PUBLIC SUMMARY
SURVEILLANCE 1 AUDIT (1st CYCLE) ON
BALEH – BALUI FOREST MANAGEMENT UNIT
FOR FOREST MANAGEMENT CERTIFICATION

Certificate Number: FMC :NF 00138
Date of First Certification: 18th April 2023
Audit Date: 29 January 2024 – 2 February 2024
Date of Public Summary : 19th August 2024

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

This Surveillance 1 audit for forest management certification on the Jaya Tiasa Holdings Berhad – Baleh-Balui FMU (T/3371) was conducted from 29th January 2024 – 2nd February 2024 to assess the continued compliance of the overall forest management system of Baleh-Balui FMU against the requirements of the *Malaysian Criteria and Indicators for Forest Management Certification (Sustainable Forest Management* [MC&I SFM](MTCS ST 1002:2021) using the verifiers stipulated for Sarawak.The previous Stage 2 audit was conducted on 13th – 18th June 2022 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 (MTCS ST 1002:2021)) using the verifiers stipulated for Sarawak.

The audit was conducted with full cooperation of the Baleh-Balui FMU by a four-member team comprising Mohd Razman Salim (Lead Auditor), Mohd. Annas Amin Hj.Omar (Auditor), Azrul Ikhsan Mohamed (Auditor), Mohd. Fekry Zulkafli (Trainee Auditor), and Sharul Mohd. Tahir (observer).

Based on the findings of this surveillance 1 audit, it was found that Baleh-Balui FMU had complied with most of the requirements of the MC&I SFM (MTCS ST 1002:2021). This surveillance1 audit had resulted in the issuance of four (4) Major, one (1) Minor Non-Conformity Reports (NCRs), and two (2) Opportunity for Improvement (OFI) against the requirements of the MC&I SFM (MTCS ST 1002:2021).

This public summary contains the general information on the Baleh-Balui FMU, the findings of the surveillance 1 audit, NCRs raised as well as the decision on the certification of the FMU.

1 INTRODUCTION

1.1 Name of FMU

Baleh - Balui Forest Management Unit

1.2 Contact Person and Address

Name: Ling Kwong Sing

Designation: FMU Manager

Address: No. 1-9, Pusat Suria Permata, Lorong Upper Lanang 10A, 96000 Sibu, Sarawak.

Phone # : _____

Fax # : _____

1.3 General Background on the Baleh-Balui FMU

Baleh-Balui Forest Management Unit (FMU) is located in the Bukit Mabong District, Kapit Division, Sarawak. Forest Timber Licence (FTL) No. T/3371 was issued to Jaya Tiasa Holdings Berhad by the Sarawak State Government through Forest Department Sarawak (FDS). The original licence was initially issued to Jaya Tiasa Holdings Bhd on 22 June 1999 with 16 years period and expired on 20 July 2015. The licence was renewed annually, and the latest validity is until 20 July 2022. However, during this surveillance 1 audit, the license was renewed for 30 years effectively from 24 November 2023 to 23 November 2053.

Forest Timber Licence No. T/3371 (215,649 ha) is comprised of the Bahau PF (139,181 ha), the Baleh PF (61,835 ha) and the Stateland Forest (14,633 ha). However, part of the licensed area will be inundated (as part of Baleh Dam) covering an area of 561 ha. Thus, the area covered for MC&I SFM (MTCS ST 1002:2021). certification will be 215,088 ha. The Stateland Forest is being managed and in compliance with the requirements of the MC&I SFM (MTCS ST 1002:2021) as stipulated in the FMP 2022-2052 for long-term management.

The FMU lies between latitudes 1^0 33’ 36’’ and 2^0 00’ 13’’ N, and longitudes 114^0 05’ 21’’ and 114^0 42’ 56’’ E. Forest type of the FMU is divided into three categories which are Hill Mixed Dipterocarp Forests as the dominant forest, pocket of Kerangas Forest and Montane Forest at a higher altitude > 1,000 m above sea level. The FMU is partially situated within the Heart of Borneo Initiative (HoB), 140,886 ha.

