for environmental safeguards. A new terrain model needs to be developed, using reliable information that reflects the true ground situation. The results of revised slope classification maps would most certainly lead to some further exclusion areas due to critical slopes that need to be protected. This in turn will have an impact on the net production area (operable area).

Furthermore, possible claims for reservation of additional community areas beyond the current reserved areas would add further hectares to be excluded from harvesting, refer paragraph (a) above.

Another factor that would temporarily affect the operational area is found in areas which have not adequately recovered from the previous harvesting event, requiring more time to replenish commercial timber stocks above the diameter cutting limit. These patches also need to be exempted from harvesting operations, until such time a reasonable target stocking level has been reached.

A final point of concern is the assumed cutting cycle length of only 15 years, whereas the FMP even plans to harvest the whole production area within a 12-year period only. Under the sustained yield principle, the assumed harvesting volume of 45 m³/ha (as per current FMP) would have to regrow within 12 years, equalling a mean annual increment of 3.75 m³/ha/a (not accounting for forest damage that needs to be added for compensation). Considering the results of relevant research on commercial regrowth rates of untreated and repeatedly logged-over residual forests that were heavily damaged by conventional logging this is an overly optimistic growth performance.

More realistic cutting cycle lengths would be in the range of 25 to 35 years, depending on actual growth performance of commercial species, and selected silvicultural treatment regimes. Assuming, for example, a net production area of 25,000 ha this would result in annual Coupe sizes of about 700 to 1,000 ha.

All these factors described above will contribute to a further reduction of the net production area, and the annual harvesting area which will need to be corrected downwards to achieve a sustainable production as required by SFM principles and certification standards.

In view of the necessary changes in annual harvesting area the *company management might consider the reduction in harvesting area and commercial volume as uneconomical*, considering the high fixed cost of running a forest harvesting operation in a remote environment.

(c) *Insufficient resources to address identified gaps and shortcomings*

Though the work programme of the Certification Action Plan appears to be manageable within the given preparation period it can only be accomplished on time if the necessary human, technical and financial resources are mobilized and made available as required and without delays, and by the time when they are needed.

Implementing the proposed CAP requires the full commitment of the company management to go ahead and achieve forest certification until mid-year 2017. Considering the statements made under point (b) above the *company might not consider an investment into forest certification*, given a possibly unattractive short-term economic perspective. However, according to experience with other certified tropical natural forests operating the FMU according to SFM principles will definitely result in a profitable undertaking, at least in the longer term. As there is uncertainty over the economics of SFM another study should be conducted to provide evidence of economic viability of a certified SFM operation as opposed to current logging practices.

If the certification commitment is maintained but the resources are insufficient the *company might request the support from third parties* to partially assist with technical expertise and/or financial contributions.

8. Conclusions and Recommendations

The potential obstacles raised in Chapter 7 above may lead to the impression that the certification objective might not be achievable with the given location, forest resources and socio-economic conditions affecting FMU Kubaan-Puak. However, we are convinced that an environmentally sound, socially beneficial and economically viable management system can be achieved in the FMU, provided the principles of Sustainable Forest Management are adhered to and effectively implemented. As examples from other certified natural tropical forests have shown a profitable SFM operation is possible though it may take some time to produce the benefits, including profitability. Some additional opportunities to be evaluated for *strengthening the economic function of the FMU* include the following:

- *attract financial investors* to generate initial funding for certification preparation as part of the HoB corridor initiative
- identify parties willing to pay for *ecosystem or environmental services*, such as, e.g., climate change mitigation, watershed services and biodiversity conservation
- develop an *ethno- and ecotourism component*, provided the local communities are willing to share their traditions and unique ecosystem knowledge with outsiders.
- to maximize the benefits from certified timber market, conduct studies to identify the demand and willingness of environmentally sensitive wood consumer markets to pay *premium prices for sustainably produced timber*
- globally promote the HoB concept and the contribution Sustainable Forest Management systems provide in ensuring sustainable development practices within the HoB corridor

Whereas the opportunities above could support achieving economic viability of the SFM operation the company management might still view these as problematic and too difficult to achieve and hence, determine to retreat from the certification objective initially formulated for FMU Kubaan-Puak. In such case, the only remaining alternative would be to *identify an alternative investor willing to purchase the license rights to Forest Timber License T/0342 and pursue the SFM objective*.

Considering the discussions held with company management and staff, and the results of the MC&I compliance assessment, our summary conclusion is that Forest Timber License T/0342 issued to *Borlin Sdn. Bhd.* offers the potential and currently faces no major restrictions or unmanageable obstacles to forest management certification.

This statement, however, should be viewed in the light of the above mentioned preconditions to be put into place to ensure the actual achievement of the certification objective. The preparation period until mid-year 2017 is considered sufficient to close the existing gaps and shortcomings, provided activities to implement the proposed Certification Action Plan are started immediately. *Adequate, human, technical and financial resources must be made available* instantly to enable the adherence to the time lines of the Certification Action Plan.

Internationally acknowledged forest management certification delivers a range of company benefits, the most obvious including

- public recognition as a responsibly managed company with green image
- easier access to environmentally sensitive markets and consumers
- higher prices for certified timber in some consumer markets of developed countries
- improved credit facilities with financial institutions
- better access to investors in sustainable resource management
- enhanced management expertise and skills in sustainable forestry practices
- positive and stronger relationships among all staff and levels of the company, and with all affected stakeholders
- improvements in management systems, procedures, and operational efficiency

As a final recommendation, it should be emphasized that working towards achieving forest certification is a team job requiring a sound understanding of certification requirements and efforts across all levels of the company – from the top management to the forest worker on the ground.

Commitment to change, good leadership, team spirit, persistence, professional knowledge, proactive communication, positive thinking and action towards the common certification goal all are essential components of success.

It is at the discretion of the company's top management to create this enabling environment, and to motivate and support the staff involved in planning, monitoring and field work with the necessary resources to enable the achievement of the certification objective.

ifmc is confident that along with the identified preconditions, and followed by implementation of the activities proposed in the CAP the certification as a well-managed forest under MTCC by mid-year 2017 is an achievable target to be pursued.

Bernd Hahn-Schilling

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ANNEX I: Terms of Reference

TERMS OF REFERENCE

Consultancy for the development of Concept Paper on Sustainable Forest Management and feasibility Study for Forest Management Certification for FMU Kubaan-Puak

Introduction

The Heart of Borneo Initiative is a trilateral program of cooperation between the three countries of Borneo. Based on a Declaration signed in 2007 (and a reaffirmation statement signed in 2013) the Initiative recognizes the unique value of the Heart of Borneo and commits Brunei, Indonesia and Malaysia to cooperate to conserve the region's natural capital for the benefits of its people.

In this rich natural environment, forest and land have been parcelled out for different resource utilization regimes. In the Malaysian states of Sabah and Sarawak as well as the Indonesian states in Kalimantan, land uses designated into protected areas, logging concessions, forest and palm oil plantations, hydroelectric power, urban and community use, have in part caused the fragmentation of the landscape. Consequently, wildlife is marooned in the protected areas and isolated habitats that are surrounded by land utilized under different management regimes.

FMU Kubaan Puak is located in between two major protected areas i.e., Gunung Mulu and Pulong Tau National Parks and therefore form a critical area to ensure connectivity linking these two protected areas, and that the concept of HoB corridor can be realised. To address this problem of isolation and fragmentation, the HoB project seeks to restore landscape connectivity for the conservation of biodiversity, protection of ecosystems based on sustainable forest management.

Objectives

- Assessment of available forest data and information relevant to forest management certification for FMU Kubaan Puak
- Assessment of compliance with international standards of forest management in FMU Kubaan Puak, through conducting a gap analysis
- Propose an Action Plan for achieving compliance with forest management certification requirements in Phase 2 of the project i.e. 2016-2017
- Provide recommendations for FMU Kubaan Puak on administrative structure and organisational setup for effective Action Plan implementation.
- Develop proposal for the structure of a certifiable Forest Management Plan for FMU Kubaan Puak

Methodology

WWF-Malaysia's collection of technical reports will be made available to the Contractee. Where available, digital copies will be provided to the Contractee and in cases where they are not available, the Contractee should consult the printed copies of the documents within the confines of the WWF-Malaysia office. In some cases, photocopies of the relevant documents will be made available for the Contractee. The Contractee is also expected to consult relevant literature from sources beyond WWF-Malaysia's publication collections and use his own equipment and resources in preparing the proposals and reports. Procurement of additional materials from external sources incurring additional costs must first be discussed with and approved by WWF-Malaysia.

Output

The outputs of the consultancy are as follows:

The main output expected from this project is a professional report containing the following components:

- a) Certification Gap analysis based on standards for Forest Management Certification
- b) Action Plan , listing specific activities to be implemented Recommendations for management organisation and setup of a certification task force
- c) Structure of a certifiable Forest Management Plan (FMP) listing the elements to be included to satisfy forest certification requirements
- d) Conclusions on the feasibility of forest management certification, including critical factors and potential obstacles to achieving certification for the Kubaan Puak FMU:

Timeline

Due to the requirements of the project, all deadlines (see below) must be strictly adhered to facilitate complementary activities

- | | |
|-----------------------------------|---------------------------------|
| 1. Field visit (where applicable) | July-August 2015 |
| 2. Submission Draft report | 30 th September 2015 |
| 3. Submission of Final Report | 30 th October 2015 |

Reporting

The Contractee will report to Jason Hon, Programme Leader, WWF-Malaysia with respect to all tasks and assignments, or in his absence to Dr Sundari Ramakrishna, Conservation Director.

Copyrights And Other Intellectual Property Rights

The Contractee agrees that all intellectual property rights including the copyrights throughout the world in all outputs developed and created by the Contractee shall vest in and be wholly and exclusively owned by WWF-Malaysia. The Contractee hereby irrevocably and unconditionally waives and consents any so-called “moral rights” as author to all outputs to the fullest extent permitted by law (either present or future), to WWF-Malaysia.

Report Format

All reports should be written in English. The report should be supported by helpful diagrams, charts, maps and plates as necessary to support the discussions or conclusions presented. Please refer to the Standard Conditions of Contract (Annex C) for additional information on the format of the report.

The contract should commence from 15th July 2015 and be completed (with the submission of a fully-edited version of required reporting meeting WWF-Malaysia’s requirements) by 30th October 2015. Any diagrams for inclusion in the report should be on either **A4** or **A3**-sized paper. The reports should be saved in a format compatible with Microsoft Office XP.

The Contractee should adhere to the detailed regulations contained within the WWF-Malaysia Standard Conditions of Contract.

