



GLOBAL FORESTRY SERVICES

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Sarawak Audit Checklist / Report STLVS Principles 1 - 4

Licensee	Shin Yang Trading Sdn. Bhd. (173051-H)	Reference #	GFSS 024-006
Contact Person	Andy Wong Ko Hock (Committee Advisor) James Wong Lieng Hiong (Team Leader) Lau Keiw Hieng (Document Officer)	Report Date	10 January 2019
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		Approved By	Dr. Kevin Grace

Statements

GFS Statement of Compliance #	GFS 058 LVS		
Issuance Date	01 February 2019	Expiration Date	31 January 2020

Assessment Details

Assessment dates	7-11 January 2019		
Scope of Assessment	Forest Timber License No. T/3228		
Species	<i>Shorea</i> spp. (Meranti), <i>Shorea</i> spp. / <i>Lithocarpus</i> spp. (Empenit), <i>Cephalomappa</i> spp. (Arau), <i>Sapotaceae</i> spp. (Nyatoh), <i>Gluta</i> spp. (Rengas hutan), <i>Parkia</i> spp. (Petai), <i>Durio</i> spp. (Durian), <i>Octomeles sumatrana</i> (Binuang), <i>Eugenia</i> spp. (Ubah), <i>Mangifera</i> spp. (Asam), <i>Tristanopsis</i> spp. (Selunsor), <i>Xanthophyllum</i> spp. (Nyalin), <i>Dialium indum</i> (KerANJI), <i>Beilschmiedia</i> spp. / <i>Litsea</i> spp. / <i>Dehaasia</i> spp. / <i>Phoebe</i> spp. / <i>Magnolia</i> spp. / <i>Nothaphoebe</i> spp. / <i>Ternstroemia</i> spp. / <i>Actinodaphne</i> spp. / <i>Cinnamomum</i> spp. (Medang), and <i>Alstonia</i> spp. (Pelai)		
GFS Lead Assessor	Dr. Kevin Grace		
GFS Assessor(s)	Franklin Emang, Cynthia John		
Others			

OBJECTIVES:

- The objective of this checklist is to verify compliance to the Criteria listed in the Sarawak Legality Standard as defined by STLVS Principles 1-4 (v01) for Sarawak dated **31 January 2018**.
- Compliance is defined when all applicable criteria are observed to be compliant. A **Minor Gap** to any indicator **does not** constitute non-compliance to a criterion. A **Major Gap** to any applicable indicator **does** reflect non-compliance to a criterion. Compliance for a criterion where multiple minor gaps are identified in indicators under the criterion **may** reflect non-compliance to the criterion.
- All issues identified under this standard shall be considered appropriate to the scale and degree of forestry operations undertaken by the parties under the agreement.

Document Control

GFS-FORM-006-STLVS-3.1	Title: STLVS P1-4 Checklist & Report	Issue: v01	Date: 31 Jan 2018
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Shin Yang Trading Sdn. Bhd. / FTL No. **T/3228 (LPF No. 000)**



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Summary Information

Overview of Licensee

Shin Yang Group has several associated companies that include natural Forest Timber Licenses and License For Planted Forests (LPF) within Sarawak, Malaysia. The current licenses include the following:

No.	Licensee	FTL/LPF No.	Date Expiry	Total Area (Hectare)
A) Baram Region				
01	Sarawak Tourism & Leisure Sdn. Bhd.	T/9155	27 Oct 2018	59,598
02	Shin Yang Forestry Sdn. Bhd.	LPF/0017	18 Nov 2059	65,178
	Total			124,776
B) Tubau Region				
03	Shin Yang Industry Sdn. Bhd.	T/3342	16 June 2022	219,380
04	Shin Yang Trading Sdn. Bhd.	T/3228	29 April 2020	71,122
05	STIDC (Sarawak Industry Development Corporation)	T/3432	28 July 2019	69,762
06	Shin Yang Forestry Sdn. Bhd.	LPF/0018	18 Nov 2059	195,126
	Total			555,390
C) Tetau Region				
08	Forescom Plywood Bintulu Sdn. Bhd.	T/4321	In process	18,169
09	Shin Yang Forestry Sdn. Bhd.	LPF/0019	18 Nov 2059	36,840
10	Shin Yang Trading Sdn. Bhd. (Zedtee Sdn. Bhd.)	T/3284	8 Mar 2024	106,820
	Total			161,829
	Grand Total			841,995