The data on Mean Commercial Annual Increment (MAI) of 1 m^3/ha/year is used in the Annual Allowable Cut (AAC) estimation. Therefore, the annual production coupe of Baleh-Balui FMU was calculated at approximately 97,678 m^3/year (average annual coupe production area shall be 6,512 ha/year) with 30-year of cutting cycle. The Forest Management Plan (2022-2052) for Forest Timber Licence (FTL) No. T/3371, Baleh-Balui Forest Management Unit (Rev.1/21) 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

18th April 2023

1.5 Location of the FMU

The FMU lies between latitudes 1^0 33' 36'' and 2^0 00' 13'' N, and longitudes 114^0 05' 21'' and 114^0 42' 56'' 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) (2022- 2052) was presented during this audit.

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

The data on Mean Commercial Annual Increment (MAI) of 1 m^3/ha/year is used in the Annual Allowable Cut (AAC) estimation. Thus, the annual production coupe of Baleh-Balui FMU was calculated approximately 97,678 m^3/year (average annual coupe production area shall be 6,512 ha/year), with 30 years rotation.

1.8 Environmental and Socioeconomic Context

The Environmental Impact Assessment (EIA) for The Proposed Timber Harvesting within the Baleh-Balui Forest Management Unit under the Forest Timber Licence No. T/3371 at the Upper Batang Balui-Batang Baleh Area, Kapit Division, Sarawak was prepared in December 2018 by Ecosol Consultancy Sdn. Bhd. The EIA Report was approved by NREB on 20th March 2019 (Ref. No. (14) NREB/6-3/2F/97. Mitigation measures to the environment, socio-economic impact, water quality, and others were covered in the EIA report. The EIA assessment covered potential impacts on ERT species.

The Forest Management Plan of Baleh-Balui FMU (2022-2052) had also incorporated an assessment of environmental impacts specific to potential impacts on endangered, rare, and threatened species of flora and fauna (ERT), and the need for biological corridors in the FMU.

There is no evidence under the Sarawak Gazette that the villages at the FMU and its periphery, Long Busang, Long Singut A, Long Singut B and Long Unai have Native Customary Rights over the area. However, any conflict arising between the communities and the FMU management will be resolved using SOP 2.3.5.3: Conflict Resolution for Local Community, Community Relation Committee (CRC), and if not resolved, it will be further brought to the Forest Management Committee Liaison Committee (FMCLC), the SOP was made available during the audit.

Forest Management Practices of Baleh-Balui FMU do not threaten or diminish the resources or user rights of the indigenous communities.

FMU is not using any traditional forest-related knowledge of the forest species or management systems in the forest operations. However, any fair and equitable compensation for the commercial utilization of traditional forest-related knowledge and practices of local communities will be resolved using the SOP 2.3.5.3-Conflict Resolution for Local Community and Community Relation Committee (CRC).

Communities living within, or adjacent to, the FMU are given preference for employment and contract works. Based on the record 'Current Employment Record for January 2024', 7 employees from the local communities were employed by Jaya Tiasa Holdings Berhad and 8 employees working with Mantan Sdn Bhd from nearby local communities of Baleh-Balui FMU.

2 AUDIT PROCESS

2.1 Audit Dates

29 January 2024 – 2 February 2024 (15 man-days)

2.2 Audit Team

Mohd. Razman Salim(Lead Auditor)
Mohd. Annas Amin Hj.Omar (Forester)
Azrul Ikhsan Mohamed (Forester)
Mohd. Fekry Zulkafli (Forester)
Shahrul Mohd.Tahir (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 MC&I SFM (MTCS ST 1002:2021) using the verifiers stipulated for Sarawak.

2.4 Stakeholder Consultations

A one-month stakeholder consultation was conducted beginning on December 2023 to solicit feedback from stakeholders on the compliance of the Baleh-Balui FMU against the requirements of the MC&I SFM (MTCS ST 1002:2021). The was no comments by the stakeholders, as shown in **Attachment 3.**

2.5 Audit Process

The audit was conducted primarily to evaluate the level of compliance of the Baleh-Balui FMU's current documentation and field practices in forest management with the detailed of the standard of performances (SOPs) listed in the MC&I SFM (MTCS ST 1002:2021), 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 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 SFM (MTCS ST 1002:2021).
(ii) a minor NCR is a deviation or a lapse in complying with the requirements of the MC&I SFM(MTCS ST 1002:2021) ; 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 SFM (MTCS ST 1002:2021) but without sufficient objective evidence to support a non-conformance.

