



**PUBLIC SUMMARY  
STAGE 2 AUDIT\* ( FIRST CYCLE) ON  
PERKAYUAN SUKMA SDN BHD -TAMAN FOREST MANAGEMENT UNIT  
FOR FOREST MANAGEMENT CERTIFICATION**

**Certificate Number : FMC-NF 00133  
Date of First Certification: 28 October, 2022  
Audit Date : 29 March – 1<sup>st</sup> April, 2022 (12 auditor days)  
Date of Public Summary : 10 December 2022**

**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](http://www.sirim-qas.com.my)**

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## EXECUTIVE SUMMARY

This stage 2 audit on the Perakayan Sukma Sdn Bhd – Taman\_ Forest Management Unit (hereafter referred as the Taman FMU) was conducted on 29 March to 1<sup>st</sup> April 2022 (12 auditor days) to assess the compliance of the overall forest management system of the Taman 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 Taman FMU.

This stage 2 audit was conducted by a three member team comprising of Mohd Razman Salim (Lead Auditor), Khairul Najwan Ahmad Jahari (Auditor), and Puteri Arlydia Abdul (Auditor). Salahudin Yaacob participated in this stage 2 audit as an observer from Department of Standard Malaysia.

Based on the findings of this stage 2 audit, it was found that Taman FMU had complied with the requirements of the MC&I (Natural Forest). This stage 2 audit had resulted in the issuance of eight ( 8 ) major and thirteen (13) minor Non Conformity Reports (NCRs) respectively.

This public summary contain the general information on the Taman FMU, the findings of the stage 2 audit, NCRs raised as well as the decision on the certification of the FMU.

## 1.0 INTRODUCTION

### 1.1 Name of FMU

Perkayuan Sukma Sdn Bhd - Taman Forest Management Unit

### 1.2 Contact Person and Address

Name : William Tham,

Designation: Assistant Manager (Certification),

Address : No. 88, Crown Towers, Jalan Pending, 93450 Kuching, Sarawak

Phone # : \_\_\_\_\_

Fax # : \_\_\_\_\_

### 1.3 General Background on the Taman FMU

Taman Forest Management Unit (FMU) is located in the Belaga District, Kapit Division of the state of Sarawak. The FMU area covers about 34,317 hectares of Mujong Merirai Protected Forest (25,840 ha) and Stateland (8,477 ha). The FMU area is bordering with Polymore Timber Sdn Bhd (T/3290) - Segaham FMU, Saraju Holding Sdn Bhd (T/3408) and HOSE Mountain National Park.

The Taman FMU had been granted a forest logging re-entry/harvesting licence by the State Government through Forestry Department Sarawak (FDS) under the Forest Timber License No. T/3290. This FMU license had been renewed every 10 years; the first issue was from a period 1 October 1993 – 30 September 2003, the second renewal from 1 October 2003 to 30 September 2013 and the third renewal on 1 October 2013 to 30 September 2023.

Perkayuan Sukma Sdn Bhd -Taman FMU had appointed Teleng Trading Sdn Bhd as the main contractor, KTS Forests Management Sdn Bhd as Management Consultant and Teleng Logging Sdn Bhd as the sub-contractor.

The Taman FMU covers an area of 34,317 ha of which under 28,311 ha are production areas and 6,006 ha of conservation area. The forest types of Taman FMU are divided into three categories which are mixed dipterocarp forest (33,918 ha), secondary forest (368 ha) and settlement/cleared area (31 ha). The FMU also had conducted an HCVF assessment and a report dated July 2021 was made available.

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

### 1.4 Date First Certified

28<sup>th</sup> October 2022

### 1.5 Location of the FMU

The FMU is located between latitudes 2° 14' 00" and 2° 36' 00" N, and longitudes 113° 38' 00" and 113° 50' 00" E.

### 1.6 Forest Management System

The 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 (FMP) year 2020 to 2030 was presented during this audit.

## **1.7 Annual Allowable Cut/Annual Harvest under the Forest Management Plan**

The FMU gross area is 34,317 ha with net operable area of 29,369 ha. The average coupe size is 1,372.36ha. However, the average net operable area is 1,174.76 ha per coupe. The AAC is estimated to be 19,408.91 m<sup>3</sup>/ha annually or 1,617 m<sup>3</sup> per month for 25 years of cutting cycle for 25 coupes.

## **1.8 Environmental and Socioeconomic Context**

Environmental impact assessment (EIA) had been carried out covering landscape level, as well as inclusion of consideration on the impacts of on-site processing facilities. The EIA report was titled 'The Re-Entry Forest Logging Under the Forest Timber Licence No. T/3290 at Belaga Area, Kapit Division, Sarawak' May 2017. The EIA report had been approved by Natural Resources and Environment Board (NREB) on 28 August 2017 with Ref. No.:(17)NREB/6-3/2F/87.

Assessment on environmental impacts specific to potential impacts on endangered, rare and threatened (ERT) species of flora and fauna, conservation of riparian buffer and nesting trees in the FMU had been conducted and mitigation measures were presented in Chapter 10 Wildlife Management in the Forest Management Plan. There were guidelines established on representative conservation and protection areas according to existing forest ecosystems and these were referred to SOP HP04 Management and Monitoring of High Conservation Value (HCV) Area titled 'Logging Impact Mitigation Strategies – High Conservation Value Areas (HCVAs) Surveillance Procedure' and guidelines to identify and protect ERT species of flora and fauna such as seed trees, salt licks, nesting and feeding areas in the licence area were available titled 'Logging Impact Mitigation Strategies – Wildlife Patrol Procedure'.

Taman FMU had cooperated with Forest Department Sarawak (FDS), Sarawak Forestry Corporation (SFC) and local communities (Uma Juman & Uma Daro) to discuss on conservation programs. Standard Operating Procedure (SOP) for monitoring of hunting, fishing, trapping and collecting activities titled 'Wildlife Patrol Procedure' had also been established.

Social Impact Assessment report was available titled 'Social Impact Assessment (SIA) for the Re-Entry Timber Harvesting under the Forest Timber Licence No. T/3290, Kapit Division, Sarawak – July 2019'. Based on the SIA report of July 2019, no local settlement was found inside the FMU. This was due to Bakun dam development where all local communities (15 long houses) had been relocated.

One (1) settlement, namely Uma Juman, was found within 3 km from the FMU's boundary (0.5 km to the east of the FMU). The balance of 14 longhouses were located outside of the FMU area at Sg. Asap Resettlement in 1998.

The results of the SIA study (July 2019) had been incorporated in the Forest Management Plan dated December 2020 in Chapter 11 Community Development.

## **2.0 AUDIT PROCESS**

### **2.1 Audit Dates**

29 March to 1<sup>st</sup> April 2022 ( 12 auditor days)

## 2.2 Audit Team

Mohd Razman Salim (Lead Auditor/Forester)  
Khairul Najwan Ahmad Jahari (Auditor/Forester)  
Puteri Arlydia Abdul (Auditor/Forester)  
Salahuddin Yaacob (Observer)

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

## 2.3 Standard Used

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

## 2.4 Stakeholder Consultations

A one-month stakeholder consultation was conducted beginning 28<sup>th</sup> February 2022 to solicit feedback from stakeholders on the compliance of the Perakayuan Sukma Sdn Bhd – Taman 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**.

## 2.5 Audit Process

The audit was conducted primarily to evaluate the level of compliance of the Taman 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 relevant stakeholders such as Sarawak Forestry Department (SFD) and local community from Rh. Juman and Rh. Daro in Belaga and Bakun Hydroelectric Plant (Bakun HEP) during the Stage 2 audit as well as contractors and workers operating in the FMU. The audit team had also held meetings with the officers and the uniformed field staff of the SFD.

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

The Taman 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 the FMU for comment. A second draft Stage 2 audit report which had incorporated the comments received from the FMU was then prepared and sent to two peer reviewers for independent reviewing. A final Stage 2 audit report was prepared after incorporated the comments from peer reviewers.

### 3.0 SUMMARY OF AUDIT FINDINGS

Based on the findings of this stage 2 audit, it was found that the Taman FMU had complied with most of the requirements of the MC&I (Natural Forest). This stage 2 audit had resulted in the issuance of 8 major and 13 minor NCRs. No OFIs were raised in this Stage 2 audit. The details on the NCRs raised are shown in **Attachment 5**.

The audit team had reviewed and accepted the corrective actions taken by the Perkayuan Sukma Sdn Bhd – Taman FMU to address the 8 major NCRs raised during this stage 2 audit. An on-site verification was conducted on 18 August 2022 to verify the implementation of corrective actions taken on Major NCRs. The audit team were satisfied that the corrective actions had been effectively implemented and had therefore closed out the major NCRs. The audit team had also reviewed and accepted the Taman FMU's proposed corrective actions to address the 13 minor NCRs. The responses made by the audit team leader on these corrective actions and on the final status of the NCRs are as in **Attachment 5**. However, these corrective actions shall be verified by the audit team during the next audit.

The audit team had also verified on the issues of concern or the previous year findings taken by the Taman FMU to address all the findings raised during the last stage 1 audit.. FMU practices had not threatened or diminished on indigenous people's lands for their resources or tenure rights.

With regard to Criterion 6.10, there was no conversion of the natural forest to forest plantations or other non-forest land uses during the intervening period since the Stage 1 audit.

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 the Perkayuan Sukma Sdn Bhd – Taman FMU be awarded for 5 years from 28<sup>th</sup> October 2022 to 27<sup>th</sup> October 2027.

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

Principle	Strengths	Weaknesses
<p><b>Principle 1 Compliance With Laws and Principles</b></p>	<p>The Taman Forest Management Unit (Taman FMU) had kept all relevant national, local laws, regulations and policies related to forest management. Copies were available on all relevant laws, policies and regulations (sampled on Sarawak Forest Policy 2019, Laws of Sarawak, Sarawak Government Gazette and Employment Provident Fund [Act 1991]) as stipulated in the MC&amp;I standard in the office at the Teleng Logging Camp.</p> <p>To date, Taman FMU has not violated any laws, and this was confirmed based on consultation with Forest Department Sarawak (FDS).</p> <p>There was a current list of all legally prescribed fees, royalties, taxes, and other charges, e.g. First Schedule [Section 52(2)] 17<sup>th</sup> June 1997 at the Teleng Camp office .The list included the latest DF Circular No. 2/2017 ‘New Rate of Hill Timber Premium (Sarawak Foundation Fund)’ effective 1<sup>st</sup> July 2017. To date, no payment has been made on premium (prescribed fee) due to no forest harvesting activities in the Taman FMU area.</p> <p>The forest managers were aware of all the binding international agreements such as International Labour Organisations Conventions (ILO), Convention of Biological Diversity (CBD), International Tropical Timber Agreement 1994, Convention on Wetlands of International Importance Especially as Waterfowl Habitat 1971, United Nations Framework Convention on Climate Change (UNFCCC) and Convention of International Trade of Endangered Species (CITES) which Malaysia is signatory to. These documents were made available to the forest managers at the Teleng Logging Camp.</p> <p>There was documentation available on any conflicts between laws, regulations and these principles and criteria and these were recorded in the “Preliminary Reading of the MC&amp;I SFM 2020”. The document has been updated on 30 July 2021.</p>	<p>Although the FMU had kept all relevant national. local laws, regulations and policies related to forest management; consultation with the Forest Manager and Camp Manager of the FMU showed that awareness and understanding of the federal, state, and local laws and regulatory framework for forest management and understanding of MC&amp;I SFM was lacking and not sufficient. <b>Thus, Minor NCR KN01/2022 was raised against Indicator 1.1.2.</b></p> <p>The FMU’s control measures on encroachment, illegal harvesting, hunting and settlement, and other unauthorised activities were found to be inadequate as listed below:</p> <ol style="list-style-type: none"> <li>1. Visit to licensed boundaries with Bakun Hydroelectric Plant (Bakun HEP) adjacent to Coupe 23 and Coupe 25 showed that the control measures such as signages and boundaries demarcation were not available.</li> <li>2. During site inspection, the external license boundary with Saraju Holding Sdn Bhd (T/3408) and HOSE Mountain National Park (previously licensed to Jaya Tiasa Holdings (T/3353) at the southern part of the Taman FMU could not be verified due to non-accessibility.</li> <li>3. During consultation with Uma Daro &amp; Uma Juman at Sg Asap Resettlement and during site visit at Bakun area; it was found that there were villagers residing at Bakun area (adjacent to Coupe 12) and within FMU (Coupe 17). However, there was no signage and ground demarcation made at these areas.</li> </ol> <p><b>Thus, Major NCR KN02/2022 was raised against Indicator 1.5.2.</b></p>



