



**PUBLIC SUMMARY
SURVEILLANCE 1 AUDIT (2022) (2nd CYCLE) ON
KAPIT FOREST MANAGEMENT UNIT
FOR FOREST MANAGEMENT CERTIFICATION**

**Certificate number: FMC – NF 00118
Date of First Certification: 11 June 2018
Audit Date: 27th Sept- 1st October 2022
Date of Public Summary: 24 March 2023**

Certification Body:

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

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EXECUTIVE SUMMARY

The Surveillance 1 audit for forest management certification on the Ta Ann Holdings Sdn Bhd – Kapit FMU was conducted from 27th September – 1st October 2022. This was an audit conducted following the previous Recertification audit which was conducted on 29th November – 4th December 2021 on the overall forest management system and practices of the FMU against the requirements of the Malaysian Criteria and Indicators for Forest Management Certification (MC&I SFM) using the verifiers stipulated for Sarawak, Malaysia.

The audit was conducted with the full cooperation of the Kapit FMU by a three-member team comprising Hj. Roslee Jamaludin (Lead auditor), Ismail Adnan Abdul Malek (Auditor), and Azrul Ikhsan Mohamed (Auditor).

The Kapit FMU covers an area of 149,877 ha of Baleh Permanent Forest Reserve. The licensed area has been revised by Forest Department Sarawak (FDS) on 29 July 2019 from 149,756 ha to 149,877 ha. The forest area is situated approximately between latitudes 1° 32' 4.4" N and 2° 00' 7.1" N and longitudes 112° 43' 45.8" E and 113° 20' 30" E in the Southern Kapit District, Kapit Division, Sarawak. The Kapit FMU is served by public roads and logging roads. The administrative centre of Kapit FMU is located at Engkeramuh Camp, 38 km from the Melekun Logpond.

The audit involved the verification of documentations and field visits and inspections. There were also consultations being held with the Forest Department Sarawak (FDS), Kapit Land and Survey Department, Community Representative (CRC - GEMAZON), and site visit at indigenous settlements within FMU by cluster/zone.

In general, the findings of this Surveillance 1 audit have indicated that the Kapit FMU had complied with most of the requirements of the MC&I SFM despite the issuance of a total of one (1) Major and three (3) Minor Non-Conformance Report (NCRs) against the requirements of the MC&I SFM.

The Audit Team Leader after consultation with team members recommends that certification of Kapit FMU against the MC&I SFM be maintained conditional upon acceptance of corrective action plans within one (1) month from the date of the surveillance 1 audit, and closure of Major NCR within 3 months.

The FMU submitted a proposed corrective action plan to address the NCRs raised during the Surveillance 1 audit by mail on 12th October 2022 which has been accepted by the audit team and team leader. The evidence of corrective action taken for Major NCR was received on 21st December 2022 and has been accepted and closed on 26th December 2022.

The effectiveness of the corrective actions taken by the FMU to address the Minor NCRs shall be verified by the audit team during the next surveillance audit.

1.0 INTRODUCTION

1.1 Name of FMU

Kapit Forest Management Unit

1.2 Organizational Information/Contact Person

General Manager
Mr Nelson Bijack James Chas
Tanjong Manis Holdings Sdn. Bhd.
No 6, Lot 9, Lorong Pedada 20A2
Jalan Pedada, P.O. Box 1489
96008 Sibu
Sarawak

Phone : (+60-84) 312 299
Fax : (+60-84) 349 813
E-mail : nelson.bijack@taann.com.my / sfm@taann.com.my

1.3 General Background of the Forest Management Unit

Kapit FMU is operating under the Forest Timber License (FTL) No. T/3491 issued to Tanjong Manis Holdings Sdn Bhd, a subsidiary of Ta Ann Holdings Berhad. Kapit FMU covers an area of 149,877 hectares, located in the southern part of Kapit District.

Kapit FMU lies between latitudes 1° 32' 4.4" N and 2° 00' 7.1" N and longitudes 112° 43' 45.8" E and 113° 20' 30" E. The Forest Management Plan of Kapit FMU (2017 – 2026) Rev.2 has been approved by the Forest Department Sarawak (FDS) on 19 August 2021. The Administrative center of Kapit FMU is at Engkeramuh camp. Currently, harvesting activities was conducted in Coupe 03AR.

1.4 Date of First Certified

11 June 2018

1.5 Location of the FMU

The FMU is located between latitudes 1° 32' 4.4" N and 2° 00' 7.1" N and longitudes 112° 43' 45.8" E and 113° 20' 30" E. The map of the FMU is attached in **Appendix 1**.

1.6 Forest Management System

Ten (10) Years Forest Management Plan (FMP) for Forest Timber Licence No. T/3491, Kapit FMU (2017 – 2026) Rev. 02 dated May 2021 was made available during the audit. A review of the FMP found that the plan had addressed all issues and requirements of Criterion 7.1. The FMP also provides maps specific to planned management activities and references to supporting documents that include Tables, Figures Charts, Graphs, Schedules, Budgets, SOPs and operation guidelines either as Annexes or Appendices. The FMP was approved by Forestry Department Sarawak (FDS) on 19 August 2021.

1.7 Annual Allowable Cut / Annual Harvest under the FMP

As indicated in the Kapit FMU FMP, the rate of the harvest was calculated to not be greater than the estimated regrowth of the residual stand based on permanent sample plots assessment (within a pre-defined 25 year of cutting cycle), with a total productive area of 119,728 ha., the Annual Coupe of Kapit FMU was set to not more than 88,532.6 m³/year, while the average annual coupe production area shall be 4,786.30 ha/year

1.8 Environmental and Socioeconomic Context

Generally, there are about 28 local settlements located within the FMU area, 24 local settlements located within a 3 KM radius from the FMU boundary, and 3 local settlements located outside of the FMU (4.5 – 5.5. KM from the FMU boundary). The main ethnicity of the communities is Iban and other races are Chinese, Malay, Orang Ulu, Melanau, Bidayuh and others. It is about 90% of workers hired by the forest manager are Malaysian including community members living within and surrounding Kapit FMU.

A Community Representative Committee (CRC), the “*Gerempong Masyarakat Zon Melekun (GEMAZOM)*” for Kapit FMU had been established to maintain continuous communication with local communities to resolve any issues that were raised. The CRC is a member of the SFM Liaison Committee, chaired by the Forest Department Sarawak (FDS) to maintain communication between local communities, all relevant Government agencies and the FMU.