Consultation was conducted with local communities within FMU area, Long Busang and Long Singut A, communities outside FMU Long Singut B and Long Unai. Consultation was conducted with Worker's representative, and workers.

The coverage of this surveillance 1 audit as shown in the surveillance 1 Audit Plan in **Attachment 4**.

The Baleh-Balui 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 surveillance 1 audit report and sent it to Baleh-Balui FMU for comment. A surveillance 1 audit report which had incorporated the comments received from the Baleh-Balui FMU was then prepared.

3 SUMMARY OF AUDIT FINDINGS

Based on the findings of this surveillance 1 audit, it was found that the Jaya Tiasa Holding Berhad had managed the Baleh-Balui FMU in compliance with most of the requirements of the MC&I SFM(MTCS ST 1002:2021). This surveillance 1 had resulted in the issuance of four (4) Major, one (1) Minor NCRs, and two (2) OFI.

The audit team had reviewed, accepted, and verified the corrective actions taken by the Jaya Tiasa Holding Berhad – Baleh- Balui FMU to address the four (4) major NCR raised during this surveillance 1. The audit team was satisfied that the corrective action had been effectively implemented and had therefore closed out the major NCRs. The audit team had also reviewed and accepted the proposed corrective actions to address one (1) Minor NCRs. However, these corrective actions shall be verified by the audit team during the next audit.

Mechanism to resolve any conflicts and grievances will be through Community Representative Committee (CRC) which is in progress to be established by Baleh-Balui FMU, the meeting was held with indigenous communities. Procedures on Land Claim and Guidelines on Conflict Resolution, found to be in place and will be used. Shall any issue raise, FMU committed to follow their SOP for Conflict Resolution. Forest Managers support legally recognized mechanisms for resolving land claims by identification of community Shifting Agricultural areas in the Forest Management Plan and reporting any new land encroachment to the Forest Department of Sarawak.

With regard to Criterion 6.10, there is no conversion of natural forest to plantation or other land use in Baleh-Balui FMU.

As the Major NCRs raised during this surveillance 1 audit had been closed out, the audit team had therefore recommended that the Certificate for Forest Management be maintained by Baleh-Balui FMU

The summary on the findings of the surveillance 1 audit on the Baleh-Balui FMU against the requirements of the MC&I SFM((MTCS ST 1002:2021) are as follows:

Principle	Strengths	Weaknesses
Principle 1 Compliance With Laws and Principles	Records of all relevant national, local laws, regulations and policies related to forest management in a 'Book Checklist' were verified, and were made available at Mantan Camp office. Records and documentation on training showed that employees were briefed on the MC&I SFM standard. Senior forest managers demonstrated an understanding of the federal, state, local laws and regulatory framework as well as administrative requirements for forest management. Based on consultation with the Forest Department Sarawak during this surveillance 1, no forest offences were recorded in the year 2022/2023. The current list of all legally prescribed	There was no negative finding

Principle	Strengths	Weaknesses
	fees, royalties, taxes, and other charges was available at the Mantan Camp Office. Records of payments made to the Government of Sarawak for Royalty, Premium, Renewal of licence and Bank Guarantee were made available and verified during the audit. The FMU Manager was aware of all the binding international agreements relevant to forest management. Copies of these international agreements were available and verified at the FMU - Mantan base camp office. Documentation of any conflicts between laws, regulations and these Principles and Criteria was made available during the audit Sign boards on control of hunting were erected and placed at the security check points and strategic places in the FMU areas. The monitoring on RIL, wildlife and HCVF were conducted throughout the year 2023 with the latest monitoring on 22 December 2023. The policies were made available at website https://www.jayatiasa.net/sustainable-forest-management-policies-memos/ and accessible by the public and the FMU workers.	
Principle 2 Tenure and Use Rights and Responsibilities	The long-term tenure of Baleh-Balui Forest Management Unit (FMU) and use rights to the land and forest resources were verified based on the evidence of License holder of Baleh-Balui FMU was issued to Jaya Tiasa Holdings Berhad No. T/3371, effective from from 24th November 2023 to 23rd November 2053. Forest Managers support legally recognized mechanisms for resolving land claims by identification of community Shifting Agricultural areas in the Forest Management Plan and reporting any new land encroachment to the Forest Department of Sarawak. The local community was informed by the FMU prior to license boundary demarcation based on the letter '*Penandaan Sempadan Lesen*' (License Boundary) Baleh-Balui FMU (T/3371)	There was no negative finding