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ANNEX II: MC&I Checklist – Compliance rating and recommendations

Malaysian Criteria & Indicators Checklist with compliance rating and recommended actions

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIAN CE | RECOMMENDED ACTION | | |
|---|---|-----------|--|--|---|----------------|---|--|--|
| Principle 1: Compliance with Laws and Principles | | | | | | | | | |
| Forest management shall comply with all applicable laws of Malaysia and respect international treaties and agreements to which Malaysia is a signatory, and comply with all the Principles and Criteria contained in this standard. | | | | | | | | | |
| 1.1 | Forest management shall comply with all applicable federal, state and local laws and administrative requirements. | 1.1.1 | Records and availability of up-to-date applicable federal, state and local laws, and regulations and policies, in particular those related to forest management. | <u>Federal Laws</u> | Summary of applicable laws and regulations related to forest management is available. | YES | Review compilation of laws and regulations, ensure that any recent laws, guidelines and regulations are included. | | |
| | | | | • Federal Constitution | | | | | |
| | | | | • Employees Provident Fund Act, 1991 | | | | | |
| | | | | • Environmental Quality Act, 1974 | | | | | |
| | | | | • Environmental Quality (Scheduled Wastes) Regulations, 2005 | | | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
|-----------|--|-----------|--|---|----------------------------------|------------|--------------------|
| | | | | <ul style="list-style-type: none"> Environmental Quality (Prescribed Premises) (Scheduled Wastes Treatment and Disposal Facilities) Regulations, 1989 | | | |
| | | | | <ul style="list-style-type: none"> Employees' Social Security Act, 1969 | | | |
| | | | | <ul style="list-style-type: none"> Employees' Social Security (General) Regulations, 1971 | | | |
| | | | | <ul style="list-style-type: none"> Factories and Machineries Act, 1967 | | | |
| | | | | <ul style="list-style-type: none"> Human Rights Commission of Malaysia Act, 1999 | | | |
| | | | | <ul style="list-style-type: none"> Industrial Relations Act, 1967 | | | |
| | | | | <ul style="list-style-type: none"> Occupational Safety and Health Act, 1994 | | | |
| | | | | <ul style="list-style-type: none"> Occupational Safety and Health (Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Diseases) Regulations, 2004 | | | |
| | | | | <ul style="list-style-type: none"> Occupational Safety and Health (Use and Standard of Exposure of Chemicals Hazardous to Health) Regulations, 2000 | | | |
| | | | | <ul style="list-style-type: none"> Pesticides Act, 1974 | | | |
| | | | | <ul style="list-style-type: none"> Trade Unions Act, 1959 (Act 262) | | | |
| | | | | <ul style="list-style-type: none"> Workmen's Compensation Act, 1952 | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
|-----------|--|-----------|--|---|----------------------------------|------------|--------------------|
| | | | | | | | |
| | | | | <u>State Laws</u> | | | |
| | | | | <ul style="list-style-type: none"> Sarawak State Constitution | | | |
| | | | | <ul style="list-style-type: none"> Forests Ordinance (Cap. 126) o Forest Rules, 1962 | | | |
| | | | | <ul style="list-style-type: none"> Interpretation Ordinance (Cap. 61) | | | |
| | | | | <ul style="list-style-type: none"> Labour Ordinance (Sarawak Cap. 76) | | | |
| | | | | <ul style="list-style-type: none"> Land Code (Cap. 81) | | | |
| | | | | <ul style="list-style-type: none"> National Parks and Nature Reserves Ordinance, 1998 | | | |
| | | | | <ul style="list-style-type: none"> Native Courts Ordinance, 1992 Native Courts Rules, 1993 | | | |
| | | | | <ul style="list-style-type: none"> Native Customs (Declaration) Ordinance, 1996 | | | |
| | | | | <ul style="list-style-type: none"> Natural Resources and Environment Ordinance (Cap. 84) Natural Resources and Environment (Prescribed Activities) Order, 1994 | | | |
| | | | | <ul style="list-style-type: none"> Sarawak Biodiversity Centre Ordinance, 1997 | | | |
| | | | | <ul style="list-style-type: none"> Sarawak Biodiversity Regulations, 2004 | | | |
| | | | | <ul style="list-style-type: none"> Sarawak Biodiversity (Fees) Notification, 2003 | | | |
| | | | | <ul style="list-style-type: none"> Sarawak Cultural Heritage Ordinance, 1993 | | | |
| | | | | <ul style="list-style-type: none"> Sarawak Forestry Corporation Ordinance, 1995 | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| | | | | • Sarawak Rivers Ordinance, 1993 (Cap. 4) and Regulations | | | |
| | | | | • Water Ordinance, 1994 and Regulations | | | |
| | | | | • Wild Life Protection Ordinance, 1998 (Cap. 26) o Wild Life Protection Rules, 1998 | | | |
| | | | | • All adat codified under the Native Customs (Declaration) Ordinance, 1996 and any other adat recognised and enforceable by the Native Courts under the Native Courts Ordinance, 1992 and the Native Courts Rules, 1993 | | | |
| | | | | • Decisions of the Civil Courts pertaining to legal or customary tenure or use rights | | | |
| | | | | | | | |
| | | | | <u>Policies</u> | | | |
| | | | | • Statement of Forest Policy, 1954 | | | |
| | | | | • A Master Plan for Wildlife in Sarawak, 1996 | | | |
| | | | | • Code of Conduct for Industrial Harmony, 1975 | | | |
| | | | | • National Policy on Biological Diversity, 1998 | | | |
| | | | | • National Policy on Environment, 2002 | | | |
| | | | | • National Timber Industry Policy, 2009-2020 | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| | | 1.1.2 | Forest managers are aware and/or knowledgeable of the applicable federal, state and local laws, as well as the regulatory framework for forest management. | <ul style="list-style-type: none"> Record and outcome of interview with Forest Manager on the applicable federal, state and local laws as well as the regulatory framework | Managers are aware of all such applicable laws and regulations, since they also operate various other Forest Timber Licences that have undergone legal verification by a third party. | YES | Hold and document refresher briefing for forest managers on applicable laws and regulatory framework. |
| | | 1.1.3 | Record of violations and actions taken to address them. | <ul style="list-style-type: none"> Records of forest offences and actions taken | Records of violation of laws exist and are reported to the relevant authorities for further action. | YES | Ensure records on violations of laws / forest offence and action taken are kept up to date in a separate file. |
| 1.2 | All applicable and legally prescribed fees, royalties, taxes, and other charges shall be paid. | 1.2.1 | Availability of current list of all legally prescribed fees, royalties, taxes, and other charges. | <ul style="list-style-type: none"> Forests Ordinance (Cap. 126) – First Schedule [Section 52 (2)]: Produce Taken Under Licence – Rates of Royalty and Second Schedule [Section 52 (5)]: Produce Taken Under Permit | List of all legally prescribed fees and taxes exists. | YES | Ensure list of legally prescribed fees and taxes is maintained and regularly updated. |
| | | | | <ul style="list-style-type: none"> Forest Premium and Cess under Fourth Schedule of Forest Timber Licence | | | |
| | | | | <ul style="list-style-type: none"> Liquidated Damage under Fifth Schedule of Forest Timber Licence | | | |
| | | | | <ul style="list-style-type: none"> Wild Life Protection Rules, 1998 – Second Schedule: Fees for Licence and Permit | | | |
| | | | | <ul style="list-style-type: none"> Sarawak Biodiversity (Fees) Notification, 2003 | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| | | 1.2.2 | Records are kept of all payments made. | <ul style="list-style-type: none"> Records of payments made | There are no current harvesting operations but Company keeps records (receipts) of payments of legally prescribed fees and taxes payable for all other T-licenses as a standard practice. | YES | |
| 1.3 | The provisions of all binding international agreements applicable to forest management shall be respected. | 1.3.1 | Forest managers are aware of all binding international agreements relevant to forest management. | <ul style="list-style-type: none"> Record and outcome of interview with Forest Manager on their awareness on forest related binding international agreements | Awareness of international agreements exists at managerial level. | YES | Hold and document refresher briefing for forest managers on international agreements and conventions related to natural forest management. |
| | | | | Where relevant, provisions related to forest management of the following international agreements are respected in forest management: | | | |
| | | | | <ul style="list-style-type: none"> United Nations Convention on Biological Diversity, 1992 – Articles 1-19 | | | |
| | | | | <ul style="list-style-type: none"> Cartagena Protocol on Biosafety to the Convention on Biological Diversity, 2000 | | | |
| | | | | <ul style="list-style-type: none"> Convention on Wetlands of International Importance Especially as Waterfowl Habitat, 1971 – Articles 1-6 | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| | | | | <ul style="list-style-type: none"> International Tropical Timber Agreement, 1994 – Chapters I and VII | | | |
| | | | | <ul style="list-style-type: none"> United Nations Framework Convention on Climate Change, 1992 – Articles 1-6 | | | |
| | | | | <ul style="list-style-type: none"> United Nations Declaration on Rights of Indigenous Peoples, 2007 – Articles 8, 12, 24, 26, 28 and 29 | | | |
| | | | | <ul style="list-style-type: none"> Convention on International Trade in Endangered Species of Wild Fauna and Flora, 1973 – Articles I-X | | | |
| | | | | <ul style="list-style-type: none"> International Labour Organization (ILO) Conventions | | | |
| | | | | <ul style="list-style-type: none"> Convention No. 29 – Forced Labour Convention, 1930 Articles 1 and 2 | | | |
| | | | | <ul style="list-style-type: none"> Convention No. 87 – The Freedom of Association and Protection of the Right to Organise Convention, 1948 - Articles 2, 3, 5 and 11 | | | |
| | | | | <ul style="list-style-type: none"> Convention No. 98 – The Right to Organise and Collective Bargaining Convention, 1949 - Articles 1 and 2 | | | |
| | | | | <ul style="list-style-type: none"> Convention No. 100 – Equal Remuneration Convention, 1951 - The Right to Equal Pay - Articles 1-4 | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| | | | | <ul style="list-style-type: none"> Convention No. 105 – Abolition of Forced Labour Convention, 1957 - Articles 1 and 2 | | | |
| | | | | <ul style="list-style-type: none"> Convention No. 111 – Discrimination (Employment and Occupation) Convention, 1958 - The Right to Equal Treatment - Articles 1-5 | | | |
| | | | | <ul style="list-style-type: none"> Convention No. 138 – Minimum Age for Admission to Employment, 1973 | | | |
| | | | | <ul style="list-style-type: none"> Convention No. 182 – Worst Form of Child Labour, 1999 | | | |
| 1.4 | Conflicts between laws, regulations and these Principles and Criteria shall be evaluated for the purposes of certification, on a case by case basis, by the certifiers and the involved or affected parties. | 1.4.1 | Availability of documentation of any conflicts between laws, regulations and these Principles and Criteria. | <ul style="list-style-type: none"> Records of evaluation of conflicts between laws, regulations and these Principles and Criteria, if any | Formal evaluation of conflicts between MC&I and prevailing Malaysian laws and regulations has not been conducted. | NO | Undertake evaluation of conflicts between MC&I and prevailing Malaysian laws and regulations. Alternatively, provide a letter of confirmation from FDS, other government agencies or NGOs if any of these have already carried out such analysis. |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| | | 1.4.2 | Forest managers are willing to participate in any process to resolve such conflicts that may arise with the affected parties. | <ul style="list-style-type: none"> Records (minutes, field diaries, etc) of forest manager's participation in resolving such conflicts | Forest managers are willing to participate in conflict resolution and have demonstrated this in negotiating and resolving community claims on forest resources. | YES | Compile records on conflict resolutions that were achieved with direct involvement of company managers and staff. |
| 1.5 | Forest management areas shall be protected from illegal harvesting, settlement and other unauthorised activities. | 1.5.1 | Availability of legal provisions for the establishment and protection of the permanent reserved forest in the forest management unit (FMU). | Compliance with the following through records of monitoring: | Legal provisions for the establishment of Forest Reserves and Protected Forests exist. The company complies with the related legal framework. | YES | |
| | | | | <ul style="list-style-type: none"> Forests Ordinance (Cap. 126) (1958 Edition) - Part II (Forest Reserves) and Part III (Protected Forests) | | | |
| | | | | <ul style="list-style-type: none"> Forest Rules, 1962 – Rules 4, 10 and 19 | | | |
| | | | | <ul style="list-style-type: none"> Land Code (Cap. 81) | | | |
| | | | | <ul style="list-style-type: none"> Natural Resources and Environment (Prescribed Activities) Order, 1994 | | | |
| | | | | <ul style="list-style-type: none"> National Parks and Nature Reserves Ordinance, 1998 | | | |
| | | | | <ul style="list-style-type: none"> Wild Life Protection Ordinance, 1998 (Cap. 26) | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
|-----------|--|-----------|---|---|---|------------|--|
| | | | | <ul style="list-style-type: none"> All adat codified under the Native Customs (Declaration) Ordinance, 1996, and any other established customs of the communities recognised and enforceable by the Native Courts under the Native Courts Ordinance, 1992, and the Native Courts Rules, 1993 | | | |
| | | | | <ul style="list-style-type: none"> Decisions of the Civil Courts pertaining to legal or customary tenure or use rights | | | |
| | | | | <ul style="list-style-type: none"> Statement of Forest Policy, 1954 | | | |
| | | 1.5.2 | Control of encroachment, illegal harvesting, hunting, and settlement, and other unauthorised activities in the FMU. | Compliance with the following through record of monitoring: | Since the FMU is not operational at this stage controls are limited to boundaries, encroachment and illegal harvesting. | +/- | Extend area controls in the FMU to include illegal settlement and hunting. Provide records of all patrolling and other monitoring/control activities conducted in the FMU, including action taken in the case of violations. |
| | | | | <ul style="list-style-type: none"> Evidence of control measures (e.g. signage, boundaries demarcation, etc) | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| | | | | <ul style="list-style-type: none"> Records of actions taken and copies of reports to relevant authorities | | | |
| | | | | <ul style="list-style-type: none"> Forests Ordinance (Cap. 126) – Sections 21, 36, 77-80, 85, 90, 90A and 92A | | | |
| | | | | <ul style="list-style-type: none"> Sarawak Forestry Corporation Ordinance, 1995 – Sections 10 (a), (b), (c), (d) and (g) | | | |
| | | | | <ul style="list-style-type: none"> Forest Rules, 1962 – Rules 10 and 19 | | | |
| | | | | <ul style="list-style-type: none"> Wild Life Protection Ordinance, 1998 (Cap. 26) – Part IV (Protection of Wild Life) and Part V (Provisions as to Procedures and Trials) | | | |
| | | | | <ul style="list-style-type: none"> Wild Life Protection Rules, 1998 – Part VI (Enforcement) and Part VII (Compounding of Offences) | | | |
| | | | | <ul style="list-style-type: none"> Native Courts Ordinance, 1992 | | | |
| | | | | <ul style="list-style-type: none"> Native Courts Rules, 1993 | | | |
| | | | | <ul style="list-style-type: none"> Native Customs (Declaration) Ordinance, 1996 – Sections 6,7 and 9 | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
