



**PUBLIC SUMMARY
STAGE 2 AUDIT ON
KAPIT FOREST MANAGEMENT UNIT
FOR FOREST MANAGEMENT CERTIFICATION**

**Certificate Number: FMC-NF 00118
Date of First Certification: 11 June 2018
Audit Date: 23-28 October 2017
Date of Public Summary : 03 July 2018**

Certification Body:

**SIRIM QAS International Sdn. Bhd.
Block 4, SIRIM Complex
No. 1, Persiaran Dato' Menteri
Section 2, 40700 Shah Alam
Selangor
MALAYSIA
Tel : 60-3-5544 6400/5544 6448
Fax : 60-3 5544 6763
Website : www.sirim-qas.com.my**

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1 EXECUTIVE SUMMARY

This Stage 2 Audit on the Tanjong Manis Holdings Sdn Bhd - Kapit Forest Management Unit (hereafter referred as the Kapit FMU) was conducted on 23 – 28 October 2017 to assess the compliance of the overall forest management system of the Kapit FMU against the requirements of the *Malaysian Criteria and Indicators for Forest Management Certification (Natural Forest)* [MC&I (Natural Forest)] using the verifiers stipulated for Sarawak. The scope of this Stage 2 Audit was limited to the forest management system and practices on the Permanent Reserved Forest (PRF) within the Kapit FMU.

This Stage 2 Audit was conducted by a 4-member team comprising Ismail Adnan Abdul Malek (Lead Auditor), Razman Salim (Auditor), Khairul Najwan Ahmad Jahari (Auditor), and Dr Nazre Saleh (Auditor). Rahayu Zulkifli participated in this Stage 2 Audit as a Technical Expert.

Based on the findings of this Stage 2 Audit, it was found that Kapit FMU had complied with the requirements of the MC&I (Natural Forest). This Stage 2 Audit had resulted in the issuance of one (1) and five (5) major and minor Non Conformity Reports (NCRs) respectively. No Observation for Improvements (OFIs) was raised.

This public summary contains the general information on the Kapit FMU, the findings of the Stage 2 Audit, NCRs raised as well as the decision on the certification of the FMU.

2 INTRODUCTION

2.1 Name of FMU

Tanjong Manis Holdings Sdn Bhd - Kapit Forest Management Unit

2.2 Contact Person and Address

Name : Mr. Nelson Bijack James Chas
Designation : Forest Manager
(Sustainable Forest Management Department, Ta Ann Holdings Berhad)
Address : No 6, Lot 9, Lorong Pedada 20A2,
Jalan Pedada
P.O. Box 1489
96008 Sibul
Sarawak

Phone # : (+60-84) 312 299)
Fax # : (+60-84) 349 813)

2.3 General Background on the Tanjong Manis Holdings Sdn Bhd – Kapit FMU

The Kapit FMU is managed by Tanjong Manis Holdings Sdn Bhd, a 100% subsidiary of Ta Ann Holdings Berhad, is committed to the management of the FMU on a sustainable basis. The FMU is operating under the Forest Timber License (FTL) No. T/3491 issued to Tanjong Manis Holdings Sdn Bhd on 12 June 2007 and will expire on 11 April 2021 (14 years). Kapit FMU (License T/3491) covers an area of 149,756 hectares via a letter from Sarawak Forestry Department (Ref: WPO.628.388 (ii)) dated 29 May 2017 to Tanjong Manis Holdings Sdn Bhd

Kapit FMU is located in the southern part of Kapit District and about 72% (108,489 ha) are located in the Baleh Permanent Forest Reserve while the remaining 28% (41,267 ha) falls under the Kapit Stateland.

The Kapit FMU is served by public road and logging road. The administrative center of Kapit FMU is located at Engkeramuh Base Camp, 38 km from the Melekun Logpond.

The areas/coupes in the Kapit FMU are shown in Table 1 below

Table 1: Areas under Kapit FMU

COUPE NO	Harvesting year	OPERABLE AREA (ha)	INOPERABLE AREA (HA)		TOTAL AREA (ha)
			SA	BUFFER ZONE	
1AR	2017	4,758	-	-	4,758
2AR	2018	4,776	-	-	4,776
3AR	2019	4,799	-	-	4,799
4AR	2020	4,613	-	1,226	5,839
5AR	2021	4,917	-	-	4,917
6AR	2022	4,859	-	-	4,859
7AR	2023	4,771	-	-	4,771
8AR	2024	4,609	-	-	4,609
9AR	2025	4,642	-	-	4,642
10AR	2026	4,659	-	-	4,659
11AR	2027	4,619	-	-	4,619
12AR	2028	4,601	705	-	5,306
13AR	2029	4,743	2,132	-	6,875
14AR	2030	4,932	1,307	-	6,239

15AR	2031	4,920	1,492	-	6,412
16AR	2032	4,869	2,650	-	7,519
17AR	2033	4,935	-	-	4,935
18AR	2034	5,127	12,110	-	17,237
19AR	2035	5,361	482	-	5,843
20AR	2036	4,978	6,411	-	11,389
21AR	2037	4,912	-	-	4,912
22AR	2038	4,468	-	-	4,468
23AR	2039	4,610	-	1,071	5,681
24AR	2040	4,958	-	-	4,958
25AR	2041	4,734	-	-	4,734
TOTAL		120,170	27,289	2,297	149,756

A map of the FMU showing the significant features of the forest is attached in **Attachment 1**.

2.4 Date First Certified

11 June 2018

2.5 Location of the FMU

The FMU is located between 1° 32' 4.4" N, 113° 20' 30" E and 2° 00' 7.1" N, 112° 43' 45.8" E

2.6 Forest Management System

Kapit FMU had followed the principles of Sustainable Forest Management (SFM) and the requirements of the Licence Agreement of the State government. A Forest Management Plan for Kapit FMU (2017 – 2022) was presented during this audit.

2.7 Annual Allowable Cut/Annual Harvest under the Forest Management Plan

The Annual Allowable Cut (AAC) was calculated at 77,538 m³/year (16.13m³/ha) or not more than 4,907 ha/year on average for the 25 years of cutting cycle.

The quota of Cutting Limit approved by Sarawak FD (i.e. from July 2017-June 2018) was 15,000m³/year (12,000m³/y for local and 3000m³/y for export). As log is the main product, no non-timber forest product shall be harvested from the FMU.

During this Stage 2 Audit, the size of the FMU is 149,756 ha.

2.8 Environmental and Socioeconomic Context

An EIA for the proposed Timber Harvesting Operation in Kapit FMU under Forest Timber Licence (FTL) No. T/3491, Melekun and Sg. Yong, Kapit Division, Sarawak was conducted as required under item 2(i) of the First Schedule of the said Order (Section 11A (1) of the Natural Resources and Environmental Ordinance). The EIA report was acknowledged by the NREB on 10th August 2017. The potential impacts and strategies to mitigate the impacts on-site and at landscape level were considered.

The Forest Management Plan had also incorporated an assessment of environmental impacts specific to potential impacts on endangered, rare and threatened species of flora and fauna (ERT), and the need for biological corridors in the FMU as seen in Chapter 7.3 – Environmental Impact Considerations, and Chapter 2.6 – Wildlife Survey, Table 2.6 – List of Mammal Encountered during Field Assessment, Table 2.7 – The List of Birds Encountered during Field Assessment and Table 2.5 – Critically Endangered, Endangered, Vulnerable and Protected Plants Identified during baselines studies in the FMU. The mitigation measures of the potential impacts on endangered, rare and threatened species of flora and fauna (ERT) and the need for biological corridors were stated in Chapter 6 - HCV Management and Monitoring of High Conservation Value (HCV) Assessment Report. Mitigation measures were also explained in Chapter 7.4 – List of Mitigation Measures in the FMP.

A social impact evaluation was conducted and a report titled “Social Impact Assessment (SIA) Report June 2017” covering 55 settlements (44 settlements within the Sg. Gaat and Sg. Sut area (Melekun area) and 11 settlements in the Sg. Yong area) was available.