Principle	Strengths	Weaknesses
	<p>Based on interview with the Forest Manager and Camp Manager; they were willing to participate in any process to resolve any conflicts that may arise with the affected parties.</p> <p>The Forest Timber Licence (FTL) No. T/3290 was issued to Perakayuan Sukma Sdn Bhd by the Sarawak Forestry Department on 1<sup>st</sup> October 1993 to 30<sup>th</sup> September 2003 to manage a total 34,317 ha of the Mujong Merirai Protected Forest Reserve and Stateland, which is located within the Kapit Division, Sarawak for an initial period of 10 years. It was subsequently renewed on 1 October 2013 until 30<sup>th</sup> September 2023 (letter WPO.628.334.1(V) dated 1<sup>st</sup> September 2021). Perakayuan Sukma Sdn. Bhd. is managing the area known as Taman FMU T/3290 Forest Management Unit (FMU).</p> <p>Taman FMU had conducted monthly monitoring on the licensed boundary from encroachment, illegal harvesting, hunting, and settlement, and other unauthorised activities as verified in the Annual Working Plan (AWP 2022). Records of monitoring on licensed boundary were available.</p> <p>A written policy was available entitled "Forest &amp; Environmental Management Policy" which included the commitment of the FMU to undertake forest management certification under the Malaysian Timber Certification Scheme for well-managed forest . The policy was signed by the Managing Director, Perakayuan Sukma Sdn Bhd on 19 January 2022.</p> <p>The policy statement was displayed at prominent sites within the FMU and had been communicated throughout the organization. The Forest &amp; Environmental Management Policy, with other policies such as Safety Policy, Social Policy Statement, and Grievances Process were communicated to 10 staff (surveyors, watchmen, tugboat Driver and Forest Officer) on 29 February 2022. This was evident through attendance list and pictorial report made available.</p>	<p>The Contract Agreement (reference PS/MD/2012/002A [dated 2 Jan 2014 – 31 Dec 2024]) between Perakayuan Sukma Sdn. Bhd. (Licensee) and Teleng Trading Sdn. Bhd. (Contractor) had not included statement of commitment to comply with requirement of the standard in the contract agreement. Policies or statements were also not communicated throughout the organisation and its contractors. <b>Thus, Minor NCR KN03/2022 was raised against Indicator 1.6.2.</b></p>

Principle	Strengths	Weaknesses
<p><b>Principle 2 Tenure and Use Rights and Responsibilities</b></p>	<p>Documentation on legal or customary tenure or use rights of local communities within relevant federal, state and local laws were available at base camp office (Teleng Camp) such as:</p> <ol style="list-style-type: none"> <li>1) All customary laws / <i>adat</i> recognised and enforceable by the Native Courts, including relevant decisions of the Civil Courts – Memorandum of Understanding Orang Ulu National Association – Sarawak Timber Association 31/03/1990 &amp; Adet Kayan-Kenyah 1994</li> <li>2) Forest Management Plan (FMP) Dec 2020</li> <li>3. Forests Ordinance, 2015 (Cap. 71)</li> <li>4. Forest Timber Licence – renewal KFM/T4 (T3290)/13-120jt dated 11/03/2013 for period 31/09/2013-30/09/2023 originally / first license issuance from 1/10/1993-31/09/2003 (renewal every 10 years)</li> <li>5. Mujong Merirai Protected Forest (first extension) at district Kapit 44,070 hectares (gazettement no 417 dated 31/01/1985).</li> <li>6. Land Code [Cap. 81 (1958 Ed.)] Native Courts Ordinance, 1992 <ol style="list-style-type: none"> <li>a. Native Courts Rules, 1993</li> <li>b. Native Customs (Declaration) Ordinance, 1996 (Cap. 22)</li> <li>c. Notification in Sarawak Government Gazette</li> </ol> </li> </ol> <p>Forest managers had demonstrated their willingness to supported legally recognized mechanisms for resolving land claims. The mechanism for resolving land claims issue titled “FMU–SECP/02/02/RaTA - Rapid Land Tenure Assessment (RaTA)” Issue 3 dated 23/06/2021 covered information gathering, investigation, assessment result and feedback to the complainant. The content of the procedure has section on addressing any complaint accordingly that related to the land claim issue.</p> <p>The procedure for mechanisms to resolve disputes titled “SECP/05/CRG Complaint Reporting and Grievances (CRG) issue 4 dated 3/03/2022)” were made publicly accessible at <a href="http://www.tamanfmu.my/contact-us/conflict-resolution">www.tamanfmu.my/contact-us/conflict-resolution</a>.</p>	<p>Information on hectarage and status of Stateland along Batang Balui area in Forest Timber Licence (FTL) was not available. The FTL had yet to be updated with the latest information (Mujong Merirai Protected Forest, Stateland, hectarage and status of Stateland area in FTL). Hence, a <b>Minor NCR LYD-03/2022 against Indicator 2.1.1</b> was raised.</p> <p>It was found that protection of local communities rights was not fully adhered as per standard requirements. During stakeholder consultation with villagers of Uma Daro &amp; Uma Juman; the following were not available:</p> <ol style="list-style-type: none"> <li>1. Maps showing the location of settlements of local communities / indigenous peoples in and adjacent to the FMU (villagers reside in Bakun area)</li> <li>2. Records of consultations held with the local communities / indigenous peoples to identify and document areas traditionally used and sites of significant importance to them (e.g., cultural, religious and burial sites, water intake point)</li> <li>3. Record of actions taken to protect the identified sites of significant importance</li> </ol> <p><b>Hence, a Major NCR LYD-01/2022 against Indicator 2.2.2</b> was raised.</p>

Principle	Strengths	Weaknesses
	<p>Establishment of liaison committee, conflict resolution, worker &amp; local communities, complaint form were addressed in this procedure.</p>	
<p><b>Principle 3 Indigenous People's Rights</b></p>	<p>The FMU had established procedures within current administrative processes for identifying and protecting special cultural, ecological, economic or religious significance sites and provisions for rights of access to these sites by indigenous peoples within relevant federal, state and local laws or by mutual agreement were in place. The following documents were available:</p> <ol style="list-style-type: none"> <li>1. Forests Ordinance, 2015 (Cap. 71)</li> <li>2. List and maps depicting locations of important cultural, ecological, economic or religious sites in the FMU were not available as to the date, the Social Impact Assessment (SIA) July 2019 result has addressed no local communities were subject to this term (see Major NCR Indicator 4.4.1)</li> <li>3. Manual, Procedures and Guidelines for Sustainable Forest Management Certification: <ol style="list-style-type: none"> <li>a. Guideline 4 – Procedures to Identify Production, Protection and Community Use Areas based on Forest Zoning</li> </ol> </li> <li>4. Mujong Merirai Protected Forest (first extension) at district Kapit 44,070 hectares (gazettement no 417 dated 31/01/1985).</li> </ol> <p>There had been no cases on decisions of Native / Civil Courts and records of disputes over tenure and use rights.</p> <p>The FMU was still in the process to develop the procedure (draft) titled 'Social Engagement Channel – Traditional Knowledge Documentation Procedure (TKD)'. The FMU had also established a procedure titled "SECP/05/CRG - Complaint Reporting and Grievances (CRG)" issue 4 dated 3/03/2022 to address issues on traditional forest-related knowledge and practices of indigenous peoples (activities covers overs from information gathering, investigation, assessment result and feedback to the complainant).</p> <p>The forest manager had showed the understanding of Sarawak Biodiversity Centre Ordinance, 1997 (Cap. 24) and its</p>	<p>There were no negative findings under this Principle.</p>

Principle	Strengths	Weaknesses
	<p>regulations with regards to traditional forest-related knowledge and practices of indigenous peoples (use of forest species or management systems) in forest operations.</p>	
<p><b>Principle 4 Community Relations and Workers' Rights</b></p>	<p>Forest managers had provided appropriate support for training, retraining, local infrastructure, facilities and socio-economic programmes that commensurate with the scale and intensity of forest management operations. Facilities and programmes for training of forest workers for proper implementation of the forest management plan were available.</p> <p>Communities living within, or adjacent to, the FMU were given preference for employment and contract works as per addressed in FMP Chapter 7 – Section 7.5 (h) <i>Impacts on local community and culture</i>.</p> <p>The FMU had employed 10 local communities from longhouses within the FMU and they were engaged in forest survey, administration and maintenance (forest road) sections</p> <p>There were contracts and employment records available . The term and conditions were in accordance with Labour Ordinance requirement, ILO Convention No. 105 – Abolition of Forced Labour Convention, 1957 and ILO Convention No. 182 – Worst Form of Child Labour Convention, 1999</p> <p>The FMU did not employ illegal migrant workers, child labour and forced labour. All staff and workers were Malaysian and above 18 years old as evident in the record ‘Working at Camp as on 1 August 2021’. It was confirmed that FMU has complied with Immigration Act 1959/63 and Labour Ordinance [Cap. 76 (1958 Ed.)].</p> <p>Up-to-date information on all applicable laws and/or regulations covering occupational safety and health of forest workers had been disseminated to them in Bahasa Malaysia and/or English .</p> <p>The FMU had also distributed personal protective equipment (PPE) such as</p>	<p>Through FMU’s forest planning and management practices; the FMU had addressed and incorporated the results of SIA through Forest Management Plan (FMP) Dec 2020 - Chapter 11 and included a commitment for provisions and measures within relevant federal, state and local laws to prevent loss or damage affecting the local communities’ legal or customary rights, property, resources, or their livelihoods . However, the following were found to be not in compliance with indicator 4.1.2:</p> <ol style="list-style-type: none"> <li>1. No records of efforts to recruit workers from local communities of Uma Juman &amp; Uma Daro (villagers reside at Bakun area).</li> <li>2. During interview with forest workers, workers had raised grievances against the employment terms written in English and the language barrier to fully understand the term and conditions.</li> </ol> <p><b>Hence, a Minor NCR LYD-04/2022 against Indicator 4.1.2 was raised.</b></p> <p>The management had recruited a fresh graduate with Degree in Occupational Safety and Health on 1 September 2021 to monitor on OSH implementation. However, it was found that there was no official appointment letter to the person in charge on safety and health of forest workers. Thus, <b>Minor NCR LYD-05/2022 against Indicator 4.2.2 was raised.</b></p> <p>Based on sampling made on the following operational equipment/ vehicles / machines; it was found that there was no record of preventive maintenance at the Teleng Base Camp for</p> <ol style="list-style-type: none"> <li>1. Toyota double cab</li> <li>2. Land cruiser</li> </ol>