Kapit FMU has carried out the Environmental Impact Assessment titled “The Proposed Timber Harvesting Operation within Kapit Forest Management Unit (FMU) Under Forest Timber Licence (FTL) No. T/3491, Melekun and Sg. Yong, Kapit Division, Sarawak” dated June 2017 in accordance with The Prescribed Activity 2 of the First Scheduled, Natural Resources and Environment (Prescribed Activities) Order, 1994 states that the extraction or felling of timber from any area exceeding 500 hectares which have previously been logged. The EIA report was then submitted for endorsement to the Natural Resources and Environment Board (NREB) on 8th August 2017 and later acknowledged by the NREB with the EIA Report Approval on 29th January 2018

The Forest Management Plan for Kapit FMU incorporated information on Environmental Impact Assessment (EIA) as found in Chapter 7 – Environmental and Social Impact Assessment, under sub-chapter 7.2.4 – Mitigation Measures Recommended by The Environmental Consultant.

2.0 AUDIT PROCESS

2.1 Audit dates

The Surveillance 1 audit for forest management certification on the Ta Ann Holdings Sdn Bhd – Kapit FMU was conducted from 27th September – 1st October 2022. This was an audit conducted following the previous Recertification audit which was conducted on 29th November – 4th December 2021. The Surveillance 1 audit plan as attached in **Appendix 4**.

2.2 Audit Team

The audit team comprised the following members:

1. Hj. Roslee Jamaludin (Lead Auditor)
2. Ismail Adnan Abdul Malek (Auditor)
3. Azrul Ikhsan Mohamed (Auditor)

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

2.3 Standard Used

Malaysian Criteria and Indicators for Forest Management Certification [MC&I SFM] using the verifiers stipulated for Sarawak, Malaysia.

2.4 Stakeholder Consultations

A stakeholder notification was issued in September 2022 for a period of one month inviting relevant stakeholders to give comments on the FMU. However, there was no comments received from the stakeholders.

2.5 Audit Process

The assessment was conducted as planned using the methodology described in Section 2.0. Findings against each of the MC&I SFM are reported below.

The audit was conducted primarily to evaluate the level of compliance of the FMU, current documentation, Standard Operating Procedures (SOPs) and field practices in forest management with the requirements listed in the MC&I SFM, using the verifiers stipulated for Sarawak, Malaysia.

For each Indicator, the auditors conducted either a documentation review, consultation with the relevant personnel of the FMU or stakeholders or field audit or a combination of these methods.

Depending on the level of compliance with the verifiers on a particular indicator, the auditors had reviewed and verified the degree of the overall compliance in the indicator before a finding was raised either a non-conformity report (NCR) (minor or major) or opportunities for improvement (OFI).

An NCR raised during the audit and categorized by the audit team as either major or minor is defined as follows:

- (i) A major NCR is a non-compliance deemed by the Auditor to be critical and is likely to result in an immediate hazard to the quality or standard of the forest management systems and practices in the FMU.

The FMU is requested to notify SIRIM QAS International Sdn Bhd (SIRIM QAS International) of the proposed corrective actions taken within one month from the last date of the audit. The corrective actions as notified by the FMU shall be verified by the Audit Team Leader or a member of the audit team within three months from the last date of the audit.

(ii) A minor NCR is a single observed lapse in compliance by the FMU with the MC&I

The FMU shall respond in writing to SIRIM QAS International within one month from the last date of the audit detailing the actions to be taken to address all minor NCRs. The effectiveness of the resulting actions taken by the FMU must be verified at the next surveillance visit.

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 but without sufficient objective evidence to support a non-conformity. The FMU shall submit a corrective action plan within three months from the last date of the audit. The closing of an OFI shall be made during the next surveillance audit.

2.6 Peer Reviewer

Not applicable for surveillance audit

3.0 SUMMARY OF AUDIT FINDINGS

A total of one (1) Major [Indicator 8.3.1 (upgraded)] and three (3) Minor Non-Conformance Reports (NCRs) [Indicator 4.2.3, 4.3.4, and 9.4.1] were raised on the Kapit FMU against the requirements of the MC&I SFM.

The audit team examined all the proposed corrective action plans to address the NCRs raised during the audit by email on 12th October 2022 which has been accepted by the audit team leader. The evidence of corrective action taken for Major NCRs was received on 21st December 2022 and has been accepted and closed on 26th December 2022.

The effectiveness of the corrective actions taken by the FMU to address the Minor NCRs shall be verified by the audit team during the next surveillance audit.

The MC&I Standard has been designed and structured throughout nine (9) Principles which is covers requirements to support sustainable forest management with compliance of legislation, social, environmental and economic aspects. The table below shows the overall audit coverage of the FMU's activities and general audit findings for compliance (strength) and noncompliance (weaknesses) of the Kapit FMU against the MC&I requirements:

Principle	Strengths	Weaknesses
Principle 1 Compliance with Laws and Principles	The Kapit FMU maintained a legal register with records of all relevant national and local laws and regulations and policies related to forest management. Copies of all relevant laws, policies and regulations stipulated in the MC&I SFM fundamental for the FMU management were available in the office of the Engkeramuh base camp office. The office staff had been appointed to update and maintain all these relevant documents.	There were no negative findings.

Principle	Strengths	Weaknesses
	<p>Interviewed senior forest managers demonstrated knowledge of the federal, state and local laws and regulatory framework, including international agreements such as the ILO Conventions and other forestry-related agreements.</p> <p>Current list of all legally prescribed fees, royalties, taxes, and other charges were available at the Engkeramuh base camp office. The rate of payment, royalty and cess was based on the Fourth Schedule (Rates of Royalty and Premium), Forest Ordinance, 2015 – Chapter 71 (First Schedule [Section 45(1), Second Schedule [Section 48 (1) and Fifth Schedules. DF Circular No. 4 /2021 Revised Rates of Logs exports, DF Circular No. 2 /2022 Amendment of the Schedule of Forest Ordinance, 2015 was also made available during the audit. Records were kept for all payments made.</p> <p>The documentation presented by Kapit FMU found no conflicts between the laws, regulations and the MC&I SFM Principles and Criteria. This was evidenced by a review of the minutes of the Management Review meeting on MC&I SFM held on 17th December 2020. Nevertheless, forest managers were willing to participate in any process to resolve such conflicts if it occurs in future.</p> <p>Legal provisions were available for the establishment and protection of the FMU. The Kapit FMU operates under the Forest Timber License (FTL) No. T/3491 issued to Tanjong Manis Holdings Sdn Bhd, a subsidiary of Ta Ann Holdings Berhad. The license was issued by the Sarawak State Government on 12 June 2007 to manage the Forest Management Unit (FMU), which is located within the Balleh Forest Reserve and Stateland in Kapit district.</p> <p>The FMU has established a monitoring plan to monitor and prevent encroachment and any illegal activities within the FMU area titled '<i>Jadual Pemantauan Dan Rondaan FMU 2022</i>'. The monitoring plan consists of aerial (helicopter) and ground surveillance (4WD vehicle) at a targeted area (high and low risks areas).</p>	