The SIA study has covered 45 settlements which were divided by two localities namely Melekun (34 settlements) and Sg. Yong (11 settlements) in the Kapit Division. The report outlined the socio-economic environment, social impact and mitigation, land ownership and land issues, and also mitigation measures and monitoring on these communities during forest operation.

Kapit FMU also had acknowledged and identified the local communities’ settlements in the FMU area which was called ‘Shifting Agriculture (SA) land’ as directed by the Sarawak Forest Department. This area has been demarcated in the map titled ‘Forest Zoning Map of Kapit FMU’ and ‘Annual Coupe of Kapit FMU (T/3491)’ which were attached in the FMP and also in the General Harvesting Plan (GP). On site demarcation between FMU areas and “Shifting agriculture” areas had been continually implemented. The total area of Shifting Agriculture (SA in Kapit FMU area is 27,289 hectares.

The exact locations of the 55 local communities or longhouses within and adjacent to the FMU had been identified and mapped titled ‘Location of Settlement at Kapit FMU’ sighted in the SIA report, June 2017. The communities burial ground is located within the Shifting Agriculture (SA) area.

Forest managers had recognized, respected and collaborated with holders of duly recognised legal or customary tenure or use rights of the local communities. This was verified from the minutes of the meeting with Community Representative Committee (CRC). During the meeting, the FMU had consulted with the local communities to identify, document and protect sites of significant importance to them (e.g. burial ground and water catchments).

3. AUDIT PROCESS

3.1 Audit Dates

23 -28 October 2017 (24 man-days)

3.2 Audit Team

Ismail Adnan Abdul Malek	(Lead Auditor)
Dr Nazre Saleh	(Forester)
Razman Salim	(Forester)
Khairul Najwan Ahmad Jahari	(Forester)
Rahayu Zulkifli	(Technical Expert)

The details on the experiences and qualifications of the audit team members are as in **Attachment 2**.

3.3 Standard Used

Malaysian Criteria and Indicators for Forest Management Certification (Natural Forest) [MC&I (Natural Forest)] using the verifiers stipulated for Sarawak.

3.4 Stakeholder Consultations

A one-month stakeholder consultation was conducted on September 2017 to solicit feedback from stakeholders on the compliance of the Kapit FMU against the requirements of the MC&I (Natural Forest). The comments by the stakeholders and responses by the audit team are shown in **Attachment 3**.

3.5 Audit Process

The audit was conducted primarily to evaluate the level of compliance of the Kapit FMU's current documentation and field practices in forest management with the detailed of the standard of performances (SOPs) listed in the MC&I (Natural Forest), using the verifiers stipulated for Sarawak.

For each Indicator, the auditors had conducted either a documentation review, consultation with the relevant personnel of the FMU, local community or stakeholders or field audit or a combination of these methods. Depending on the compliance with the verifiers for a particular indicator, the auditors then decided on the degree of the FMU's overall compliance with the indicator and decided whether or not to issue a major or minor NCR or an OFI which is defined as follows:

- (i) a major NCR is a non-compliance with the requirements of the MC&I (Natural Forest);
- (ii) a minor NCR is a deviation or a lapse in complying with the requirements of the MC&I (Natural Forest); and
- (iii) an OFI is a situation where the auditor has noted an area of concern on the capability of the forest management system to achieve conformance to the requirements of the MC&I (Natural Forest) but without sufficient objective evidence to support a non-conformance.

Consultations were held with the communities of 17 villages, 14 of which is located within the Kapit FMU and 3 villages located outside the FMU, members of the Community Representative Committee (CRC) also known as "*Gerempong Masyarakat Zon Melekun (GEMAZON)*", as well as contractors and workers operating in the FMU. The audit team had also held meetings with representatives of the Sarawak Forestry Corporation and Sarawak Forest Department.

The coverage of this Stage 2 Audit is as shown in the Stage 2 Audit Plan in **Attachment 4**.

The Kapit FMU had sent a corrective action plan to the audit team to address the major and minor NCRs which the audit team had reviewed and accepted them. The audit team had prepared an interim Stage 2 Audit report and sent it to Kapit FMU for comment. A second draft Stage 2 Audit report which had incorporated the comments received from Kapit FMU was then prepared and sent to two peer reviewers for independent reviewing. A final Stage 2 Audit report was prepared after incorporating the comments from peer reviewers.

4 SUMMARY OF AUDIT FINDINGS

Based on the findings of this Stage 2 Audit, it was found that Tanjong Manis Holdings Sdn Bhd had managed the Kapit FMU in compliance with most of the requirements of the MC&I (Natural Forest). This Stage 2 had resulted in the issuance of 1 major, 5 minor NCRs and no OFIs. The details on the NCRs raised are shown in **Attachment 5**.

The audit team had reviewed, accepted and verified the corrective actions taken by Tanjong Manis Holdings Sdn Bhd - Kapit FMU to address the 1 major NCR raised during this Stage 2 Audit. The audit team was satisfied that the corrective action had been effectively implemented and had therefore closed out this major NCR. The audit team had also reviewed and accepted the Kapit FMU proposed corrective actions to address the 5 minor NCRs. However, these corrective actions shall be verified by the audit team during the next audit.

On indigenous peoples' rights, there were mechanisms in place to resolve disputes over tenure and use rights through the SOP 'Communication with Natives' and 'Native Claims and Compensation' established by Kapit FMU). It was observed that there was no recorded civil court case pertaining to legal or customary tenure or use rights filed against Kapit FMU.

As the major NCR raised during this Stage 2 Audit had been closed out, the audit team had therefore recommended that the Certificate for Forest Management be awarded to Tanjong Manis Holdings Sdn Bhd – Kapit FMU.

The summary on the findings of the Stage 2 Audit on the Kapit FMU against the requirements of the MC&I (Natural Forest) are as follows:

Principle	Strengths	Weaknesses
Principle 1 Compliance With Laws and Principles	<p>Kapit FMU management has respected all applicable laws and international treaties and agreements to which Malaysia is a signatory, and complied with all the Principles and Criteria contained herein.</p> <p>Documents on all the binding international agreements which Malaysia is a signatory were present at Engkeramuh Base Camp and made available to the forest managers.</p> <p>Interviewed senior forest managers had demonstrated knowledge of the federal, state and local laws and regulatory framework. They were aware of the relevance of these laws and regulatory framework on the management of the FMU. In addition, in house briefings at regular intervals were conducted to familiarize field workers on these requirements.</p> <p>Record of violation by Kapit FMU and action taken was kept in the file container titled 'Records/Principle 1(01)' at the base camp.</p> <p>Consultations with officers from Sarawak Forestry Corporation (SFC) and Forestry Department Sarawak had indicated that Kapit FMU has followed and complied with all SFC and SFD regulations in 2017.</p> <p>The Environmental Monitoring Reports (EMR) were submitted to NREB at quarterly intervals as scheduled. Safety records inspection at the office showed no violations of the Department on Safety and Health (DOSH) regulations.</p> <p>The FMU is protected under both the provisions of the Sarawak Forest Ordinance and Wildlife Protection Ordinance. Signage stating no hunting and fishing had been erected at prominent spots within the FMU.</p> <p>A Sustainable Forest Management policy was available for Kapit FMU which included a statement "Commitment to forest management of our natural resource via implementation of Malaysian Criteria and Indicators (MC&I) for Forest Management Certification (Natural Forest)". The statement of commitment was also available in the publicly available summary</p>	<p>Although boundary patrolling were carried out based on sighted 'Boundary Patrolling' record, control measures of encroachment, illegal harvesting, and other un-authorised activities in the FMU were not sufficient because during site inspection at Coupe 18, un-authorised activities (encroachments) were found in the FMU area. The area was planted with paddy and corn, and there were no records of action taken from Kapit FMU manager. Secondly, site inspection of Northern Area of FMU found, there were no boundaries demarcation for both License Area and Shifting Agriculture Area (SA) contrary to map in the General Harvesting Plan (GP) of Forest Timber License (FTL) T/3491 Kapit FMU (dated 15 February 2017). Therefore, a Major NCR (KN 01/07) was raised on indicator 1.5.2.</p>