|-----------|--|-----------|--|---|--|------------|---|
| | | | | <ul style="list-style-type: none"> All adat codified under the Native Customs (Declaration) Ordinance, 1996, and any other adat recognised and enforceable by the Native Courts under the Native Courts Ordinance, 1992, and the Native Courts Rules, 1993 | | | |
| | | | | <ul style="list-style-type: none"> Decisions of the Civil Courts pertaining to legal or customary tenure or use rights | | | |
| | | | | <ul style="list-style-type: none"> Sarawak Biodiversity Centre Ordinance, 1997 - Part IV (Legal Proceedings, Offences and Penalties, etc.) | | | |
| | | | | <ul style="list-style-type: none"> Forest Management Plan | | | |
| | | | | Sarawak Biodiversity Regulations, 2004 o Reg 26 (Offences for propagation, etc., of protected species) o Reg 46 (Offences) | | | |
| 1.6 | Forest managers shall demonstrate long-term commitment to adhere to these Principles and Criteria. | 1.6.1 | Availability of policies or statements of commitment to forest management practices consistent with these Principles and Criteria. | <ul style="list-style-type: none"> Written policies or statements of such commitment | No written policy on commitment to MC&I P&C has been developed yet. | NO | Develop written policy on commitment to forest certification based on MC&I P&C. |
| | | 1.6.2 | Policies or statements are communicated throughout the organisation and contractors, and are made available to the public. | <ul style="list-style-type: none"> Records of staff briefings | Policy or statement of commitment has yet to be formulated and communicated. | NO | Communicate written policy on commitment to forest certification based on MC&I to the general public. |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION | |
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| | | | | <ul style="list-style-type: none">Relevant statements in contractual agreements | | | | |
| | | | | <ul style="list-style-type: none">Public summary of policy statement | | | | |
| | | | | <ul style="list-style-type: none">Evidence of distribution of policy statement to stakeholders | | | | |
| Principle 2: Tenure and Use Rights and Responsibilities | | | | | | | | |
| Long-term tenure and use rights to the land and forest resources shall be clearly defined, documented and legally established. | | | | | | | | |
| 2.1 | Clear evidence of long-term forest use rights to the land (e.g. land title, customary rights, or lease agreements) shall be demonstrated. | 2.1.1 | Availability of documentation of legal status, and established forest use rights of the land or forest resources within the relevant federal, state and local laws in the FMU. | <ul style="list-style-type: none">Forests Ordinance (Cap. 126) – Part II (Forest Reserves), Part III (Protected Forests) and Part IV (Communal Forests) | Legal status and forest use rights are documented in the provisions made in the Forest Timber License T/0342, issued to Borlin Sdn. Bhd., valid until 29 Sep 2025. | YES | | |
| | | | | <ul style="list-style-type: none">Forest Timber Licence | | | | |
| | | | | <ul style="list-style-type: none">Land Code (Cap. 81) (grants, leases, native customary rights and communal reserves) | | | | |
| | | | | <ul style="list-style-type: none">All adat codified under the Native Customs (Declaration) Ordinance, 1996, and any other adat recognised and enforceable by the Native Courts under the Native Courts Ordinance, 1992, and the Native Courts Rules, 1993 | | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| | | | | <ul style="list-style-type: none"> Decisions of the Civil Courts pertaining to legal or customary tenure or use rights | | | |
| | | 2.1.2 | Forest managers shall support legally recognised mechanisms for resolving land claims. | <ul style="list-style-type: none"> Records of participation in the resolution of land claims within the FMU, if any | Managers support mechanisms for resolving land claims, whereas the authority for recognition of such claims rests with the responsible government agencies. | YES | Provide records on support of land claim resolution in the FMU, if applicable. |
| 2.2 | Local communities with legal or customary tenure or use rights shall maintain control, to the extent necessary to protect their rights or resources, over forest operations unless they delegate control with free, prior and informed consent to other parties. | 2.2.1 | Availability of documentation, if any, of legal or customary tenure or use rights of local communities within relevant federal, state and local laws in the FMU. | <ul style="list-style-type: none"> Land Code (Cap. 81) | Documentation and map showing customary tenure/use rights of local communities is available. | YES | Regularly update documentation including maps of any legal or customary rights in the FMU. |
| | | | | <ul style="list-style-type: none"> Notification in Sarawak Government Gazette | | | |
| | | | | <ul style="list-style-type: none"> All adat codified under the Native Customs (Declaration) Ordinance, 1996, and any other adat recognised and enforceable by the Native Courts under the Native Courts Ordinance, 1992, and the Native Courts Rules, 1993 | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| | | | | <ul style="list-style-type: none"> Decisions of the Civil Courts pertaining to legal or customary tenure or use rights | | | |
| | | | | <ul style="list-style-type: none"> Contractual agreement entered into with free, prior and informed consent, with local communities with legal or customary tenure or use rights for use of land | | | |
| | | 2.2.2 | Forest managers shall recognise, respect and collaborate with holders of duly recognised legal or customary tenure or use rights within relevant federal, state and local laws, in activities that may affect such rights. | <ul style="list-style-type: none"> Records of such collaboration, including participation in the resolution of land claims, if any | Customary tenure and use rights within the FMU have been identified, mapped, and are respected by forest managers. It is currently unknown whether the extent and documentation of such rights is complete. | +/- | Verify the completeness of documented and mapped NCR claims. Identify and assess risks of potential future claims on additional areas within the FMU. |
| | | | | <ul style="list-style-type: none"> Maps showing the location of settlements of local communities/indigenous peoples in and adjacent to the FMU | | | |
| | | | | <ul style="list-style-type: none"> Records of consultations held with the local communities/indigenous peoples to identify and document areas traditionally used and sites of significant importance to them (e.g. cultural, religious sites, water intake point) | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| | | | | <ul style="list-style-type: none"> Record of actions taken to protect the identified sites of significant importance (e.g. cultural, religious sites, water intake point) | | | |
| 2.3 | Appropriate mechanisms shall be employed to resolve disputes over tenure claims and use rights. The circumstances and status of any outstanding disputes will be explicitly considered in the certification evaluation. Disputes of substantial magnitude involving a significant number of interests will normally disqualify an operation from being certified. | 2.3.1 | Availability of appropriate mechanisms to resolve disputes over tenure and use rights. | <ul style="list-style-type: none"> Records of outcomes of direct negotiations or arbitration, if any | Mechanism for dispute resolution exists in SOP format. | YES | Compile records on practical application of dispute resolution mechanism, demonstrating successful application of the mechanism. |
| | | | | <ul style="list-style-type: none"> Records of decisions of Native Courts, if any | | | |
| | | | | <ul style="list-style-type: none"> Records of decisions of Civil Courts, if any | | | |
| | | | | <ul style="list-style-type: none"> Records of disputes over tenure and use rights are maintained, if any | | | |
| Principle 3: Indigenous Peoples' Rights | | | | | | | |
| The legal and customary rights of indigenous peoples to own, use and manage their lands, territories, and resources shall be recognised and respected. | | | | | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| 3.1 | Indigenous peoples shall control forest management on their lands and territories unless they delegate control with free, prior and informed consent to other parties. | 3.1.1 | Availability of documentation of the customary rights of indigenous peoples' lands within relevant federal, state and local laws, if any. | Where relevant, provisions related to forest management in international agreements specified under Indicator 1.3.1 are respected in forest management. | HCVF Report 2012 and ESIA 2014 both have identified the existence of customary rights of the Penan ethnic group since decades. State Government has established the Magoh Penan Reserve which is partially located within the FMU. | YES | Carry out permanent marking of the boundaries of Magoh Penan Reserve within the FMU, including a buffer zone. Existence of any additional NCR claims of Indigenous People within the FMU should be assessed and documented / mapped, if applicable. |
| | | | | • Land Code (Cap. 81) – Sections 5 and 6 | | | |
| | | | | • Forests Ordinance (Cap. 126) – Sections 6, 10, 11, 16, 32(1), 35, 46 and 47 | | | |
| | | | | • Notification in Sarawak Government Gazette (Second Schedule) | | | |
| | | | | • All adat codified under the Native Customs (Declaration) Ordinance, 1996, and any other adat recognised and enforceable by the Native Courts under the Native Courts Ordinance, 1992, and the Native Courts Rules, 1993 | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| | | | | • Decisions of the Civil Courts pertaining to legal or customary tenure or use rights | | | |
| | | | | • Records of consultations with the natives | | | |
| | | | | • Sarawak Biodiversity Regulations, 2004 | | | |
| | | | | • Reg 29 (Ethnobiological research) | | | |
| | | 3.1.2 | Management and use of such lands and resources are controlled by indigenous peoples unless they delegate control with free, prior and informed consent to other parties. | • Record of consultations with representatives of aborigines/natives | Management and use of the Penan Reserve is controlled by the Penan ethnic group. | YES | |
| | | | | • Records of delegation of control with free, prior and informed consent by aborigines/natives, if any | | | |
| | | 3.1.3 | Availability of appropriate mechanisms to resolve any conflicts and grievances between parties involved. | • Records of conflicts and grievances between parties involved concerning their legal and customary rights within the FMU, if any | Mechanism for resolution of resource/land claims, conflicts and grievances exists. | YES | |
| | | | | • Records of outcomes of direct negotiations or arbitration concerning their legal and customary rights within the FMU, if any | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| | | | | <ul style="list-style-type: none"> Records of decisions of Native Courts concerning their legal and customary rights within the FMU, if any | | | |
| | | | | <ul style="list-style-type: none"> Records of decisions of Civil Courts concerning their legal and customary rights within the FMU, if any | | | |
| 3.2 | Forest management shall not threaten or diminish, either directly or indirectly, the resources or tenure rights of indigenous peoples. | 3.2.1 | Forest management practices in indigenous people's lands recognised within relevant federal, state and local laws shall not threaten or diminish, either directly or indirectly, their resources or tenure rights. | <ul style="list-style-type: none"> Preventive and mitigation measures incorporated into Forest Management Plan | As no forest operations are currently conducted within the FMU there are no negative impacts on the Penan Reserve, or any other resource or tenure rights. | YES | Identify and incorporate preventive and mitigation measures for loss or damage of resources or tenure rights into the Forest Management Plan. |
| | | | | All adat recognised and enforceable by the Native Courts, including relevant decisions of the Civil Courts | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| | | 3.2.2 | Actions shall be taken to prevent or mitigate adverse impacts. | <ul style="list-style-type: none"> Records of actions taken | As the FMU is currently inactive no prevention/mitigation measures are required. | YES | Prepare SOP for actions to be taken to prevent and mitigate potential impacts of forest operations on identified protection sites. |
| 3.3 | Sites of special cultural, ecological, economic or religious significance to indigenous peoples shall be clearly identified in cooperation with such peoples, and recognised and protected by forest managers. | 3.3.1 | Availability of appropriate procedures within current administrative processes for identifying and protecting such sites and provisions for rights of access to these sites by indigenous peoples within relevant federal, state and local laws or by mutual agreement. | <ul style="list-style-type: none"> Procedures for identifying and protecting sites of special cultural, ecological, economic or religious significance to natives | Magoh Penan Reserve includes these sites which are protected. Procedures exist in the form of WWF-Malaysia HCVF Toolkit. | YES | Penan Reserve to be clearly marked on the ground including buffer zone, prior to the commencement of any forest operations. Forest managers and workers including contractors shall be formally briefed on the location of the Penan Reserve, and on any other conservation and protection areas, to avoid any negative impacts/disturbance. |
| | | | | <ul style="list-style-type: none"> Records of dialogue and consultation held with natives and relevant stakeholders, if any | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| | | | | <ul style="list-style-type: none"> List and maps depicting locations of important cultural, ecological, economic or religious sites in the area to be certified | | | |
| | | | | <ul style="list-style-type: none"> Forest Management Plan | | | |
| | | | | <ul style="list-style-type: none"> Notification in Sarawak Government Gazette, if any | | | |
| | | | | <ul style="list-style-type: none"> Forest Ordinance (Cap. 126) (1958 Edition) – Part II (Forest Reserves), Part III (Protected Forests) and Part IV (Communal Forests) | | | |
| | | 3.3.2 | Availability of appropriate mechanisms for conflict resolution. | <ul style="list-style-type: none"> Records of dialogue and consultation held with natives and relevant stakeholders, if any | Mechanism exists but its effectiveness in achieving successful conflict resolution has yet to be demonstrated. | +/- | Compile records of dialogues and consultations held with natives and relevant stakeholders related to conflict resolution. |
| | | | | <ul style="list-style-type: none"> Records of arbitration Decisions of Native Courts and Civil Courts | | | |
| 3.4 | Indigenous peoples shall be acknowledged and compensated for the application of their traditional knowledge regarding the use of forest species or management | 3.4.1 | Availability of documentation, if any, of traditional forest-related knowledge and practices of indigenous peoples in the use of forest species or | <ul style="list-style-type: none"> Records of consultation with aborigines/natives | Traditional forest-related knowledge of the Penan ethnic group has been documented in the HCVF Study conducted by WWF-Malaysia in Year 2012. | YES | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIAN CE | RECOMMENDED ACTION |
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| | systems in forest operations. This compensation shall be formally agreed upon with their free, prior and informed consent before forest operations commence. | | management systems in forest operations. | <ul style="list-style-type: none">Records on the application of any traditional forest-related knowledge and practices of aborigines/natives in forest operations, if any | | | |