Principle	Strengths	Weaknesses
	<p>The FMU has maintained records of minutes of joint employer-employee meetings for participation to resolve grievances and minutes 'Perjumpaan Sulung Bersama Jawatankuasa Perwakilan Pekerja (JPP)' dated 6/09/2021</p> <p>Social Impact Assessment report was available titled 'Social Impact Assessment (SIA) for the Re-Entry Timber Harvesting under the Forest Timber Licence No. T/3290, Kapit Division, Sarawak – July 2019'. Based on the SIA report of July 2019, no local settlement was found inside the FMU. This was due to Bakun dam development where all local communities (15 long houses) had been relocated. Out of this, one (1) settlement, namely Uma Juman, was found within 3 km from the FMU's boundary (0.5 km to the east of the FMU). The balance of 14 longhouse were located outside of the FMU area at Sg. Asap Resettlement in 1998. The result of the SIA study (July 2019) had been incorporated in the Forest Management Plan dated December 2020 in Chapter 11 Community Development.</p> <p>There was also a mechanism established to expeditiously resolve grievances, and provide fair and equitable compensation for any loss or damage affecting the local communities' legal or customary rights, property, resources, or their livelihoods, caused by forest operations as per SECP/05/CRG Complaint Reporting and Grievances (CRG) issue 4 dated 3/03/2022.</p>	<p>During the audit, Auditor had found that the information and results of the social impact evaluations in the SIA report was inadequate. The following information were not available in the SIA report:</p> <ol style="list-style-type: none"> <li>1. Cultural, religious and burial sites, water intake point</li> <li>2. The impact of forest operation to the local communities</li> <li>3. Preventive and mitigation measures of local communities' resources or tenure rights</li> <li>4. Records of meetings and/or consultations between forest manager and affected local communities for Uma Daro &amp; Uma Juman (villagers reside at Bakun area)</li> </ol> <p><b>Thus, Major NCR LYD-02/2022 against Indicator 4.4.1 was raised.</b></p>
<p><b>Principle 5 Benefits From the Forest</b></p>	<p>Taman FMU was noted to be committed with the investment and reinvestment for forest management activities. There was budget allocation for Perkayuan Sukma Sdn Bhd T/3290 Forest Management Plan – refer to Table 13.1 in the FMP 2020-2030. The FMU had also allocated a budget on wages, camp building upkeep, genset diesel, vehicles expenses, road/bridge maintenance, river vessel and camp compound upkeep as verified in the Budget for Financial Year 2022.</p>	<p>The allocated budget was found to be inconsistent with the estimated 'Budget &amp; Cost Projection' as referred in the FMP2020-2030 and had not complied with the requirement of Indicator 5.1.1 i.e. no allocation made for nursery, silviculture/enrichment planting, community development, fire management, human resource development, research, protection, conservation, environmental and social aspects.</p>

Principle	Strengths	Weaknesses
	<p>The FMU had made provisions and management prescriptions to maintain, restore or enhance the productive capacity and ecological integrity of the FMU to ensure its economic viability were stated in the FMP in Chapter 9 Silviculture, Forest Rehabilitation and Reforestation as following the DF Circular of Restoration and Enrichment Planting requirement.</p> <p>The FMU has implemented the SOP 'Logging Impact Mitigation Strategies Enrichment Planting' for silvicultural treatment activity. The FMU had planted 90 indigenous tree species such as <i>Shorea spp.</i> (Selangan Batu), <i>Dryobalanops spp.</i>, and Luis (<i>Hopea spp.</i>) in Coupe 6 and Coupe 25 after completed harvesting operation in both areas.</p> <p>To encourage the optimal use of forest resources, Taman FMU management had set up a total of 53 sampling units forest resource inventories/assessment (100 m x 100 m) as per 'Guidelines for Forest Management Certification (Natural Forest) in Sarawak. Permanent Sample Plot (PSP) inventories with a total of 4 sampling units have been established out of 53 samplings for the whole FMU area.</p> <p>There were also non-timber growing stock is largely made up of the rattans and palms and other non-timber resources include wild gingers, ferns and wild bananas. To date, there is no special program established to promote the commercial value of this non-timber resource.</p> <p>The FMU has incorporated the reduced impact logging (RIL) aspects during the planning stage for the Revised General Harvesting Plan (GP) and had provided training on RIL . This was evident on 'Revised General Harvesting Plan of Taman FMU T/3290 – Perkayuan Sukma Sdn Bhd [Ref.: (15)JHS/600-3/7/110/Jld.5] that was approved on 18 May 2021.</p>	<p><b>Thus, Minor NCR MRS 01 2022 against Indicator 5.1.1 was raised.</b></p> <p>The FMU had targeted 43 PSPs for AAC estimation to represent the whole FMU area. The establishment and inventory of PSPs target as referred at FMP - Table 8.2 'Projection PSP Plot Schedule' was set from February 2021 to April 2023. However, audit team had found that the establishment of PSPs did not follow the scheduling for year 2021/2022. In addition, the AAC calculation for the FMP was not derived from PSP data. Details of non-compliance as listed below:</p> <ol style="list-style-type: none"> <li>1. The FMU has targeted to establish 24 PSPs from February 2021 to February 2022 as per projection table schedule. However, the FMU only achieved 4 PSPs (D3, F2, F3 &amp; G4) as verified during the audit.</li> <li>2. The AAC estimation in the FMP2020-2030 was derived from tree tagging inventory from 31 blocks of Coupe 07B. However, the indicator required the AAC calculation shall be estimated from permanent sample plots data.</li> </ol> <p><b>Thus, a Minor NCR MRS 02 2022 against Indicator 5.6.1 was raised.</b></p>

Principle	Strengths	Weaknessess
	<p>The FMU has maintained the record of quantity of timber produce within the FMU during last five years. A workshop conducted by FMU and Sarawak Biodiversity Centre for Traditional Knowledge (TK) was held on 4 October 2021.</p> <p>The FMU has implemented guidelines and procedures on identify and demarcate sensitive areas e.g. buffer areas in approved production site for the protection of soil and water, river, water catchments, watercourses and wetlands</p> <p>The rate of harvest for forest products is clearly stated in the FMP (2020-2030) in Chapter 3: Management Plan Prescriptions and the mean annual harvesting area was in accordance with the General Harvesting Plan (GP) that was approved by the FDS on 18 May 2021. The AAC was calculated at 34.42 m<sup>3</sup>/ha for a projection period of 25 years. The annual AAC is 19,408.91 m<sup>3</sup>/yr.</p>	
<p><b>Principle 6 Environmental Impact</b></p>	<p>Environmental impact assessment (EIA) titled 'The Re-Entry Forest Logging Under the Forest Timber Licence No. T/3290 at Belaga Area, Kapit Division, Sarawak' May 2017 had been carried out. The EIA report was approved by Natural Resources and Environment Board (NREB) on 28 August 2017.</p> <p>The EIA covered an assessment on environmental impacts specific to potential impacts on endangered, rare and threatened (ERT) species of flora and fauna, conservation of riparian buffer and nesting trees in the FMU and mitigation measures included in the Forest Management Plan in the chapter 10 on wildlife management.</p> <p>There were guidelines such as SOP HP04 Management and Monitoring of High Conservation Value (HCV) Area titled 'Logging Impact Mitigation Strategies – High Conservation Value Areas (HCVAs) Surveillance Procedure' and 'Logging Impact Mitigation Strategies – Wildlife Patrol Procedure' to identify and protect ERT species of flora and fauna such as seed trees, salt licks, nesting and feeding areas in the licence area. The FMU had</p>	



Principle	Strengths	Weaknesses
	<p>prepared and disseminated at camp office posters and leaflets on ERT, Totally Protected Animals of Sarawak, Protected Animals of Sarawak and Totally Protected Plans of Sarawak. Briefing and training were given to forest workers on 23 September 2021</p> <p>Taman FMU has cooperated with Forest Department Sarawak (FDS), Sarawak Forestry Corporation (SFC) and local communities (Uma Juman &amp; Uma Daro) to discuss on conservation program during Community Representative Committee (CRC) meeting on 8 February 2022.</p> <p>There were also monitoring programs such as river patrol, wildlife monitoring, boundary monitoring to control any unauthorized activities prohibited were also scheduled and carried out as evidenced by the following reports:</p> <p>-Awareness to local communities Rh. Uma Juman and Rh. Daro were conducted on 18 February 2020 and 8 February 2022 during CRC meeting.</p> <p>The FMU had established harvesting procedures and guidelines to assess post-harvest natural regeneration, and established measures to supplement natural regeneration and rehabilitate degraded areas. There were also guidelines on road construction, layout, log landings and drainage system.</p> <p>The FMU had established a 'Forest &amp; Environmental Management Policy' dated 19 January 2022 and was displayed on notice board at Teleng Camp. The policy relate to the use of environmentally friendly methods of pest management and prohibit the use of banned pesticides. If chemicals are used, proper equipment and training shall be provided to minimize health and environmental risks.</p> <p>A procedure on scheduled waste management titled 'The FMU has established SOP for disposal of non-organic wastes titled 'Administration – Scheduled Wastes Management' had been established by the FMU.</p> <p>There was no application of biological control agents in the FMU.</p>	<p>The FMU had consulted and briefed on endangered, rare and threatened (ERT) species to CRC representatives on 8 February 2022. However, the CRC representatives from local community of Rh. Daro and Rh. Juman at Bakun dam area was not included. This was confirmed during stakeholder consultation and site visit by Auditor at these longhouses. The awareness activity such as briefings, posters and publications on endangered, rare and threatened (ERT) species of forest flora and fauna in the FMU with these communities were inadequate. <b>Thus, Minor NCR LYD-08/2022 against Indicator 6.2.5 was raised.</b></p> <p>Assessment of post-harvest area was not clearly described in the procedure on harvesting procedures and guidelines to assess post-harvest natural regeneration. The assessment on post-harvest area and rehabilitation program (enrichment planting) was not effectively implemented. The details as listed below:</p> <p>1. Procedure for post-logging block inspection titled 'Felling Damage Analysis' was not clearly described the post-harvest assessment process:</p> <p>i) The procedure was not clearly mentioned the inventory process (pre-felling and post-felling), required data (harvestable tree, PCT, etc.), inventory/assessment form, data analysis and conclusion/recommendation.</p> <p>2. The implementation of the 'Logging Impact Mitigation Strategies Enrichment Planting' procedure was not evident during audit:</p> <p>i) Records of enrichment planting for Coupe 24 was not available except for Coupe 6 and Coupe 25</p> <p>ii) Supply of seedlings at camp nursery was not adequate (&lt;10 seedlings available) in order to implement enrichment planting in the post-harvest and degraded area in Coupe 24.</p> <p><b>Thus, Minor NCR MRS 03 2022 against Indicator 6.3.1 was raised</b></p>