Principle	Strengths	Weaknesses
	<p>(http://www.kapitfmu.com.my/policy)</p> <p>There were no conflicts documented between these Principles and Criteria, laws and regulations. The forest managers had expressed their willingness to participate in resolution of such conflicts if they arise.</p>	
Principle 2 Tenure and Use Rights and Responsibilities	<p>Long-term tenure and the use rights to the land and forest resources had been clearly defined, documented and legally established. The forest use rights were provided in the <i>Forest Timber Licence No. T/3491</i> issued to Tanjong Manis Holdings Sdn Bhd on 12 June 2007 and valid until 11 April 2021 for 149,756 hectares.</p> <p>Forest managers had continued to support legally recognized mechanisms for resolving land claims through the SOP 'Communication with Natives' and 'Native Claims and Compensation' established by Kapit FMU. The FMU with Sarawak Forestry Corporation and also villagers had formulated the Community Representative Committee (CRC) also known as '<i>Gerempong Masyarakat Zon Melekun</i> (GEMAZOM)' in 2016. This committee is a forum for consultation by members and to arbitrate social grievances affecting the FMU. Minutes from the Committee meetings showed that there were no court case or land claims made by the villagers.</p>	There were no negative findings
Principle 3 Indigenous People's Rights	<p>Relevant documents on the customary rights of indigenous peoples' lands were kept at Engkeramuh Base Camp office. Map of Annual Coupe (T/3491) and General Harvesting Plan (GP) for Kapit FMU presented showed locations of longhouses, burial ground and water catchment within and adjacent the FMU all in the Shifting Agriculture (SA) sites.</p> <p>The FMU also had acknowledged and identified the local communities "Shifting Agriculture (SA)" areas in the FMU as directed by the Sarawak Forest Department. The management and use of shifting agriculture (SA) areas were controlled by the local communities unless they had delegated control with free, prior and informed consent to other parties.</p> <p>Appropriate procedures for identifying and protecting sites of special cultural, ecological, economic or religious</p>	There were no negative findings

Principle	Strengths	Weaknesses
	<p>significance to indigenous peoples was available through an SOP titled 'Management and monitoring of native forest – related traditional knowledge and special sites' which specified community resource mapping (present land use, permanent crop land, water catchment area, agriculture infrastructure, religious and cultural sites, high conservation value area, communal use forest).</p> <p>Mechanism to resolve any conflicts and grievances was established through Communities Representatives Committee (CRC) and SOP titled 'Communication with Natives'. However, there was no record of conflict and grievance from local communities.</p> <p>There was no application of any traditional forest-related knowledge and practices of natives in forest operations. However, SOPs titled 'Compensation for commercial utilization of traditional forest related knowledge' and 'Management and monitoring of native forest – related traditional knowledge and special sites' were available whenever applicable.</p>	
Principle 4 Community Relations and Workers' Rights	<p>Kapit FMU had provided training, retraining, local infrastructure, facilities and social program for all levels of its employees. Management has conducted various internal training related to forest management and logging operation for their staff and sent workers for training by external agencies such as Sarawak Timber Association (STA) and Sarawak Forestry Corporation (SFC). Kapit FMU has maintained "A list of STA training for all Workers under Kapit FMU".</p> <p>The FMU had promoted job opportunities to local communities. Opportunities for employment to local communities had been discussed during Community Representative Committee (CRC) meetings. Records sighted showed the FMU has employed 61 from local communities living within and adjacent to the FMU.</p> <p>The right of workers to benefits and protection at Kapit FMU was assured under applicable laws, i.e. Labour Ordinance 1952 (Sarawak, Cap 76), Employees Provident Fund Act 1991 and Employees' Social Security Act 1969. An appropriate Standard Operating Procedures to address grievances raised by workers and for worker conflict</p>	<p>Kapit FMU has to provide appropriate safety and operational equipment in good working condition, including operational procedures and they shall be made available to forest workers in the work place. However, during site inspection of the FMU workshop at Engkeramuh Base Camp, four oil containers with one of the container still has oil in it, were kept in worker's personal tool storage which were clearly not in designated storage area, hence, a Minor NCR (MN 01/2017) was raised under Indicator 4.2.3</p> <p>Although Kapit FMU Social Policy has been communicated to all employees through briefings/trainings, workers interviewed at Logging Block 38, Coupe 15AR, were found unaware of the ILO Convention No 87 (on their rights to organise or join union), hence, it was obvious that the provision for FMU staff and workers to freely organise or union of their own choice has not been communicated from the FMU management to all personnel. Based on this, a Minor NCR (IAM/02/2017) on Indicator 4.3.1 was raised.</p> <p>A social impact evaluation report titled "Social Impact Assessment (SIA)</p>

Principle	Strengths	Weaknesses
	<p>resolution was available (Ref: 'Employee Grievances': TA-SOP-HR-01).</p> <p>All applicable laws and/or regulations covering health and safety of employees were made available and had been explained to them.</p> <p>Management Policies on Safety and Health had been clearly established and implemented. Posters on Occupational Safety and Health Policy were displayed at the store, camp office, workshop and store.</p> <p>Safety and Health Committee had been established by the FMU and meetings had been conducted.</p> <p>The FMU had established and compensate local communities for loss or damage on their legal or customary rights, property, resources, or their livelihoods caused by forest operations through a mechanism to resolve grievances and fair compensation i.e. SOP titled 'Native Claims and Compensation'. Community Representative Committee (CRC) meeting.</p>	<p>Report June 2017" covering 55 settlements was available. However, its information has yet to be updated in the Kapit FMU FMP (2017-2022) rev: 15 February 2017. Hence, a Minor NCR MRS 01/2017 for Indicator 4.4.2 was raised.</p>
Principle 5 Benefits From the Forest	<p>The "Annual Budget for Kapit FMU 2017" showed investments and reinvestments in forest management which included provisions for forest administration, research (scientific collaboration and PSP), human resource development, protection (patrolling), economic (operating), conservation (HCV), environmental (EMR) and social aspects (CSR, compensation). Actual expenditures were documented in the document "Expenditure for Kapit FMU 2017 for the Year Ended 30th Sept 2017".</p> <p>Kapit FMU management has planned to establish 61 Forest Resource Assessment (FRA) plots in the FMU and at the time of audit, 30 FRAs has already been established. FRA establishment was aimed towards furnishing better information on the growth of residual forest trees following logging.</p> <p>The Annual Allowable Cut (AAC) was 77,538m³/year (16.13m³/ha) or not more than 4,907 ha/year on average for the 25 years of cutting cycle. As log is the main product, no non-timber forest product shall be harvested from the</p>	<p>There were no negative findings</p>

Principle	Strengths	Weaknesses
	<p>FMU. Monitoring the compliance of AAC was in the report “Actual Production vs Annual Allowable Cut (AAC) for Kapit FMU”,</p> <p>RIL implemented at Kapit FMU followed following SOPs:</p> <ul style="list-style-type: none"> • Implementation of Reduced Impact Logging (RIL) In Harvesting Operation (TA-SOP-RIL-04) • Planning and Marking of Log Landing and Skid Trail (TA-SOP-RIL-03) • Monitoring and Inspection for Reduced Impact Logging (RIL) operation (TA-SOP-RIL-06) • Basic Chainsaw Maintenance and Directional Tree Felling 2001, First Edition, dated October 2001 <p>Regular training was also conducted for the staff on techniques of reduced-impact logging.</p> <p>Kapit FMU has no plan for production of a mixed commercial forest product including the utilisation of non-timber forest products.</p> <p>Sensitive areas were demarcated and protected for protection of soil and water, watercourses and wetlands which include Riparian buffers, Terrain IV, Water Catchments and other HCWF according to procedures titled ‘Identification and Demarcation of Buffer Zones for the Protection of Permanent Waterway’ (TA-SOP-CON-04, ver. 02 dated 1 Nov 2016).</p>	
<p>Principle 6 Environmental Impact</p>	<p>An EIA was available for the proposed Timber Harvesting Operation in Kapit FMU under Forest Timber Licence (FTL) No. T/3491, Melekun and Sg. Yong, Kapit Division, Sarawak. It outlined mitigation measures to be implemented against impacts from forest operations.</p> <p>The Kapit FMU FMP (2017-2022) had also incorporated an assessment of environmental impacts specific to potential impacts on endangered, rare and threatened species of flora and fauna (ERT), and the need for biological corridors in the FMU</p> <p>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,</p>	<p>The activities of hunting, fishing and collecting in the FMU were controlled and inappropriate activities prevented through ‘Monitoring of license boundaries’ and illegal activities’. However, periodical control measures such as patrolling schedule for forest area and closure of access to forest were not available in Kapit FMU, thus a Minor NCR KN02 on Indicator 6.2.4 was raised.</p>