| | | 3.4.2 | Availability of appropriate mechanisms and fair and equitable compensation for the commercial utilisation of traditional forest-related knowledge and practices of indigenous peoples in accordance with existing legislation or by mutual agreement. | <ul style="list-style-type: none">Mechanisms established and records of fair and equitable compensation for the commercial utilisation of traditional forest-related knowledge and practices of natives, if any | Commercial utilisation of traditional forest-related knowledge and practices has not happened to date. | YES | Develop procedures and compensation mechanism for indigenous people in the event of commercial utilisation of traditional knowledge and practices. |
| | | | | <ul style="list-style-type: none">Sarawak Biodiversity Regulations, 2004Reg 32 (Incentive and protection to indigenous people) | | | |
| | | | | | | | |
| Principle 4: Community Relations and Worker’s Rights | | | | | | | |
| Forest management operations shall maintain or enhance the long-term social and economic well-being of local communities and forest workers. | | | | | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| 4.1 | The communities within, or adjacent to the FMU shall be given priority and opportunities for employment, training and other services. | 4.1.1 | Forest managers provide appropriate support for training, retraining, local infrastructure, facilities and social programmes that commensurate with the scale and intensity of forest management operations. | <ul style="list-style-type: none"> Records of training, retraining, local infrastructure, facilities and social programmes provided, if any | As operations have not started yet employment and training opportunities do not exist. Company, however, will give priority to qualified applicants from adjacent local communities. Company will schedule its forest workers to undergo training with Sarawak Timber Association (STA). | YES | Develop and disseminate written company policy on provision of training facilities, development of local infrastructure and social programmes as identified during project implementation. |
| | | | | <ul style="list-style-type: none"> Records of consultation with workers and local communities including community representative committee | | | |
| | | | | <ul style="list-style-type: none"> Annual Training Programme | | | |
| | | 4.1.2 | Qualified people in communities living within, or adjacent to, the FMU are given preference for employment and contract works. | <ul style="list-style-type: none"> Employment records | Operations have not started yet hence employment opportunities currently do not exist. | +/- | Develop and disseminate written company policy on giving priority to qualified applicants from local communities. |
| | | | | <ul style="list-style-type: none"> Training records | | | |
| | | | | <ul style="list-style-type: none"> Contract records | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| 4.2 | Forest management shall meet or exceed all applicable laws and/or regulations covering health and safety of employees and their families. | 4.2.1 | Up-to-date information on all applicable laws and/or regulations covering occupational safety and health of forest workers shall be disseminated to them. | <ul style="list-style-type: none"> Records of dissemination of up-to-date safety and health information to forest workers based on the following laws and regulations: | Upon start of project implementation company will conduct Safety & Health briefing and training sessions to all forest workers. | YES | Adopt Forest Worker Training Programme of Sarawak Timber Association (STA). Develop specific Safety & Health training modules by job scope. |
| | | | | <ul style="list-style-type: none"> Occupational Safety and Health Act, 1994 | | | |
| | | | | <ul style="list-style-type: none"> Accident investigation record, under the Occupational Safety and Health (Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Diseases) Regulations, 2004 | | | |
| | | | | <ul style="list-style-type: none"> Factories and Machineries Act, 1967 | | | |
| | | | | <ul style="list-style-type: none"> Employees' Social Security Act, 1969 | | | |
| | | | | <ul style="list-style-type: none"> Employees' Social Security (General) Regulations, 1971 | | | |
| | | | | <ul style="list-style-type: none"> Workmen's Compensation Act, 1952 o Pesticides Act, 1974 – Sections 28-30 | | | |
| | | | | <ul style="list-style-type: none"> Forests Ordinance (Cap. 126) – Section 54A | | | |
| | | | | <ul style="list-style-type: none"> Guidelines on occupational safety and health in logging operations | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| | | 4.2.2 | Availability of management policies addressing the occupational safety and health of forest workers and their families in accordance with current legislation and/or regulations. | <ul style="list-style-type: none"> Statement of policy on occupational safety and health in accordance with Occupational Safety and Health Act, 1994 - Section 16 | Safety and Health management policies have been developed and are applied in all other Ta Ann subsidiaries. Company will follow same policies in FMU Kubaan-Puak. | YES | Adopt and implement Safety & Health management policy upon start of operations in the FMU. |
| | | | | <ul style="list-style-type: none"> Establishment of Safety and Health Committees in accordance with Occupational Safety and Health Act, 1994 - Sections 30 and 31 | | | |
| | | | | <ul style="list-style-type: none"> Employment of Safety and Health Officer in accordance with Occupational Safety and Health Act, 1994 - Section 29 | | | |
| | | 4.2.3 | Appropriate safety and operational equipment in good working condition, including operational procedures, shall be made available to forest workers in the work place. | <ul style="list-style-type: none"> Records of equipment and maintenance | Currently not implemented as operations have yet to start. Operational procedures are available. Personal Protective Equipment will be made available to forest workers upon start of operations. | YES | Review and update operational Safety and Health procedures, as required to match DOSH regulations. Organize/pre-arrange Personal Protective Equipment sets for all employed forest workers. |
| | | | | Operational procedures are available and forest workers are aware of these procedures in the work place | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| | | | | <ul style="list-style-type: none"> Minutes of Safety and Health Committee meetings | | | |
| | | 4.2.4 | Forest managers shall maintain up-to-date safety records in compliance with all applicable laws and/or regulations covering health and safety of forest workers. | <ul style="list-style-type: none"> Safety and health records of forest workers | Currently no database exists as operations have not commenced but Safety & Health records would be compiled, as done in other Forest Timber Licenses of the Ta Ann Group. | YES | Prepare templates for Safety & Health recording and monitoring according to DOSH regulations. |
| | | | | <ul style="list-style-type: none"> Minutes of Safety and Health Committee meetings | | | |
| | | 4.2.5 | Demarcation of hazardous areas and provision of guidelines for storage and handling of hazardous materials. | <ul style="list-style-type: none"> Guidelines for storage and handling of hazardous materials in accordance with the requirements of the following: | Guidelines for Storage and Handling of Hazardous Materials exist for other license areas and will be adopted. Demarcation of suitable and safe areas would be made once contractor base camps have been established within the license area. | YES | Develop or adopt Guidelines for Storage and Handling of Hazardous Materials from other T/Licences. Pre-identify hazardous areas in the FMU, if applicable. |
| | | | | <ul style="list-style-type: none"> Environmental Quality (Scheduled Wastes) Regulations, 1989 | | | |
| | | | | <ul style="list-style-type: none"> Occupational Safety and Health (Use and Standards of Exposure of Chemical Hazardous to Health) Regulations, 2000 | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| | | | | <ul style="list-style-type: none"> Pesticides Act, 1974 | | | |
| | | | | <ul style="list-style-type: none"> Hazardous areas clearly demarcated with proper signage | | | |
| 4.3 | The rights of workers to organise and voluntarily negotiate with their employers shall be guaranteed as outlined in Conventions 87 and 98 of the International Labour Organization (ILO). | 4.3.1 | Provisions for workers to freely organise into union of their own choice in accordance with ILO Convention No. 87. | <ul style="list-style-type: none"> ILO Convention No. 87 – The Freedom of Association and Protection of the Right to Organise Convention, 1948 – Articles 2, 3, 5 and 11 | Company policy supporting workers' rights to organize into unions does not exist. | NO | Develop and disseminate company policy supporting ILO Convention No. 87 |
| | | | | <ul style="list-style-type: none"> Federal Constitution – Article 10 | | | |
| | | | | <ul style="list-style-type: none"> Labour Ordinance (Sarawak Cap. 76) | | | |
| | | | | <ul style="list-style-type: none"> Industrial Relations Act, 1967 – Sections 3-8A | | | |
| | | | | <ul style="list-style-type: none"> Trade Unions Act, 1959 (Act 262) | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| | | 4.3.2 | Provisions for workers the right to organise and undertake collective bargaining leading to agreements in accordance with ILO Convention No. 98 – The Right to Organise and Collective Bargaining Convention, 1949 - Articles 1 and 2, ILO Convention No. 111 – Discrimination (Employment and Occupation), 1958 - The Right to Equal Treatment, ILO Convention No. 100 – Equal Remuneration, 1951 - The Right to Equal Pay. | <ul style="list-style-type: none"> ILO Convention No. 98 – The Right to Organise and Collective Bargaining Convention, 1949 – Articles 1 and 2 | Company policy supporting workers' rights to organize and undertaking collective bargaining do not exist. | NO | Develop and disseminate company policy supporting ILO Conventions No. 98, No. 111, No. 100. |
| | | | | <ul style="list-style-type: none"> ILO Convention No. 111 – Discrimination (Employment and Occupation) Convention, 1958 – The Right to Equal Treatment - Articles 1-5 | | | |
| | | | | <ul style="list-style-type: none"> ILO Convention No. 100 – Equal Remuneration Convention, 1951 - The Right to Equal Pay – Articles 1-4 | | | |
| | | | | <ul style="list-style-type: none"> Labour Ordinance (Sarawak Cap. 76) | | | |
| | | | | <ul style="list-style-type: none"> Industrial Relations Act, 1967 – Sections 4 and 13 | | | |
| | | | | <ul style="list-style-type: none"> Trade Unions Act, 1959 (Act 262) | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| | | 4.3.3 | The right of workers to benefits and protection is assured under applicable laws and/or regulations. | <ul style="list-style-type: none"> Labour Ordinance (Sarawak Cap. 76) | Rights of workers to benefits and protection exist, supported by national and state laws and regulations (e.g. EPF, SOCSO). | YES | |
| | | | | <ul style="list-style-type: none"> Employees Provident Fund Act, 1991 | | | |
| | | | | <ul style="list-style-type: none"> Employees' Social Security Act, 1969 | | | |
| | | | | <ul style="list-style-type: none"> Employees' Social Security (General) Regulations, 1971 | | | |
| | | 4.3.4 | Availability of appropriate procedures to address grievances raised by workers and/or their organisations and for conflict resolution. | <ul style="list-style-type: none"> Procedures to address grievances and for conflict resolution | Formal procedures to address grievances of workers or conflicts between company and workers do not exist. | NO | Develop written procedures (SOP) for handling and resolving worker grievances and conflicts. |
| | | | | <ul style="list-style-type: none"> Industrial Relations Act, 1967 – Sections 18-37 | | | |
| | | | | <ul style="list-style-type: none"> Records of participation to resolve grievances, if any | | | |
| | | | | <ul style="list-style-type: none"> Labour Ordinance (Sarawak Cap. 76) | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| 4.4 | 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. | 4.4.1 | Forest managers shall evaluate, through consultations, social impact of forest operations directly affecting communities, and the people and groups directly affected by the forest operations shall have access to information on the results of the social impact evaluations. | <ul style="list-style-type: none"> Records of meetings and/or consultations between forest managers and communities affected | Social impacts have been assessed within the scope of a HCVF Study carried out in year 2012 by Sarawak Forestry Corporation (SFC) , and as part of the Social Environmental Impact Assessment (EIA) carried out by Ecosol Consultancy Sdn. Bhd. in July 2014 on behalf of the licensee Borlin Sdn. Bhd. | YES | Evaluate, disseminate and explain the results of the HCVF and EIA studies to the affected local communities within and adjacent to the licence area. |
| | | | | <ul style="list-style-type: none"> Report on social impact evaluation | | | |
| | | 4.4.2 | Forest planning and management practices shall consider and incorporate the results of such evaluations. | <ul style="list-style-type: none"> Forest Management Plan | Results of HCVF and EIA studies have not been fully incorporated into the Draft Forest Management Plan. | NO | Incorporate relevant results of the EIA and HCVF studies into the forest management planning and operational practices, as necessary. |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| 4.5 | Appropriate mechanisms shall be employed for resolving grievances and for providing fair compensation in the case of loss or damage affecting the legal or customary rights, property, resources, or livelihoods of local communities. Measures shall be taken to avoid such loss or damage. | 4.5.1 | Provisions and measures within relevant federal, state and local laws shall be taken to prevent loss or damage affecting the local communities' legal or customary rights, property, resources, or their livelihoods. | <ul style="list-style-type: none"> Federal Constitution – Articles 8 and 13 | Planning measures to prevent potential loss or damages affecting local communities exist to a certain extent but are not considered adequate. | +/- | Develop list of prevention measures and potential impacts of forest operations on local communities. Formulate appropriate mitigation measures in the case of damages or loss. |
| | | | | <ul style="list-style-type: none"> Land Code (Cap. 81) – Sections 5 and 6 | | | |
| | | | | <ul style="list-style-type: none"> Human Rights Commission of Malaysia Act, 1999 | | | |
| | | | | <ul style="list-style-type: none"> All adat codified under the Native Customs (Declaration) Ordinance, 1996, and any other adat recognised and enforceable by the Native Courts under the Native Courts Ordinance, 1992, and the Native Courts Rules, 1993 | | | |
| | | | | <ul style="list-style-type: none"> Decisions of the Civil Courts pertaining to legal or customary tenure or use rights | | | |
| | | | | <ul style="list-style-type: none"> Forest Management Plan | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIAN CE | RECOMMENDED ACTION |
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| | | 4.5.2 | Appropriate mechanisms are employed to expeditiously resolve grievances, and provide fair and equitable compensation for any loss or damage affecting the local communities’ legal or customary rights, property, resources, or their livelihoods, caused by forest operations. | <ul style="list-style-type: none">Records of consultation and negotiation | Mechanisms exist for handling and resolution of claims between company and local communities.In addition, agreements for compensation of harvesting impacts on forest resources exist.The level/amount of community compensation varies and is not based on standardized procedures. | +/- | Review and standardize current mechanisms dealing with community grievances, loss, damage and compensation.Devel op comprehensive written procedures (SOP). |