Principle	Strengths	Weaknesses
	Ref: JTH-70/Lic.Bdry. -06/22 dated 15 July 2022. The FMU has made a *Perjanjian Persefahaman* (Mutual Agreement) on 18 October 2022 with the local community of Long Busang regarding their significant important site that will not be included in the operable area as identified '*Inoperable Area"* Standard Operating Procedure [SOP 2.3.9.2]: Land Claim as a mechanism to resolve disputes over tenure claims and use rights was established by the FMU and was presented and verified during the audit.	
Principle 3 Indigenous People's Rights	Any conflict arising between the communities and the FMU management will be resolved using the SOP 2.3.5.3-Conflict Resolution for Local Community, Community Relation Committee (CRC), if not resolved, it will be further brought to the Forest Management Committee Liaison Committee (FMCLC) which include FDS, Land and Survey Department, District Office, NREB, representative of FMU and Local Communities. Based on documentation review and consultation with local communities of Long Singut A, Long Busang, and Long Unai, the forest management practices of Baleh-Balui FMU have not threaten or diminish the resources or user rights of the indigenous communities. The Standard Operating Procedure SOP 2.3.5.1: Identifying and Protecting Sites of Special Cultural, Ecological, Economic and/or Religious Significance to Natives Areas was developed and implemented by the FMU. The SOP was presented and verified during the audit. Traditional forest-related knowledge of the forest species or management systems was not used by the FMU in forest operations. However, fair and equitable compensation for the commercial utilization of traditional forest-related knowledge and practices of local communities will be resolved using the SOP 2.3.5.3: Conflict Resolution for Local Community, under 6.0: [Page 9] Fair and Equitable Compensation for the Commercial	There was no negative findings

Principle	Strengths	Weaknesses
	Organization of Traditional Forest Related Knowledge and Practices of Indigenous People.	
Principle 4 Community Relations and Workers' Rights	Training, retraining, local infrastructure, facilities and social program for all levels of its employees were provided by Baleh-Balui FMU. Employees were also sent for external training organized by Sarawak Timber Association (STA), Forest Department Sarawak (FDS) and Sarawak Forestry Corporation (SFC). Qualified people in communities living within, or adjacent to the FMU are given preference for employment and contract works. The record of 'Current Employment Record for January 2024', showed that, 7 employees from the local communities were employed by Jaya Tiasa Holdings Berhad and 8 employees working with Mantan Sdn Bhd from nearby local communities of Baleh-Balui FMU. The FMU workers were covered with social security (SOCSO & EIS) and Employee Provident Fund (EPF) as required by the Employees' Social Security (General) Regulations 1971, Employees Provident Fund Act 1991, and SOCSO contributions. The Worker Management Committee (MWC) was established as a platform for workers to undertake collective bargaining, non-discrimination in the workplace, raise concerns about their social welfare benefits and well-being. The FMU has incorporated the results of SIA into forest planning and management for local communities as verified in the FMP on "Community Development". The FMU has established a mechanism to resolve grievances and fair compensation for any loss or damage affecting the local communities.	Sampled maintenance record for Excavator (EX221), Motor Grader (MG302), and Dump Truck (DT972) found that the maintenance interval was not recorded in the maintenance record sheet according to the Safety Operating Procedures. The procedures were as follows: - • 2(i) Excavator (iv. Penyelenggaraan Excavator) • 2(ii) Motor Grader (iii. Penyelenggaraan Motor Grader) • 2(iv) Dump Truck (iv. Penyelenggaraan Dump Truck) Therefore, a Minor NCR **AZR01/2024** for **Indicator 4.2.3** was raised.
Principle 5 Benefits From the Forest	Investments and reinvestments in forest management at the Baleh-Balui FMU included provisions for forest administration, research (scientific collaboration and PSP), human resource development, protection (patrolling), economic (operating), conservation (HCV), environment (EMR and ECA) and social aspects (CSR, compensation). The 'Baleh-Balui FMU (T/3371) – Actual Budget	There was no negative finding