Key regulations:

The legal framework is provided in the following laws (ordinances), rules and regulations:

- Statement of Forest Policy (1954)
- Forest Ordinance (2015)
- Forest Rules (1954)
- National Parks Ordinance (1956)
- National Parks and Nature Reserves Ordinance (1998)
- Wildlife Protection Ordinance (1958)
- Sarawak Timber Industry Development Corporation Ordinance (1973)

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- Sarawak Timber Industry (Registration) Regulations (2008)
- Sarawak Forestry Cooperation Ordinance (1995)
- State of Sarawak Forest Timber License (FTL)
- Inter-agency Standard Operating Procedures (SOPs) for Performance of Forestry Functions in Sarawak (Ministry of Resource Planning and Environment, 2012)
- Minimum Wages (Amendment) (No.3) Order 2013
- Sarawak Labour Ordinance (Cap.76)
- Employment Act 1955

Description & Licenses:

Shin Yang Trading Sdn. Bhd. (Shin Yang Trading) has a Forest Timber License No. T/3228 granted by the Forest Department Sarawak (FDS) for timber harvesting operations within a licensed area of 72,025 ha of natural forest. The forest area is a Permanent Forest Estate. The Forest Timber License of 49,840 ha was initially issued to Jebadi Sdn. Bhd. on 30th April 1990, then transferred to Diamond League Sdn. Bhd. on 30th April 1999 and subsequently transferred to Shin Yang Trading on 13th June 2003. The licensed area was revised to include forest areas located by Sungai Kajang that expanded the licensed area to 72,025 ha.

Management / Land Tenure:

The management is based at Forest Timber License No. T/3228 located in the Sungai Bahau – Sungai Kahei and Sungai Kajang area in the Belaga district that was issued to Shin Yang Trading on 13th June 2003 and expires on 29 April 2020 for all activities within the concession. Shin Yang Trading has formally sub-contracted Shin Yang Sdn. Bhd. (97865-T) to conduct logging operations in FTL No. T/3228.

According to the Forest Timber License No. T/3228, the yield regulation is based on an annual licensed cutting area of 2,360 ha/year (Working Plan - Page 5) under a planned rotation of 15 years, with an estimated production area of 35,405 ha. The cutting limit for Dipterocarp is 50+ cm DBH and non-Dipterocarp is 45+ cm DBH (Ref. #: WPO 628.369(VIII)-58 dated 28th November 2017).

Management Planning (FMP / GP):

The revised General Plan (GP) has been approved by the FDS on 16th August 2017 (Ref. #: WPO.628.369(VIII)-55) that covers 72,710 ha of the licensed concession inclusive of the international buffer zone of 1 km. The General Plan consists of a map of the license that was revised and approved on 16th August 2017 and valid through December 2041. A total of 25 re-entry coupes have been identified within the FTL No. T/3228 under a revised GP.

Land classification	General Plan (ha)
Total Licensed Area: FTL No. T/3228	72,710
Production Area	58,525
Natural Forest Management Area	58,525
Plantation Forest (ITP)	0
Protected Forest & Conservation Areas	6,657

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Social Community & Shifting Agriculture	247
International Buffer zone (1 km)	6,655
Infrastructure, Roads Buildings, etc.	NA

Operational activities:

Shin Yang Trading has re-defined and re-numbered the coupe areas for FTL No. T/3228 and now divided into 25 coupe areas that were re-numbered and approved in the revised GP.