| | | | | <ul style="list-style-type: none">Records of mediation or arbitration | | | |
| | | | | <ul style="list-style-type: none">Records of decisions of the Native and/or Civil Courts | | | |
| | | | | <ul style="list-style-type: none">Records of compensation | | | |
| Principle 5: Benefits from the forest | | | | | | | |
| Forest management operations shall encourage the efficient use of the forest’s multiple products and services to ensure economic viability and a wide range of environmental and social benefits. | | | | | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| 5.1 | Forest management shall strive toward economic viability, while taking into account the full environmental, social, and operational costs of production, and ensuring the investments necessary to maintain the ecological productivity of the forest. | 5.1.1 | Investments and reinvestments are made in forest management, including for forest administration, research, human resource development, protection, economic, conservation, environmental and social aspects, consistent with the tenure of the FMU. | <ul style="list-style-type: none"> Annual budget and expenditure for forest management area | Apart from general administration and area monitoring activities limited investments have been made into the FMU since its acquisition in year 2007. Development expenditures for infrastructure are expected to increase significantly when the company commences forest operations, expected by year 2016. | +/- | Develop budget for FMU, including preparatory activities, starting in year 2016. Compile investments made since the date of FMU acquisition. |
| | | 5.1.2 | Provisions and management prescriptions are made to maintain, restore or enhance the productive capacity and ecological integrity of the FMU to ensure its economic viability. | <ul style="list-style-type: none"> Reduction of royalty rate for logs extracted by helicopter (DF Circular No. 2/1998) | Considering the current stocking situation of the FMU no specific restoration or enhancement measures appear to be necessary. | YES | Conduct forest stratification by growing stock levels to determine areas to be harvested and areas to undergo silvicultural treatment (if found to be necessary). |
| | | | | <ul style="list-style-type: none"> Guidelines/Procedures on Reduced and Low Impact Harvesting Systems, 1999 | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| | | | | <ul style="list-style-type: none"> Records of silvicultural treatment | | | |
| | | | | <ul style="list-style-type: none"> A Master Plan for Wildlife in Sarawak, 1996 | | | |
| | | | | <ul style="list-style-type: none"> Forest Management Plan | | | |
| | | | | <ul style="list-style-type: none"> DF Circular No. 6/99 – Conservator of Wildlife in Forest Timber Licensed Areas | | | |
| 5.2 | Forest management and operations shall encourage the optimal use and local processing of the forest's diversity of products. | 5.2.1 | Forest management practices encourage the optimal use of forest resources. | <ul style="list-style-type: none"> Forest resource inventories | No forest management inventories have been conducted in the FMU. Without an overview over the general stocking situation it is premature to determine management practices for optimal use. | NO | Conduct Forest Resource Assessment (FRA, management inventory) covering the whole productive area of the FMU. Analyze data and determine management prescriptions based on the results of the FRA. |
| | | | | <ul style="list-style-type: none"> Non-timber forest products licensing | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| | | | | <ul style="list-style-type: none"> Quantity of timber and non-timber forest products extracted | | | |
| | | | | <ul style="list-style-type: none"> Compliance with annual allowable cut | | | |
| | | 5.2.2 | Forest operations encourage local processing and diversifying the mix of commercial products derived from the forest. | <ul style="list-style-type: none"> Gazetted royalty structure and rates | No operations currently conducted in the FMU. Mix of commercial products cannot be determined without sound knowledge of the growing stock. | NO | Determine mix of products and local processing options, following collection and analysis of the Forest Resource Assessment (FRA) data. |
| | | | | <ul style="list-style-type: none"> Quantity and percentage of timber and non-timber forest products processed locally | | | |
| | | | | <ul style="list-style-type: none"> Quantity and percentage of timber and non-timber forest products exported | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| 5.3 | Forest management shall minimise waste associated with harvesting and on-site processing operations and avoid damage to other forest resources. | 5.3.1 | Implementation of guidelines for reduced/low impact logging to minimise damage to residual stand. | <ul style="list-style-type: none"> Guidelines/Procedures on Reduced and Low Impact Harvesting Systems, 1999 | No Reduced or low impact harvesting operations have been implemented as operations have not started. The company, however, will apply such methods during harvesting. | +/- | Conduct training of forest workers (surveyors, machine operators, tree fellers, hook men) on RIL practices, prior to start of harvesting operations. |
| | | | | <ul style="list-style-type: none"> Basic Chainsaw Maintenance and Directional Tree Felling 2001 | | | |
| | | | | <ul style="list-style-type: none"> Detailed Harvesting Plan | | | |
| | | 5.3.2 | Log extraction operations to minimise product wastage, degradation and foregone revenue opportunities. | <ul style="list-style-type: none"> Guidelines/Procedures on Reduced and Low Impact Harvesting Systems, 1999 | No Reduced or low impact harvesting operations have been implemented as operations have not started. The company, however, will include aspects of optimum use, minimising log waste and damages to the environment. | +/- | Include aspects of optimum use and minimising log waste and damage to residual stands and forest environment in the RIL Guideline. |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| | | 5.3.3 | Regular training shall be conducted for the staff on techniques of reduced-impact logging. | <ul style="list-style-type: none"> Records of training | RIL training courses have not been held yet, pending recruitment of forest workers and start of harvesting operations. | +/- | Conduct RIL training courses for forest workers. Conduct RIL trials under different environmental conditions, prior to starting RIL operations at commercial scale. |
| 5.4 | Forest management shall strive to strengthen and diversify the local economy, avoiding dependence on a single forest product. | 5.4.1 | Forest management strategy that encourages the production of a mix of commercial forest products, including the utilisation of non-timber forest products and services, particularly by local community enterprises, provided that such use does not compromise the ecological health of the forest. | <ul style="list-style-type: none"> Diversification strategy | No strategy has been developed yet on mix of products including NTFP or environmental services, nature tourism, etc., due to the lack of resource overview. | NO | Develop and evaluate options for product diversification, taking into account the results of the FRA. |
| | | | | <ul style="list-style-type: none"> Non-timber forest products licences or permits issued to local community enterprises, if any | | | |
| | | | | <ul style="list-style-type: none"> Quantity of timber and non-timber forest products harvested within the FMU during the last five years, if any | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| 5.5 | Forest management operations shall recognise, maintain, and, where appropriate, enhance the value of forest services and resources such as watersheds and fisheries. | 5.5.1 | Implementation of guidelines and/or procedures to identify and demarcate sensitive areas for the protection of soil and water, watercourses and wetlands. | <ul style="list-style-type: none"> Guidelines/Procedures on Reduced and Low Impact Harvesting Systems, 1999 | Guidelines for identification of sensitive areas, soil and water conservation, etc exist from FDS and NREB. Implementation will commence prior to harvesting operations. | +/- | Mark all identified sensitive sites/areas prior to start of harvesting operations in the Coupe planned for a specific harvesting year, and along all accessible forest roads. |
| | | | | <ul style="list-style-type: none"> Forest Management Plan | | | |
| | | | | | | | |
| | | 5.5.2 | Implementation of management guidelines, where appropriate, to maintain and/or enhance the value of forest services and resources. | <ul style="list-style-type: none"> Forest Management Plan | Guidelines to maintain/enhance value of services and resources do not exist. Implementation can only be started after these values have been identified. | NO | Develop list of forest services and resources. Develop management guideline, indicating measures to maintain/enhance values of forest services and resources. |
| | | | | <ul style="list-style-type: none"> Guidelines/Procedures on Reduced and Low Impact Harvesting Systems, 1999 | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| 5.6 | The rate of harvest of forest products shall not exceed levels which can be permanently sustained. | 5.6.1 | Rate of harvest shall not be greater than estimated regrowth of the residual stand based on permanent sample plots within a pre-defined cutting cycle. | <ul style="list-style-type: none"> Evidence of enumeration, yield calculation and harvesting planning in the Forest Management Plan | No results from PSPs are available yet; number of current PSPs is insufficient to draw statistically valid conclusions on commercial regrowth and rate of harvest /AAC. | NO | Establish additional PSPs, based on results of variability of commercial stocking conditions in the FMU (to be derived from FRA results). In the absence of FMU growth data, undertake conservative estimate on commercial regrowth, and /or employ growth simulation models. |
| | | | | <ul style="list-style-type: none"> Annual Coupe is calculated based on Net Harvestable Production Area divided by Cutting Cycle Length (ha/yr) | | | |
| | | | | <ul style="list-style-type: none"> Annual volume removed be less than or equal to Mean Commercial Annual Increment (m³/ha/yr) for regulated forests | | | |
| | | | | <ul style="list-style-type: none"> Records and analysis of permanent sample plot data | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| | | 5.6.2 | Records of quantity of timber and important non-timber forest products harvested shall be maintained, taking cognisance of their sustainability in the long term. | <ul style="list-style-type: none"> Records of timber and non-timber forest products and quantity harvested under licence in the FMU, if any | No records are available yet as harvesting operations have not commenced. | NO | Develop recording system for monitoring of forest product harvesting. Build database along with progress of harvesting operations. |
| Principle 6: Environmental Impact | | | | | | | |
| Forest management shall conserve biological diversity and its associated values, water resources, soils and unique and fragile ecosystems and landscapes, and, by so doing, maintain the ecological functions and the integrity of the forest. | | | | | | | |
| 6.1 | Assessment of environmental impacts shall be completed – appropriate to the scale, intensity of forest management and the uniqueness of the affected resources – and adequately integrate into management systems. Assessments shall include landscape level consideration as well as the impacts of on-site processing facilities. Environmental impacts shall be assessed prior to commencement of site-disturbing operations. | 6.1.1 | Environmental impact assessments are carried out, including landscape level considerations, as well as the impacts of on-site processing facilities, appropriate to the scale and intensity of forest management, prior to commencement of forest operations in the FMU. | <ul style="list-style-type: none"> Forest Management Plan incorporating assessment of environmental impacts | Licensee Borlin Sdn. Bhd. has conducted a Social Environmental Impact Assessment for Timber Licence T/0342 in July 2014 through EIA Consultant: Ecosol Consultants Sdn. Bhd. | YES | |
| | | | | <ul style="list-style-type: none"> Natural Resources and Environment Ordinance (Cap. 84) – Section 11A | | | |
| | | | | <ul style="list-style-type: none"> Natural Resources and Environment (Prescribed Activities) Order, 1994 – Item 2 of First Schedule | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| | | 6.1.2 | Environmental impact assessments are carried out, including the potential impacts on endangered, rare and threatened species of flora and fauna, and the need for biological corridors in the FMU, appropriate to the scale and intensity of forest management. | <ul style="list-style-type: none"> Forest Management Plan incorporating assessment of environmental impacts | Impacts on RTE species and mitigation measures been evaluated within the scope of the EIA study conducted by Ecosol Consultants Sdn Bhd in July 2014. Biological corridors had not been determined yet. | YES | Examine whether RTE species distribution patterns and potential disturbances from timber harvesting require the delineation and protection of biological corridors. |
| | | | | <ul style="list-style-type: none"> Natural Resources and Environment Ordinance (Cap. 84) – Section 11A | | | |
| | | | | <ul style="list-style-type: none"> Natural Resources and Environment (Prescribed Activities) Order, 1994 – Item 2 of First Schedule | | | |
| | | | | <ul style="list-style-type: none"> Wild Life Protection Ordinance, 1998 (Cap. 26) | | | |
| | | 6.1.3 | Forest management plans shall incorporate measures to mitigate the environmental impacts identified in the assessments. | <ul style="list-style-type: none"> Forest Management Plan with mitigation measures for all impacts identified in the environmental impact assessment | Few mitigation measures had been described but these do not include not the full range of measures identified by the HCVF and EIA reports. | +/- | Amend FMP to include all relevant environmental and social mitigation measures as identified in the HCVF and EIA reports. |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
|-----------|---|-----------|--|--|--|------------|---|
| 6.2 | Safeguards shall exist which protect rare, threatened and endangered species and their habitats. Conservation zones and protection areas shall be established, appropriate to the uniqueness of the affected resources and the scale and intensity of forest management. Hunting, fishing, trapping and collection shall be controlled. | 6.2.1 | Availability and implementation of guidelines to identify and protect endangered, rare and threatened species of forest flora and fauna, including features of special biological interest such as seed trees, salt licks, nesting and feeding areas in the FMU. | • Forest Management Plan | No such Guidelines exist to date, except for some components in the FDS RIL Guideline, such as, e.g., identification of seed trees, salt licks and nesting sites. Implementation has not been made as operations have not started. | NO | Develop Guideline/SOP for identification of RTE species and features of biological interest. Ensure implementation prior to start of forest operations. |
| | | | | • Wild Life Protection Ordinance, 1998 (Cap. 26) (First and Second Schedules) | | | |
| | | | | • Forest Rules, 1962 (Second Schedule) | | | |
| | | | | • A Master Plan for Wildlife in Sarawak, 1996 | | | |
| | | | | • Up-to-date list of endangered, rare and threatened species of flora and fauna [as contained in the relevant laws, Malaysian Red List (flora) and IUCN Red List (fauna)], including features of special biological interest such as seed trees, salt licks, nesting and feeding areas | | | |