Principle	Strengths	Weaknesses
	(FY2023) and Proposed Budget (FY2024)' in Appendix 14.1 in the FMP were verified. Forest Landscape Restoration activities at Baleh-Balui FMU were conducted at open and logged-over areas such as log landing, and degraded areas using local tree species such as Kelampayan, Engkabang, and Lun (Hopea spp.). The 'MPL Monitoring records of monthly forest production and 'Accumulated Daily Log Production & Royalty Stock Balance' at the Simpileh log pond (CDC) were made available to show monthly production stock volume and balance. The production record for the year 2023 showed a total of 17,766.29 m^3 used for local milling and 3,098.37 m^3 exported, does not exceed the annual production limit of 72,000 m^3 as approved by the FDS. There was no active harvesting operation in the FMU as verified during this audit. Training on techniques of reduced-impact logging was conducted for harvesting operators in the year 2023 Timber is the main product, no non-timber forest product harvested from the FMU. During site inspection, it was found that sensitive areas which include riparian buffers, Terrain IV, water catchments and HCVs area were demarcated and protected for protection of soil and water**,** watercourses and wetlands. Rate of harvest was calculated to not be greater than the estimated regrowth of the residual stand based on permanent sample plots assessment.	

Principle	Strengths	Weaknesses
Principle 6 Environmental Impact	The Environmental Impact Assessment (EIA) for The Proposed Timber Harvesting within the Baleh-Balui Forest Management Unit under the Forest Timber Licence No. T/3371 at the Upper Batang Balui-Batang Baleh Area, Kapit Division, Sarawak was prepared in December 2018 and presented during the audit. The Report was approved by NREB on 20th March 2019 (Ref. No. (14) NREB/6-3/2F/97. Mitigation measures to the environment, socio-economic impact, water quality, and others were covered in the EIA report. Potential impacts on ERT species were in Chapter 3 – Existing Environment- under Subchapter 3.2.1 Flora Component and Subchapter 3.2.2 Fauna Component. Environmental Monitoring Report for the timber harvesting within the Baleh-Balui Forest Management Unit under the Forest Timber License No. T/3371 was prepared by the FMU. The report includes the water quality analysis results and environmental monitoring results. The water quality was found to be good and mitigation measures specified in the EIA were implemented. Guidelines to identify and protect endangered, rare, and threatened species of flora and fauna, including features of special biological interest such as seed trees, salt licks, nesting and feeding areas in the FMU were available and was verified. Collaborative project with the Forest Department Sarawak, World Wildlife Fund (Malaysia), UNIMAS, and Sarawak Energy on Baleh Watershed Wildlife Connectivity Project still actively conducted since 2020. The FMU had identified the Protected area such as terrain lV, HCV, site-sensitive areas for soil and water protection, and buffer	Baleh Balui FMU has developed the fire prevention and control plan for shifting agriculture area dated April 2021. The FMU has taken the initiative to construct fire tower at Coupe 02A. Further improvement, the fire tower should be included in the fire prevention and control plan. Therefore, an **OFI for Indicator 6.5.5** was raised.

	zone, these areas were demarcated on the ground and mapped. At present, the harvesting operation was temporarily suspended since July 2023 due to expiry of Forest timber licensed. Policy on the 'Prohibition of Use of Banned Pesticide' dated 1st January 2022 and policy on 'Health, Safety and Environmental Policy' dated 16th August 2021 signed by the CEO were made available during the audit and was verified. No chemical is used in Baleh Balui FMU except for paints and fuel and site inspection in the surrounding areas of FMU. Guidelines on the Storage and Handling of Hazardous Materials were made available and verified during the audit. Inventory record of generated scheduled wastes as of January 2024 was made available. Tiasa Hijau Sdn Bhd and Trienekens Sdn Bhd were appointed as licensed contractors to collect all scheduled wastes.The schedule waste disposed of in an environmentally appropriate and legal manner. Records presented and site visit showed that there was no application of biological control agents in the FMU. Only indigenous forest species from the FMU area are used for enrichment planting and restorative planting. The FMU has no plan for converting the forest area into a plantation. There was no conversion of severely degraded forests to forest plantations as verified during the audit.	
Principle 7 Management Plan	The Forest Management Plan for Forest Timber Licence (FTL) No. T/3371 (2022-2052), Baleh-Balui Forest Management Unit	Baleh Balui FMU has conducted 15 trainings in year 2023 to train forest workers in their respective roles for proper implementation of the forest management plan. For further

