



GLOBAL FORESTRY SERVICES

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Sarawak Audit Checklist / Report STLVS Principles 1 - 4

Licensee	Licensee: STIDC Contractor: Shin Yang Sdn. Bhd. (97865-T)	Reference #	GFSS 024-014
Contact Person	Andy Wong Ko Hock (Executive Director) Lau Keiw Hieng (Team Leader) Gary Law Lik Sheng (STLVS In-charge)	Report Date	21/01/2022
Office Address	Lot 515, Jalan Datuk Edward Jeli, Piasau Industrial Estate, 98000 Miri, Sarawak, Malaysia.	Date of close out	-
Site Address	Nibong FMU T/3432, Batang Balui, Kapit Division, Sarawak.	Telephone	+6085 656 699
Email	andywong@shinyang.com.my khlau@shinyang.com.my garylaw@shinyang.com.my	Fax	+6085 668 299
		Telephone Fax	-
		Approved By	Dr. Kevin Grace

Statements

GFS Statement of Compliance #	GFS 089 LVS		
Issuance Date	24 January 2022	Expiration Date	23 January 2023

Assessment Details

Assessment dates	Document review Oct-Nov 2021 & Site assessment in Jan 2022
Scope of Assessment	STLVS P1-4: FTL No. T/3432 (Nibong FMU)
Species	Not applicable (No harvesting yet)
GFS Lead Assessor	Priera Bagang
GFS Assessor(s)	-
Others	Lau Keiw Hieng (Certification in-charge), Gary Law Lik Sheng (STLVS in-charge), Sia Nan Wee (Safety Supervisor), Jimmie Atat (Chief Survey), Ronald Lee

Objectives:

- The objective of this checklist is to verify compliance to the Criteria listed in the Sarawak Timber Legality Verification System as defined by **STLVS Principles 1-4 (v02)** dated **29 January 2019**.
- 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 company in accordance to the standard.

Document Control

GFS-FORM-006-STLVS-3.1	Title: STLVS P1-4 Checklist & Report	Issue: v04	Date: 01 Mar 2020
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Shin Yang Sdn. Bhd. / FTL No. T/3432



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Summary Information

Overview of Licensee

Organization Information:

Shin Yang Sdn. Bhd. (97865-T) (Shin Yang) was incorporated on 24th February 1983, with the incorporation of Shin Yang, many sister companies and subsidiaries developed over time. Today, Shin Yang group of companies has become a powerful leading corporation with diversified business activities such as construction, shipping (domestic & international), real estate, forest timber licenses, agricultural and forestry plantations, quarrying and other small businesses.

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)
- 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:

Based on the approved Forest Management Plan (FMP), FTL No. T/3432 (Nibong FMU) licensee holder is Sarawak Timber Industry Development Corporate (STIDC). Shin Yang Sdn. Bhd. manages the FMU area. STIDC and Shin Yang signed the contract for the Extraction of Timber on 22/09/2004 and a Supplementary Agreement between STIDC and Shin Yang dated 03/03/2006. FTL No. T/3432 (Nibong FMU) is located at upstream of Sg. Bahau and Sg. Melarang, in Kapit Division and located about 180km southeast of Bintulu town and about 130km east of Kapit town. The terrain of the area is classified in accordance with Forest Type Map B produced by the FDS. As a result, 90% of the area is estimated to comprise fairly steep terrain with slopes predominantly in the 5-35° range (terrain Classes II and III).

Management / Land Tenure:

The FTL No. T/3432 (Nibong FMU) was granted a forest logging re-entry/harvesting license for Coupe Area FTL No. T/3432 by the State Government through the Forestry Department of Sarawak (FDS), Kuching on 09/07/2004. As of the recent assessment, Shin Yang has paid a renewal fee to FDS on an annual basis for FTL No. T/3432 covering a total gross area of 54,143 ha for a period of 29/07/2021 to 28/07/2022 as per

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Ref. #: (07)JHS/WPO.628.365.1(III). The cutting limit for Dipterocarp is 50+ cm DBH and non-Dipterocarp is 45+ cm DBH (Ref. #: WPO.628.365.1(III)-01 dated 06/10/2020).