Principle	Strengths	Weaknesses
	<p>The external licence boundary at Coupe 03 Sg. Gaat (N01° 38' 0.2", E 112° 59' 49.6") and at Sg. Balang Kapit FMU(T/3491) with Gaat-Mengiong FMU (T/3400) was inspected during this audit. The license boundary was demarcated with orange paint and with adequate signboard and signage was verified.</p> <p>A Sustainable Forest Management policy signed by the CEO was available for Kapit FMU. It included a statement "Commitment to forest management of our natural resource via implementation of Malaysian Criteria and Indicators (MC&I) for Forest Management Certification (Natural Forest)" dated 1 February 2021.</p> <p>Public summary on the policies or statement of commitment to forest management of natural resources via implementation of Malaysian Criteria and Indicators (MC&I) for Forest Management Certification (Natural Forest) was available publicly through the website: http://www.kapitfmu.com.my/policy/</p>	
Principle 2 Tenure and Use Rights and Responsibilities	<p>A document entitled Forest Timber License (FTL) No. T/3491 was issued to Tanjong Manis Holdings Sdn Bhd (licensee) and has been renewed to be valid up to 11 April 2023.</p> <p>Forest managers had continued to support legally recognized mechanisms for resolving land claims through the SOP 'Communication with Natives' and 'Native Claims and Compensation' established by Kapit FMU, although there was no issue on a land claim as verified by the Auditor during this audit. The FMU with Sarawak Forestry Corporation and villagers had established and maintained the Community Representative Committee (CRC) also known as '<i>Gerempong Masyarakat Zon Melekun</i> (GEMAZOM)' which was established on 1 December 2016 to serve as a forum for consultation by community members and to arbitrate social grievances caused by the FMU operations. The Minutes of the CRC meeting dated 23 March 2022 and 13 August 2022 held in Meligai Hotel, Kapit, was evidence, to verify the conduct of the CRC meetings. However, the CRC</p>	There were no negative findings.

Principle	Strengths	Weaknesses
	<p>meeting in 2021 was previously suspended due to Covid 10 pandemic restrictions.</p> <p>Kapit FMU also acknowledged and identified the local communities' settlements in the FMU area which was called 'Shifting Agriculture (SA) land' as directed by the Forest Department Sarawak based on an official letter titled 'Demarcation of Shifting Agriculture (SA) on General Harvesting Plan (GP)'. This area has been demarcated in the map titled 'Forest Zoning Map of Kapit FMU' and 'Annual Coupe Map of Kapit FMU (T/3491)' which were attached in the Kapit FMP and the GP for Kapit FMU.</p> <p>Forest managers had recognized, respected, and collaborated with holders of duly recognised legal or customary tenure or use rights of the local communities. This was verified from the minutes of the meeting with the Community Representative Committee (CRC) held on 23 March 2022 and 13 August 2022. During the meeting, the FMU also consulted with the local communities to identify, document, and protect sites of significant importance to them (e.g., burial grounds, water catchments, culturally significant areas etc).</p> <p>Forest managers continued to support legally recognized mechanisms for resolving land claims through SOP 'Communication with Natives' and 'Native Claims and Compensation' established by the FMU. At the time of the audit, there were no unresolved land claim issues at Kapit FMU.</p> <p>The SOP titled 'Communication with Natives' (TA-SOP-COM-01) was available and implemented which enabled grievances from the natives to be received, taken action, decision made, and the complainant informed of the decision taken by the FMU management.</p> <p>The form titled '<i>Borang Aduan</i>' provided for recording the external stakeholder's grievances as mentioned in the SOP was used as per the procedure. The use of the complaint/request from villagers sighted at the FMU base camp office.</p>	

Principle	Strengths	Weaknesses
<p>Principle 3 Indigenous People's Rights</p>	<p>The relevant documents on the customary rights of indigenous peoples' lands were kept at the Engkeramuh Base Camp office. Map of 'Location of Community Settlement and Shifting Agriculture (SA)' at Kapit FMU dated 25/11/2021 are still in used to show locations of longhouses and rivers within and adjacent to the FMU and the location of Shifting Agriculture (SA) sites.</p> <p>Interviews with local communities found the management and use of shifting agriculture (SA) areas were controlled by the local communities unless they had delegated control with free, prior, and informed consent (FPIC) to other parties.</p> <p>Mechanism to resolve any conflicts and grievances was established through the Communities Representatives Committee (CRC) and sighted SOP titled 'Communication with Natives'.</p> <p>The Kapit FMU had incorporated the preventive and mitigation measures to protect community use areas, cultural sites and religious sites as agreed between both parties as described in the FMP (2017-2026) – Chapter 11 'Identification and Management of Protected and Conservation Areas' in Section 11.1.8 i.e., 'Community Use Area and Cultural/Religious Sites'.</p> <p>To date, there are no official complaints made by the local communities on Kapit FMU operations encroaching into their SA and Community Use Areas and Cultural/Religious sites without their consent. This was also confirmed from the interview with communities from the 9 villages consulted and visited during the Audit including feedback from the Community Representative Committee (CRC)</p> <p>SOP titled 'Management and monitoring of native forest-related traditional knowledge and special sites' which specified community resource mapping (present land use, permanent cropland, water catchment area, agriculture infrastructure, religious and cultural sites, high conservation value area, communal use forest). The responsibility of handling these issues was placed on the community liaison officer of the FMU.</p>	<p>There were no negative findings.</p>