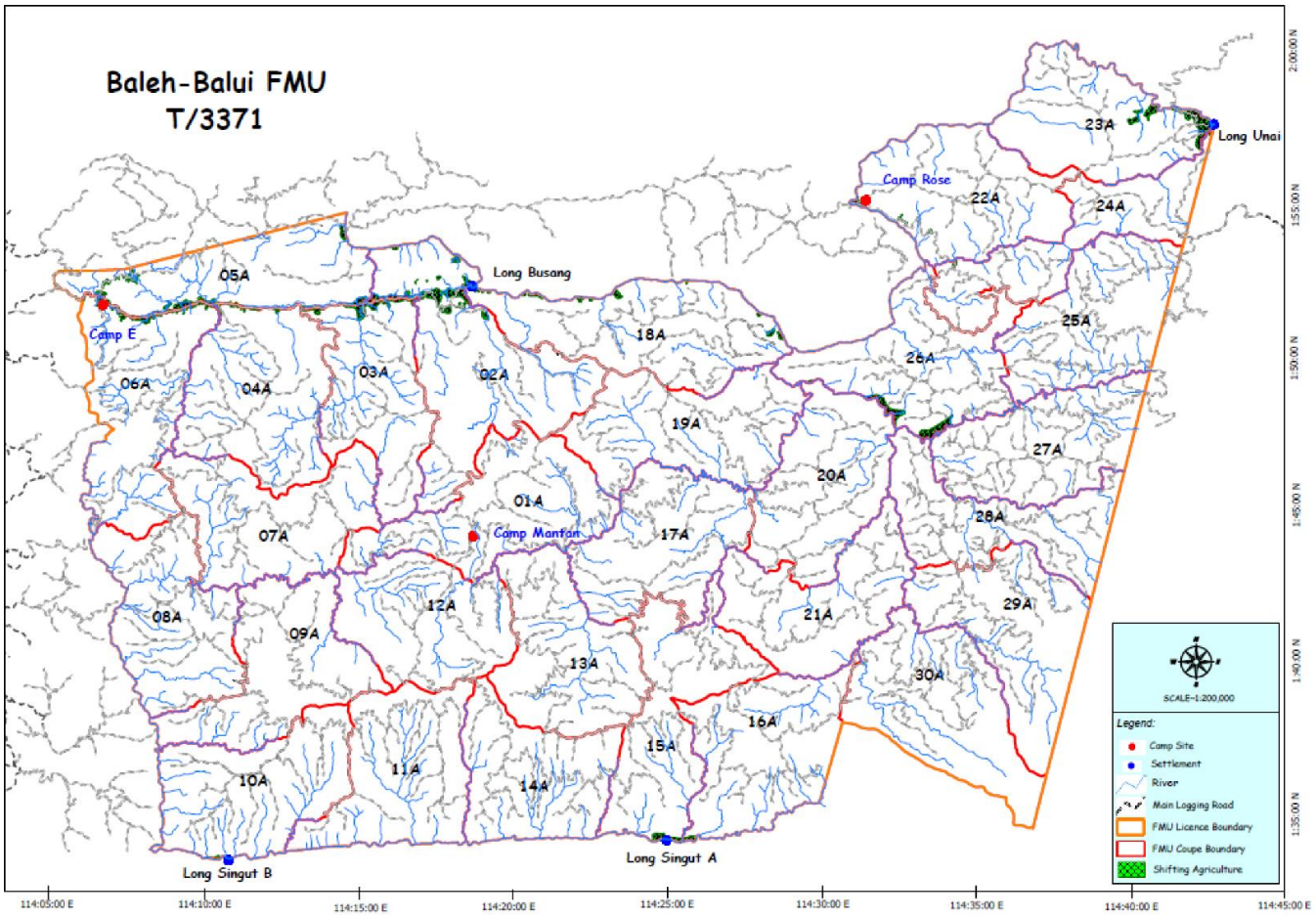
	(Rev.1/21) was approved by FDS on 20 April 2022 and was presented during the audit and was verified by the auditor. The latest revision of the Forest Management Plan for Forest Timber License (FTL) No. T/3371, Baleh-Balui Forest Management Unit (Rev.1/24) was still pending the approval from Forest Department Sarawak. The FMP had addressed all requirements of Criterion 7.1. items (a) to (i) listed in Principle 7. Forest Management Plan for Forest Timber License (FTL) No. T/3371, Baleh-Balui Forest Management Unit was revised in the year 2024 (Revision 1/24), still pending approval from the FDS. Periodic review of the FMP 2022-2052 will be conducted at every five-year interval. Specific roles and responsibilities assigned for forest staff and field workers were clearly defined to ensure effective implementation of the forest management plan as verified in the 'Sustainable Forest Management (SFM) Organisation Chart' and Job Description table. 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 the website: https://www.jayatiasa.net/sustainable-forest-management-public-summaries/	improvement, tree identification training should be included in the training program for forest restoration/ planting workers. Therefore, an **OFI for Indicator 7.3.2** was raised.
Principle 8 Monitoring and Assessment	The monitoring procedure titled 'Monitoring Impacts on Social, Ecological, Environmental and Economic due to Timber Harvesting and Management Operations' was verified. The procedure followed the guidelines in the Green Book, 2019 developed by the Forest Department Sarawak. Monitoring on the impact of forest operation on social, ecological, environmental and economic impacts was carried out by the FMU as verified in the 'Report Monitoring on Social, Ecological, Environmental and Economic due to Timber Harvesting and Management Operations, 2023'.	Corrective action of the previous Minor NCR MRS03/2022 (Stage 2 audit) on internal audit and management review were not effectively implemented by the FMU during Surveillance 1 audit. The evidence verified as below: 1. Evidence of implementation of the sampled Minor NCRs raised during internal audit in the year 2022 was not available in the report. 2. No evidence of verification by internal auditors during the latest internal audit (27-29 November 2023) on the previous audit findings raised from internal and external audits in year 2022. 3. Results of previous audit findings from internal and external audits in year 2022, including review of changes in internal and external issues were not discussed