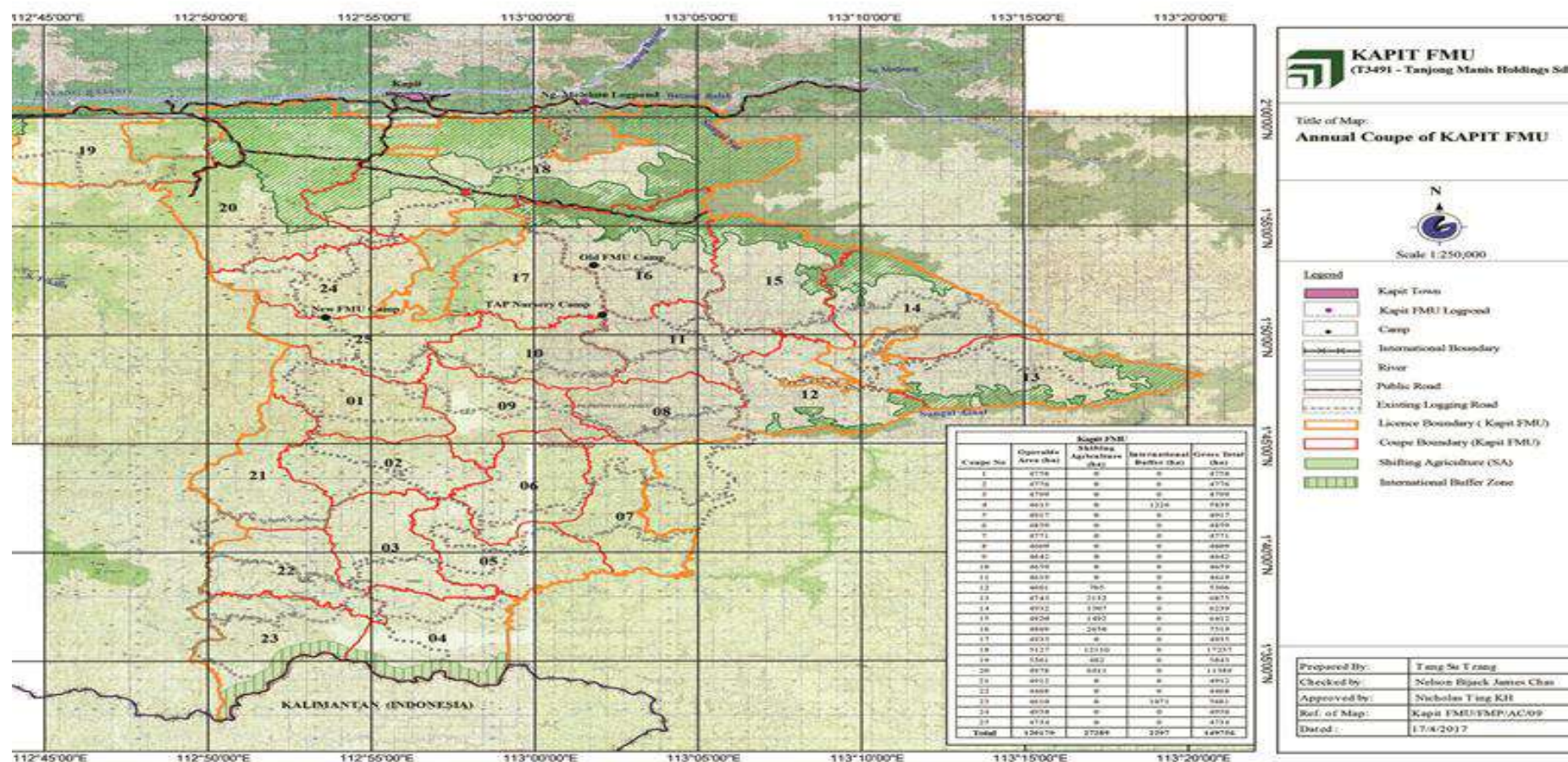
Principle	Strengths	Weaknesses
	<p>nesting and feeding areas in the FMU were available through the procedures “Identification and Protection of Rare, Threatened and Endangered Species of Flora and Fauna” dated 31 March 2017 (TA-SOP-CON-05, version 02) and SFC Guidelines on ERT Species (October 2013).</p> <p>There was existing cooperation between forest managers, and conservation organizations and regulatory authorities in implementing conservation and management activities at Kapit FMU.</p> <p>Awareness training/briefing on ERT’s was conducted using slide shows, training material. Posters and Leaflets on Endangered Species (Totally Protected Animals of Sarawak, Protected Animals of Sarawak, and Totally Protected Plants of Sarawak), were posted at various locations in the FMU.</p> <p>Harvesting procedures to protect the soil from compaction by harvesting machinery and erosion during harvesting operations followed the “Guidelines for Reduced Impact Logging Systems in Forest Management Certification (Natural Forest) Area, Second Edition, 2014”. Guidelines for forest road lay-out and construction, including log landings and drainage requirements were available in the “Guidelines for Forest Road Layout and Construction, Sarawak Forestry Department”.</p> <p>Workers were aware of the chemical handling procedures as they had undergone training on “Chemical Safety, Waste and Chemical Spillage Management organised by the FMU.</p> <p>Waste disposal and recycling of liquid and solid non-organic wastes was implemented through the SOP titled “Waste Management” (TA-SOP-EMS-01).</p> <p>There is no use of biological control agents and planting of exotic species in Kapit FMU. There is also no conversion of natural forest to plantation or other land use in the FMU.</p>	
Principle 7 Management Plan	The Forest Management Plan (2017 – 2022) for Kapit FMU dated 15 February 2017, approved by Sarawak Director of Forestry on 17 April 2017 was available and verified.	The FMP provided items (a) to (i) as per requirements of Criteria 7.1 with the exception of the following;

Principle	Strengths	Weaknesses
	<p>Kapit FMU forest manager is aware of new scientific and technical information pertinent to the management of the natural forest and the need to incorporate the information in future update of the FMP which include:</p> <ul style="list-style-type: none"> AAC for Kapit FMU will be available after December 2017 Scientific collaboration on the 'Establishment and Assessment of PSPs at Three FMUs of Ta Aan Group (Statewide network of PSP establishment)' Scientific collaboration on 'The Identification and Monitoring of Endangered, Rare and Threatened Species and Their Habitats for Sustainable Forestry' <p>Training/briefing of workers in their respective roles in the implementation of the FMP was provided by Kapit FMU and STA which included RIL, Tree Felling, MC&I and others.</p> <p>A summary of the primary elements (a) to (i) of the Kapit FMU Forest Management Plan (2017 – 2022) implemented under Indicator 7.1.1 was made publicly available through website: http://www.kapitfmu.com.my/fmp/</p>	<ol style="list-style-type: none"> Schedule of Harvesting locations(coupes), Pre-Harvesting activities (coupes) and Post harvesting activities (coupes) according to year in the FMP Information on "Coupe No/Year" in Table 3.2, "Coupe Area in FMU" in the FMP not accurate Revised Sustainable AAC based on FRA plots analysis was not updated in the FMP <p>Therefore, a Minor NCR IAAM/02/2017 for Indicator 7.1.1 was therefore, raised.</p>
Principle 8 Monitoring and Assessment	<p>The Kapit FMU monitoring procedure implemented complied with the Sarawak Forestry Department's, 'Instructions for the Inspection of Logging Areas 1982' and 'Procedures for the Inspection of Harvesting Areas 1999. It is outlined in the Kapit FMU FMP in particular; Chapter 2: Forest Resource Assessment; Chapter 8: Forest Research and Chapter 11: Identification and Management of Protection and Conservation Areas'.</p> <p>Additional monitoring and assessment SOPs available at Kapit FMU were;</p> <ol style="list-style-type: none"> SOP ID: TA-SOP-MTR-01, Issued on 16th June 2017 – 'Monitoring of Social, Ecological, Environmental and Economic Impact' SOP ID: TA-SOP-FRA-01, Issued on 1st Nov. 2016 – 'Forest Resource Assessment' 'Technical Manual for Forest 	<p>There were no negative findings</p>

