



**Sustainability Framework Programme
Verification Report for
Sabah Forestry Department**
Land Use Verification Add-on to FSC FM Certification
*Sustainability Framework v1.3
System Requirements for Certificate Holders v1.3
Chain of Custody and Traceability Standard v1.4 - Annex 1: CoC
requirements for land-use entities*

SFP Auditor(s): Pratama Bagus Kurniaji and Su Wah Hue
Audit dates: 5 - 11 September 2023
Report date: 05 April 2024
Audit type: Assessment

SFP Certificate code: PBN-SFP-024465
Certificate type: Single
Issued date: 15 April 2024

Organisation Contact

Sabah Forestry Department
Ibu Pejabat Jabatan Perhutanan, Beg Berkunci 68

Sandakan
Sabah
90009
Malaysia
Contact person: Amelia Cynthia Bosi - SFM Division

Preferred by Nature Contact

Preferred by Nature OÜ
Filosoofi 31, 50108 Tartu, Estonia
Contact person: Nguyen Thanh Trien Lam

Report scope

Preferred by Nature recognizes the FSC as an equivalent scheme, thereby the SFP add-on verification audit solely focuses on evaluating the Sustainability Framework indicators that are not addressed by the FSC standards.

The scope of this SFP Add-on Verification report aligns with Sabah Forestry Department FSC FM/CoC certificate NC-FM/COC-024465, encompassing the same Land Use Management scope. The scope include single forest management unit in Deramakor Forest Reserve with total area of 55,507 ha.

Audit conclusions

Certification decision

Based on the auditor's recommendation and Preferred by Nature quality review, the following certification decision is taken:	
Preferred by Nature Certification decision:	Verification approved
Certification decision by (name of the person):	Kara Wires
Date of decision:	05 April 2024

Non-Conformity Reports (NCRs)

NCRs describe evidence of the Organisation's non-conformities identified during the audits. NCRs include defined timelines for the Organisation to demonstrate conformity. NCR timelines commence when the verification report is finalised. MAJOR NCRs issued during assessments/reassessments shall be closed prior to the issuance of the certificate. MAJOR NCRs issued during annual audits shall be closed within the timeline or result in suspension.

NCR number: 01/23	NC grading:	Major <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
Standard & requirement:	SFP add-on to certified FSC Forest Management operations Checklist – Sustainability Framework Standard V1.3 Indicator 1.4.3		
Description of non-conformance:			
The Organization is a government entity, it follows national regulation on declaring wealth and is not allowed to have personal business. It is under Peraturan peraturan pegawai awan negeri Sabah 2008 (employment regulation) regulation. It provides measures to avoid conflict of interest. However, there is no mechanism to identify, declare or manage COI. Some of the staff are locals and have authority to hire CFS (contract for service) that also local. Therefore, there is a potential conflict of interest. During audit, auditor do not find any evidence of actual conflict of interest (COI), therefore a minor NCR is raised.			
Corrective action request:	The Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in the evidence above, as well as the root cause to eliminate and prevent the recurrence of the non-conformance.		
NCR conformance deadline:	By the next annual audit.		
Client evidence:	PENDING		
Evaluation of evidence:	PENDING		
NCR status:	OPEN		
Comments (optional):			

NCR number: 02/23	NC grading:	Major <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
Standard & requirement:	SFP add-on to certified FSC Forest Management operations Checklist – Sustainability Framework Standard V1.3 Indicator 2.4.5		
Description of non-conformance:			
<p>Based on interview with staff and workers including contractors, all of the interviewed mentioned that overtime is voluntary and is less than 60 hours except for CFS (contract for service) that are working on Ecotourism. The CFS working for ecotourism are working before breakfast until after dinner or supper. It is always more than 60 hours a week. Although, there is shift arrangement, based on calculation by the worker themselves, it is still more than 60 hours a week.</p> <p>The staff explained that this extra working hours only happened for CFS working in ecotourism when tourist are visiting the location. CFS working in other task have normal working hours. In days without tourist, working hours are shorter. Auditor consider that this issue is limited in scope (only one type of work) and temporary (during tourist season) therefore, minor NCR is raised.</p>			
Corrective action request:	<p>The Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in the evidence above, as well as the root cause to eliminate and prevent the recurrence of the non-conformance.</p>		
NCR conformance deadline:	By the next annual audit.		
Client evidence:	PENDING		
Evaluation of evidence:	PENDING		
NCR status:	OPEN		
Comments (optional):			