Shin Yang Trading is only operating in the current licensed Coupe 1AR

- Coupe #: 1 AR; Coupe area = 6207 ha; Blocks = 82
- *Detailed Harvesting Plan (DP)* – approved on 29th November 2016
- Permit to enter Coupe (PEC)
 - Completed Blocks: 25 / 26 / 51 / 59 / 60
 - Blocks not to be harvested: 17 / 19 / 20 / 22 / 27 / 28 / 29 / 57 - Volume too low
 - Active Blocks 66 - Logging Jan 2019
 - Block 13 - Approved for felling - no operation yet

Environmental context:

- Forest type and history of management

FTL No. T/3228 is a logged over lowland MDF areas associated with the less rugged Terrain Classes II and III (slopes less than 35 degrees) that has been logged under conventional systems. The steep area defined as Class IV terrain (slope > 35 degrees) to be identified in the GP and reserved as green belts and conservation areas for biodiversity conservation.
- Principal commercial species

The current vegetation is predominantly logged over mixed Dipterocarp forest (MDF). Patches of shifting cultivation with secondary vegetation may be found that includes species of *Macaranga*, *Adinandra*, and *Ficus*. The forest has been subject to 7-year period timber harvesting from 2003 to 2010. Most remaining trees consist of species of the Dipterocarp family (*Shorea* spp., *Eugenia* spp. (Ubah), and non-Dipterocarp family *Dialium* (KerANJI) and Lauraceae (Medang).
- Specific biological values (e.g. rare or endangered species)

The EIA identified fauna observed in the area included 29 species of mammals, 27 species of frogs, and 187 species of birds (CTC 1995). Presence of Bornean gibbon, red langur, pig-tailed macaque, barking deer and mousedeer were observed in the upper Batang Baleh River.
- Birds observed during the EIA included pigeons, hornbills, starlings, mynas, sparrows, spiderhunter, sunbird and flowerpecker (April 2009 EIA report).
- Environmental services e.g., critical watersheds, wildlife corridor, etc. provided by the forest. Rivers associated with the project area includes Sungai Kajang, Sungai Bangan, Sungai Malarang, Sungai Baleh and Sungai Linau.

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Recommended width of the riparian buffer zone within a project area based on rivers:

Stream	Width (m)	Recommended Buffer (m)
Sungai Kajang	30-40	40
Sungai Linau, Sungai Kahai	10-15	10-20
Other smaller tributaries	5-8	10

- Existing EIA report
 CNF Consultancy Sdn. Bhd. (715028-U) conducted an EIA in April 2009. The EIA assessment report "Re-Entry Forest Logging under Timber License T/3228 at Linau, Kapit Division Sarawak" was approved by the Natural resources & Environmental Board (NREB) on 15th July 2009 [Ref. #: (12) NREB/6-3/2F/33].

Social context

Social Assessment:

Shin Yang Trading has not conducted a separate Social Impact Assessment as the EIA included the evaluation of Longhouse Lidem, which is the only longhouse associated with FTL No. T/3228.

Key findings of social assessment:

Shifting cultivation occurred on slopes along roads, footpath or stream reserves. Fruit trees grown were durian, mangoes; pinang, rambutan, langsung, banana, etc. and other crops planted were hill paddy, yam, tapioca and vegetables. Forest products collected included rattan, bamboo and bemban for making handicraft such as floor mat, tray and basket. Hunting and fishing were no longer critical for the local community to support their livelihood; however, based on the recent interview with the longhouse Lidem's head, the community was still very much reliant on hunting and fishing for subsistence. Throughout the EIA assessment in April 2009, the monthly income range for Longhouse Lidem household was from RM300 to RM600.

Regarding education, primary boarding school was available at the Longhouse Kajang and Lusong. Whereas, the nearest secondary schools available are in Kapit and Bintulu. There is no public road or transportation available. The local community relies on existing logging road networks and rivers for transportation. There was no medical facility or clinic at the project site. Medical service is available at Klinik Kesihatan Belaga. More severe health or emergency cases are mainly referred to Kapit or Bintulu General Hospitals. Water quality tested was moderately good.

Social Monitoring:

Shin Yang Trading has a social officer to coordinate communication with the Longhouse Lidem community in FTL No. T/3228. According to Mr. Nareu Pua, who is the Tuai Rumah of Longhouse Lidem, there is a good relationship between the community and the company. The longhouse head can contact Linau Camp manager whenever the village has an issue that is outside the committee system.