| | | | | • Records on protection of endangered, rare and threatened forest flora and fauna species, if present | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| | | 6.2.2 | Availability and implementation of management guidelines to establish representative conservation and protection areas, in accordance with existing forest ecosystems, appropriate to the scale and intensity of forest management. | <ul style="list-style-type: none"> A Master Plan for Wildlife in Sarawak, 1996 | Specific management guidelines to establish representative conservation and protection areas do not exist yet. | NO | Develop management guidelines for establishment of representative conservation and protection areas. |
| | | | | <ul style="list-style-type: none"> Forest Management Plan | | | |
| | | | | <ul style="list-style-type: none"> Wild Life Protection Ordinance, 1998 (Cap. 26) | | | |
| | | | | <ul style="list-style-type: none"> o List of protected species (First and Second Schedule) | | | |
| | | 6.2.3 | Existence of cooperation between forest managers, and conservation organizations and regulatory authorities in implementing conservation and management activities. | <ul style="list-style-type: none"> Records of meetings or collaboration | Cooperation with WWF HoB Project and Forestry Department Sarawak exists in planning conservation activities. Implementation has not been addressed as forest operations have not started. | +/- | Ensure continued cooperation with conservation organizations (e.g. WWF Malaysia) in implementation of conservation management. |
| | | | | <ul style="list-style-type: none"> Collaborative projects, if any | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| | | 6.2.4 | Hunting, fishing and collecting activities shall be controlled and inappropriate activities prevented in the FMU. | <ul style="list-style-type: none"> Records and/or reports of hunting, fishing and collecting forest products | No control measures for hunting, fishing and forest product collection have been implemented yet. | NO | Evaluate the need for control measures related to hunting, fishing, and forest product collection, particularly by 3rd parties not residing within or adjacent to the FMU. |
| | | | | <ul style="list-style-type: none"> Appointment of Honorary Wildlife Rangers | | | |
| | | | | <ul style="list-style-type: none"> Circular No. DF 6/99 – Conservator of Wildlife in Forest Timber Licensed Areas | | | |
| | | | | <ul style="list-style-type: none"> Forest Management Plan | | | |
| | | | | <ul style="list-style-type: none"> Wild Life Protection Ordinance, 1998 (Cap. 26) | | | |
| | | | | <ul style="list-style-type: none"> Measures such as periodical patrolling of forest areas, signage, closure of access to forest area, and administrative controls to prevent inappropriate hunting, fishing, trapping, collection and extreme recreational activities | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| | | 6.2.5 | Forest workers shall be aware of endangered, rare and threatened species of forest flora and fauna found in the FMU. Such awareness shall be promoted among local communities. | <ul style="list-style-type: none"> Records of awareness activities such as briefings, posters and publications | RTE awareness measures have not been conducted yet as no forest workers have been employed, except for minimum administration staff at camp site. | NO | Plan and organize RTE awareness measures in close collaboration with WWF Malaysia and Wildlife Department, prior to the start of forest operations. |
| 6.3 | Ecological functions and values shall be maintained intact, enhanced, or restored, including:- a) Forest regeneration and succession. b) Genetic, species and ecosystem diversity. c) Natural cycles that affect the productivity of the forest ecosystem. | 6.3.1 | Availability and implementation of management guidelines to assess post-harvest natural regeneration, and measures to supplement natural regeneration, where necessary, in the FMU. | <ul style="list-style-type: none"> Instruction for the Inspection of Logging Areas, 1982 | Manual of Silviculture for the Permanent Forest Estates of Sarawak (FDS, 1999) exists, including methods for Liberation Thinning and Enrichment Planting. Implementation can only be made once areas requiring treatment have been identified. | +/- | Analyze stocking conditions in the FMU (using a combination of high-resolution satellite imagery and ground verification) to identify areas requiring silvicultural treatment to enhance growth rates of commercial species. |
| | | | | <ul style="list-style-type: none"> Records of silvicultural treatments | | | |
| | | | | <ul style="list-style-type: none"> Analysis of change of forest stand/species composition in relation to the pre-felling inventories | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| | | 6.3.2 | Availability and implementation of guidelines for the conservation of genetic, species and ecosystem diversity in the FMU. | <ul style="list-style-type: none"> Forest Management Plan | Guidelines for conservation of diversity at genetic, species and ecosystem level have not been developed. | NO | Develop guidelines for conservation of diversity at genetic, species and ecosystem level, in close collaboration with research and conservation organizations, as well as forestry professionals. |
| | | | | <ul style="list-style-type: none"> A Master Plan for Wildlife in Sarawak, 1996 | | | |
| | | | | <ul style="list-style-type: none"> Wild Life Protection Ordinance, 1998 (Cap. 26) | | | |
| | | | | <ul style="list-style-type: none"> National Policy on Biological Diversity, 1998 | | | |
| | | | | <ul style="list-style-type: none"> DF Circular No. 6/99 – Conservator of Wildlife in Forest Timber Licensed Areas | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| | | 6.3.3 | Harvesting is designed taking into consideration the need for the conservation of biological corridors and buffer zones for features of special biological interest for wildlife. | • Forest Management Plan | Harvesting operations will only be carried out in production forest areas which exclude conservation and protection areas. | YES | Ensure that operational maps at Coupe and Block level contain all relevant conservation and protection areas not to be affected during harvesting operations. Conduct training of own and contractor workers for full understanding and compliance on the ground. |
| | | | | • Detailed Harvesting Plan | | | |
| | | | | | | | |
| 6.4 | Representative samples of existing ecosystems within the landscape shall be protected in their natural state and recorded on maps, appropriate to the uniqueness of the affected resources and the scale and intensity of operations. | 6.4.1 | Representative areas of existing forest ecosystems, appropriate to the scale and intensity of forest management operations, identified and selected under 6.2.2, are demarcated and protected in their natural state. | • Forest Management Plan | Representative areas of existing forest ecosystems (e.g. by Forest Types) have not been identified. | NO | Procure HR satellite image and undertake analysis and ground verification of pre-identified areas for identification, selection and subsequent protection of representative forest ecosystem areas. |
| | | | | • Records and maps of such areas | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| | | 6.4.2 | Implementation of appropriate protection and management activities for these areas. | • Records of implementation | Protection measures for representative areas of existing forest ecosystems have not been implemented, as these have not been identified yet. | NO | Determine protection and management activities for representative forest ecosystems. Develop SOP for ground implementation. |
| | | | | | | | |
| 6.5 | Guidelines shall be prepared and implemented to:- control erosion; minimise forest damage during harvesting, road construction, and all other mechanical disturbances; and protect water resources. | 6.5.1 | Availability and implementation of harvesting procedures to protect the soil from compaction by harvesting machinery and erosion during harvesting operations. | • Guidelines/Procedures on Reduced and Low Impact Harvesting Systems, 1999 | Guidelines for Reduced and Low Impact Logging Systems in Forest Management Certification (Natural Forest) Area (2nd ed. 2014) have been developed by Forestry Department Sarawak. | YES | Review RIL Guidelines to determine their effectiveness in protecting soils from erosion and compaction during harvesting operations. |
| | | | | • Environmental management report | | | |
| | | | | • Detailed Harvesting Plan | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| | | 6.5.2 | Implementation of reduced/low impact logging to minimise damage to the environment. | <ul style="list-style-type: none"> Guidelines/Procedures on Reduced and Low Impact Harvesting Systems, 1999 | RIL Guideline has not been implemented yet, as harvesting operations have not commenced. | NO | Conduct forest worker RIL training. Conduct regular and frequent on-site monitoring to ensure full implementation of RIL Guideline during forest harvesting operations. |
| | | 6.5.3 | Availability and implementation of guidelines for forest road lay-out and construction, including log landings and drainage requirements. | <ul style="list-style-type: none"> Guidelines for Forest Road Layout and Construction, 1999 | Guidelines for Forest Road Layout and Construction (FDS, 1999) exist but not all necessary details are included. | +/- | Review Road Construction Guidelines, ensure standards for all necessary road features/elements are included. |
| | | 6.5.4 | Availability and implementation of guidelines for conservation of buffer strips along streams and rivers. | <ul style="list-style-type: none"> Procedures for Identifying and Demarcating Sensitive Areas for the Protection of Soil and Water, 1999 | Procedures for buffer strip conservation exist but standards between relevant Government Departments differ. Implementation has not been made as operations are yet to commence. | +/- | Clarify which buffer widths (subject to width of water course) should be applied considering differing standards of Government agencies (FDS, NREB, DID). Develop implementation Guidelines for buffer widths along rivers and streams. |
| | | | | <ul style="list-style-type: none"> Guidelines for Forest Road Layout and Construction, 1999 | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| 6.6 | Forest manager shall adopt, where possible, environmentally friendly non-chemical methods of pest management, and strive to avoid the use of chemical pesticides. World Health Organization Type 1A and 1B and chlorinated hydrocarbon pesticides; pesticides that are persistent, toxic or whose derivatives remain biologically active and accumulate in the food chain beyond their intended use; as well as any pesticides banned by international agreement, shall be prohibited. If chemicals are used, proper equipment and training shall be provided to minimise health and environmental risks. | 6.6.1 | Availability of management policy on environmentally friendly non-chemical methods of pest management. | <ul style="list-style-type: none"> Management policy on the use of environmentally friendly non-chemical methods of pest management and avoiding the use of chemical pesticides, where applicable | No management policy on non-chemical pest control methods has been developed. | NO | Develop management policy on environmentally friendly non-chemical methods of pest management. |
| | | | | <ul style="list-style-type: none"> Outcome of interview with forest managers and workers | | | |
| | | 6.6.2 | Availability and implementation of guidelines and/or procedures on the use of chemicals in the forest approved by relevant regulatory authorities. | <ul style="list-style-type: none"> Occupational Safety and Health (Use and Standard of Exposure of Chemicals Hazardous to Health) Regulations, 2000 – Part II, Regulations 5, 15 and 16 | No Guidelines on chemical use have been prepared as operations have not started yet. | NO | Develop or adopt existing Guidelines on the use of chemicals for pest control. |
| | | 6.6.3 | Forest workers shall be aware of the procedures on the use of approved chemicals in the forest. | <ul style="list-style-type: none"> Standard Operating Procedure for chemical usage | No procedures exist on use of approved chemicals. | NO | Prepare SOP on procedures regulating the use of approved chemicals in nursery and during field operations. |
| | | | | <ul style="list-style-type: none"> Training records | | | |
| | | | | <ul style="list-style-type: none"> Outcome of interview with forest managers and workers | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| 6.7 | Chemicals, containers, liquid and solid non-organic wastes including fuel and oil shall be disposed of in an environmentally appropriate manner at off-site locations. | 6.7.1 | Oil, fuel, tyres, containers, liquid and solid nonorganic wastes, shall be disposed of in an environmentally appropriate and legal manner | <ul style="list-style-type: none"> Standard operating procedures on waste disposal and re-cycling of liquid and solid non-organic wastes | SOP on disposal of Scheduled Wastes has not been prepared. | NO | Develop SOP on collection, storage and disposal of Scheduled Wastes, according to DOE regulations. Conduct training of forest workers in SOP implementation. Provide necessary infrastructure for SOP implementation (DOE compliant SW stores, containers, absorbent, etc). |
| | | | | <ul style="list-style-type: none"> Records of disposal of containers, liquid and solid non-organic wastes, including fuel and oil | | | |
| 6.8 | Use of biological control agents shall be documented, minimised, monitored and strictly controlled in accordance with national laws and internationally accepted scientific protocols. Use of genetically modified organisms shall be prohibited. | 6.8.1 | Documentation, monitoring and control of biological control agents in accordance with relevant federal, state and local laws, and internationally accepted protocols, if such agents are used. | <ul style="list-style-type: none"> Documentation and monitoring records of use of biological control agents, if applied | Currently there are no plans to employ biological control agents in the FMU. | NA | |
| | | | | | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| 6.9 | Forest managers shall document, control and monitor the use of exotic species to avoid adverse ecological impacts. | 6.9.1 | Document, control and monitor on the use of exotic species to avoid adverse ecological impacts. Preference shall be given to native species in enrichment planting. | • List of exotic species used, if any | Currently there are no plans to use exotic species in the FMU. Preference will be given to indigenous species. | NA | |
| | | | | • Records of monitoring and control of exotic species, if applicable | | | |
| | | | | • Approval by relevant authorities for procurement of exotic species | | | |
| | | | | • Records of enrichment planting | | | |
| 6.10 | Forest conversion to plantations or non-forest land uses shall not occur, except in circumstances where conversion:- a) entails a very limited portion of the forest management unit; and b) does not occur on high conservation value forest areas; and c) will enable clear, substantial, additional, secure, long-term conservation, economic and social benefits across the forest management unit. | 6.10.1 | The forest manager shall ensure that conversion from natural forest to forest plantations or non forest use: a) Shall not include any High Conservation Value Forest areas; and b) Covers a very limited portion* of the FMU and shall enable clear, substantial, additional, secure, long term conservation, economic and social benefits across the FMU *“A limited portion” is defined as: | • Forest Management Plan | There are no plans to convert natural forests to forest plantations or non-forest uses. | NA | |