Management Planning (FMP / GP):

Forest Management Plan (FMP) for FTL No. T/3432 (Nibong FMU) was approved by the FDS on 19/02/2021 [FDS Ref. #: (04) JHS/600-3/7/102/Jld.12]. Based on an approved FMP, the company has redefined coupe areas to 25 coupes and renumbered the coupe areas. Annual Cutting Area (ACA) is 1,854.8 ha/year with 25 years in one cutting cycle. The Annual Allowable Cut (AAC) for FTL No. T/3432 is estimated at 30,047.76 m³/annum (FMP page 24). The diameter cutting limit is ≥DBH 50cm for Dipterocarp species and ≥45cm for non-Dipterocarp species (FMP page 23).

The General Harvesting Plan (GP) for FTL No. T/3432 (Nibong FMU) was approved by the FDS on 22/12/2020 [FDS Ref. #: (30)JHS/600-3/7/110/Jld.4]. The approved GP for FTL No. T/3432 (Nibong FMU) covers an area of 54,143.0 ha. An operable area is 46,370.0 ha while the other area 7,773.0 ha are Terrain IV, Shifting Agriculture (SA), Buffer Zone (BZ), Water Catchment (WC), HCV and the inoperable areas.

The FDS approved the detailed Harvesting Plan (DP) for Coupe 01AR on 24/05/2021 [Ref. #: WPO.600-3/2/1(90)Jld.5]. The approved DP for Coupe 01AR covers an area of 2,333.0 ha with an operable area of 1,929.0 ha.

Operational activities:

No harvesting activities have started yet. Pre-Felling Checking for Block 1 and Block 12 was approved by the FDS following an inspection on 17/12/2021 (Ref. #: (18)PHWBTU/628.365.1-T3342/JLD.1 dated 04/01/2022). The company has not submitted an application for Operation Heading 5.

Shin Yang Trading had planned to operate in Coupe 01AR

- Coupe #: 01AR; Coupe area = 1,929 ha; Blocks = 29
- Detailed Harvesting Plan (DP) – approved on 24/05/2021
- Operation Heading 5 (Hill) for Block 1 and 12 is pending application

Land use classification: (FTL No. T/3432)

Land classification	Approved GP Area (ha)
Total Licensed Area	54,143.00
Coupe Licensed Area	54,143.00
Production Area	46,370.00
Plantation areas - (LPP)	0
Protected Forest (Terrain IV / Buffer Zone Area / HCV Area / Water Catchment)	3,629.00
Conservation Areas	2,613.00
Shifting Agriculture	1,478.00
Log pond for FTLs No. T/3432 & T/3554	53.00
Infrastructure, Roads Buildings, etc.	0

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Environmental context:

Based on the current EIA: (Approval Ref. #: (15) NREB/6-3/2F/34 dated 24/09/2009)

- Forest type and history of management

FTL No. T/3432 is located at the upstream reaches of Batang Balui up to Sg. Bahau and Sg. Malarang, in Kapit Division. The timber license is registered as FTL No. T/3432 and located about 180km southeast of Bintulu town and about 130km east of Kapit town.

The southern and western boundaries of the project site border the river Batang Balui and its tributary Sg. Malarang. The entire area rests on undulating to very steep, hilly land. It is accessible via the existing Bakun-Murum Road, which continues into the network of existing logging tracks for about 150-200 km.

- Principal commercial species

The ground vegetation was dominated by numerous seedlings and saplings, particularly those of the Dipterocarpaceae. Palms like Licuala and Pinanga were also common but with a localized distribution. Other Shed-Tolerant plants included herbs in the families of Begoniaceae, Araceae, Gesneriaceae and Zingiberaceae. Rattan of the genera Calamus, Daemonorops and Korthalsia were encountered. Many other plant groups made up the diversity of the forest, like climbers' epiphytes and ferns. Shifting cultivations areas were occupied by secondary vegetation of different ages and species compositions. Species of Macaranga, Adinandra, and Ficus were seen in the older forest.