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Scope of Assessment

- The scope of the evaluation is to verify compliance of FTL No **T/3228** licensed to **Shin Yang Trading Sdn. Bhd.** with the STLVS P1-4 Standard (v01) 31 January 2018.
- Site evaluation to verify and report the level of compliance by **Shin Yang Trading Sdn. Bhd and contractors** to the standard in respect to each of the criteria within this report.
- Compliance is defined when the auditee demonstrates that the indicators consist of only minor gaps or no gaps against any applicable criteria of the standard. Non-compliance to the Sarawak Legality Standard occurs when the auditee does not demonstrate adequate compliance to a criterion.

Itinerary of Assessment

Date	Activities	GFS Staff	Mandays
7 January 2018 Monday	Travel to Base camp (Abit Camp located in FTL No. T/3442)	Dr. Kevin Grace, Franklin Emang, Cynthia John	3
8 January 2018 Tuesday	Site visit: Coupe 01 AR current activities (harvesting operations, boundary checks; sampling of stumps and logs in the field) check buffer zones, steep slopes. Site visit: Linau Camp - Scheduled waste – Log Yard Longhouse visit: Long Lidam	Dr. Kevin Grace, Franklin Emang, Cynthia John	3
9 January 2018 Wednesday	Site visit: Shin Yang Wood Systems STLVS P5-6	Dr. Kevin Grace, Franklin Emang, Cynthia John	3
10 January 2018 Thursday	Travel to HQ - Miri	Dr. Kevin Grace, Franklin Emang, Cynthia John	3
11 January 2018 Friday	Document review and closing meeting	Dr. Kevin Grace, Franklin Emang, Cynthia John	3
12 January 2018 Saturday	Reporting: GFSS 024-006 GFSS 021-030	Dr. Kevin Grace, Franklin Emang, Cynthia John	3
Total			18

Highlights of Assessment

Shin Yang Trading Sdn. Bhd. has complied with the Sarawak Legality Standard (Principles 1-4) as no non-compliance was identified during the assessment on **7-11 January 2019**.

Principle 1. Right to Harvest:

Shin Yang Trading has demonstrated compliance with the license requirements, EIA requirements and management planning guidelines. The company is currently only conducting harvesting operations in Coupe 01AR. Shin Yang Trading has redefined coupe areas to 25 coupes and renumbered coupe areas in FTL No. T/3228.

The General Plan consists of a map of the concession-licensed area to identify the coupe areas for production, protection based on steep slopes 35° & above (Terrain class IV) international buffer zones and other areas for protection.

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Highlights of Assessment

Jan 2018: Observation 001-2018 – Checklist 1.3.3

Buffer zones for streams and PSP areas are identified but the area is not clearly quantified in the GP map.

Jan 2019: Observation 001-2018 (Addressed)

Buffer zones and PSP are identified and quantified on the DP map, as the scale is associated with the coupe not the entire forest licensed area.

Principle 2. Forest Operations:

Shin Yang Trading has demonstrated compliance with forestry operation standards, demarcation of boundaries and areas for protection, tree enumeration, control of timber production, log transportation, worker safety and health.

Jan 2019: Gap 001/2019 (Minor) – Checklist 2.3.2

Inconsistency on identification and protection of several buffer zones in Coupe 1AR. One Permanent stream was not identified or adequately protected. A marked buffer zone was not protected but also not associated with a permanent stream.

The impact caused by new bridge construction (N 02° 15' 56.5" E 114° 41' 00.8") has not yet been mitigated and the old bridge has not been removed.

Jan 2018: Observation 002-2018 – Checklist 2.3.3

Block maps should be corrected to ground conditions to ensure the map and conditions on the ground are the same.

Jan 2019: Observation 002-2018 (Addressed)

PEC map for block 66 was consistent with tree identification and location as well as permanent streams and seasonal creeks.

Jan 2019: Observation 001-2019 – Checklist 2.1.2

An area over 35 degrees over 2 ha was observed containing tagged harvest trees and not identified on the RILP for Block 66.