	The latest revision of the FMP was in the year 2024 (Rev. 1/24) and still pending for approval from the FDS, was made available and was verified during the audit. Summary of the monitoring results for the year 2023/2024 as required by Criterion 8.2 above was made publicly available at the website: https://www.jayatiasa.net/sustainable-forest-management-public-summaries/	during Management Review Meeting on 8 January 2024. Therefore, due to recurrence of the same issue as raised during previous audit, the **Minor NCR MRS03/2022 was upgraded to Major NCR MRS01/2024 for Indicator 8.1.3** Corrective action of the previous Minor NCR MRS04/2022 (Stage 2 audit) on slope correction for PSP establishment was not effectively implemented by the FMU during Surveillance 1 audit. The evidence verified as below: 1. Inspection of PSP plots at PSP#0201 (Coupe 01A) and PSP#0203 (Coupe 02A) found that the slope correction was not applied for measurement of horizontal distance. 2. PSP plot in Coupe 01A (PSP#0103) was not accessible during the audit. Therefore, due to recurrence of the same issue as raised during previous audit**, the Minor NCR MRS04/2022, the previous Minor NCR was upgraded to Major NCR MRS02/2024 for Indicator 8.2.1.** Site inspection at Coupe 01A Block 18 found that: 1. Tree number B0271, species Medang size 49 cm was felled and change to species Ubah size 38.5 cm in the Trip Record for Logging truck document reference number: JTH F 47127 dated 29 April 2023. 2. Tree number B0257, species Empenit size 45 cm was felled and change to species Meranti size 44.1 cm in the Trip Record for Logging truck document reference number: JTH F 47127 dated 29 April 2023. 3. The discrepancies of document record on product leaving the certified area recorded in the RILP Tree Tagging Document for tree number B0271, B0257 & B0268 were leaving from Coupe 01A Block 18. However, the Trip Record for Logging truck document reference number: JTH F 47127 dated 29 April 2023 was recorded Block 96. Therefore, a **Major NCR ANS01/2024 for Indicator 8.3.1** was raised.
Principle 9 Maintenance of High Conservation Values	The assessment report titled 'High Conservation Value (HCV1-HCV6) Assessment Report Baleh -Balui FMU Timber Licence No T3371 - Batang Baleh, Kapit Division,	Corrective action of the previous Minor NCR RJ03/2022 (Stage 2 audit) on annual monitoring for the established HCVs was not effectively implemented by the FMU during Surveillance 1 audit. Records of annual monitoring of the HCV