Principle	Strengths	Weaknesses
	<p>The FMU had identified the important cultural, ecological, economic, or religious sites in the FMU as sighted in the SIA report dated June 2017 section 3.12 'Burial grounds, cultural sites and salt lick area'. Table No. 3.17 in the report listed of all burial ground sites found in the Kapit FMU area which was titled 'Burial grounds for the surveyed longhouses.</p> <p>A Forest Management Certification Liaison Committee (FMCLC) was also established for Kapit FMU. The FMCLC which oversees the activities of the CRC is headed by an Officer of SFD Kapit Division with the members from SFD, Kapit FMU, CRC, Kapit District Officer, Dept. of Agriculture Sarawak, Land and Survey Sarawak and other agencies. The latest meeting minute of FMCLC which was conducted on 13 November 2020.</p> <p>There was no application of any traditional forest-related knowledge and practices of natives in forest operations. However, the FMU has established an SOP titled 'Compensation for commercial utilization of traditional forest-related knowledge' and an SOP on 'Management and monitoring of native forest-related traditional knowledge and special sites' as guides for fair and equitable compensation for the commercial utilization of traditional forest-related knowledge and practices of local communities (via the Community Representative Committee (CRC).</p>	
Principle 4 Community Relations and Workers' Rights	<p>Kapit FMU, as the records examined showed, provided training, retraining, local infrastructure, facilities, and social program for all levels of its employees. Management has conducted various internal training related to forest management and logging operation for their staff and sent workers for training by external agencies such as Sarawak Timber Association (STA) and Sarawak Forestry Corporation (SFC).</p> <p>A total of seven (7) workmen under Kapit FMU were given training on Chainsaw and Excavator Operation by the STA in 2022. As of 31 August 2022, a total of 34 or 85% of workmen had been trained by the STA in various aspects of logging operation which included Tree Felling, Log</p>	<p>All fire extinguishers are functional where pressure & inspection by DOSH for fire extinguishers is valid with an expiry period of 2/11/2023. The FMU has been monitored monthly as verified in the monitoring form titled 'Monitoring of Portable Fire Extinguisher'. All working areas including the skid house/towing house are provided with fire extinguishers. However, site inspection in active harvesting Block 53, Coupe 3 was found to be without a safety cover stored at "Rumah Tarik". Therefore, a Minor NCR against Indicator 4.2.3 was raised.</p> <p>An appropriate Standard Operating Procedure to address grievances raised by</p>

Principle	Strengths	Weaknesses
	<p>extraction, Log Loading, Log & Timber identification, and Mechanical site preparation.</p> <p>Based on the Employment Record, 13 workers were from local communities located within and adjacent to the FMU.</p> <p>Management Policies on Safety and Health had been clearly established and implemented by the FMU. Posters on Occupational Safety and Health Policy have been displayed and sighted at the store, camp office and workshop</p> <p>Operational procedures on the Safety and Health of workers have been maintained with no changes and made available during the audit. Interviews with workers at Operation sites, Workshop, Scheduled Waste Store, Chemical Store, Oil Store, Skid/Diesel Tank, and Genset Room has confirmed the awareness of the procedures.</p> <p>The Organisation Chart on Safety Committee has been updated up to 1 October 2022. The latest Safety Meeting conducted by Kapit FMU was on 7/10/2022. The annual accident report (JKKP 8) for the year 2021 has been sent to DOSH timely</p> <p>Safety equipment (PPE) such as safety goggles, face masks, gloves, safety boots etc. were found in good working conditions. The FMU also has displayed PPE pictograms such as gloves, respirators, aprons, and safety boots in the working area (workshop, genset room, scheduled waste store, diesel storeroom, lubricant, and petrol room) as safety awareness for workers.</p> <p>Interview with workers and employee has shown the awareness against ILO Convention No 87 (on their rights to organise or join a union), hence, it was obvious that the provision for FMU staff and workers to freely organise or union of their own choice has been communicated from the FMU management to all personnel.</p> <p>The FMU has established Employee Representatives Committee (Jawatankuasa Perwakilan Pekerja Kapit FMU) with the latest meeting held on 9 March 2022.</p>	<p>workers and for worker conflict resolution was established and available at Kapit FMU (Ref: 'Employee Grievances': TA-SOP-HR-01). However, guidelines in the 'Employee Grievance' SOP were not complied with evidenced by a column for workers' acknowledgement of decision/resolution taken by Kapit FMU management was not provided in the 'Borang Aduan'. Therefore, a Minor NCR for Indicator 4.3.4 was raised.</p>

Principle	Strengths	Weaknesses
	<p>The “Social Impact Assessment (SIA) Report June 2017” covering 55 settlements was conducted where results of the SIA were incorporated in the FMP 2017-2026.</p> <p>The Community Representative Committee is used as a mechanism to resolve grievances and compensation for any loss or damage affecting the local communities’ legal or customary rights, property, resources, as well as their livelihoods caused by the forest operations.</p>	
Principle 5 Benefits from the Forest	<p>The “2022 Annual Budget for Kapit FMU” was presented during the audit. Investments and reinvestments in forest management at Kapit FMU included provisions for forest administration, research, human resource development, Security and Protection, economic, conservation and environmental Management, social responsibilities, certification, Invest and Reinvestment and Enrichment Planting.</p> <p>The Forest Management Plan for Kapit Forest Management Unit (T/3491) had stated ‘to maintain, restore or enhance the productive capacity and ecological integrity of the FMU to ensure its economic viability’, as in chapter 3.2, FMU Management Prescription in the FMP.</p> <p>Kapit FMU had already established 61 Forest Resource Assessment (FRA) plots in the FMU, of which 31 will be converted into PSPs, which will cover the whole coupes in the FMU licenced area</p> <p>The harvesting activities were in progress in Coupe 3AR. The harvested area has been planted with 11,986 trees of Kelampayan species in 22 Blocks.</p> <p>Monitoring of the compliance of AAC was presented in the report “Timber Production Summary Versus Monthly Production Limit (MPL) and Annual Allowance Cut (AAC) – Quota Period (01.07.21-30.06.22) and (01.07.22 -30.06-23) updated to August 2022 and made available during the audit.</p> <p>The Annual Allowable Cut (AAC) was calculated at 88,532.64m³/year (18.50m³/ha) or not more than</p>	There were no negative findings.

Principle	Strengths	Weaknesses
	<p>4,907 ha/year on average for the 25 years of the cutting cycle.</p> <p>The Detail Harvesting Plan (DP)/Road Plan for Coupe 3AR (2020-2021 Coupe Year) of License No. T/3491 - Kapit FMU was approved by SFC on 2 March 2020.</p> <p>Site inspection of post harvest area in Blocks 54 Coupe 3AR, and the active harvesting area in Block 53 and Block 64 at Coupe 3, there was evidence that the damage to the residual stand was minimal. The site inspection for both areas also, showed that the directional felling for harvestable trees was followed. The crawler tractor was only used to skid logs on the pre-planned skid trail. Only the old skid trail was preferred for reuse to minimize forest opening. The harvesting activities followed the established SOP which was based on the "Guidelines for Reduced and Low Impact Logging Systems in Forest Management Certification (Natural Forest); Second edition 2014", (Sarawak FD).</p> <p>STA Training Sdn. Bhd. has conducted an "Operator Training Programme: Revision and Assessment I (i) Tree Felling- Chainsaw (Natural Forest), (ii) Log Extraction- Tractor (Natural Forest), (iii) Log Loading-Front End Loader (Natural Forest), and(iv) Mechanical Site Preparation-Excavator (Forest Plantation) Skill Sets. The training has been held in Engkaramuh Camp, Kapit from the 21st – 27th of August 2022. Nine workers have attended the training.</p> <p>Interviews with workers and staff during the site visit to the active harvesting area found that they were aware of and fully understood RIL objectives and requirements.</p> <p>Other than logs, Kapit FMU has no plan for the production of a mixed commercial forest product including the utilisation of non-timber forest products. However, the FMU allowed, specifically the local communities to gather non-timber products for their consumption.</p>	
Principle 6 Environmental Impact	Kapit FMU has carried out the Environmental Impact Assessment titled "The Proposed Timber Harvesting Operation within Kapit Forest	There were no negative findings.