| | | | | • Social, environmental and economic cost benefit analysis | | | |
| | | | | • Environmental Impact Assessment, where required by the Natural Resource and Environment Ordinance (Cap. 84) – Section 11A | | | |
| | | | | • Natural Resources and Environment (Prescribed Activities) Order, 1994 – Item 2 of First Schedule | | | |
| | | | | • Record of forest conversion, including maps/aerial photographs/satellite imageries | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| | | | <ul style="list-style-type: none"> not more than 2.5% of the total area of the FMU in the first 3 years; not more than 1.5% for the subsequent 2 years; and not more than 1% for the next subsequent 2 years. This definition may be modified in the next review process of this standard. | | | | |
| | | | | | | | |
| | | | | | | | |
| | | 6.10.2 | The forest manager shall have evidence of necessary approval for the conversion, in line with applicable laws and policies. | <ul style="list-style-type: none"> Evidence of approval | There are no plans to convert natural forests to forest plantations or non-forest uses. | NA | |
| Principle 7: Management Plan | | | | | | | |
| A management plan – appropriate to the tenure, scale and intensity of the operations – shall be prepared, approved, implemented and kept up-to-date. The long term objectives of management, and the means of achieving them, shall be clearly stated. | | | | | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| 7.1 | The management plan and supporting documents shall provide:- a) Management objectives. b) Description of the forest resources to be managed, environmental limitations, land use and ownership status, socio-economic conditions, and a profile of adjacent lands. c) Description of silvicultural and/or other management system, based on the ecology of the forest in question and information gathered through resource inventories. d) Rationale for rate of annual harvest and species selection. e) Provisions for monitoring of forest growth and dynamics. | 7.1.1 | Availability and implementation of Forest Management Plan. | Availability and implementation of Forest Management Plan. | Draft FMP has been prepared but is not yet implemented. Points 7.1 a) to i) have been covered in principle but not comprehensive and lacking details. Weak points include 7.1 b), d), f), g) and i) | +/- | Refine FMP to provide detailed chapters with specific data and procedures concerning points 7.1 a) to e). |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| | f) Environmental safeguards based on environmental assessments. g) Plans for the identification and protection of rare, threatened and endangered species. h) Maps describing the forest resource base including protected areas, planned management activities and land ownership. i) Description and justification of harvesting techniques and equipment to be used. | | | | | | |
| 7.2 | The management plan shall be periodically revised to incorporate the results of monitoring or new scientific and technical information, as well as to respond to changing environmental, social and economic circumstances. | 7.2.1 | Implementation of procedures to periodically revise the forest management plan, incorporating the results of monitoring or new scientific and technical information, the frequency of which shall be appropriate to the scale and intensity of forest management operations, so as to respond to changing environmental, social and economic circumstances. | <ul style="list-style-type: none"> Periodic review as prescribed in the Forest Management Plan | Review of FMP has been scheduled to take place at 5-year intervals. No review has been made yet. | NO | Update the FMP with relevant recent data and information, including results from EIA and HCVF Reports, monitoring requirements, etc. Incorporate results from Forest Resource Assessment for overview over current growing stock and harvest planning. |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| | | | | <ul style="list-style-type: none"> Record of revision of the Forest Management Plan | | | |
| | | 7.2.2 | Forest managers shall be aware of new scientific and technical information pertinent to the management of the area to be certified. | <ul style="list-style-type: none"> Records of new scientific and technical information pertinent to the management of the area to be certified | No specific training or briefing activities on new scientific and technical information have been held to date. | NO | Conduct training and briefing sessions to forest managers concerning updated scientific and technical information and tools related to forest management. |
| 7.3 | Forest workers shall receive adequate training and supervision to ensure proper implementation of the management plan. | 7.3.1 | Availability of facilities and programmes for training of forest workers for proper implementation of the forest management plan. | <ul style="list-style-type: none"> Training facilities and programmes of the Sarawak Forestry Corporation, Sarawak Timber Association and other agencies | Training programme for forest workers exists through Sarawak Timber Association (STA). | YES | Arrange training courses for forest workers in relevant work fields, prior to commencement and during forest operations. |
| | | 7.3.2 | Forest workers shall be trained as to their respective roles in the implementation of the forest management plan. | <ul style="list-style-type: none"> Staff training records and certificates | Forest workers have not been formally trained as forest operations have not started yet. | NO | Arrange training of forest workers, addressing their specific roles in FMP implementation, prior to commencement and during forest operations. |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| 7.4 | While respecting the confidentiality of information, forest managers shall make publicly available a summary of the primary elements of the management plan, including those listed in Criterion 7.1. | 7.4.1 | A summary of the primary elements of the forest management plan as prepared and implemented under Indicator 7.1.1 shall be made available to the public. | <ul style="list-style-type: none"> Public summary of the Forest Management Plan | Summary of FMP has not been made available to the public. | NO | Prepare and publish an executive summary of the FMP on the company website (create forest certification section). |
| Principle 8: Monitoring and Assessment | | | | | | | |
| Monitoring shall be conducted – appropriate to the scale and intensity of forest management – to assess the condition of the forest, yields of forest products, chain of custody, management activities and their social and environmental impacts. | | | | | | | |
| 8.1 | The frequency and intensity of monitoring shall be determined by the scale and intensity of forest management operations as well as the relative complexity and fragility of the affected environment. Monitoring procedures shall be consistent and replicable over time to allow | 8.1.1 | Forest managers shall comply with the regulatory monitoring procedures in accordance with relevant federal and state guidelines of the Forestry Departments and other relevant agencies. | <ul style="list-style-type: none"> Procedures for the Inspection of Harvesting Areas, 1999 | Monitoring procedures according to federal and state Guidelines have not started yet, except for license boundary monitoring. | NO | Develop or adopt monitoring systems and procedures according to requirements of federal and state (FDS) Guidelines (refer Criterion 8.2). |
| | | | | <ul style="list-style-type: none"> Instructions for the Inspection of Logging Areas, 1982 | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| | comparison of results and assessment of change. | 8.1.2 | Forest managers shall identify and implement appropriate monitoring procedures, in accordance with the scale and intensity of the forest management operations, for assessing social, ecological, environmental and economic impacts. | <ul style="list-style-type: none"> Procedures to monitor social, ecological, environmental and economic impacts | Monitoring procedures for assessment of social, ecological, environmental and economic impacts have not been developed (except for legally required Environmental Monitoring conducted by EIA consultant) | NO | Develop specific procedures (SOP) for monitoring and reporting on social, ecological, environmental and economic impacts. |
| | | | | <ul style="list-style-type: none"> Inspection and monitoring reports | | | |
| 8.2 | Forest management shall include the research and data collection needed to monitor, at a minimum, the following indicators:- a) Yield of all forest products harvested. b) Growth rates, regeneration and condition of the forest. c) Composition and observed changes in the flora and fauna. | 8.2.1 | Forest managers shall gather the relevant information, appropriate to the scale and intensity of the forest management operations, needed to monitor the items (a) to (e) listed in Criterion 8.2. | <ul style="list-style-type: none"> Forest Management Plan | Collection of information on indicators 8.2 (a) - (e) has not started yet, except for few data collected as required under 8.2 (b). | NO | Develop monitoring systems and procedures for collection, processing, analysis and reporting of relevant data as per Indicator 8.2 (a) to (e). |
| | | | | <ul style="list-style-type: none"> Permanent sample plot data | | | |
| | | | | <ul style="list-style-type: none"> Inspection and monitoring reports (pre-felling and post harvesting activities) | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| | d) Environmental and social impacts of harvesting and other operations. | | | <ul style="list-style-type: none"> Reports on social, environmental and economic impacts evaluation | | | |
| | e) Costs, productivity and efficiency of forest management. | | | <ul style="list-style-type: none"> Environmental monitoring report | | | |
| | | | | <ul style="list-style-type: none"> Wildlife/Biodiversity report | | | |
| 8.3 | Documentation shall be provided by the forest manager to enable monitoring and certifying organisations to trace each forest product from its origin, a process known as the “chain of custody”. | 8.3.1 | Forest managers shall provide relevant documents for identifying all forest products leaving the area to be certified so that their origin could be easily determined. | <ul style="list-style-type: none"> Record of Removal Pass (Royalty/Transit) | Licensee Borlin Sdn. Bhd. will have to follow the system of “Legality Verification of Logs in Sarawak” (Ministry of Resource Planning and Environment, State of Sarawak). This system does not full comply with COC certification requirements. | +/- | Undertake comparative analysis of Sarawak's legal log verification system with the specific COC requirements of MC&I. Modify/upgrade company internal COC system to full compatibility with COC requirements, as necessary. |
| | | | | <ul style="list-style-type: none"> Record of Daily Production Return (up to individual tree) | | | |
| | | | | <ul style="list-style-type: none"> Record of Permit to Enter Coupe (PEC) | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| | | | | <ul style="list-style-type: none"> Record of log specification for shutout log/forest produce | | | |
| | | | | <ul style="list-style-type: none"> Record of export declaration form | | | |
| | | | | <ul style="list-style-type: none"> Export Clearance Certificate/Endorsement Clearance Certificate | | | |
| 8.4 | The results of monitoring shall be incorporated into the implementation and revision of the management plan. | 8.4.1 | Forest managers shall incorporate the results and findings of the monitoring activities into the implementation and revision of the forest management plan. | <ul style="list-style-type: none"> Relevant results of monitoring activities shall be incorporated into the revision of the Forest Management Plan | As operations have not started yet no monitoring results are available yet. | NO | Start monitoring activities as soon as forest operations begin. Carry out initial analyses after 3-6 month initial implementation period. Determine subsequent monitoring intervals. |
| 8.5 | 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. | 8.5.1 | A summary of the results of monitoring indicators, including those listed in Criterion 8.2, shall be made available to the public. | <ul style="list-style-type: none"> Public summary of results of monitoring indicators | No summary of monitoring results can be compiled and published as these are not available yet. | NO | Prepare summary of forest monitoring results after an initial implementation period of 6 months. |
| Principle 9: Maintenance of High Conservation Value Forests | | | | | | | |
| Management activities in high conservation value forests shall maintain or enhance the attributes which define such forests. Decisions regarding high conservation value forests shall always be considered in the context of a precautionary approach. | | | | | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
|-----------|--|-----------|--|---|--|------------|--|
| 9.1 | Assessment to determine the presence of the attributes consistent with High Conservation Value Forests will be completed, appropriate to scale and intensity of forest management. | 9.1.1 | Forest managers shall determine the presence of HCVF attributes in the FMU in accordance with relevant federal, state and local laws, appropriate to scale and intensity of forest management operations in the FMU, and in consultation with relevant stakeholders. | <ul style="list-style-type: none"> Report on assessment, identification and demarcation on maps of proposed HCVFs | HCVF assessment has been conducted by Sarawak Forestry Corporation in year 2012, adopting WWF Malaysia HCVF Toolkit structure. Stakeholders have been consulted. | YES | Incorporate the results and management recommendations of the HCVF assessment into the Forest Management Plan. |
| | | | | <ul style="list-style-type: none"> Records of consultation with relevant stakeholders | | | |
| | | | | <ul style="list-style-type: none"> Sarawak Cultural Heritage Ordinance, 1993– Section 20-24 | | | |
| | | | | <ul style="list-style-type: none"> All adat codified under the Native Customs (Declaration) Ordinance, 1996, and any other adat recognised and enforceable by the Native Courts under the Native Courts Ordinance, 1992, and the Native Courts Rules, 1993 | | | |
| | | | | <ul style="list-style-type: none"> Decisions of the Civil Courts pertaining to legal or customary tenure or use rights | | | |
| | | | | <ul style="list-style-type: none"> Wild Life Protection Ordinance, 1998 | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| 9.2 | The consultative portion of the certification process must place emphasis on the identified conservation attributes, and options for the maintenance thereof. | 9.2.1 | Forest managers shall consult with relevant stakeholders on the options to maintain or enhance the identified HCVFs. | <ul style="list-style-type: none"> List of relevant stakeholders consulted | No stakeholder consultation forum/mechanism has been established yet to discuss options of HCVF maintenance or enhancement. | NO | Develop TOR and establish Stakeholder Consultation Committee well before forest operations commence, Discuss HCVF maintenance and enhancement measures. Ensure all stakeholders are informed about scheduled activities. |
| | | | | <ul style="list-style-type: none"> Evidence of consultation/Records of the comments of the stakeholders | | | |
| | | 9.2.2 | Forest managers shall demonstrate that the forest management operations consider and protect areas of high conservation value in the FMU. | <ul style="list-style-type: none"> Incorporation of HCVFs into the Forest Management Plan | Demonstration of HCV protection can only be made once operations have started. | NO | Develop SOP on management prescriptions for HCVF and other protection areas. Ensure full compliance with HCV protection measures according per SOP. |