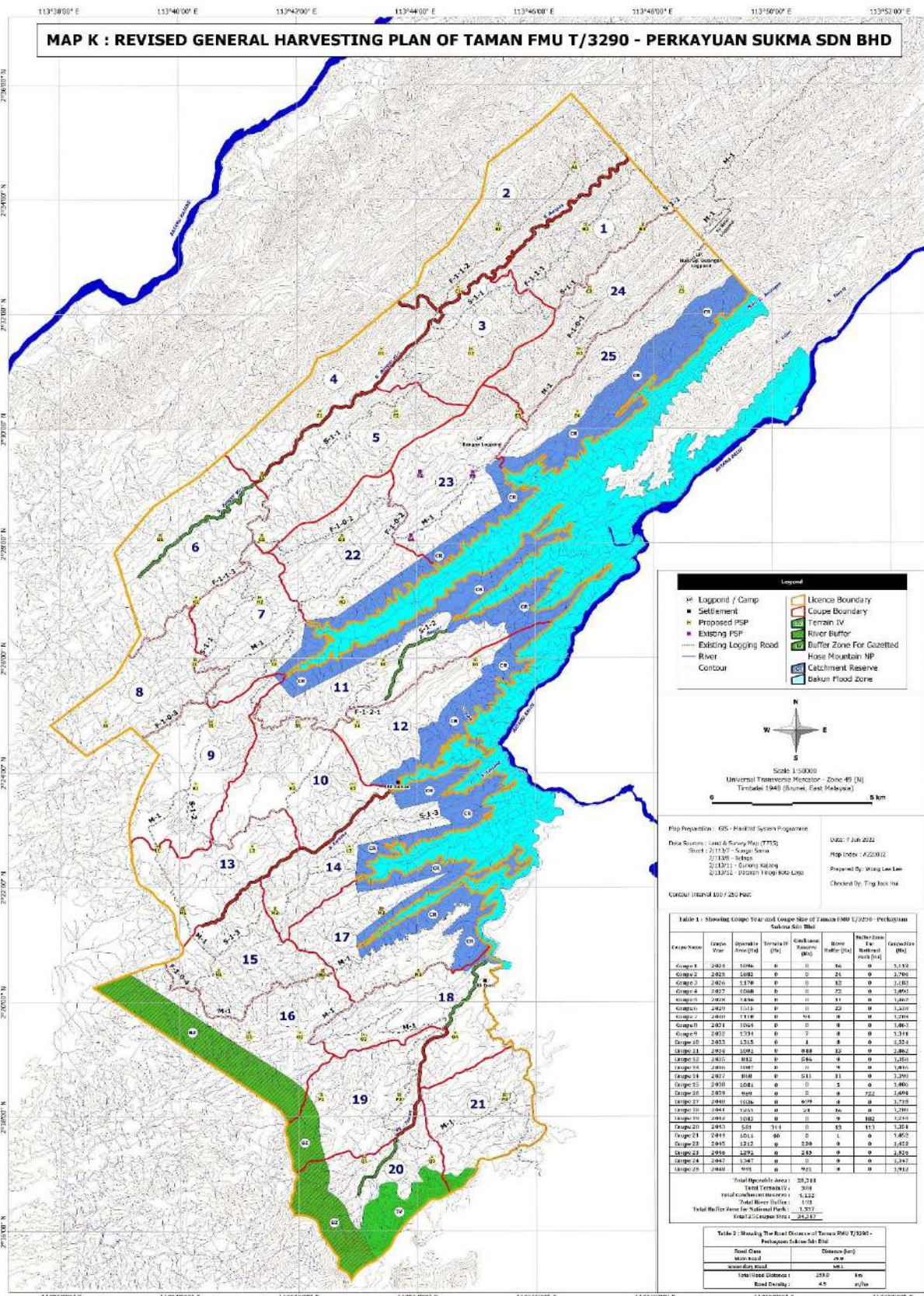
Principle	Strengths	Weaknesses
	<p>The FMU had no plan for converting the forest area within the audit scope to plantations. And no conversion of natural forest into non-forest land use within the audit scope FMU.</p> <p>There was no conversion of severely degraded forests to forest plantation.</p>	<p>Forest fire procedures and control plans were made available titled 'Administration Forest Fire Monitoring' and 'Emergency Preparedness &amp; Response Operating Procedure'. However, forest fire risk assessment, Emergency Response Team, and precautionary measures (fire-fighting equipment, ground patrol, watch tower, water bodies, etc.) were yet to be provided and implemented by the FMU.</p> <p><b>Thus, Minor NCR MRS 04 2022 against Indicator 6.5.5 was raised</b></p>
<p><b>Principle 7 Management Plan</b></p>	<p>The Forest Management Plan for Forest Timber Licence (FTL) No. T/3290, Taman Forest Management Unit for the period 2020 to 2030 was made available and presented during the audit. The FMP 2020-2030 for Taman FMU had been approved by FDS on 12 November 2020 (Ref: (4)JHS/600-3/7/102/ Jld.11).</p> <p>All requirements of Criterion 7.1. items (a) to (i) listed in Principle 7 including consideration of risks and opportunities were addressed in the Forest Management Plan.</p> <p>Periodic review of the Forest Management Plan will be conducted in the year 2023. Results of monitoring or scientific and technical information such as PSPs, flora and fauna monitoring, HCVA, etc will be incorporated during the revision.</p> <p>Facilities and training programmes of forest workers for proper implementation of the forest management plan had been conducted.</p> <p>Forest managers were also made aware through webinars, briefings and trainings attended on new scientific and technical information pertinent to the management of natural forest.</p> <p>There was a clear organization chart available at Teleng Logging Camp with specific positions and assignation of specific roles and responsibilities such as camp manager, forest officer, surveyor, night guard, etc.</p>	<p>The following required information had yet to be updated and implemented in the FMP 2020-2030:</p> <ol style="list-style-type: none"> <li>1. Harvesting schedule for 25 years from year 2022 to 2046 was not available in the FMP.</li> <li>2. Forest fire risk assessment, Emergency Response Team, basic equipment for fire fighting, and precautionary measures were not available in the FMP.</li> <li>3. Findings/results of HCVs assessment was yet to be included.</li> <li>4. Potential impacts from forest operation to pollution, siltation of water courses and forest carbon stocks.</li> <li>5. Description of stakeholder consultation (meeting/letter/email) with relevant government agencies, NGOs, affected local communities, etc.</li> <li>6. Only Uma Juman (native settlements nearest the FMU) mentioned in Chapter 11.</li> <li>7. Risk and opportunities were not clearly written in the FMP.</li> <li>8. No evidence to show that the FMU has started harvesting approval process (PEC 1-4) to FDS as verified during the stage 2 audit since the harvesting operation should commenced in year 2022.</li> </ol> <p><b>Thus, Major NCR MRS 05 2022 against Indicator 7.1.1 was raised.</b></p>

Principle	Strengths	Weaknesses
	<p>A summary of the primary elements of the forest management plan as prepared and implemented under Indicator 7.1.1 was made publicly available at <a href="https://www.tamanfmu.my/home">https://www.tamanfmu.my/home</a></p>	<p>Although the training programme for year 2022 had been listed by the management, the required training program to train forest workers on their respective roles for proper implementation of the forest management plan were inadequate as listed below:</p> <ol style="list-style-type: none"> <li>1. Applicable federal, state and local laws, regulations and policies</li> <li>2. Minimising health and environmental risks</li> <li>3. Techniques of reduced-impact logging</li> <li>4. Fire management (forest fire, working place &amp; housing)</li> <li>5. Safety and health – Logging Operation</li> <li>6. STA – tree felling, log extraction, felling site preparation, mechanical site preparation</li> <li>7. First aider training</li> <li>8. MC&amp;I SFM awareness briefing</li> <li>9. Awareness of HCVA</li> <li>10. SOP complaints &amp; grievances</li> <li>11. Labour Ordinance</li> <li>12. OSH Act &amp; related regulations</li> </ol> <p><b>Thus, Minor NCR LYD-09/2022 against Indicator 7.3.2 was raised.</b></p>
<p><b>Principle 8 Monitoring and Assessment</b></p>	<p>Monitoring procedures at the Taman FMU were in accordance with relevant federal and state guidelines of the Forestry Departments and other relevant agencies such as : (i) Instructions for the Inspection of Logging Areas 1982” and (ii) the Green Book, and (iii) Procedures for the Inspection of Harvesting Areas 1999 .</p> <p>An internal audit (remote audit) had been conducted on 19-23 July 2021 led by qualified FMU’s internal auditors including two (2) observers of Executive Officer and Environmental Officer. A total of eleven (11) nonconformity reports (NCR) were raised during the internal audit.</p> <p>The FMU had conducted a Management Review Meeting (MRM) on 28 July 2021 chaired by Director and attended by Senior Manager, Forest Manager, and Camp Manager.</p>	<p>Based on harvesting schedule, the harvesting operation had been scheduled in year 2024. However, there was no documented procedure and relevant documents available at Taman FMU for tracing forest product (logs) from its origin leaving the certified area. Documents for tracing forest product from its origin leaving the certified area was not available. <b>Thus, Major NCR KN04/2022 against Indicator 8.3.1 was raised</b></p>

Principle	Strengths	Weaknesses
	<p>The results and findings of the monitoring activities would be incorporated into the implementation and revision of the forest management plan as stated in Clause ES.2 [validity and revision, page ES1-1] of FMP (December 2020). The relevant results of monitoring are to be revised in the third year of the sustainable forest management system (2023) for continuous improvement of the FMU.</p> <p>A summary of the results of monitoring indicators, including those listed in Criterion 8.2, was made publicly available on the website <a href="https://www.tamanfmu.my/home">https://www.tamanfmu.my/home</a>.</p>	
<p><b>Principle 9 Maintenance of High Conservation Values</b></p>	<p>Taman FMU had conducted an assessment to identify high conservation value areas in accordance with relevant guidelines, appropriate to scale and intensity of forest management operations titled “High Conservation Value Forest (HCV1-HCV6) Assessment Report - Taman FMU, Timber License No.T/3290, Belaga District, Kapit Division Sarawak” dated January 2022.</p> <p>The assessment report showed there were no HCV4 areas which provide basic ecosystem services nor HCV6 that has cultural significance with traditional importance to local or indigenous people such as religious or sacred sites, burial ground, megalith, geological sites or formation, sacred trees or sites at which traditional ceremonies take places frequently known by the local people.</p> <p>Public summary on HCVF with measures was included in the forest management plan and were made publicly available at the website <a href="https://www.tamanfmu.my/home">https://www.tamanfmu.my/home</a>.</p> <p>The FMU had also established a monitoring procedure to assess the effectiveness of the measures in the management of the HCVFs titled “High Conservation Value Areas (HCVAs) Surveillance Procedure” Document No. LIMS/04/HCV ASP dated 26 June 2021.</p>	<p>The audit had found that there were relevant stakeholders who were not consulted on the options to maintain or enhance the identified HCV areas as stated in High Conservation Value Forest (HCV1-HCV6) Assessment Report - Taman FMU, Timber License No.T/3290, Belaga District, Kapit Division. <b>Therefore, Major NCR KN05/2022 was raised against Indicator 9.2.1.</b></p> <p>The FMU had not incorporated HCVFs information in the High Conservation Value Forest Assessment Report into the Forest Management Plan dated December 2020. Protection of High Conservation Value areas in the FMU was not demonstrated by the forest management operations. <b>Thus, Major NCR KN06/2022 was raised against Indicator 9.2.2</b></p> <p>Due to non-accessibility, the HCVAs could not be verified during the audit. It was found that the demarcation of HCVAs was not conducted by the Taman FMU. Furthermore, the HCV map area was also not incorporated into the FMP. <b>Therefore, Major NCR KN07/2022 was raised against Indicator 9.3.1</b></p>



Map of Perkayuan Sukma Sdn Bhd - Taman FMU



## Experiences and Qualifications of Audit Team Members

Names of Audit Team	Role/Area of MC&I Requirement	Qualifications and Experience
Mohd Razman Salim	Audit Team Leader / Forester	<p>Academic Qualification: B.Sc of Forestry (Forest Production), University Putra Malaysia.</p> <p>Work Experience: 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 &amp; 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&amp;I (Natural Forest)] &amp; [MC&amp;I (Plantations)], MYNI of RSPO P&amp;C and other management systems on ISO 9001, 14001 and OHSAS 18001.</p> <p>Training / Research Areas:</p> <ul style="list-style-type: none"> <li>• Auditor Training Course on Malaysian Criteria and Indicators for Forest Management Certification [MC&amp;I (Natural Forest)] &amp; [MC&amp;I (Plantations)] organized by MTCC, 1-4 December 2013.</li> <li>• EMS 14001: 2004 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 18-22 March 2013.</li> <li>• OHSAS 18001: 2007 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 11-15 March 2013.</li> <li>• QMS 9001: 2008 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 4-8 March 2013.</li> <li>• Auditor Training Course on MC&amp;I Sustainable Forest Management organized by MTCC, 18 August 2020.</li> </ul>
Khairul Najwan Ahmad Jahari	Auditor / Forester	<p>Academic Qualification: B.Sc. of Forestry (Forest Management), Universiti Putra Malaysia.</p> <p>Work Experience: Appointed as contract Research Officer in the Natural Forest Division, Forest Research Institute of Malaysia (FRIM), since 2001. Currently as Senior Lead Auditor at the Food, Agriculture and Forestry Section (FAF), SIRIM QAS International, since 2009. Involved in conducting and lead audit on Forest Management Certification FMC - MC&amp;I SFM, MYNI of RSPO P&amp;C, MSPO, MyTLAS, STLVS and management system on ISO 9001, 14001 and OHSAS 1800</p> <p>Training / Research Areas:</p> <ul style="list-style-type: none"> <li>• Auditor Training Course on Malaysian Criteria and Indicators for Forest Management Certification [MC&amp;I (2002)] organized by</li> </ul>