- Specific biological values (e.g. rare or endangered species)

A comprehensive survey conducted in the Sg. Balui and Sg. Murum catchment, in conjunction with Bakun Dam EIA, recorded 27 species of frog, 42 species of mammals, and 187 species of birds (CTTC 1995). According to Caldercott (1986), 19 species are commonly hunted, and 37 species are kept as trophies and pets. As part of a study on the impact of hunting on wildlife densities, Bennett *et al.* (1995) reported the presence of Bornean gibbon, red langur, pig-tailed macaque, barking deer, and mousedeer at Nanga Gaat in the upper reaches of Batang Baleh River, which is a tributary of Batang Rajang.

- Environmental services (e.g. critical watersheds, wildlife corridor, etc.) provided by the forest

The majority of the licensed area is covered by remnants of logged-over hill forest. Shifting cultivation areas was observed during the EIA field visits within coupes No. 6 and 8. The licensed area is located in the upstream catchment of Batang Balui from its tributaries Sg. Bahau and Sg. Malarang, within kapit's gazetted water catchment area of approximately 3,466 Ha. The concession is located upstream of the Bakun Dam Catchment by about 60 km. The proposed Murum Dam, re-entry project is situated along another river system (under Batang Balui catchment) of the proposed dam that will not result in significant impacts by forest operations.

Due to rugged terrain and long distance from any major towns, no agricultural projects were located in its immediate vicinity. The licensed area is surrounded by forest plantation developments that include the Garu Skyline about 50 km southwest, Bahay-Linau about 50 km southeast, Immense Fleet about 100 km west, Samling about 140 km northwest and Melekun Raplex about 100 km northwest.

The Kapit Catchment area have several water in-take points that include Ng Entawau, Kapit, Belaga and Sg. Koyan intake points that are located more than 45 km away from the project area which is beyond the 8-km radius stipulated in the water ordinance 1994.

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- Environmental Impact Assessment (EIA)

Changes were made for the total area at FTL No. T/3432 and the NREB have advised Nibong FMU to conduct an Environmental Management Planning (EMP) instead of EIA. Hence, Shin Yang has engaged a new EIA consultant, ESI Sampling Sdn. Bhd. to develop an EMP for FTL No. T/3432. The EMP was submitted to NREB and pending approval.

Social context

Social Assessment:

Shin Yang has conducted an internal SIA (Ref. #: Nibong/T3432/SIA) in June 2020 for FTL No. T/3432 and incorporated in the approved FMP to identify communities within and adjacent to the licensed area. Three (3) communities Long Jawe, Long Bulan, and Batu Keling were identified with land and use right claims within the concession.

Key findings of social assessment:

Shin Yang has conducted an internal SIA in June 2020 (Ref. #: Nibong/T3432/SIA) for FTL No. T/3432. The result identified three (3) local communities that are highly dependent on FTL No. T/3432.

Community	Dependency on forest (%)	Significant level
Long Jawe	90	High
Long Bulan	90	High
Batu Keling	85	High

Village locations with GPS Coordinates associated to FTL No. T/3432.

No.	Race	Village Name	GPS Coordinates (Timbalai 1948)	Shifting Agriculture In Coupe(s)
1	Kayan	Batu Keling	N 2° 13' 14.6" E 113° 55' 30.0"	Coupe 3
2	Kayan	Long Jawe	N 2° 06' 42.0" E 114° 11' 09.9"	Coupes 14, 16 & 18
3	Kayan	Long Bulan	N 2° 05' 08.4" E 113° 52' 57.2"	Coupe 2

Maps of longhouse exists:

The location of three (3) local communities and their associated shifting agriculture areas are mapped on the Social Map.

Native Customary Rights – Agreements:

The company has a formal procedure to identify and resolve land claim issues and other disputes. Mutual agreements for log commission and goodwill have yet to be finalized and signed by communities regarding claimed areas within FTL No. T/3432.

Social Monitoring:

Summary of records of meeting:

Meetings between the company and local communities in 2021 were recorded and documented.