Principle	Strengths	Weaknesses
	<p>Resource Assessment' (Doc. Ref/ID-SFM/MPD-FDS-01) dated February 2017</p> <p>Kapit FMU management has appropriately included all relevant information needed to monitor items listed in (a) to (e) of Criterion 8.</p> <p>For Kapit FMU, tracing the forest product (logs) from its origin, a process known as the "chain of custody", leaving the certified area, was verified through presented records and relevant documents sighted which include Permit to enter coupe (Ref. No: T3491/14/14AP), Inspection at Source Receipt (IR-E1) [WO No.: KPT/2017/00792] from Harwood Timber Sdn. Bhd. dated 7th June 2017 and others.</p> <p>Public summary of the forest monitoring indicators a) to e) under Criterion 8.2 is available at the website: http://www.kapitfmu.my/monitoring/</p>	
Principle 9 Maintenance of High Conservation Values	<p>The assessment on the presence of the attributes consistent with HCVF was reported in "Assessment of High Conservation Values Areas Within Kapit FMU", (December 2015 – November 2016).</p> <p>Findings/reports from consultations with relevant stakeholders sighted were;</p> <ol style="list-style-type: none"> 1. 'Assessment with FDS, STA, WWF and SFC', report dated 18th December 2015 2. 'Consultation the Dependency of Local Community on Salt Lick' at Rh Ikau ak. Kaya' (Ref. # SFM/COM/Report/2016), report dated 30th November 2016. 3. Minutes of CRC Meeting in Meligal Hotel, Kapit on 20th January 2017 between FMU managers and representative of local communities [SFM/COMMUNITY/(2b)] 4. Minutes of Consultative meeting with Rh. Ikau on 31st March 2017 [SFM/COMMUNITY/(3c)] <p>In the Kapit FMU FMP, identified HCVF areas were in map entitled "HCV attributes Identified in Kapit FMU" dated</p>	<p>There were no negative findings</p>

Principle	Strengths	Weaknesses
	<p>on 9th January 2017. It was also stated in FMU public summary at http://www.kapitfmu.com.my/hcv/</p> <p>The Kapit FMU FMP clearly stated the management and monitoring recommendation for the HCVs (as in Table 2.2 (Page C12-3)) to assess the effectiveness of the measures employed.</p>	

Map of Tanjong Manis Holdings Sdn Bhd – Kapit FMU



Experience and Qualifications of Audit Team Members

Assessment Team	Role/Area of MC&I Requirement	Qualification and Experience
Ismail Adnan Abdul Malek	Assessment Team Leader / Forester	<p><u>Academic Qualification:</u></p> <p>Master of Forestry, University of British Columbia, Canada</p> <p><u>Work Experience:</u></p> <p>One year (1974-1975) experience as Sub Assistant Conservator of Forest at the Pahang Forest Department, involved with Forest Administration/Management and Enforcement. Next, seven years (1979-1986) experience as Forest Officer/Logging Superintendent at Syarikat Jengka Sdn. Bhd (SJSB), an integrated timber complex in Pahang. Responsible for Forest Licensing/ Administration, Forest Mapping, Road Construction and Logging Operations. Senior Lecturer at the Forestry Faculty, Universiti Putra Malaysia (UPM) from 1986 to 2014. Responsible for teaching and research in Forest Mensuration, Forest Survey, Forest Road, GIS/Remote Sensing and Forest Mapping. Responsible for academic supervision of more than 100 Bachelor/Master/Phd students in their research and thesis writing. Own research at UPM include various areas such as forest mapping using geo spatial tools, forest inventories, forest harvesting and forest management system (SMS). Also involved with consultancy works which include RPH development and Forest Mapping. Participate in organizing local/international seminars on Forestry areas. Published and presented research findings at seminars/conferences and journals. Currently as Auditor at the Food, Agriculture and Forestry /ion (FAF), SIRIM QAS International Sdn Bhd, since 2016. Involved in conducting assessments on forest management certification MC&I (Natural Forest) & MC&I (Forest Plantations).</p> <p><u>Training / Research Areas:</u></p> <ul style="list-style-type: none"> • Auditor Training Course on MC& I (Natural Forest) and MC&I (Forest Plantation V2), 9th-10th July 2015, SIRIM QAS International Sdn Bhd • ISO 14001:2004 Lead Assessor Training, 23rd-27th Nov 2015, SIRIM Training Services Sdn. Bhd • Training on Auditing Techniques, 26th January 2016, SIRIM QAS International Sdn Bhd
Mohd Razman Salim	Assessor / Forester	<p><u>Academic Qualification:</u></p> <p>B.Sc of Forestry (Forest Production), University Putra Malaysia.</p> <p><u>Work Experience:</u></p>

		<p>Five years experienced as Research Officer at the Forest Research Institute Malaysia (FRIM) since 2007 in a various area such as ecological research for lowland and hill dipterocarp forest, Geographic Information Systems, forest inventories, forest harvesting and forest management system (SMS). Participate in organizing committee member, division level activities and projects. Coordinate and collaborate a long term ecological plot and inventory data about 25 years at the Pasoh, Negeri Sembilan with Negeri Sembilan Forestry Department, universities (local & international) and NGOs. Published and presented research findings at the seminars and conferences. Currently as Auditor at the Food, Agriculture and Forestry Section (FAF), SIRIM QAS International Sdn Bhd, since 2013. Involved in conducting assessments on forest management certification [MC&I (Natural Forest)] & [MC&I (Plantations)], MYNI of RSPO P&C and other management systems on ISO 9001, 14001 and OHSA 18001</p> <p><u>Training / Research Areas:</u></p> <p>Has attended and passed in the following training programmes:</p> <ul style="list-style-type: none"> • Auditor Training Course on Malaysian Criteria and Indicators for Forest Management Certification [MC&I (Natural Forest)] & [MC&I (Plantations)] organized by MTCC, 1-4 December 2013. • EMS 14001: 2004 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 18-22 March 2013. • OHSAS 18001: 2007 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 11-15 March 2013. • QMS 9001: 2008 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 4-8 March 2013.
Dr. Mohd Nazre Saleh	Assessor / Forester	<p><u>Academic Qualification:</u></p> <p><i>Diploma in Forestry, UPM</i> <i>B. Sc. Conservation Biology & Ecology (UKM)</i> <i>MSc. Botany (UKM)</i> <i>PhD. Botany (Edinburgh)</i></p> <p><u>Work Experience:</u></p> <p>One year as Research Assistant in WWF-Malaysia in the year from 1999-2000. Become an academic staff in Faculty of Forestry, Universiti Putra Malaysia (UPM), Serdang Selangor from 2000 to present (16 years), starting as a tutor promoted as Senior Lecturer in 2009, and currently as an Associate Professor since 2013. Main responsibility is teaching the undergraduates in the subject of Dendrology, Forest Ecology and Ethnobotany, and Forest Dynamics for postgraduate students. Main research subjects are botany, forest ecology and, forest conservation and management done by supervising both undergraduate and postgraduate (Master/PhD) students funded by local and international grants. Appointed as Head of Department since 2010 for Department of Forest Production (2010-2012) and Department of Forest Management (2013-present). Has sat in many committees for university and ministry (national) related to forestry subjects such as Mangrove Conservation, Forest</p>