Principle	Strengths	Weaknesses
	<p>Management Unit (FMU) Under Forest Timber Licence (FTL) No. T/3491, Melekun and Sg. Yong, Kapit Division, Sarawak” dated June 2017 in accordance with The Prescribed Activity 2 of the First Scheduled, Natural Resources and Environment (Prescribed Activities) Order, 1994. The EIA report was then submitted for endorsement to the Natural Resources and Environment Board (NREB) on 8th August 2017 and later acknowledged by the NREB with the EIA Report Approval on 29th January 2018</p> <p>The Forest Management Plan for Kapit FMU incorporated an assessment of the environmental impacts specific to potential impacts on endangered, rare, and threatened species of flora and fauna (ERT) in Chapter 10 – Wildlife Management, under sub-chapter 10.2.6 – Implementation of Guidelines to identify and protect rare, threatened and endangered (RTE) species of flora and fauna, and also has developed an SOP titled “Identification and Protection of Rare, Threatened and Endangered Species of Flora and Fauna” where it addresses the list of RTE species of Flora and Fauna under the Wild Life Protection Ordinance, 1998, IUCN Red List and CITES.</p> <p>The mitigation measures on the potential impacts and safeguard of the endangered, rare, and threatened species of flora and fauna (ERT) and the need for biological corridors were stated in Chapter 11 – Identification and Management of Protected Areas and explained in Chapter 7.2.4 – List of Mitigation Measures Recommended by EIA in the FMP</p> <p>The guidelines to identify and protect endangered, rare, and threatened species of forest flora and fauna, including features of special biological interest such as seed trees, salt licks, and nesting and feeding areas in the FMU were stated in FMP, Chapter 10 - Wildlife Management, Sub-Chapter – 10.2.5 – Identification and Protection of Special Biological Interest Such as Fruit Trees, Nesting Trees, Feeding area and Salt Licks for the Conservation of Species, Genetic and Ecosystem, the management will plan to protect the salt licks, nesting trees, feeding area, and fruit trees</p>	

Principle	Strengths	Weaknesses
	<p>through ground surveillance that any of the protected areas will be marked and substantial buffer will be allocated during the pre-harvest assessment</p> <p>There was existing cooperation between forest managers, conservation organizations, and regulatory authorities in implementing conservation and management activities with UNIMAS and SFC.</p> <p>The activities of hunting, fishing, and collecting in the FMU were controlled by the appointment of three (3) Honorary Wildlife Rangers (HWR) that is valid until 31st Dec 2023. The appointment of the HWR is under section 8(1), Wildlife Protection Ordinance, 1998 (Cap.26).</p> <p>An awareness on RTE and HCV was conducted with the local communities on 19th January 2022 and 24th March 2022, (during the Social Awareness Program activities).</p> <p>The Enrichment Planting prepared by Tree Planting Division showed that 11,986 seedlings of Kelampayan have been planted for the year 2022 until August 2022. Evidence of enrichment planting done by Kapit FMU was verified during the visit to the closed harvesting area in Block 54 of Coupe 3AR with seedlings of Kelampayan.</p> <p>An analysis of the change of forest stand/species composition was done between annual Coupe 01AR and Coupe 02AR as in the Monitoring Report January-December 2020. This monitoring covers all commercial and harvestable trees based on the minimum diameter cutting limit of 45cm above for non-dipterocarp and 50cm above for dipterocarp. Both coupes still maintained the higher dipterocarp percentage enumerated during pre-harvest inventory.</p> <p>Harvesting is designed taking into consideration the need for the conservation of biological corridors and buffer zones in Coupe 04AR between block 49/50 and at Coupe 03AR block 25, 54, and 64 found to be demarcated on the ground with blue paint on the trees with signage "Stream Buffer Reserve (SBR)".</p>	

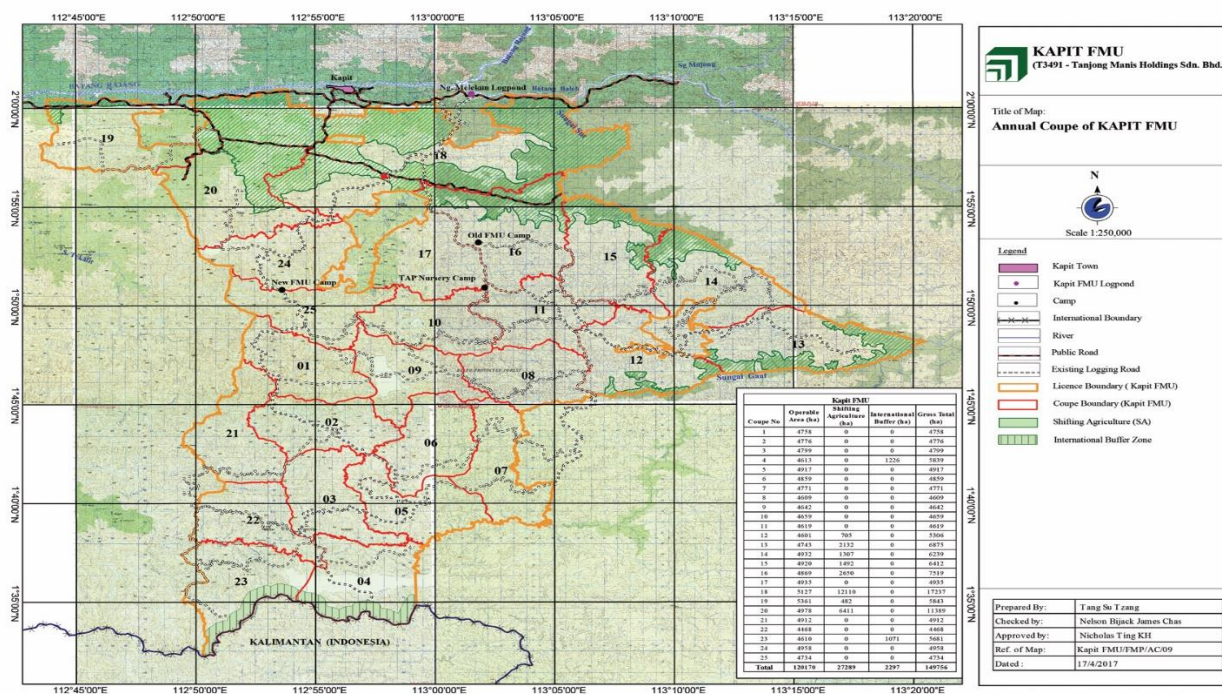
Principle	Strengths	Weaknesses
	<p>An External Environmental Compliance Audit (ECA) was conducted by two (2) external auditors in August 2022.</p> <p>The construction of a skid trail in the active block at Coupe 03AR, Block 64 found to adhere to the RIL Guidelines for a Ground-based harvesting system, the earthwork was kept to a minimum to reduce the impact on the environment.</p> <p>Site visits to the pre-harvest area in Coupe 04AR Block 50, and the post-harvest area in Coupe 03AR Block 54 and Block 25, showed that road layout and log landings, including drainage requirements complied with specifications. The buffer zone along streams was marked with blue paint and conserved. No trees were felled into buffer zones.</p> <p>Management policy on the use of environmentally friendly non-chemical methods of pest management and avoiding the use of chemical pesticides were available in the “Environmental Policy” signed by the CEO on 1st Feb 2021.</p> <p>Guidelines on “Handling of Agrochemicals” (TAP-SOP-CHL Rev 01) dated 18 September 2017 and the Safety data sheet (SDS) was made available.</p> <p>The FMU has prepared an implementation plan for the reduction of the use of chemical pesticides titled “Ta Aan Group Forest Management Unit (FMU) Plan for the Reduction of Use of Chemical Pesticides” dated 10th June 2021</p> <p>The inventory of scheduled waste dated 23rd September 2022 was made available. The scheduled waste of SW 102, SW305, SW 306, SW 408, SW 409, and SW 410 was recorded in the summary. The SOP on waste disposal and recycling of liquid and solid non-organic wastes “Waste Management” (TA-SOP-EMS-01), consignment note of disposal of the scheduled waste was also verified.</p> <p>There were no biological control agents or exotic species used in Kapit FMU</p> <p>There is no conversion of natural forest to a plantation or other land use or conversion of</p>	