		<p>MTCC, 30 March - 2 April 2009.</p> <ul style="list-style-type: none"> <li>• EMS 14001: 2004 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 2-6 March 2009.</li> <li>• OHSAS 18001: 2007 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 23-27 Feb 2009.</li> <li>• QMS 9001: 2008 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 16 – 21 Feb 2009.</li> <li>• Auditor Training Course on MC&amp;I Sustainable Forest Management organized by MTCC, 18 August 2020.</li> </ul>
Puteri Arlydia Abdul	Auditor / Forester	<p>Academic Qualification: B.Sc of Forestry (Forest Production), University Putra Malaysia.</p> <p>Work Experience: 1 year with Forestry Department Peninsular Malaysia (JPSM) 2007-2008, 3 years with Forest Plantation Development Sdn Bhd (Wholly owned by MTIB) 2008 – 2011, 1 year with Transparency International Malaysia 2011-2012, 3 years with Intertek Certification International Sdn Bhd 2012-2015 and with Sirim QAS International from 2015 onwards. Her working experience cover forest elements among others, Geographic Information System, Remote Sensing, Forest Governance Integrity and Local Communities programs and auditing in ISO 9001 (Quality), ISO 14001 (Environment), PEFC Chain of Custody and PEFC MC&amp;I (both Natural and Plantation Forest).</p> <p>Training / Research Areas: Was attending and pass in the following training programmes:</p> <ol style="list-style-type: none"> <li>1. Auditor Training Course on MC&amp;I Sustainable Forest Management (MC&amp;I SFM) organized by MTCC, 18 August 2020</li> <li>2. ISO 9001: 2008 Lead Auditor Course dated 19-23/03/2012</li> <li>3. MC&amp;I (Natural and Plantation) Lead Auditor Course 9-10/07/2015</li> <li>4. Training on ISO 9001:2015 (final version) dated 21/09/2015</li> <li>5. ISO 14001: 2004 Lead Auditor Course dated 18-22/05/2015</li> <li>6. Aspect and Impact Mitigation and Environmental Laws dated 27/05/2016</li> <li>7. Schedule Waste Handling dated 1/06/2016</li> <li>8. ISO 14001:2015 dated 18/09/2017</li> <li>9. PEFC CoC by MTCC dated 6 &amp; 14/12/2017</li> <li>10. Auditor Training Course on MC&amp;I Sustainable Forest Management organized by MTCC, 18 August 2020.</li> </ol>

## Comments Received from Stakeholders and Responses by Audit Team Leader

No.	Stakeholder	Comments/Issues Raised	Response by Audit Team
1	Stakeholder 1	<p>We recommend for the Stage 2 Audit of Taman FMU (T/3290) and Segaham FMU (T/3291) to be differed due to the following:</p> <p>a) Renewal of the licences upon expiry are not guaranteed</p> <p>b) Part of the area has been identified as proposed national park</p> <p>c) Inadequacy of consultations by the FMU holder and the local communities</p> <p>d) Potential land disputes related to NCR claimed by the local communities</p> <p>e) Our ground observation indicates that their forest operation team is inadequate to implement SFM activities, particularly on RIL and forest management.</p>	<p><u>a) Renewal of the licenses upon expiry are not guaranteed</u></p> <p>During the audit, Forest Timber Licence (FTL) for Taman FMU is still valid until 30/9/2023. The renewal of the FTL for year 2023/2024 will be verified during the next audit. The renewal of the FTL with clear and updated information on protected forest, status of stateland area and hectarage was required by the standard requirement (approval from Forest Department Sarawak). Refer to the NCR raised against Indicator 2.1.1. Update on the renewal of FTL will be verified during the next audit.</p> <p><u>b) Part of the area has been identified as proposed national park</u></p> <p>Based on consultation with Forest Department Sarawak, there is no gazettelement by the state government on the proposed national park. The latest status of the proposed national park if affected the FTL area will be verified by auditor during next audit with the Land and Survey Department, and Forest Department Sarawak.</p> <p><u>c) Inadequacy of consultations by the FMU holder and the local communities</u></p> <p>Numbers of non-compliance reports (NCR) have been raised related to the consultation with local community. Refer to the NCR raised against Indicator 2.2.2, 4.4.1, 6.2.5 &amp; 9.2.1.</p> <p>Verified minutes of discussion between the FMU and local community dated 23 June 2022 titled 'Taman FMU, Sustainable Forest Management and Wildlife Awareness programme with Uma Daro and Uma Juman'. Based on the meeting minute, no significant area (e.g., cultural, religious and burial sites, water intake point) has been identified/raised within the Taman FMU area.</p> <p><u>d) Potential land disputes related to NCR claimed by the local communities</u></p> <p>Since the SIA report (July 2019) has not covered the affected local community</p>



			<p>from Uman Daro &amp; Uma Juman (residing at Bakun area), the FMU was not aware if there is any potential of land claim/ land disputes on their licensed area. Thus, an NCR against Indicator 4.4.1 was raised during the audit.</p> <p>Verified minutes of discussion between the FMU and local community dated 23 June 2022 titled 'Taman FMU, Sustainable Forest Management and Wildlife Awareness programme with Uma Daro and Uma Juman'. Based on the meeting minute, no significant area (e.g., cultural, religious and burial sites, water intake point) has been identified/raised within the Taman FMU area. Any potential land disputes related to NCR claimed by the local communities after this stage 2 audit will be verified during the next audit.</p> <p>a) <u>Our ground observation indicates that their forest operation team is inadequate to implement SFM activities, particularly on RIL and forest management.</u></p> <p>Audit team has raised an NCR against Indicator 1.6.2 on the commitment to comply with requirement of the MC&amp;I SFM standard for Perkayuan Sukma Sdn. Bhd. (Licensee) and Teleng Trading Sdn. Bhd. (Contractor) where the standard compliance was not stated in the agreement.</p> <p>Since July 2021, there was no active harvesting operation in the FMU. The audit team will assess the implementation of (i) Reduced Impact Logging (RIL), and (ii) Guidelines for forest road lay-out and construction requirements during the next audit at Coupe 1 which will be scheduled for forest harvesting in year 2024.</p>
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		Stumping Site – Coupe 25	National Park (previously licensed to Jaya Tiasa Holdings (T/3353) – no licence boundary marking	
Review of Day 2 Findings by Audit Team Leader				
<b>Audit Day 3  31 March 2022  Thursday</b>	8.00 am – 5.00 pm	Razman	Najwan	Puteri Arlydia
		Site visit: • Inspection of PSP plots – PSP-D3, Coupe 24  • Forest management fire  • HCV area  • Terrain IV	Site visit: • Consultation with Forest Department Sarawak (phone call)  • Inspection of forest nursery  • Inspection of staff quarters, workshop, genset room, SW store, skid tank, etc.	Site visit: Batang Balui (long house): i.Rh. Daro ii.Rh. Juman  • Inspection of shifting agriculture / user rights area of local community
		Review of Day 3 Findings by Audit Team Leader		
<b>Audit Day 4  1 April 2022  Friday</b>	8.00 am – 1.00 pm	Razman	Najwan	Puteri Arlydia
	2.00pm- 5.00 pm	<ul style="list-style-type: none"> <li>• Documentation and records review</li> <li>• Preparation of audit report and finding</li> <li>• Briefing to representatives of FMU on the findings of audit</li>   <li>• Closing Meeting and presentation of findings of audit and discussion on follow-up activities</li>   <li>• Travelling from Base Camp to Bintulu</li> <li>• Overnight at New World Suites Hotel</li> </ul>		
<b>Travel Day  2 April 2022 Saturday</b>		All Auditors travelling from Bintulu to KLIA.  Flight from Bintulu to Kuala Lumpur		

## Details on NCRs Raised During this Stage 2 Audit and Corrective Actions Taken

Indicator	Detail Non-conformances	Corrective Action Taken	Verification by Assessor
Major  NCR: KN02/ 2022	<p><b>Requirement: Indicator 1.5.2</b> - FMU shall be protected from encroachment, illegal harvesting, hunting, and settlement, and other unauthorised activities.</p> <p><b>Finding:</b> Control measures on encroachment, illegal harvesting, hunting, and settlement, and other unauthorised activities were not sufficient</p> <p><b>Objective evidence:</b></p> <ol style="list-style-type: none"> <li>1. Visit to licence boundaries with Bakun Hydroelectric Plant (Bakun HEP) adjacent with Coupe 23 and Coupe 25 found the control measures such as signages and boundaries demarcation (licence boundaries) were not available.</li> <li>2. During site inspection, auditor has found Taman FMU (T/3290) external License boundary with Saraju Holding Sdn Bhd (T/3408) and HOSE Mountain National Park (previously licensed to Jaya Tiasa Holdings (T/3353) in the south-part of Taman FMU could not be verified due to non-accessibility.</li> <li>3. Consultation with Uma Daro &amp; Uma</li> </ol>	<p><b>Result of investigation and determination of root cause:</b></p> <p>Control measures to protect license boundary were insufficiently carried out in view of accessibility problems.</p> <p><b>Correction and corrective action plan including completion date:</b></p> <ol style="list-style-type: none"> <li>1. To purchase own boat instead of renting to enable cost effective ways to set up relevant signage and license boundaries demarcation works along the Bakun HEP (by April 2022).</li> <li>2. To consult Uma Daro and Uma Juman residing at Bakun area on any significant area required to be demarcated to prevent any unintended encroachment. Suitable timing to conduct ground demarcation shall be agreed.</li> <li>3. To conduct monitoring of any encroachment via satellite image monitoring method for an inaccessible license boundary at Coupe 16, 19 and 20. The frequency of monitoring shall be on an annual basis.</li> <li>4. Prepare annual schedule for licensed boundary monitoring including maintenance of the signages and boundary marking for these identified areas.</li> </ol>	<p>Received corrective action plan on 29 April 2022. The revised corrective action plan was accepted on 7 July 2022. On 21 September 2022, evidence of implementation was received and verified.</p> <p>Verified Annual Work Plan for Boundary &amp; Signages inspection &amp; maintenance dated 30 May 2022.</p> <p>Field visit report on the joint demarcation of common license boundary with orange paint dated 30 June 2022 between the FMU and Saraju Holdings Sdn Bhd (T/3408) was verified. The field demarcation by surveyor was conducted on 28-30 June 2022. Map 'Waypoint of the Demarcation' for points 1-16 at Coupe 18 and Coupe 21 was also attached with the report.</p> <p>Field visit report on the joint demarcation of common license boundary with orange paint dated 30 June 2022 between the FMU and Bakun Hydroelectric Plant (Bakun HEP) and Segaham FMU (T/3295) was verified. The field demarcation by surveyor was conducted on 29 June 2022. Locality Map for these waypoints and tracks of marked area using GPS attached with the report.</p> <p>Field visit report titled 'Demarcation of license boundary between Bakun Hydroelectric Plant (Bakun HEP) and Taman FMU (T/3290)' dated 13 July 2022 was verified. The field demarcation by surveyor was conducted on 13 July 2022. Locality</p>