		<p>Management, Forest Protection and Forest Plantation. Published more than 50 articles in local and international book, journals, chapters in books, conference proceeding and technical reports. Attended and presented in many workshops, conferences, seminars held at both local and international levels.</p> <p><u>Training / Research Areas:</u></p> <p>Attended and pass the following training programmes:</p> <ul style="list-style-type: none"> • Auditor Training Course on MC& I (Natural Forest) and MC&I (Forest Plantation V2) (SIRIM QAS Sdn. Bhd), 9th-10th July 2015. • EMS 14001: 2004 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 18th – 22nd July 2016. • Forest Management Certification (FMC) Workshop, SIRIM Bhd, 6th –7th December 2016 • Training on Auditing Techniques (SIRIM QAS Int. Sdn. Bhd), 26th January 2016.
Khairul Najwan Ahmad Jahari	Assessor/ Forester	<p><u>Academic Qualification:</u></p> <p>B.Sc of Forestry (Forest Management), University Putra Malaysia.</p> <p><u>Work Experience:</u></p> <p>Appointed as contract Research Officer in the Natural Forest Division, Forest Research Institute of Malaysia (FRIM), since 2001. Conduct and coordinate a research on 8th Malaysian Plan Project; Research on Forest Resource Classification and Determination of Optimum Silviculture Option for Second Growth Forest. Produce technical reports, meeting, seminar and conferences reports as well as quarterly physical and financial reports. Coordinate and participate field works, multi-level meetings, seminars, conferences and workshops. Spent some time in other existing FRIM projects (inter divisional) as an organizing committee member, division level activities and projects. Currently as Auditor at the Food, Agriculture and Forestry Section (FAF), SIRIM QAS International, since 2009. Involved in conducting audit on forest management certification (MC&I and FSC P&C), MYNI of RSPO P&C and other management system on ISO 9001, 14001 and OHSAS 1800</p> <p><u>Training / Research Areas:</u></p> <p>Had attended and passed in the following training programmes:</p> <ul style="list-style-type: none"> • Auditor Training Course on Malaysian Criteria and Indicators for Forest Management Certification [MC&I (2002)] organized by MTCC, 30 March - 2 April 2009. • EMS 14001: 2004 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 2-6 March 2009. • OHSAS 18001: 2007 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 23-27 Feb 2009.

		<ul style="list-style-type: none"> • QMS 9001: 2008 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 16 – 21 Feb 2009.
Rahayu Zulkifli	Technical expert	<p><u>Academic Qualification:</u></p> <p>LLB (Hons) John Moores University, Liverpool, United Kingdom in 1988.</p> <p><u>Work Experience:</u></p> <p>Rahayu was a practising lawyer before joining Sistem Televisyen Malaysia Berhad in 1995 to lead its Legal Department for 5 years.</p> <p>She subsequently joined Crest Petroleum Berhad in 2000 as Legal Manager and Company Secretary before joining WWF-Malaysia in 2003 to pursue her interest in environmental conservation where she eventually led the Terengganu Turtle team, working closely with local community and policy makers on turtle conservation in the State.</p> <p>She left WWF in 2013 to join RSPO as a Dispute Settlement Facility Manager in January 2014.</p> <p>In May 2015, Rahayu left RSPO and is now working as a freelance Social Auditor under the Roundtable on Sustainable Palm Oil (RSPO) certification scheme.</p> <p>Rahayu is also an HCV assessor (in particular HCV 5 & 6), and a Social Impact Assessor.</p> <p><u>Training Areas:</u></p> <p>Rahayu was also trained and certified as a Mediator by the Malaysian Mediation Centre in 2014. She is currently undergoing training to be a Social Auditor under the Malaysian Criteria & Indicators for Forest Management Certification scheme.</p>

Comments Received From Stakeholders and Responses by Audit Team Leader

No.	Stakeholder	Comments/Issues Raised	Response by Audit Team
1	Stakeholder 1	<ul style="list-style-type: none"> Kapit FMU has complied with all the rules and regulations during the harvesting activities 	Auditors' Conclusion: Noted.
2	Stakeholder 2	<p>Comment No, 1: Community Representative Committee (CRC)</p> <ul style="list-style-type: none"> With reference to the The Kapit FMU website http://www.kapitfmu.com.my/fmp it was mentioned at least 44 local communities within the FMU. The EIA report states that there are 55 settlements. <ol style="list-style-type: none"> There is need to update the public information for consistency Are all of these settlements members of the CRC? In the public summary, a CRC called "Gerempong Masyarakat Zon Melekun" has been established in November 2016. Is this CRC inclusive of all the identified communities within and adjacent to the Kapit FMU? The FMU should provide an organization chart providing some details to the membership of the CRC (e.g., chairman, secretary and other Executive Members) the Term of Reference (TOR), and documentations relating to the establishment of the CRC and engagement activities with the local communities Has a liaison person from the FMU been assigned to deal with the CRC? 	Auditors' Conclusion: <p>Auditors have confirmed 55 settlements within and adjacent to Kapit FMU areas. The information shall be updated in the public summary (website and FMP)</p> <p>Yes, all the settlements are members of the CRC</p> <p>The CRC is named "Gerempong Masyarakat Zon Melekun" and all identified communities within and adjacent to Kapit FMU are included</p> <p>The CRC Organization chart and Terms of Reference (TOR) had been established and available. Document and report on establishment are kept at FMU site office. The minutes of the CRC meetings held were also available from the FMU</p> <p>Yes, the General Manager and the Operation Manager of Kapit FMU. In addition, SFM Department of Ta Ann Holdings Berhad also assists and coordinates the CRC and community development activities.</p>

		<p>Overall comment:</p> <p>The establishment of the CRC should follow that of MTCS Principles 2 and 3 as well as adherence to the requirement of Free Prior and Informed Consent.</p> <p><u>Comment No. 2: Conflict Resolution Plan</u></p> <p>The management should highlight procedures to address conflicts. The Guidelines on Conflict Resolution for Sustainable Management Forest provides that instrument and should be mentioned in the FMP.</p> <p><u>Comment No. 3: High Conservation Value (MCV)</u></p> <p>WWF-Malaysia is a reviewer of the Kapit FMU HCVF draft report. We have not received a final and approved version of the HCVF report.</p> <p>During the review, WWF has provided a number of comments. The following comments and questions are key to enhancing the sustainability of forest management in the FMU:</p> <ul style="list-style-type: none"> • HCV 1.2 & HCV 1.3 on poaching: Are there any mechanisms to address poaching since poaching is one of the issues identified for the area? • HCV 2: The HCVF draft report stated the FMU does not contain HCV 2, i.e., large landscape. As indicated in the introduction, the FMU is within <i>the</i> big landscape called the HoB and is a vital landscape for the HoB Corridor Project. 	<p>The establishment of the CRC followed that of MC&I (natural Forest) Principles 2 and 3 as well as adherence to the requirement of FPIC</p> <p>An SOP on Conflict Resolution for Community has been drafted by the FMU and also reviewed by the CRC. It shall be mentioned in the updated FMP</p> <p>The HCVF report has been submitted by Kapit FMU to SFC for final approval.</p> <ol style="list-style-type: none"> 1. Ban of hunting and trapping of animals by staff and contractor of FMU 2. Appointment of auxiliary police to control entry into FMU, 3. Appointment of honorary wildlife ranger to monitor hunting activities and 4. Conduct awareness program to staffs and local communities) <p>There was no official instruction from Forest Department Sarawak to the FMU on HoB project. Nevertheless, the FMU is committed to include special value areas that need to be managed and conserved as HoB landscape.</p>
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		<ul style="list-style-type: none"> • HCV 4.2: The draft assessment mentions HCV 4.2 (Erosion Control) was "NOT PRESENT." In fact, the EIA's statement - "the vegetation along Sg Sut, Sg Gaat, Sg Balang and Sg Apan had generally remained intact as it was learnt that due to the steeper terrain along the stream sides, logging could not be carried out during previous harvesting that effectively a buffer of 10 to 20 metres wide had been retained" shows the presence of this HCV. • HCV 5: The draft assessment did not mention much about local needs for clean water source. In the EIA report, it states that 5 settlements at Melekun River and 8 settlements at Yong River are still depending on gravity-fed water source while nearly 70% are depending on river water for their daily consumption. Are the sources of water for the local communities, especially those who depend on gravity-fed systems, adequately addressed to ensure that they are properly protected? 	<p>Terrain IV in Kapit FMU consisted less than 4% of total FMU area thus it is not a significant value for HCVF. Nevertheless, EIA does require that steep terrain shall be protected and the FMU is committed to protect steep area under principle 6 for the protection of soil and water</p> <p>Based on the survey, the community of Rh. Ikau is depending on gravity fed water source. The location of the water source is within their shifting agriculture land which is already been excluded from harvesting as specified in the General harvesting (GP) and detail harvesting (DP) plans.</p>
3	Stakeholder 3	<p>It is important to state that I had provided guidance to the Kapit FMU in developing the HCV attributes and provided trainings to both management and field staff on HCV. The FMU has demonstrated a commitment towards monitoring the wildlife within the forest through the setting up a series of camera traps. It will be interesting to examine the photos obtained from these traps. It is also the first FMU which have utilize IFSAR system in the determination of steep sites. The FMU is surrounded by local long houses thus the assessment of the Liaison Committee will provide the degree of consultation with local communities.</p>	<p>Auditors' Conclusion:</p> <p>Noted</p>