Principle	Strengths	Weaknesses
	severely degraded forests to forest plantations in Kapit FMU.	
Principle 7 Management Plan	<p>The Forest Management Plan (2017 – 2026) Rev. 02 for Kapit FMU of FTL No: T/3491 dated May 2021 has been approved by FDS on 19 August 2021. The FMP also provides maps specific to planned management activities and references to supporting documents that include Tables, Figures Charts, Graphs, Schedules, Budgets, SOPs and operation guidelines either as Annexes or Appendices.</p> <p>Job Description for workers for Kapit FMU has been included in FMP-under para 3.2.7 “Job Description for all the posts for Kapit FMU. The job description has detail all the roles and responsibilities of the management and staff.</p> <p>The FMU provided training, retraining, local infrastructure, facilities, and social program for all levels of its employees. Management has conducted various internal training related to forest management and logging operation for their staff and sent workers for training by external agencies such as Sarawak Timber Association (STA).</p> <p>Training conducted in 2022 included topics related to forest operations e.g., Policies briefing MC&I SFM, Environment, Safety, Social and SFM policy (18th April 2022), Safety-management of PPE (15th April 2022), Waste Management and handling of fuel and oil spillage (19th April 2022), RIL-Identification and determination of buffer zone for the protection of permanent waterway – 15th March 2022, and others.</p> <p>A summary of the primary elements (a) to (i) of the Kapit FMU Forest Management Plan (2017 – 2026) implemented under Indicator 7.1.1 was made publicly available through the website: http://www.kapitfmu.com.my/fmp/</p>	There were no negative findings.
Principle 8 Monitoring and Assessment	The forest manager has identified and implemented monitoring activity to assess the social, ecological, environmental, and economic impacts of the forest management operations.	During this Surveillance 1 audit (2022), a site visit at Coupe 03AR to active harvesting Block 64, and Post-logging Block 54 and 25, the tree number and other information on the harvestable tree tag on the stump has

Principle	Strengths	Weaknesses
	<p>The monitoring report sighted titled 'Monitoring Report for the period of January-December 2021'.</p> <p>The Forest manager had undertaken an annual internal audit on 4th – 9th July 2022, led by Assistant Forest Manager, Safety Manager, Forest Compliance Officer and Forest Conservation Officer. The audit report titled "Internal Assessment Report for Forest Management Certification (Natural Forest)" showed the compliance of the FMU towards the MC&I SFM.</p> <p>The FMU conducted the management review meeting (MRM) which was on 18th July 2022. The meeting was chaired by the Chief Executive Officer/General Managing Director. Reviewed the management review report titled "Annual Management Review Report for Internal Assessment on the Implementation of the Malaysian Criteria and Indicator for Sustainable Forest Management (MC&I SFM)" showed that the FMU has discussed matters regarding the status of actions from previous management reviews, Changes in External and Internal Issues that are relevant to the Forest Management System, Organisation Performance Against MC&I SFM, communication with stakeholders, including the continual improvement action plan.</p> <p>The Kapit FMU has appropriately included all relevant information needed to monitor items listed in (a) to (e) of Criterion 8.2. e.g., Analyses of Forest Resource Assessment for Kapit FMU (T/3491) January 2019, PSP report "The Establishment of Permanent Sample Plot in three FMU Areas under Ta Ann Holdings' dated 20th October 2017, in 2022, The FMU has prepared a report on the PSP titled "The Establishment of Permanent Sample Plots (PSP) in Kapit FMU" dated May 2022, Growth rates and regeneration of forest based on a preliminary reassessment of permanent sample plots (PSP) established by Sarawak Forestry Corporation in Kapit FMU, May 2020, Calculation of the AAC for Kapit FMU (T/3491) March 2019, and others.</p> <p>The FMP will be reviewed every 5 years after implementation. The FMP rev 2. (2017 - 2026) has been amended on June 2021 due to the submission of an addendum to update the FMP with new information from EIA, SIA and data</p>	<p>faded and is difficult to identify. And during the documentation review for CoC at the Collection and Distribution Centre (CDC), Sungai Melekun, it was found that: -</p> <ul style="list-style-type: none"> a) Tree three (3) species recorded in the field ("100% Enumeration Field Data Form" and Daily Felling Record") For Coupe 03AR were the difference as recorded at CDC ("Daily Production Return", "Log Specification Form" (Assessment), "Log Specification Form (Transit)"). b) Tree logs in Coupe 03AR, Block 54 recorded in the Daily Production Return and Log Specification Form (Royalty Assessment) species were incorrectly recorded c) The approved Coupe Code for Coupe 3 was Coupe 03AR, however, written in the documentation for Daily Felling Record, and Daily Production Return did include the complete Coupe number alphabet. d) The Royalty Certificate (FDS-0015357) Permit Number did not match the Approved permit number <p>Therefore, Minor NCR was upgraded to Major NCR for Indicator 8.3.1</p>