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Scope of Assessment

- The scope of the evaluation is to verify compliance of **FTL No. T/3432 STIDC (Shin Yang Sdn. Bhd.)** with the Principles 1-4 of the STLVS Standard (v02) 29 January 2019.
- Site evaluation to verify and report the level of compliance by **Shin Yang Sdn. Bhd.** 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 a Major Gap is issued against an indicator and associated criterion.

Itinerary of Assessment

Date	Activities	GFS Staff	Mandays
20 October 2021 Wednesday	Travel to Shin Yang head office, Miri. Opening meeting & document review for T/3432.	Franklin Emang	1
21 October 2021 Thursday	Travel to Shin Yang head office, Miri. Document review & closing meeting for T/3432.	Franklin Emang	1
22 October 2021 Friday	Reporting: GFSS 024-014	Dr. Kevin Grace Franklin Emang	2
9-10 January 2022 Monday	Travel Sabah to Nibong campsite, opening meeting and document review for FTL No T/3432.	Priera Bagang	1
11 January 2022 Tuesday	Field assessment for Nibong FMU campsite, community meeting (Batu Keling) at Nibong campsite (FTL No. T/3432), field visit to licensed area, Coupe 01AR Block 1 and travel to Abit campsite and opening meetings for FTL No. T/3228 and Shin Yang Wood System Sdn. Bhd. and document review for FTL No. T/3432.	Priera Bagang	1
12 January 2022 Wednesday	Travel to FTL No. T/3228, field visit to licensed area; C01AR Block 10, PoRM, campsite and Community meeting, Long Lidem.	Priera Bagang	1
13 January 2022 Thursday	Document review at Abit campsite for FTL No. T/3228 & FTL No. T/3432.	Priera Bagang	1
14 January 2022 Friday	STLVS P5-6 for Shin Yang Wood System and closing meeting.	Priera Bagang	1
15 January 2022 Saturday	Travel to Miri and finalising report for FTL No. T/3432, FTL No. T/3228, and Shin Yang Wood System.	Priera Bagang	1
16 January 2022 Sunday	Data compilation and report drafting	Priera Bagang	1
17 January 2022 Monday	Community meeting at Miri and travel to FTL No. T/9155 campsite.	Priera Bagang	1
18 January 2022 Tuesday	Field visit to licensed area, FTL No. T/9155 Coupe 01 Block 01.	Priera Bagang	1
19 January 2022 Wednesday	Campsite inspection and travel to Miri.	Priera Bagang	1
20 January 2022 Thursday	Document review and finalising report for FTL No. T/9155.	Priera Bagang	1
21 January 2021	Closing meeting for FTL No. T/3432, FTL No.	Priera Bagang	1

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Friday	T/3228, and FTL No. T/9155 through zoom.		
22 – 23 January 2021	Reporting: GFSS 024-014 Reporting: GFSS 024-015 Reporting: GFSS 024-016 Reporting: GFSS 021-048	Dr. Kevin Grace, Piera Bagang	8
Total			24

Highlights of Assessment

STIDC (Shin Yang Sdn. Bhd.) has complied with the Sarawak Legality Standard (Principles 1-4) as *no* non-compliance was identified during the field verification assessment in January 2022.

Summary status of operations against each principle.

Principle 1:

Forest Management Plan (FMP) and the General Harvesting Plan (GP) for FTL No. T/3432 have been approved based on a 25-year cutting cycle. Shin Yang Trading has redefined coupe areas to 25 coupes and renumbered the coupe areas in FTL No. T/3432. STIDC (Shin Yang) is compliant with license requirements, EIA requirements and management planning guidelines. The company is currently only conducting preparation activities (PEC 1-4) for future harvesting operations in Coupe 01AR.

Principle 2:

Shin Yang has demonstrated compliance with forestry operation standards, demarcation of boundaries and identification of areas for protection, tree enumeration, and worker safety and health. As of the assessment, there is no logging operation commenced yet. The company has approval for Pre-Felling Checking by FDS since December 2021 for Block 01, and Block 12, inside Coupe 01AR.

FDS requires use of Reduced Impact Logging techniques with a diameter cutting limit for Dipterocarp, 50+ cm DBH and non-Dipterocarp is 45+ cm DBH (Ref. #: WPO.628.365.1(III)-01 dated 06/10/2020).