	<p>Juman at Sg Asap Resettlement and during site visit at Bakun area, found that there were villagers remain reside at Bakun area (adjacent to Coupe 12) and within FMU (Coupe 17). No signage and ground demarcation has been made at these areas.</p>		<p>Map of the waypoint of boundary marking using orange paint at Coupe 10, 11, 12, 17, 18, 22, 23, 25 were marked using GPS attached with the report.</p> <p>During verification audit on 18 August 2022 by audit team, license boundaries with Bakun Hydroelectric Plant (Bakun HEP) adjacent to Coupe 23 and Coupe 25 were inspected:</p> <ul style="list-style-type: none"> <li>a. Point 1 = 2° 29' 02.4N 113° 45' 43.9E (Coupe 23)</li> <li>b. Point 2 = 2° 30' 18.9N 113° 47' 59.1E (Coupe 25)</li> <li>c. Point 3 = 2° 28' 37.6N 113° 46' 39.1E (Coupe) 11</li> </ul> <p>Verified also the demarcation of Common License Boundary between Saraju Holding S/B (T/3408) and Perkayuan Sukma S/B (T/3290) that has been marked on the ground with orange paint on the tree trunk on 28-30/06/2022 by the FMU surveyors at the following points (with GPS coordinates):</p> <ul style="list-style-type: none"> <li>a. Point 1 = 2° 19' 23.7N 113° 45' 25.3E (Coupe 18)</li> <li>b. Point 2 = 2° 19' 21.0N 113° 45' 27.8E (Coupe 18)</li> <li>c. Point 3 = 2° 19' 18.8N 113° 45' 30.3E (Coupe 18)</li> <li>d. Point 4 = 2° 19' 19.5N 113° 45' 33.5E (Coupe 18)</li> <li>e. Point 5 = 2° 19' 19.1N 113° 45' 36.8E (Coupe 18)</li> <li>f. Point 6 = 2° 19' 16.0N 113° 45' 38.0E (Coupe 18)</li> <li>g. Point 7 = 2° 19' 12.7N 113° 45' 38.4E (Coupe 18)</li> <li>h. Point 8 = 2° 19' 11.5N 113° 45' 41.7E (Coupe 18)</li> </ul>
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<p>Major  NCR: LYD01/ 2022</p>	<p><b>Requirement: Indicator 2.2.2</b> With respect to activities that may affect such rights, forest managers shall recognise, respect and collaborate with holders of duly recognised legal or customary tenure or use rights within relevant federal, state and local laws.</p> <p><b>Finding:</b> Protection of local communities rights were not fully adhere as per audited standard requirements.</p> <p><b>Objective evidence:</b> During stakeholder consultations with villagers of Uma Daro &amp; Uma Juman and record verification, it has been found that the following were not available:</p> <ol style="list-style-type: none"> <li>1) Maps showing the location of settlements of local communities / indigenous peoples in and adjacent to the FMU (villagers reside at Bakun area)</li> <li>2) Records of consultations held with the local communities / indigenous peoples to identify and document areas traditionally used and sites of significant importance to them (e.g., cultural, religious and burial sites, water intake point)</li> <li>3) Record of actions taken to protect the identified sites of significant importance.</li> </ol>	<p><b>Result of investigation and determination of root cause:</b> Documentation or implementation records with regards to protection of local communities' right were yet to be sufficient.</p> <p><b>Correction and corrective action plan including completion date:</b></p> <ol style="list-style-type: none"> <li>1. Provide updated Map showing location of settlements of Uma Daro &amp; Uma Juman resided at Bakun area (by May 2022).</li> <li>2. Provide stakeholder engagement records with Uma Daro &amp; Uma Juman to identify existence of significant importance or traditionally used sites. Mitigating measures and action to be taken to protect those site shall be informed and agreed.</li> </ol>	<p>Received corrective action plan on 29 April 2022. The revised corrective action plan was accepted on 7 July 2022. On 21 September 2022, evidence of implementation was received and verified.</p> <p>Records of consultations held with the local communities / indigenous peoples of Uma Juman and Uma Daro dated May 2022 to identify and document areas traditionally used and sites of significant importance to them (e.g., cultural, religious and burial sites, water intake point) was verified by auditor.</p> <p>2<sup>nd</sup> Minute of discussion between the FMU and local community dated 23 June 2022 titled 'Taman FMU, Sustainable Forest Management and Wildlife Awareness programme with Uma Daro and Uma Juman' was verified.</p> <p>These information as listed below have been updated in the SIA report (August 2022) in Chapter 2:</p> <ol style="list-style-type: none"> <li>1. Cultural, religious and burial sites, water intake point</li> <li>2. The impact of forest operation to the local communities</li> <li>3. Preventive and mitigation measures of local communities' resources or tenure rights including ground demarcation and monitoring</li> <li>4. Records of meetings and/or consultations between forest manager and affected local communities for Uma Daro &amp; Uma Juman (villagers reside in Bakun area)</li> </ol> <p>Location of settlements of local communities of Rh. Juman and Rh. Daro (villagers residing in Bakun area) has been demarcated in the map titled 'Map G: Locality Map of Settlements and</p>
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			<p>Local Communities of Taman FMU T/3290'.</p> <p>The identified sites of significant importance have been protected by the FMU as verified by audit team during verification audit on 18 August 2022.</p> <p>Monitoring of these areas will be conducted as per procedure SECP/07/IMPSS Social Engagement Channel Identifying, Monitoring and Protecting Significant Sites Issue 2 dated 19<sup>th</sup> Sept 2022 has been established.</p> <p><b>Status: The Major NCR has been closed after verification audit and stakeholder consultation by audit team held on 18 August 2022 and completion of documentation review on 21 September 2022.</b></p>
<p>Major  NCR: LYD02/ 2022</p>	<p><b>Requirement: Indicator 4.4.1</b> Forest managers shall evaluate, through consultations, social impact of forest operations directly affecting communities, and the people and groups directly affected by the forest operations shall have access to information on the results of the social impact evaluations.</p> <p><b>Finding:</b> Information on the results of the social impact evaluations in the SIA report were insufficient.</p> <p><b>Objective evidence:</b> Social Impact Assessment had been conducted in July 2019. However, the following information were not available in the report:</p>	<p><b>Result of investigation and determination of root cause:</b> SIA report conducted by consultant has not covered all necessary information.</p> <p><b>Correction and corrective action plan including completion date:</b></p> <ol style="list-style-type: none"> <li>1. To obtain relevant information including cultural, religious and burial sites, water intake point etc. through subsequent social engagement with Uma Daro and Uma Juman reside at Bakun area (by May 2022)</li> <li>2. Provide and update obtained information into SIA report (by June 2022).</li> <li>3. Provide addendum of SIA with clear information on impact of forest operation to local communities and also provide solutions to prevent and mitigate those identified impacts.</li> </ol>	<p>Received corrective action plan on 29 April 2022. The revised corrective action plan was accepted on 7 July 2022. On 21 September 2022, evidence of implementation was received and verified.</p> <p>Verified Social Impact Assessment report titled 'Addendum of T/3290 Perkayuan Sukma SIA'. The assessment has found that two local settlements were found within the 3-km radius of the Taman FMU based on stakeholder consultation in May 2022. The impact of forest operation to local communities was clearly written in Chapter 4 Social Impacts. The preventive and mitigation measures of local communities' resources or tenure rights was explained in Chapter 5 Mitigation Measures, Monitoring and Conclusion.</p> <p>Records of consultations held with the local</p>



	<ol style="list-style-type: none"> <li>1. Cultural, religious and burial sites, water intake point</li> <li>2. The impact of forest operation to the local communities</li> <li>3. Preventive and mitigation measures of local communities' resources or tenure rights</li> <li>4. Records of meetings and/or consultations between forest manager and affected local communities for Uma Daro &amp; Uma Juman (villagers reside at Bakun area)</li> </ol>		<p>communities / indigenous peoples of Uma Juman and Uma Daro dated May 2022 to identify and document areas traditionally used and sites of significant importance to them (e.g., cultural, religious and burial sites, water intake point) were verified by auditor.</p> <p>2<sup>nd</sup> Minute of discussion between the FMU and local community dated 23 June 2022 titled 'Taman FMU, Sustainable Forest Management and Wildlife Awareness programme with Uma Daro and Uma Juman' was verified.</p> <p>These information as listed below has been updated in the SIA report (August 2022) in Chapter 2:</p> <ol style="list-style-type: none"> <li>1. Cultural, religious and burial sites, water intake point</li> <li>2. The impact of forest operation to the local communities</li> <li>3. Preventive and mitigation measures of local communities' resources or tenure rights including ground demarcation and monitoring</li> <li>4. Records of meetings and/or consultations between forest manager and affected local communities for Uma Daro &amp; Uma Juman (villagers residing in Bakun area)</li> </ol> <p>SECP/07/IMPSS Social Engagement Channel Identifying, Monitoring and Protecting Significant Sites Issue 2 dated 19<sup>th</sup> Sept 2022 has been established.</p> <p>Location of settlements of local communities of Rh. Juman and Rh. Daro (villagers residing in Bakun area) has been demarcated in the map titled 'Map G: Locality Map of Settlements and Local Communities of Taman FMU T/3290'.</p>
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<p>Major  NCR: MRS05/ 2022</p>	<p><b>Requirement: Indicator 7.1.1</b> - Availability and implementation of forest management plan including consideration of risks and opportunities concerning compliance with the requirements of the standard.</p> <p><b>Finding:</b> The forest management plan has not covered all required requirements of the Indicator 7.1.1.</p> <p><b>Objective evidence:</b> The FMU has yet to update and implement the following required information in the FMP2020-2030:</p> <ol style="list-style-type: none"> <li>1. Harvesting schedule for 25 years from year 2022 to 2046 not available in the FMP.</li> <li>2. Forest fire risk assessment, Emergency Response Team, basic equipment for firefighting, and precautionary measures were not described in the FMP.</li> <li>3. Findings/results of HCVs assessment yet to be included.</li> <li>4. Any potential impacts from forest operation to pollution, siltation of water courses and forest carbon stocks.</li> <li>5. Description of stakeholder consultation (meeting/letter/email)</li> </ol>	<p><b>Result of investigation and determination of root cause:</b> Endorsed FMP does not sufficiently included all required information of the indicator 7.1.1. An updated FMP and revised General Harvesting Plan (GP) yet to be endorsed by Forest Department.</p> <p><b>Correction and corrective action plan including completion date:</b></p> <ol style="list-style-type: none"> <li>1. To ensure updated FMP to be endorsed by FD and include all relevant information required as per indicator 7.1.1.</li> <li>2. To revise General Harvesting Plan (GP) schedule which is workable.</li> </ol>	<p>Received corrective action plan on 29 April 2022. The revised corrective action plan was accepted on 7 July 2022. On 21 September 2022, evidence of implementation was received and verified.</p> <p>The FMU has submitted the revised FMP and General Harvesting Plan (GP) to FDS on 16 June 2022 (Ref:KTM/T3290/22-123) with the following amendment:</p> <ol style="list-style-type: none"> <li>1. Harvesting schedule for 25 years starting from 2024 to 2048 – Chapter 4</li> <li>2. Forest fire risk assessment, Emergency Response Team, basic equipment for firefighting, and precautionary measures – Chapter 13</li> <li>3. Findings/results of HCVs assessment – Chapter 10</li> <li>4. Any potential impacts from forest operation to pollution, siltation of water courses and forest carbon stocks – Chapter 13</li> <li>5. Description of stakeholder consultation with relevant government agencies, NGOs, affected local communities, etc. – Chapter 7, 10 &amp; 11</li> <li>6. Risk and opportunities – Chapter 3</li> </ol> <p><b>Status: Closed</b></p>

	<p>with relevant government agencies, NGOs, affected local communities, etc.</p> <p>6. Only Rh. Juman (villagers reside at Bakun dam area) available in Chapter 11.</p> <p>7. Risk and opportunities are not clearly written in the FMP.</p> <p>8. No evidence to show that the FMU has started harvesting approval process (PEC 1-4) to FDS as verified during the stage 2 audit since the harvesting operation should commenced in year 2022.</p>		
<p>Major NCR: KN04/ 2022</p>	<p><b>Requirement: Indicator 8.3.1</b> - Forest managers shall provide relevant documents to ensure that all forest products leaving the certified area can be identified (including volumes and types) so that their origin can be determined. Specific claims to communicate the origin of products are specified in <b>APPENDIX B</b>.</p> <p><b>Finding:</b> Documents for tracing forest product from its origin leaving the certified area was not available.</p> <p><b>Objective evidence:</b> Based on harvesting schedule, the harvesting operation has been scheduled in year 2022. However, there was no documented procedure and relevant documents available at Taman FMU for tracing forest product (logs) from its origin leaving the certified area.</p>	<p><b>Result of investigation and determination of root cause:</b> Procedure on tracing of forest product yet to be established in view of no harvesting operation.</p> <p><b>Correction and corrective action plan including completion date:</b> To establish procedure “Tracing of Logs” in line with MC&amp;I SFM Appendix B by May 2022.</p>	<p>Received corrective action plan on 29 April 2022. The revised corrective action plan was accepted on 7 July 2022. On 21 September 2022, evidence of implementation was received and verified.</p> <p>Procedure titled ‘Administration Chain of Custody’ dated 10 May 2022.</p> <p><b>Status: Closed</b></p>