Stage 2 Audit Plan

DAY	TIME		PROGRAM		
		Auditor 1 (Ismail Adnan)	Auditor 2 (Dr Nazre)	Auditor 3 (Razman & Rahayu)	Auditor 3 (Khairul Najwan)
Day 1 23/10/2017	9.00 am – 1.00 pm 2.00 pm – 5.30 pm	<ul style="list-style-type: none"> Opening Meeting with representatives of FMU Briefing session by Forest Manager of the FMU Q&A Session Stakeholders consultation with Sarawak Forest Department and Sarawak Forestry Corporation representative officers at Engkeramuh Base Camp. Evaluation of changes to the management of the FMU Check on progress of planned activities aimed at enhancing the operation system to achieve improvement in overall performance Check on any complaints, stakeholder comments and follow-up actions from (i) Local Communities, (ii) Government Agencies, (iii) NGOs Evaluate on Forest Management Plan (FMP) Evaluate on procedures for internal audit and management review Documentation Review <ul style="list-style-type: none"> Principle 1 – Compliance with Laws and Principles Principle 2 – Tenure and Use Rights and Responsibilities Principle 3 – Indigenous Peoples' Right Principle 4 – Community Relations and Workers' Right Principle 5 – Benefits from the forest Principle 6 – Environmental Impact Principle 7 – Management Plan Principle 8 – Monitoring and Assessment Principle 9 – Maintenance Interview with Forest Manager and Staff of FMU Briefing to representatives of FMU on the progress of audit 			
Day 2 24/10/2017		Auditor 1 (Ismail Adnan)	Auditor 2 (Dr Nazre)	Auditor 3 (Razman & Rahayu)	Auditor 3 (Khairul Najwan)
	7.30am – 1.00pm 2.30 pm - 5.30 pm	Site visits <ul style="list-style-type: none"> Visit Coupe Boundary 15AR/14AR – Sg Engkeramuh Visit of FRA plot SU23 (C15AR/03) Post Logging (C15AR/03) 	Site visits <ul style="list-style-type: none"> PSP – Monitoring of wildlife (C15AR/B12) Visit Enrichment Planting (C15AR/B3A) 	Local Community visit: Location: Lepong Baleh: <ul style="list-style-type: none"> Juin anak Likong Gawan anak Tuan Jarraw anak Sulang 	<ul style="list-style-type: none"> Visit Pre Harvest Inventory (C15AR/B38) Harvesting (C15AR/B37)

Day 3 25/10/2017		Auditor 1 (Ismail Adnan)	Auditor 2 (Dr Nazre)	Auditor 3 (Razman & Rahayu)	Auditor 3 (Khairul Najwan)
	7.30am – 1.00pm 2.30 pm - 5.30 pm	<ul style="list-style-type: none"> Visit External Boundary Kapit FMU / Pasin FMU (C20/C24 with Pasin FMU) Engkeramuh Water Catchment (HCV 4.1) 	<ul style="list-style-type: none"> Visit Coupe Boundary C01AR/15AR Visit Salt Lick (C01AR) Camera trap in Coupe 01AR Pre Harvest C15AR/B42 	<p>Local Community visit:</p> <p>Location: Sg Sut & Lepong Baleh</p> <ul style="list-style-type: none"> Jugah anak Lidi Emak anak Libau Sanggau anak Salang Johnny anak Nyengat Edison anak Bugap 	<ul style="list-style-type: none"> Visit Chain of Custody (Stumping) FMU External boundary (OT3624) Log Pond FMU boundary (Coupe 18)(SA area/ Northern part of FMU)
Day 4 26/10/2017		Auditor 1 (Ismail Adnan)	Auditor 2 (Dr Nazre)	Auditor 3 (Razman & Rahayu)	Auditor 3 (Khairul Najwan)
	7.30am – 1.00pm 2.30 pm - 5.30 pm	<ul style="list-style-type: none"> Pre – Harvest (C15AR/B41) Harvesting area (C15AR/B26) Harvesting area (C15AR/B24) 	<ul style="list-style-type: none"> Visit PSP SFC 01 Visit FRA (C14AR, Block 36) Post Logging C14AR Block 8 	<p>Local Community visit:</p> <p>Loction: Sg Song & Sg Gat</p> <ul style="list-style-type: none"> William Unchat Lapik anak Pius Untang anak Jirau George anak Anyau Ragai anak Ubong Tungku anak Bala Jegai anak Ding Melintang anak Tukau Kanchin anak Manggom 	<p>Melekun Nursery, Chemical storage/use; Camp</p> <ul style="list-style-type: none"> External boundary T3400/STIDC
Day 5 27/10/2017		Auditor 1 (Ismail Adnan)	Auditor 2 (Dr Nazre)	Auditor 3 (Razman & Rahayu)	Auditor 3 (Khairul Najwan)
	7.30am – 1.00pm	<ul style="list-style-type: none"> Engkeramuh Camp Workshop Documentatio n and records 	<ul style="list-style-type: none"> Engkeramuh Camp Workshop Documentati on and 	<ul style="list-style-type: none"> Engkeramuh Camp Workshop Documentatio n and records 	<ul style="list-style-type: none"> Engkeramuh Camp Workshop Documentati on and

	2.30 pm - 5.30 pm	review	records review	review	records review
Day 6 28/10/2017		Auditor 1 (Ismail Adnan)	Auditor 2 (Dr Nazre)	Auditor 3 (Razman & Rahayu)	Auditor 3 (Khairul Najwan)
		<ul style="list-style-type: none"> • Preparation of audit report and finding • Briefing to representatives of FMU on the progress of audit • Closing Meeting and presentation of findings of audit and discussion on follow-up activities • Adjourn Closing Meeting 			

Details on NCR and OFIs Raised During this Stage 2 Audit and Corrective Actions Taken

Indicator	Specification Major/Minor/ OFI	Detail Non-conformances	Corrective Action Plans Taken	Verification by Assessor
1.5.2 KN01/2017	Major	<p><u>Control of encroachment, illegal harvesting, hunting, and settlement, and other unauthorised activities in the FMU</u></p> <p>Finding: The control measures of encroachment, illegal harvesting and other un-authorised activities in the FMU were not sufficient.</p> <p>Objective evidence:</p> <ol style="list-style-type: none"> 1. During site inspection at Coupe 18, un-authorised activities were found in the FMU area. The area was encroached and planted with paddy and corn, and there were no records of action taken from the FMU manager. 2. Site inspection of Northern Area of FMU found, there were no boundaries demarcation for both License Area and Shifting Agriculture Area (SA) as indicated in the General Harvesting Plan (GP) of Forest Timber License (FTL) T/3491 Kapit FMU (dated 15 February 2017) 	<ul style="list-style-type: none"> • All shifting agriculture area within and/ or bordering FMU through ground assessment and also the procurement and interpretation of Satellite Image data for Kapit FMU shall be identified, based on the latest Satellite Imagery, FMU will update and zone community use area. • Monitoring schedule based on risk level shall be established and implementation of the monitoring plan • FMU shall consult with Community Representative Committee (CRC) on the identification measures needed to prevent further encroachment • FMU shall report and consult Forest Department Sarawak on the issue of local encroachment into FMU 	<p>The auditor has received and accepted the corrective action plan emailed on 6th November 2017;</p> <p>Corrective actions taken were</p> <ol style="list-style-type: none"> 1. Identification of boundary between SA areas with licensed area in Coupe 18. through joint inspection with long houses representatives of Rh Ikau and Rh Edison conducted on 7th November 2017 2. Kapit FMU - Post Forest Management Certification Stage 2 Audit meeting between (Kapit FMU/Sarawak FD) held on 10th November 2017. The issues on SA and encroachment into license T/3491 Kapit FMU were discussed and appropriate actions to be taken were agreed upon including CRC (Community Representative Committee)