NCR number: 03/23	NC grading:	Major <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
Standard & requirement:	SFP add-on to certified FSC Forest Management operations Checklist – Sustainability Framework Standard V1.3 Indicator 2.4.10		
Description of non-conformance:			
<p>There are different types of working relationship implemented in the forest operation. One, all the staff are government officers and under permanent employment. Two, some of workers are under short term contract for temporary/ seasonal activity such as monitoring or survey. The last type is CFS or "contract for service". It is a worker being contracted as if they are service provider/vendor. Same regulations and working hours applicable to the CFS with the exception of CFS in tourism as raised in NCR above. Some CFS have been working for the Organization for many years. However, there are some benefits that are not received by the workers due to this CFS model including paternity and maternity leave, annual leave and sharing insurance payment.</p>			

Based on interview with the CFS, they still covered by insurance because the organization encourage CFS to be insured under personal account. The CFS also can still take leave for anything under unpaid leave. No CFS has ever need to take maternity or paternity leave. Considering the limited scope of issue and impact, A minor NCR is raised.	
Corrective action request:	The Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in the evidence above, as well as the root cause to eliminate and prevent the recurrence of the non-conformance.
NCR conformance deadline:	By the next annual audit.
Client evidence:	PENDING
Evaluation of evidence:	PENDING
NCR status:	OPEN
Comments (optional):	

NCR number: 04/23	NC grading:	Major <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
Standard & requirement:	SFP add-on to certified FSC Forest Management operations Checklist – Sustainability Framework Standard V1.3 Indicator 2.4.11		
Description of non-conformance:			
The Organization does not hire migrant workers. SFD (Sabah Forestry Department) staff are all Sabahan and all CFS (contract for service) workers are all from local community. However, SFD hire contractors for harvesting and all the workers are migrant from Indonesia. The Organization themselves identify some issues related to passport validity. The auditor also noted that working visas of some workers are issued for palm oil work but not forestry. The issue is raised as a minor NCR because the Organization has identified it before SFP evaluation and took several actions including issuance of warning letter and temporary stop harvesting.			
Corrective action request:	The Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in the evidence above, as well as the root cause to eliminate and prevent the recurrence of the non-conformance.		
NCR conformance deadline:	By the next annual audit.		
Client evidence:	PENDING		
Evaluation of evidence:	PENDING		
NCR status:	OPEN		
Comments (optional):			

NCR number: 05/23	NC grading:	Major <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
Standard & requirement:	SFP add-on to certified FSC Forest Management operations Checklist – Sustainability Framework Standard V1.3 Indicator 2.4.12		
Description of non-conformance:			
The Organization themselves has identified that there are insufficient housing facilities and safety equipment for the migrant workers under contractor. It is to be noted that the responsibility to provide sufficient housing and PPE are under contractor and SFD have issued warning several times. The harvesting operation has also been stop before SFP evaluation. Because the issue is still exists but no high risk operation (harvesting), a minor NCR is raised.			
Corrective action request:	The Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in the evidence above, as well as the root cause to eliminate and prevent the recurrence of the non-conformance.		
NCR conformance deadline:	By the next annual audit.		
Client evidence:	PENDING		
Evaluation of evidence:	PENDING		
NCR status:	OPEN		
Comments (optional):			

NCR number: 06/23	NC grading:	Major <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
Standard & requirement:	SFP add-on to certified FSC Forest Management operations Checklist – Sustainability Framework Standard V1.3 Indicator 2.8.4		
Description of non-conformance:			
The Organization provide housing for staff and workers. All Organization's provided housing is safe and hygienic. However, for contractor's workers, housing is provided by contractors. These contractor housing is not sufficient in term of safety and hygiene. For example, there is no toilet in one of the housing sites and there are holes in bedroom floor that may pose health and safety risk to workers. The issue is raised as a minor NCR because the Organization has identified it before SFP evaluation and took several actions including issuance of warning letter and temporary stop harvesting. A minor NCR is raised.			
Corrective action request:	The Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in the evidence above, as well as the root cause to eliminate and prevent the recurrence of the non-conformance.		
NCR conformance deadline:	By the next annual audit.		
Client evidence:	PENDING		