<p>Major NCR: KN05/ 2022</p>	<p><b>Requirement: Indicator 9.2.1</b> - Forest managers shall consult with relevant stakeholders on the options to maintain or enhance the identified HCV areas.</p> <p><b>Finding:</b> Relevant stakeholders was not consulted on the options to maintain or enhance the identified HCV areas.</p> <p><b>Objective evidence:</b> Relevant stakeholder was not consulted on the options to maintain or enhance the identified HCV areas as stated in High Conservation Value Forest (HCV1-HCV6) Assessment Report - Taman FMU, Timber License No.T/3290, Belaga District, Kapit Division.</p>	<p><b>Result of investigation and determination of root cause:</b> Consultation with relevant stakeholders specifically on options to maintain or enhance High Conservation Value yet to be conducted.</p> <p><b>Correction and corrective action plan including completion date:</b> To write-in to Forest Department and attached with full HCV report to obtain their comment on appropriate options to maintain or enhance the identified HCV present within the FMU by May 2022.</p>	<p>Received corrective action plan on 29 April 2022. The revised corrective action plan was accepted on 7 July 2022. On 21 September 2022, evidence of implementation was received and verified.</p> <p>Verified letter (Ref:KTM/T3290/22-17) dated 20 May 2022 submitted to Forest Department of Sarawak (FDS), Sarawak Forestry Corporation (SFC) and WWF titled 'Taman FMU High Conservation Value Forest (HCVF) Assessment Report'.</p> <p>The letter was submitted by the FMU to the respective agencies on 24 May 2022 by FDS, on 23 May 2022 by SFC and 23 May 2022 by WWF. However, there was no reply or comments from these agencies.</p> <p><b>Status: Closed.</b></p>
<p>Major NCR: KN06/ 2022</p>	<p><b>Requirement: Indicator 9.2.2</b> Forest managers shall demonstrate that the forest management operations protect areas of high conservation value in the FMU.</p> <p><b>Finding:</b> Protection on areas of high conservation value in the FMU was not demonstrated by the forest management operations</p> <p><b>Objective evidence:</b> The FMU has not incorporated HCVFs information in the High Conservation Value Forest Assessment Report into the Forest Management Plan dated December 2020.</p>	<p><b>Result of investigation and determination of root cause:</b> Appropriate option to protect identified potential HCV present in the FMU yet to be included in the FMP.</p> <p><b>Correction and corrective action plan including completion date:</b> To revise and update into FMP on any practicable means of protecting HCV after receiving comments from relevant stakeholders by May 2022.</p>	<p>Received corrective action plan on 29 April 2022. The revised corrective action plan was accepted on 7 July 2022. On 21 September 2022, evidence of implementation was received and verified.</p> <p>The FMU has incorporated findings/results of HCV assessment in the revised FMP in Chapter 10 as verified.</p> <p><b>Status: Closed</b></p>

<p>Major  NCR: KN07/ 2022</p>	<p><b>Requirement: Indicator 9.3.1</b> - Measures to demarcate, maintain and/or enhance the HCV attributes are documented in the forest management plan and effectively implemented.</p> <p><b>Finding:</b> Measures to demarcate, maintain and/or enhance the HCV attributes was not documented in the forest management plan and not effectively implemented.</p> <p><b>Objective evidence:</b> Visit to Taman FMU found demarcation of HCV area was not conducted. Furthermore, the HCV map was not incorporated into the FMP.</p>	<p><b>Result of investigation and determination of root cause:</b> Revised FMP has included relevant measures to demarcate, maintain or enhance the HCV but pending for Forest Department endorsement.</p> <p><b>Correction and corrective action plan including completion date:</b></p> <ol style="list-style-type: none"> <li>1. HCV map to be incorporated into the FMP.</li> <li>2. Revised FMP that has include measures to demarcate, maintain or enhance HCV to be submit for endorsement.</li> <li>3. To demarcate the identified HCV area once the FMP endorsed by FDS.</li> </ol>	<p>Received corrective action plan on 29 April 2022. The revised corrective action plan was accepted on 7 July 2022. On 21 September 2022, evidence of implementation was received and verified.</p> <p>Measures to demarcate, maintain and/or enhance the HCV attributes was documented in the revised FMP at Chapter 10.</p> <p>The FMU has identified two saltlicks (Saltlick 1 &amp; Saltlick 2) in Coupe 3 as reported in the field visit report dated 17 July 2022. Buffer zone of 100 m were marked surrounding these saltlicks area.</p> <p>Inspection at both saltlicks in Coupe 3 was conducted during verification audit. The saltlicks areas were demarcated on the ground and marked with blue and white paint as buffer zone.</p> <p>Measures to demarcate, maintain or enhance HCV and map of salt lick (1&amp;2) in Coupe 3 were explained in the revised FMP in section '10.2.2 Findings / Results of HCVs Assessment' and Figure 10.1 HCVF-Conservation of Terrain Class IV in FMU.</p> <p><b>Status: Closed</b></p>
<p>Minor  NCR: KN01/ 2022</p>	<p><b>Requirement: Indicator 1.1.2</b> - Forest managers are aware / knowledgeable of the applicable federal, state and local laws, regulations and policies as well as administrative requirements for forest management.</p>	<p><b>Result of investigation and determination of root cause:</b> At initial stage of implementing forest management, the camp manager and newly assigned forest manager are not well trained or briefed as required.</p>	<p>Received corrective action plan on 29 April 2022. The revised corrective action plan was accepted on 7 July 2022.</p> <p><b>Status: Implementation of corrective action plan will be verified during next audit.</b></p>

	<p><b>Finding:</b> Forest managers are not aware/knowledgeable of the applicable federal, state and local laws, regulations and policies as well as administrative requirements for forest management.</p> <p><b>Objective evidence:</b> Consultation with the Forest Manager and Camp Manager of the FMU showed that awareness and understanding of the federal, state and local laws and regulatory framework for forest management and understanding of MC&amp;I were not sufficient.</p>	<p><b>Correction and corrective action plan including completion date:</b></p> <ol style="list-style-type: none"> <li>1. Forest manager to attend relevant MC&amp;I SFM awareness training when public training course is available.</li> <li>2. Forest manager &amp; Camp manager to be briefed in general the applicable federal, state and local laws, regulations and policies as well as administrative requirements for forest management. (October 2022)</li> </ol>	
<p>Minor  NCR: KN03/ 2022</p>	<p><b>Requirement: Indicator 1.6.2</b> - Policies or statements are communicated throughout the organisation and its contractors, and are made available to the public.</p> <p><b>Finding:</b> Policies or statements to comply with requirement of the MC&amp;I SFM standard was not available in the contract agreement.</p> <p><b>Objective evidence:</b> Contract Agreement (reference PS/MD/2012/002A [dated 2 Jan 2014 – 31 Dec 2024]) between Perkayuan Sukma Sdn. Bhd. (Licencee) and Teleng Trading Sdn. Bhd. (Contractor) found that statement of commitment to comply with requirement of the MC&amp;I SFM standard in the contract agreement was not available.</p>	<p><b>Result of investigation and determination of root cause:</b> Contract Agreement (reference PS/MD/2012/002A [dated 2 Jan 2014 – 31 Dec 2024]) between Perkayuan Sukma Sdn. Bhd. (Licencee) and Teleng Trading Sdn. Bhd. (Contractor) was signed in 2014 which hasn't included commitment of contractors to comply requirements of the MC&amp;I SFM standard.</p> <p><b>Correction and corrective action plan including completion date:</b> To revise Contract Agreement between Perkayuan Sukma Sdn. Bhd. (Licencee) and Teleng Trading Sdn. Bhd. (Contractor) and include commitment of contractors to comply requirements of the MC&amp;I SFM standard by June 2022.</p>	<p>Received corrective action plan on 29 April 2022. The revised corrective action plan was accepted on 7 July 2022.</p> <p><b>Status: Implementation of corrective action plan will be verified during next audit.</b></p>

<p>Minor  NCR: LYD03/ 2022</p>	<p><b>Requirement: Indicator 2.1.1</b> - Availability of documentation of legal status, and established forest use rights of the land or forest resources within the relevant federal, state and local laws in the FMU.</p> <p><b>Finding:</b> Information of the hectarage and status of Stateland along Batang Balui area in FTL were not available.</p> <p><b>Objective evidence:</b> Forest Timber Licence – renewal KFM/T4 (T3290)/13-120jt dated 11/03/2013 for period 31/09/2013-30/09/2023 originally / first license issuance from 1/10/1993-31/09/2003 (renewal every 10 years).</p> <p>The Forest Timber Licence No. T/3290 and First Schedule (attachment) stated that the land status is ‘Stateland along Batang Balui area’ and licensed area 34,317 ha.</p> <p>However, the FTL yet to be updated with latest information (Mujong Merirai Protected Forest, Stateland, hectarage and status of Stateland area in FTL).</p>	<p><b>Result of investigation and determination of root cause:</b> Forest department do not provide updated hectarage and land status in the FTL.</p> <p><b>Correction and corrective action plan including completion date:</b> Write-in to Forest Department to obtain latest information on the land status pertaining to FMU licensed area fall under stateland and Mujong Melirai Protected Forest in hectarage by May 2022.</p>	<p>Received corrective action plan on 29 April 2022. The revised corrective action plan was accepted on 7 July 2022.</p> <p><b>Status: Implementation of corrective action plan will be verified during next audit.</b></p>
<p>Minor  NCR: LYD04/ 2022</p>	<p><b>Requirement: Indicator 4.1.2</b> Communities living within, or adjacent to, the FMU are given preference for employment and contract works.</p>	<p><b>Result of investigation and determination of root cause:</b> 1.The TAMAN FMU has not commenced with harvesting operation. 2.Employment contract is prepared in English only.</p>	<p>Received corrective action plan on 29 April 2022. The revised corrective action plan was accepted on 7 July 2022.</p> <p><b>Status: Implementation of corrective action plan will be verified during next audit.</b></p>

	<p><b>Finding:</b></p> <p>1.No evidence to show that the FMU has given preference for employment and contract works for local communities.</p> <p>2.Forest workers was not understand the terms in the contract agreement.</p> <p><b>Objective evidence:</b></p> <p>1. No records of efforts to recruit workers from local communities of Uma Juman &amp; Uma Daro (villagers reside at Bakun area)</p> <p>2. During interview with forest workers, they have raised grievance against the employment terms written in English</p>	<p><b>Correction and corrective action plan including completion date:</b></p> <p>1.To provide preference of job opportunity to nearby communities by any suitable means to inform if any upcoming job opportunities that are available.</p> <p>2.To provide translated version of employment contract in Bahasa Malaysia by SibU Office.</p>	
<p>Minor</p> <p>NCR: LYD05/ 2022</p>	<p><b>Requirement: Indicator 4.2.2</b> Availability of management policies addressing the occupational safety and health of forest workers including work-related risks, in accordance with current legislation and/or regulations.</p> <p><b>Finding:</b> No person incharge was officially appointed on safety and health of forest workers.</p> <p><b>Objective evidence:</b> During interview and record verification, it was found that no official appointment letter of person incharge on safety and health of forest workers.</p>	<p><b>Result of investigation and determination of root cause:</b> Officer in charge on safety &amp; health of forest workers is not officially appointed.</p> <p><b>Correction and corrective action plan including completion date:</b> To provide official letter appointing officer in charge on safety &amp; health of workers for Taman FMU by May 2022.</p>	<p>Received corrective action plan on 29 April 2022. The revised corrective action plan was accepted on 7 July 2022.</p> <p><b>Status: Implementation of corrective action plan will be verified during next audit.</b></p>