				<p>meeting and boundary demarcation.</p> <p>3. 3rd meeting of CRC held on 25th November 2017. The CRC included representatives of long houses within and in vicinity of Kapit FMU. The issue on SA boundary demarcation and related MC&I requirements were also discussed. All CRC members agreed that boundaries within SA and FMU license area shall be demarcated. The CRC also recommended detailed discussion be held with the Long house where boundary demarcation was to take place</p> <p>4. Schedule of ground demarcation of external boundary of license T/3491 Kapit FMU with SA areas according to months in 2018</p> <p>5. Actual ground demarcation of T/3491 Kapit FMU boundary with SA areas of RH Ikau and Rh Achan starting 12th February 2018 (as scheduled)</p> <p>6. Discussion with Rh Bundong on SA boundary</p>
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				<p>demarcation (to start on 13th February 2018)</p> <p>Status: Based on the corrective action plan received and evidence of implementation taken by Kapit FMU, the Major NCR is therefore closed.</p>
<p>4.2.3</p> <p>MN01/2017</p>	Minor	<p><u>Appropriate safety and operational equipment in good working condition, including operational procedures, shall be made available to forest workers in the work place</u></p> <p>Finding: Forest worker was not aware of the procedure in the work place.</p> <p>Objective evidence: During site inspection of the Kapit FMU workshop at Engkeramuh Base Camp on 24th October 2017, the auditor found an occurrence non-compliance; four oil containers with one of the container still has oil in it were kept in worker's personal tool storage which were clearly not in designated storage area.</p>	<ul style="list-style-type: none"> The refresher briefing on the handling fuel and oil had been conducted on 25th October 2017 and attended by twenty (20) persons (10-Mechanics, 2-Store Keeper, 3-Managers and 5-Officers). The refresher briefing stressed on proper place to store the personal fuel and oil containers, where the oil containers with oil in it must be placed in the designated storage area equipped with secondary containment Refresher training for handling of fuel and oil has been planned for the year 2018 Containment area within the workshop 	<p>The auditor has received and accepted the corrective action plan emailed on 6th November 2017;</p> <p>Corrective actions to be taken were</p> <ol style="list-style-type: none"> 1) conducted refresher briefing on the handling fuel and oil for Kapit FMU staff on 25th October 2017 2) the allocation of area in the workshop for mechanics to store their oil containers 3) Refresher training schedule for handling of fuel and oil for 2018 <p>Status: The implementation and effectiveness of the corrective action will be verified during</p>

			areas for mechanics to store their oil containers shall be allocated	next audit.
4.3.1 IAM/02/2017	Minor	<p>Provisions for workers to freely organize into union of their own choice in accordance with ILO Convention No. 87.</p> <p>Finding: Interviewed workers at Logging Area (Block 38, Coupe 15) were unaware of ILO Convention No 87 (on their rights to organise and join union).</p> <p>Objective evidence:</p> <ol style="list-style-type: none"> 1. Interviewed workers at Logging Area (Block 38, Coupe 15) were not informed of their right to organize and join Union of their choice. 	<ul style="list-style-type: none"> • A briefing session on company's Social Policy covering workers right to organize and join union of their choice. shall be conducted for workers who work and stay in forest area/block in Nov / Dec this year. Refresher Training shall be planned for 2018 • The briefing shall also cover all ILO Convention requirements under MC&I standards 	<p>The auditor has received and accepted the corrective action plan emailed on 6th November 2017;</p> <p>Corrective action to be taken was: Briefing sessions in November /December 2017 for the workers who work and stay in forest area/block on company's Social Policy covering workers right to organize and join union of their choice including aspects of ILO Convention requirements under the MC&I.</p> <p>Status: Implementation and effectiveness of the corrective action will be verified during next audit.</p>
4.4.2 MRS 01/2017	Minor	<p>Forest planning and management practices shall consider and incorporate the results of such evaluations.</p> <p>Finding: The FMU has yet to incorporate the results of latest SIA report in the FMP 2017-2022</p>	<ul style="list-style-type: none"> • A revision of FMP shall be conducted in the first half of 2018 to incorporate new information from latest EIA, SIA, sustainable AAC calculation based on FRA data collected and HCV monitoring report. 	<p>The auditor has received and accepted the corrective action plan emailed on 6th November 2017;</p> <p>Corrective action to be taken was</p> <ol style="list-style-type: none"> 1. Revision of the FMP which

		<p>Objective evidence:</p> <p>Results of evaluation from the latest SIA report (June 2017) has yet to be updated in the FMP 2017-2022 (the last revision of the FMP was on 15 February 2017).</p>		<p>include evaluation results of the latest EIA, SIA, HCV monitoring and sustainable AAC calculations (based on latest FRA enumerations) in the first half of 2018.</p> <p>Status:</p> <p>Implementation and effectiveness of the corrective action will be verified during next audit.</p>
<p>6.2.4</p> <p>KN02/2017</p>	Minor	<p><u>Forest managers shall incorporate the results and findings of the HCVFs monitoring activities into the implementation and revision of the forest management plan.</u></p> <p>Finding:</p> <p>The control measures on periodical patrolling of forest areas were not sufficient and not satisfactorily conducted</p> <p>Objective evidence:</p> <p>Control measures such as Periodical Patrolling of forest area and closure of access to forest were not available in the Kapit FMU</p>	<ul style="list-style-type: none"> FMU shall conduct Periodical Patrolling of forest area as measures to control hunting, fishing and collecting activities. Access road to forest area shall be closed after monitoring activities completed in coupe 14AR (expected in second half of 2018) 	<p>The auditor has received and accepted the corrective action plan emailed on 6th November 2017;</p> <p>Corrective actions to be taken were</p> <ol style="list-style-type: none"> Periodical Patrolling of forest area as measures to control hunting, fishing and collecting activities and closing of forest access to Coupe 14AR. <p>Status:</p> <p>Implementation and effectiveness of the corrective action will be verified during next audit.</p>

<p>7.1.1</p> <p>IAM/01/2017</p>	<p>Minor</p>	<p><u>Availability and Implementation of forest management plan</u></p> <p>Finding: Availability and Implementation of forest management plan covering items (a) to (i).</p> <p>Objective evidence</p> <ol style="list-style-type: none"> 1. Schedule of Harvesting Locations (coupes), Pre-Harvesting activities (Coupes) and Post Harvest activities (Coupes) according to year in the FMP are not available. 2. Information on "Coupe No/Year" in Table 3.2, "Coupe Area in Kapit FMU" in the FMP was not accurate. 3. Revised Sustainable AAC based on FRA plots analysis was not updated in the FMP. 	<ul style="list-style-type: none"> • Once the data collection from FRA is completed in Dec 2017, analysis and calculation of sustainable AAC will be conducted using FORMIND growth simulation software within Jan / Feb 2018. • Revised Sustainable AAC will be updated in FMP once the analysis was completed within first half of 2018. 	<p>The auditor has received and accepted the corrective action plan emailed on 6th November 2017;</p> <p>Corrective actions to be taken were</p> <ol style="list-style-type: none"> 1. Using completed FRA data and FORMIND growth simulation software to analyse and calculate sustainable AAC for Kapit FMU. 2. Update of FMP incorporating revised Sustainable AAC <p>Status: Implementation and effectiveness of the corrective action will be verified during next audit</p>
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