Principle	Strengths	Weaknesses
	<p>obtained from monitoring activities conducted by the FMU and was approved on 19th August 2021.</p> <p>A Public summary of the forest monitoring indicators a) to e) is available on the website: http://www.kapitfmu.com.my/monitoring/</p>	
Principle 9 Maintenance of High Conservation Values	<p>Assessment of the presence of the attributes consistent with HCVF was found in the report entitled “Assessment of High Conservation Values Areas within Kapit FMU”, a report dated December 2015 – November 2016. Stakeholder consultations for the assessment were conducted on 21 December 2015. Stakeholders included both government and NGOs.</p> <p>The presence of the HCV was stated in the FMP in Chapter 12; seven (7) attributes were identified but only four (4) HCVs were demarcated on the map entitled “HCV Attributes Identified in Kapit FMU” dated 26 April 2019.</p> <p>The FMU has demonstrated that the identified HCVs are protected in their forest operation as stated in the FMP 2017-2022 in Chapter 12. Inspection at Salt Lick Apan Ukit, found that the HCV was protected with a 100-meter buffer. It evidenced that, there were no signs of encroachment, and the site was found to be protected with clear demarcation of boundaries.</p> <p>A Specific measure was outlined in the Kapit FMP for recognizing HCV areas in the form of map entitled “HCV attributes Identified in Kapit FMU” and stated in FMU public summary at http://www.kapitfmu.com.my/hcv/.</p>	<p>Monitoring activities of the identified HCV 5.0 – Sistem Tagang, Sungai Plak Gerugu, located in the Shifting Agriculture at Coupe 15 were not conducted since 2021. Therefore, a Minor NCR against Indicator 9.4.1 was raised.</p>

Map of Kapit Forest Management Unit



Details of Auditors and Qualification

Assessment Team	Role/Area of MC&I Requirement	Qualification and Experience
Hj. Roslee Jamaludin	Assessment Team Leader / Forester	<p><u>Academic Qualification:</u> B.Sc. of Forestry (Forest Management), University Putra Malaysia. Diploma in Forestry, Mara Institute of Technology, Malaysia.</p> <p><u>Work Experience:</u> A retiree of Forest Conservator from Forestry Department of Peninsular Malaysia, with 36 years of experience in forest management, operation and administration. Has been working in various position since appointment in 1977, which includes Assistant Forest Management officer in Kuantan, Forestry Department of Pahang, Assistant District Forest Officer in Kuala Lipis Pahang and Segamat, Johor. Forest Plantation Officer in Johor and Terengganu, Forestry Officer for the State of Malacca. Assistant Director for Forest Harvesting and Industries in Selangor, District Forest Officer in Dungun Terengganu, Assistant Director for Forest Management in Negeri Sembilan and the State Director of Forestry Penang before retirement in April 2015. Has involved in several Working Committee form by the Forestry Department of Peninsular Malaysia to further improve the existing procedures, such as, Forestry Manual, Forest Road Guidelines, Forestry Rules, other guidelines regarding the MC&I for forest certification. A member of MAJURUS was appointed as an Internal Auditor for the MC&I. Has attended several forestry Conference overseas and local. A member of IRIM (Institut Rimbawan Malaysia). Appointed as a facilitator and trainer for Forest Road Guidelines by Forestry Department Peninsular Malaysia.</p> <p><u>Training / Research Areas:</u></p> <ul style="list-style-type: none"> • Had Attended and Passed the following Training programmes: • Auditor Training Course on Malaysian Criteria and Indicators for Forest Management Certification [MC&I (Natural Forest)] & [MC&I (Plantations)] organised by MTCC, 9 – 10 July 2015 • EMS 14001: 2004 Lead Assessor Training Course organised by SIRIM Training Services Sdn Bhd, 23 Nov. – 27 Nov. 2015. • Briefing on RSPO Principle & Criteria (HCV) organised by SIRIM QAS (Food ,Agri & Forestry Section) 21 August 2015. • Workshop on Auditing Technique for FMC (2) organised by SIRIM QAS (Food , Agri & Forestry Section) 26 Jan 2016. • FMC Workshop 28th -29th November 2017

		<ul style="list-style-type: none"> • FMC Workshop for 2018 organised by SIRIM (Food, Agr. & Forestry) 22 November 2018 • COC Workshop 2018 organised by SIRIM 26 November 2018 • Auditor Training Course on PEFC Chain of Custody Certification organized by MTCC on 19th -20th December 2018. • MSPO Training Course 16-17 Feb 2019 organised by SIRIM • Forest Management Certification (FMC) Workshop' for 2019 on 25 & 26 June 2019 organised by SIRIM QAS (Food, Agri & Forestry Section). • CoC Workshop for 2019 on 27/6/2019 organised by SIRIM QAS (Food, Agri & Forestry Section).
Ismail Adnan Abdul Malek	Assessor/ Forester	<p><u>Academic Qualification:</u></p> <p>Master of Forestry, University of British Columbia, Canada</p> <p><u>Work Experience:</u></p> <p>One year (1974-1975) experience as Sub Assistant Conservator of Forest at the Pahang Forest Department, involved with Forest Administration/Management and Enforcement. Next, seven years (1979-1986) experience as Forest Officer/Logging Superintendent at Syarikat Jengka Sdn. Bhd (SJSB), an integrated timber complex in Pahang. Responsible for Forest Licensing/ Administration, Forest Mapping, Road Construction and Logging Operations. Senior Lecturer at the Forestry Faculty, Universiti Putra Malaysia (UPM) from 1986 to 2014. Responsible for teaching and research in Forest Mensuration, Forest Survey, Forest Road, GIS/Remote Sensing and Forest Mapping. Responsible for academic supervision of more than 100 Bachelor/Master/Phd students in their research and thesis writing. Own research at UPM include various areas such as forest mapping using geo spatial tools, forest inventories, forest harvesting and forest management system (SMS). Also involved with consultancy works which include RPH development and Forest Mapping. Participate in organizing local/international seminars on Forestry areas. Published and presented research findings at seminars/conferences and journals. Currently as Auditor at the Food, Agriculture and Forestry /ion (FAF), SIRIM QAS International Sdn Bhd, since 2016. Involved in conducting assessments on forest management certification MC&I (Natural Forest) & MC&I (Forest Plantations).</p> <p><u>Training / Research Areas:</u></p> <ul style="list-style-type: none"> • Auditor Training Course on MC& I (Natural Forest) and MC&I (Forest Plantation V2), 9th-10th July 2015, SIRIM QAS International Sdn Bhd