Evaluation of evidence:	PENDING
NCR status:	OPEN
Comments (optional):	

NCR number: 07/23	NC grading:	Major <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
Standard & requirement:	SFP add-on to certified FSC Forest Management operations Checklist – Sustainability Framework Standard V1.3 Indicator 4.2.1 & 4.2.2		
Description of non-conformance:			
The Organization has not conducted any identification on impact from climate change. There are researchers who conducted research related to carbon and logging effect within the DRF area and some publication is publicly available in year 2012 (https://www.sciencedirect.com/science/article/abs/pii/S0303243412000414) However, there are no continues research on the impact of logging on climate change in recent years. Therefore, a minor is raised.			
Corrective action request:	The Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in the evidence above, as well as the root cause to eliminate and prevent the recurrence of the non-conformance.		
NCR conformance deadline:	By the next annual audit.		
Client evidence:	PENDING		
Evaluation of evidence:	PENDING		
NCR status:	OPEN		
Comments (optional):			

NCR number: 08/23	NC grading:	Major <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
Standard & requirement:	SFP standard <i>System Requirements for Certificate Holders v1.3</i> . Indicator 4.1		
Description of non-conformance:			
The Organization has a monitoring system in place against the requirement of FSC FM which covers most of the aspects and activities of the organization. The documents such as Standard operation procedure and monitoring reports are readily accessible. Additionally, the report regarding wildlife monitoring is available publicly on the DRF (Deramakot Forest Reserve) website. However, the internal evaluation is not according to the sustainability framework programme requirements. There are some gaps in the internal evaluation system within DRF and these gaps have raised concern about the organization to fully comply with the sustainability framework programme. As a result, a minor issue has been raised.			
Corrective action request:	The Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.		

	Note: Effective corrective actions focus on addressing the specific occurrence described in the evidence above, as well as the root cause to eliminate and prevent the recurrence of the non-conformance.
NCR conformance deadline:	By the next annual audit.
Client evidence:	PENDING
Evaluation of evidence:	PENDING
NCR status:	OPEN
Comments (optional):	

NCR number: 09/23	NC grading:	Major <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
Standard & requirement:	SFP standard <i>System Requirements for Certificate Holders v1.4.; Annex 1: CoC requirements for land-use entities. Indicator 4.1.5</i>		
Description of non-conformance:			
<p>The COC system and document of DFR (Deramakot Forest Reserve) showing the COC system is complete with the document after the log harvested from the compartment, the COC document carry with the driver from stumping to mill contained information of sales, date of shipping (removal pass), detail of product and types of material including species and quantities (log list). After the material is dispatched from the stumping, buyer will contact DFR to confirm the material received. DFR have the shapefile readily available, but they have not yet determined a method to deliver the shapefile data (geographic coordinate) to the buyer. Since DRF have no procedure in transferring the shapefile data (geographic coordinate) to the buyer, DRF can only make “source preserved” claim but not “geolocation preserved”.</p> <p>This requirement is important to comply with EUDR and the SFP main objective is to comply with EUDR. Non-conformance with this indicator will be barrier to achieve the objective, therefore, the NCR is graded as Minor.</p>			
Corrective action request:	<p>The Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in the evidence above, as well as the root cause to eliminate and prevent the recurrence of the non-conformance.</p>		
NCR conformance deadline:	By the next annual audit.		
Client evidence:	PENDING		
Evaluation of evidence:	PENDING		
NCR status:	OPEN		
Comments (optional):			

Closed Non-Conformity Reports (NCRs)

None.

Observations

Note: Observations are issued for the early stages of a problem, which does not of itself constitute a non-conformance but which the auditor considers may lead to a future non-conformance if not addressed by the Organisation; observations may lead to direct non-conformances if not addressed.

None

Additional auditor notes

None