Workers are legally employed and the company contributes to SOCSO as required.

September 2020: Observation 001-2020 – Checklist 2.1.4

The manned gate (Security Gate Sg. Bahau; GPS: N 02° 15' 54.1"; E 114° 20' 40.1") was observed to lack adequate communication system, fire extinguisher, first aid kit.

January 2022: Observation 001-2020 (Addressed)

The company provided a standby motorcycle to report any emergency cases, a fire extinguisher and first aid kit that in good condition.

September 2020: Observation 002-2020 – Checklist 2.5.8

Identification of road hazards needs improvement (e.g. road banks directly connected to steep slopes, broken bridge barriers, sharp corners, deep potholes, landslide).

January 2022: Observation 002-2020 (Addressed)

Warning signs & hazard tapes were erected for identified high-risk hazard areas.

Principle 3:

Shin Yang demonstrated compliance with payment of fees for operations in FTL No. T/3432 as required. As of the assessment, no logging operations were being conducted. The company is utilizing previously

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Highlights of Assessment

used logs for culvert construction. No bridge is planned for Block 01 and Block 12.

Principle 4:

Shin Yang has conducted an internal SIA in June 2020 (Ref. #: Nibong/T3432/SIA) for FTL No. T/3432 and incorporated in the approved FMP to identify communities within and adjacent to the licensed area. It was reported that there were three (3) communities; Long Jawe, Long Bulan, and Batu Keling.

There are no gazetted NCR claims within FTL No. T/3432 under the Land Code.

September 2020: Gap 001/2020 (Minor) – Checklist 4.1.3

The Company has not completed identification in respect to land claims that includes Native Territory Domain (Shifting Agriculture / Graveyard / existing, potential Water Catchment, and other uses) for preparation of agreements (goodwill and log commission) between the company and the 3 Longhouses.

January 2022: Gap 001/2020 (Minor) - Outstanding

Mutual agreements for log commission and goodwill have yet to be finalized and signed by communities regarding claimed areas within FTL No. T/3432.

Summary results:

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

GAPs :

GAP #	Type	Checklist	Status	Description
001/2020	Minor	4.1.3a	Outstanding	<p>September 2020: The Company has not completed identification in respect to land claims that includes Native Territory Domain (Shifting Agriculture / Graveyard / existing, potential Water Catchment, and other uses) for preparation of agreements (goodwill and log commission) between the company and the 3 Longhouses.</p> <p>January 2022: Mutual agreements for log commission and goodwill have yet to be finalized and signed by communities regarding claimed areas within FTL No. T/3432.</p>

**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.*

Observations

Obs #	Checklist	Description
001-2020 Addressed	2.1.4	<p>September 2020: The manned gate (Security Gate Sg. Bahau; GPS: N 02° 15' 54.1"; E 114° 20' 40.1") lacked system of communication; fire extinguisher & first aid kit.</p> <p>January 2022: The company had provided a standby motorcycle to report any emergency cases, a fire extinguisher and first aid kit that in good condition.</p>
002-2020	2.5.8	September 2020:

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Observations

Obs #	Checklist	Description
Addressed		<p>Identification of road hazards needs improvement (e.g. road banks directly connected to steep slopes, broken bridge barriers, sharp corners, deep potholes, landslide).</p> <p>January 2022: Warning signs & hazard tapes were erected for the high-risk hazard areas.</p>

**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

STDC (Shin Yang Sdn. Bhd.) has demonstrated compliance with the Sarawak Legality Standard (Principles 1-4) for Forest Timber Licenses No. FTL No. T/3432 during the field verification in January 2022.

Gap(s)/Observation(s) should be addressed by the next surveillance. Actions to address gap(s)/observation(s) identified includes:

Gap 001/2020 (Minor) Outstanding – Checklist 4.1.3a: Conduct meetings with the local communities to negotiate the terms and conditions of agreements for Goodwill and Log Commission in relation to claimed areas. Signed agreements must be obtained prior to start of forestry operations within claimed areas.

The next surveillance audit will be scheduled for January 2023.

End of Summary Report

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