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| 9.3 | The management plan shall include and implement specific measures that ensure the maintenance and/or enhancement of the applicable conservation attributes consistent with the precautionary approach. These measures shall be specifically included in the publicly available management plan summary. | 9.3.1 | Measures to demarcate, maintain and/or enhance the HCVF attributes are documented in the forest management plan and effectively implemented. | <ul style="list-style-type: none"> HCVF areas demarcated on maps in the Forest Management Plan | Company intends to identify, reserve, demarcate and protect HCV sites, however, such sites have not been fully identified, mapped and marked on the ground. | +/- | Complete HCV identification, mapping and ground marking, prior to commencement of forest operations in a particular Coupe of the FMU. |
| | | 9.3.2 | These measures shall be included in the forest management plan summary made available to the public. | <ul style="list-style-type: none"> Public summary of the Forest Management Plan with the HCVF measures included | Measures for demarcation and maintenance of HCV attributes have been briefly described but lack many details. No public summary is available yet. | NO | Develop more detailed descriptions of demarcation and HCV attribute maintenance/enhancement in FMP. Compile Public Summary of HCVF measures. |
| 9.4 | Annual monitoring shall be conducted to assess the effectiveness of the measures employed to maintain or enhance the applicable conservation attributes. | 9.4.1 | Forest managers shall conduct, appropriate to scale and intensity of forest management operations, annual monitoring to assess the effectiveness of the measures in the management of the HCVFs in the FMU. | <ul style="list-style-type: none"> Monitoring procedures to assess the effectiveness of the measures in the management of the HCVFs | Monitoring procedures for assessment of effectiveness of the HCV measures have not been developed. | NO | Develop monitoring procedures for assessment of effectiveness of the HCV measures (determine effectiveness indicators), including monitoring intervals. |
| | | | | <ul style="list-style-type: none"> Monitoring records | | | |

| CRITERION | | INDICATOR | | VERIFIER | CLIENT STATUS AT INDICATOR LEVEL | COMPLIANCE | RECOMMENDED ACTION |
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| | | 9.4.2 | Forest managers shall incorporate the results and findings of the HCVFs monitoring activities into the implementation and revision of the forest management plan. | <ul style="list-style-type: none"> Relevant results and findings of HCVF monitoring activities shall be incorporated into the revision of the Forest Management Plan | No results from HCVF monitoring are available yet, as identification, mapping and marking activities are still in progress. | NO | Ensure that results from HCVF monitoring are incorporated into implementation and revision of the FMP. |