The main entry into FTL No. T/3228 is located outside of the licensed area (Danum Security check point; N 02° 35' 51.7" E 114° 23' 20.0"). This security checkpoint also functions as the only entry point to Shin Yang Trading concession areas such as FTL No. T/3577, T/3432 and T/3342.

Additional security checkpoint was observed at the entrance to the old Linau campsite.

Regular monitoring for encroachment of the licence boundary was conducted. Based on monitoring results, no sign of encroachment observed.

Shin Yang Trading production was well below the monthly production limit as approved by FDS. No evidence of cutting undersized trees. The current active coupe based on the revised GP in 2017 is Coupe 01AR. Shin Yang conducted 100% harvest tree marking and location mapping for the RIL Logging Plan (RILP). The cutting limit for Dipterocarp is 50+ cm DBH and non-Dipterocarp is 45+ cm DBH (Ref. #: WPO 628.369(VIII)-58 dated 28th November 2017).

Logs sampled in the log pond were royalty assessed. Related documents on production, royalty payment and transportation were adequately maintained.

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Highlights of Assessment

Field workers had valid documents and were covered by SOCSO and insurance. All field workers were equipped with PPE. Various types of training were provided to workers and they were aware of safety and health procedures. Training was documented and maintained.

Principle 3. Statutory Charges:

Shin Yang Trading demonstrated compliance with payment of Royalty Fees and other charges as required.

Principle 4. Other User Rights:

The EIA reported for longhouse Lg. Lidam was the only longhouse located within 3 km from the FTL No. T/3228. No areas within FTL No. T/3228 have been gazetted as Native Customary Right (NCR) under the Land Code. Shin Yang has established an agreement with Lg. Lidam on 1st May 1999.

A revised Goodwill Agreement was signed on 14th August 2017 between Shin Yang Trading and Lg. Lidam and FTL No. T/3328 Linau Camp to provide a monthly allowance to the head of the longhouse and committee members. Claimed Coupe areas were logged in 2014-2016, the claimed area is not planned for re-entry until 2035 and the agreement will need to be updated to reflect areas claimed in the new coupe areas.

There are no outstanding disputes based on the interview conducted with Lg. Lidam. All issues are discussed and resolved during the periodic meeting with the Lg. Lidam committee. Shin Yang Trading has mapped areas claimed by Lg. Lidam along the Kajang River. All claims have been documented and agreements have been negotiated.

Summary results:

(Major Gap = 0 / Minor Gap = 1 / Observations = 1)

GAPs :				
GAP #	Type	Checklist	Status	Description
001/2019	Minor	2.3.2	New	Inconsistency on identification and protection of several buffer zones in Coupe 1AR. One Permanent stream was not identified or adequately protected. A marked buffer zone was not protected but also not associated with a permanent stream. The impact caused by new bridge construction (N 02° 15' 56.5" E 114° 41' 00.8") has not yet been mitigated and the old bridge has not been removed.

**Note: Major Gap = Non-Compliance / Minor Gap still compliant to criterion. Minor Gap may be upgraded to a Major Gap if not adequately addressed by the date of the next surveillance visit.*

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Observations

Obs #	Checklist	Description
001-2019	2.1.2	An area over 35 degrees over 2 ha was observed containing tagged harvest trees and not identified on the RILP for Block 66.

**Note: Observations can be upgraded to a Minor Gap if not adequately addressed by the date of the next surveillance visit.*

Highlights of Close out visit (if applicable)

Dates

Not applicable

Recommendations

Shin Yang Trading Sdn. Bhd. has demonstrated compliance with the Sarawak Legality Standard (Principles 1-4) for Forest Timber Licenses No. T/3228 and is recommended to receive a GFS Statement of Compliance and STLVS Certificate of Compliance from FDS.

Gap(s)/observation(s) need to be addressed by the next surveillance visit. Actions to address the gap(s)/observation(s) include:

Gap 001/2019 (Minor) - Checklist 2.3.2: Remove the old log bridge and mitigate the impacts of construction of the new bridge. Identify and protect buffer zones for permanent streams.

Observation 001-2019 Checklist 2.1.2: Ensure steep areas over 2 ha are identified in RILP.

The next surveillance visit is scheduled in January 2020.

End of Summary Report

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