		<ul style="list-style-type: none"> • ISO 14001:2004 Lead Assessor Training, 23rd-27th Nov 2015, SIRIM Training Services Sdn. Bhd • Training on Auditing Techniques, 26th January 2016, SIRIM QAS International Sdn Bhd
Azrul Ikhsan Mohamed	Assessor/For ester	<p>Academic Qualification:</p> <p>Bachelor of Science with Honours (Plant Resource Science and Management), Universiti Malaysia Sarawak</p> <p>Diploma in Agriculture, Universiti Putra Malaysia Kampus Bintulu</p> <p>Work Experience:</p> <p>Five years of Experience in the field of Forestry, 2 Years of Forest Plantation as Assistant Plantation Manager in Forestry Assets SDN BHD in the year from 2015 to 2017, and 4 Years in Natural Forest as Forest Manager in RELIWOOD SDN BHD in the year 2018 – 2021. Main responsibility is Assisting and Manage in the administrative work, forest development, and forest operations based on the MC&I SFM standard. Work closely with relevant stakeholders on the development of the Forest such as Enrichment planting, HCV collaboration, Improvement of the Reduced impact logging, and developing procedures.</p> <p>Training / Research Areas:</p> <p>Auditor Training Course on Forest Management Certification Under the Malaysian Timber Certification Scheme (MTCS) – (13th – 15th October 2021)</p> <p>SIRIM LEAD AUDITOR COURSE INTEGRATED MANAGEMENT SYSTEMS (IMS) ISO 9001, ISO 14001 & ISO 45001 (LIMS02) – (25th – 29th October 2021)</p>

Comments by Stakeholders and Responses from Audit Team

No.	Stakeholder	Comments/Issues Raised	Response by Audit Team
		No Comment Received	

Surveillance 1 Audit Plan (2022)

DAY	TIME	PROGRAM		
		AUDITOR 1 (Hj. Roslee)	AUDITOR 2 (Azrul)	AUDITOR 3 (Ismail)
Monday 26/09/2022		<ul style="list-style-type: none"> All Auditors travel from KLIA to Sibu on 26/09/2022- MH2712 (ETD 8:30 – ETA 10:30) All auditors Travel to Engkeramuh Base Camp, Kapit FMU 		
Day 1 Tuesday (27/09/2021)	8.00 am – 5.00 pm	AUDITOR 1 (Hj.Roslee)	AUDITOR 2 (Azrul)	AUDITOR 3 (Ismail)
		<ul style="list-style-type: none"> Opening Meeting with representatives of FMU Briefing session by Forest Manager on progress of forest activities Evaluation of changes to the management of the FMU Check on complaints, stakeholder comments and follow-up actions with Government agencies and NGOs Follow up on NCR from previous audit Evaluate on internal audit and management review 		
		Documentation and records review <ul style="list-style-type: none"> Principle 1 – Compliance with Laws and Principles Principle 5 – Benefits from the forest Principle 7 – Management Plan Preinciple 4 – Community Relation and 	Documentation and records review <ul style="list-style-type: none"> Principle 6 – Environmental Impact Principle 8 – Monitoring and Assessment Principle 9 – Maintenance of High Conservation Value Forests 	Documentation and records review <ul style="list-style-type: none"> Principle 2 – Tenure and Use Rights and Responsibilities Principle 3 – Indigenous Peoples' Right Principle 4 - Community Relations and Worker's Right

		Worker's Right (Indicator 4.2.5, 4.2.3)		<ul style="list-style-type: none">• Consultation with staff and workers at camp
		<ul style="list-style-type: none">• Review of Day 1 Findings by Audit Team Leader		
Day 2 Wednesday (28/09/2022)	8.00 am – 5.00 pm	AUDITOR 1 (Hj.Roslee) <ul style="list-style-type: none">• Inspection of active harvesting area – Block 53, Coupe 03• Inspection of Post- Harvest area – Block 54, Coupe 03.• Inspection of Riparian buffer- Coupe 03• Inspection of conservation area. _ Terrain IV, Block 27, Coupe 03• Interview with workers in the field.	AUDITOR 2 (Azrul) <ul style="list-style-type: none">• PSP- Plot 1- SU11, in Coupe 02• HCV- Salt Lick – Block 4, Coupe 01, Sg.Ukit• Base Camp- Water Catchment area, RoEFE.	AUDITOR 3 (Ismail) Consultation with CRC representative and local Community Leadres at Rh.Lawan.
		<ul style="list-style-type: none">• Review of Day 2 Findings by Audit Team Leader		
Day 3 Thursday (29/09/2022)	8.00 am – 5.00 pm	AUDITOR 1 (Hj.Roslee) <ul style="list-style-type: none">• Inspection of External Boundary- Coupe 03 and Sg. Gaat• PSP- PSP Plot 29- SU68, Block 59, Coupe 03.	AUDITOR 2 (Azrul) <ul style="list-style-type: none">• Inspection of active harvesting area – Block 64, Coupe 03• Pre-Harvest & Buffer Zone – Block 50, Coupe 04• Inspection of Post – F assessment area. - Block 54,Coupe 54• Closing Block and Enrichment Planting- Block 54, 25 Coupe 03	AUDITOR 3 (Ismail) Consultation with local communities- at Rh. Ragai

		• Review of Day 3 Findings by Audit Team Leader		
Day 4 Friday (30/09/2022)	8.00 am – 5.00 pm	AUDITOR 1 (Hj.Roslee)	AUDITOR 2 (Azrul)	AUDITOR 3 (Ismail)
		<ul style="list-style-type: none"> • Base camp inspection – diesel storage, lubricant store, SW store, workshop, housing, genset, nursery and chemical store • Consultation with contractors and workers 	<ul style="list-style-type: none"> • Inspection of CoC and Place of Royalty Marking (PoRM). • Inspection at Collection and Distribution Centre (CDC) at Sg. Melekun. • Inspection of External Boundary- Sg. Balang Kapit FMU(T/3491)/Gaat/Mengiong FMU (T/3400) 	<p>Consultation with Kapit Land & Survey Department, JTK.</p> <p>Travel back to Base Camp</p>
		• Review of Day 4 Findings by Audit Team Leader		
Day 5 Saturday (1/10/2022)	8.00 am – 1.00 pm 2.00 – 5.00 pm	AUDITOR 1 (Hj.Roslee)	AUDITOR 2 (Azrul)	AUDITOR 3 (Ismail)
		<ul style="list-style-type: none"> • Continue documentation and records review • Audit team discussion and preparation of audit finding and reports • Closing meeting • Travel back to Sibu and overnight in Tanah Mas Hotel. 		
Sunday 2/10/2022		All Auditors travel back to Kuala Lumpur by flight MH 2715 (ETD: 11.15- ETA: 13.15).		

- END OF REPORT -