<p>Minor  NCR: LYD06/ 2022</p>	<p><b>Requirement: Indicator 4.2.3</b> Appropriate safety and operational equipment in good working condition, including operational procedures, shall be made available to forest workers in the workplace.</p> <p><b>Finding:</b> Preventive maintenance for operational equipment for year 2021/2022 was not available.</p> <p><b>Objective evidence:</b> Sampling on the following operational equipment found that there was no record of preventive maintenance: 1) Toyota double cab 2) Land cruiser 3) Tugboat 4) Excavator 5) Genset</p>	<p><b>Result of investigation and determination of root cause:</b> No proper records of machineries maintenance are kept in the camp.</p> <p><b>Correction and corrective action plan including completion date:</b> To provide and compile records of preventive maintenance or repairs of machineries and make available of such records in camp.</p>	<p>Received corrective action plan on 29 April 2022. The revised corrective action plan was accepted on 7 July 2022.</p> <p><b>Status: Implementation of corrective action plan will be verified during next audit.</b></p>
<p>Minor  NCR: LYD07/ 2022</p>	<p><b>Requirement: Indicator 4.3.3</b> - The right of workers to employment benefits and social protection is assured under applicable laws and/or regulations.</p> <p><b>Finding:</b> Payment records of EPF, SOCSO &amp; EIS were not sufficiently available.</p> <p><b>Objective evidence:</b> Payment records of EPF, SOCSO &amp; EIS were not sufficiently available for Jan 2022 &amp; Dec 2021 except for Feb 2022.</p>	<p><b>Result of investigation and determination of root cause:</b> Not all records of payment (EPF, SOCSO, EIS) are readily retrievable during the audit.</p> <p><b>Correction and corrective action plan including completion date:</b> To ensure relevant records of payment on EPF, SOCSO, EIS were made available in the camp office for verification.</p>	<p>Received corrective action plan on 29 April 2022. The revised corrective action plan was accepted on 7 July 2022.</p> <p><b>Status: Implementation of corrective action plan will be verified during next audit.</b></p>

<p>Minor  NCR: MRS01/ 2022</p>	<p><b>Requirement: Indicator 5.1.1</b> - Investments and reinvestments are made in forest management, including for forest administration, protection, research, human resource development, economic, conservation, environmental and social aspects, consistent with the tenure of the FMU.</p> <p><b>Finding:</b> Allocation budget for Taman FMU was not inconsistent with FMP Budget &amp; Cost Projection and not met the requirement of Indicator 5.1.1.</p> <p><b>Objective evidence:</b> The FMU has allocated budget on wages, camp building upkeep, genset diesel, vehicles expenses, road/bridge maintenance, river vessel and camp compound upkeep as verified in the Budget for Financial Year 2022.</p> <p>However, the allocated budget was inconsistent with the estimated 'Budget &amp; Cost Projection' as refer in the FMP2020-2030 and not met the requirement of Indicator 5.1.1 where no allocation on nursery, silviculture/enrichment planting, community development, fire management, human resource development, research, protection, conservation, environmental and social aspects.</p>	<p><b>Result of investigation and determination of root cause:</b> Budget allocation provided in the FMP does not communicated to operation office, Sibul who is preparing estimated budget &amp; cost projection.</p> <p><b>Correction and corrective action plan including completion date:</b> Operation office, Sibul and Management office, Kuching to discuss and finalize on revised budget allocation in the FMP as per indicator 5.1.1. Subsequent records on cost projection or expenditure shall be prepared in accordance with FMP budget allocation by operation office in Sibul.</p>	<p>Received corrective action plan on 29 April 2022. The revised corrective action plan was accepted on 7 July 2022.</p> <p><b>Status: Implementation of corrective action plan will be verified during next audit.</b></p>
<p>Minor</p>	<p><b>Requirement: Indicator 5.6.1</b> - Rate of harvest shall not be greater than estimated regrowth of the residual stand</p>	<p><b>Result of investigation and determination of root cause:</b> Insufficient numbers of PSP completed against</p>	<p>Received corrective action plan on 29 April 2022. The revised corrective action plan was accepted on 7 July 2022.</p>

<p>NCR: MRS02/ 2022</p>	<p>based on permanent sample plots within a pre-defined cutting cycle. (NF)</p> <p><b>Finding:</b></p> <p>1.Establishment of PSPs was not followed the scheduling for year 2021/2022.</p> <p>2.AAC calculation for FMP was not derived from PSP data.</p> <p><b>Objective evidence:</b></p> <p>1.The FMU has targeted to establish 24 PSPs from February 2021 to February 2022 as per projection table schedule in the FMP2020-2030. However, the FMU only achieved 4 PSPs (D3, F2, F3 &amp; G4) as verified during the audit.</p> <p>2.The AAC estimation in the FMP2020-2030 was derived from tree tagging inventory from 31 blocks in Coupe 07B. However, the indicator required the AAC calculation shall be estimated from permanent sample plots data.</p>	<p>the scheduled PSP establishment plan in view of road accessibility problem and lack of surveyor.</p> <p><b>Correction and corrective action plan including completion date:</b></p> <p>1. To provide additional resources for road maintenance by May 2022.</p> <p>2. To re-scheduled a workable PSP establishment plan and engage more surveyors by May 2022. AAC calculation in the FMP shall be amended based on sufficient PSP data.</p>	<p><b>Status: Implementation of corrective action plan will be verified during next audit.</b></p>
<p>Minor</p> <p>NCR: LYD08/ 2022</p>	<p><b>Requirement: Indicator 6.2.5</b> Forest workers and local communities shall be made aware of endangered, rare and threatened species of forest flora and fauna found in the FMU.</p> <p><b>Finding:</b> Local communities were not aware of endangered, rare and threatened species of forest.</p>	<p><b>Result of investigation and determination of root cause:</b></p> <p>Efforts to make aware of ERT species to local communities were insufficiently covered apart through CRC representatives.</p> <p><b>Correction and corrective action plan including completion date:</b></p> <p>To provide separate briefing records with attendance list on awareness of ERT species for local communities of Rh. Daro and Rh</p>	<p>Received corrective action plan on 29 April 2022. The revised corrective action plan was accepted on 7 July 2022.</p> <p><b>Status: Implementation of corrective action plan will be verified during next audit.</b></p>

	<p><b>Objective evidence:</b></p> <p>The FMU has consulted and briefed on endangered, rare and threatened species to CRC representatives on 8 February 2022. However, the CRC representatives from local community of Rh. Daro and Rh. Juman at Bakun dam area has not convers these information to communities of Rh. Daro and Rh. Juman at Bakun dam area.</p> <p>It was confirmed during stakeholder consultation and site visit, the awareness activity with villagers were insufficient including attendance list, briefings, posters and publications on endangered, rare and threatened species of forest flora and fauna in the FMU.</p>	<p>Juman residing at Bakun Dam area by May 2022.</p>	
<p>Minor</p> <p>NCR: MRS03/ 2022</p>	<p><b>Requirement: Indicator 6.3.1</b> - Availability and implementation of management guidelines to assess post-harvest natural regeneration, and measures to supplement natural regeneration and rehabilitate degraded areas, where necessary, in the FMU.</p> <p><b>Finding:</b></p> <p>1.Assessment for post-harvest area was not clearly described in the procedure. 2.Assessment on post-harvest area and rehabilitation program (enrichment planting) were not effectively implemented.</p>	<p><b>Result of investigation and determination of root cause:</b></p> <p>The current version of Felling Damage Analysis procedure has not include Post-harvesting assessment. For previously harvested Coupe (currently under coupe 24) in June 2021, yet to be rehabilitated.</p> <p><b>Correction and corrective action plan including completion date:</b></p> <p>1. To revise Felling Damage Analysis procedure to include Post harvest assessment method. 2. To provide sufficient seedling from relevant source and carry out enrichment planting at current Coupe 24.</p>	<p>Received corrective action plan on 29 April 2022. The revised corrective action plan was accepted on 7 July 2022.</p> <p><b>Status: Implementation of corrective action plan will be verified during next audit.</b></p>

	<p><b>Objective evidence:</b></p> <p>1.Procedure for post-logging block inspection titled ‘Felling Damage Analysis’ was not clearly described the post-harvest assessment process:</p> <p>i)The procedure was not clearly mentioned the inventory process (pre-felling and post-felling), required data (harvestable tree, PCT, etc.), inventory/assessment form, data analysis and conclusion/recommendation.</p> <p>2.The implementation of the ‘Logging Impact Mitigation Strategies Enrichment Planting’ procedure was not evident during audit:</p> <p>i)Records of enrichment planting for Coupe 24 was not available except for Coupe 6 and Coupe 25</p> <p>ii)Supply of seedlings at camp nursery was not adequate (&lt;10 seedlings available) in order to implement enrichment planting in the post-harvest and degraded area in Coupe 24.</p>		
<p>Minor</p> <p>NCR: MRS04/ 2022</p>	<p><b>Requirement: Indicator 6.5.5</b> – Fire prevention and control plan to be prepared and implemented for all fire prone forest types</p> <p><b>Finding:</b> The forest fire procedure/plan was not adequately described on assessment process and measures to prevent and control forest fire.</p>	<p><b>Result of investigation and determination of root cause:</b></p> <p>Procedure for “Administration Forest Fire Monitoring” and ‘Emergency Preparedness &amp; Response’ were provided but relevant resources needed is inadequate and forest fire drill yet to be conducted.</p> <p><b>Correction and corrective action plan including completion date:</b></p> <p>1. To ensure relevant resources required by</p>	<p>Received corrective action plan on 29 April 2022. The revised corrective action plan was accepted on 7 July 2022.</p> <p><b>Status: Implementation of corrective action plan will be verified during next audit.</b></p>

	<p><b>Objective evidence:</b> Forest fire procedures and control plan were made available titled 'Administration Forest Fire Monitoring' and 'Emergency Preparedness &amp; Response Operating Procedure'. However, forest fire risk assessment, Emergency Response Team, and precautionary measures (fire-fighting equipment, ground patrol, watch tower, water bodies, etc.) were yet to be provided and implement by the FMU.</p>	<p>Emergency Respond Team is made available. 2. To conduct forest fire drill training and determine frequency of such training. i. Proposed date for forest fire drill – October 2022 ii. Frequency of the drill - yearly</p>	
<p>Minor  NCR: LYD09/ 2022</p>	<p><b>Requirement: Indicator 7.3.2</b> Availability of programmes to train forest workers to their respective roles for proper implementation of the forest management plan.</p> <p><b>Finding:</b> Annual training program to train forest workers to their respective roles for proper implementation of the forest management plan were insufficient.</p> <p><b>Objective evidence:</b> The following training for forest workers were not yet conducted:</p> <ol style="list-style-type: none"> <li>1) Applicable federal, state and local laws, regulations and policies</li> <li>2) Use of approved chemicals in the forest (handling and storing).</li> <li>3) Minimising health and environmental risks</li> <li>4) Techniques of reduced-impact logging</li> <li>5) Fire management (forest fire, working place &amp; housing)</li> </ol>	<p><b>Result of investigation and determination of root cause:</b> Not all related training were provided in the annual training plan to ensure effective implementation of the FMP.</p> <p><b>Correction and corrective action plan including completion date:</b></p> <ol style="list-style-type: none"> <li>1. To provide an updated annual training program to include all required trainings, proper remarks on the targeted training group and also remarks of those training whether to be conducted internally or to attend external training program (by June 2022).</li> <li>2. To request for approval from the management for related publicly available trainings.</li> </ol>	<p>Received corrective action plan on 29 April 2022. The revised corrective action plan was accepted on 7 July 2022.</p> <p><b>Status: Implementation of corrective action plan will be verified during next audit.</b></p>

	6) Safety and health – Logging Operation 7) STA – tree felling, log extraction, felling site preparation, mechanical site preparation 8) First aider training 9) MC&I SFM awareness briefing 10) Awareness of HCVA 11) SOP complaints & grievances 12) Labour Ordinance 13) OSH Act & related regulations		
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