	Sarawak' dated April 2019 by BRNS (Biodiversity Resource Network, Sarawak) was presented and verified during the audit. Based on the record, the consultation with stakeholder was conducted by FMU, titled '*Konsultasi HCV Pertama Bersama Pihak Berkepentingan untuk Baleh-Balui FMU T/3371',* which was conducted on 12 May 2022 held at Conference Room, JTP Putai, attended by Forest Department Sarawak, Sarawak Forestry Corporation, CRC Representative,,Land and Survey Department,NREB, Sarawak Energy Berhad, Sarawak Water Supply Department,WWF and officers from the FMU. A summary of HCV with measures was included in the Forest Management Plan in Chapter 10 Conservation of Biodiversity and Protection of Ecosystem, and made available at the website: https://www.jayatiasa.net/sustainable-forest-management-public-summaries/	1.4 Salt Lick – Apan Lubang in Coupe 24A was not available since the Stage 2 audit (2022). Therefore, due to recurrence of the same issue as raised during previous audit, **the Minor NCR RJ03/2022 was upgraded to Major NCR ANS03/2024 for Indicator 9.4.1.**

Attachment 1

Map of Baleh-Balui FMU



Attachment 2

Experiences and Qualifications of Audit Team Members

Names of Audit Team	Role	Qualification and Experience
Mohd Razman Salim	Assessment Team Leader / Forester	**Academic Qualification:** B. Sc. of Forestry (Forest Production), University Putra Malaysia. **Work Experience:** Five years of experience as a Research Officer at the Forest Research Institute Malaysia (FRIM) since 2007 in various areas such as ecological research for lowland and hill dipterocarp forests, Geographic Information Systems, forest inventories, forest harvesting and forest management system (SMS). Participate in organizing committee members, division-level activities and projects. Coordinate and collaborate on a long-term ecological plot and inventory data for about 25 years at the Pasoh, Negeri Sembilan with Negeri Sembilan Forestry Department, universities (local & international) and NGOs. Published and presented research findings at seminars and conferences. Currently an Auditor at the Food, Agriculture and Forestry Section (FAF), SIRIM QAS International Sdn Bhd, since 2013. Involved in conducting assessments on forest management certification [MC&I (Natural Forest)] & [MC&I (Plantations)], MYNI of RSPO P&C and other management systems on ISO 9001, 14001 and OHSA 45000. **Training / Research Areas:** • Auditor Training Course on Malaysian Criteria and Indicators for Forest Management Certification [MC&I (Natural Forest)] & [MC&I (Plantations] organized by MTCC, 1-4 December 2013. • EMS 14001: 2004 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 18-22 March 2013. • OHSAS 18001: 2007 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 11-15 March 2013. • QMS 9001: 2008 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 4-8 March 2013. • Auditor Training Course on MC&I Sustainable Forest Management organized by MTCC, 18 August 2020.
Mohd Annas Amin Hj. Omar	Auditor/ Forester	**Academic Qualification:** *Diploma in Forestry, UPM* *B. Sc. In Forestry, UPM* **Work Experience:** Six years as Assistant Forest Officer at Perak State Forestry Department from 2013-2018. Main responsibility is Assisting District Forest Officers in administrative work, forest development and forest operations. Conduct forest Enforcement Team Activities such as The Prevention of illegal logging. Appointed as Raid Officer in Raid Eradicating Illegal Refinery in Kinta Manjung Forest District. Also appointed as

		Investigation Officer in a case involved Ayer Chepam Forest Reserve and cased Prosecuted in Court. **Training / Research Areas:** • Program of MTCS Training Course (MC& I) in Kuantan (9-12 July 2018) • Lead Auditor ISO 9001, ISO 14001 & ISO 45001 Exemplar Global Certified (13-18 Ogos 2018) • Auditor Training Course on MC&I Sustainable Forest Management organized by MTCC, 18 August 2020.
Azrul Ikhsan Mohamed	Auditor / Forester	**Academic Qualification:** Diploma in Agriculture, Universiti Putra Malaysia Kampus Bintulu Bachelor of Science with Honours (Plant Resource Science and Management), Universiti Malaysia Sarawak. **Work Experience:** 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. **Training / Research Areas:** • Auditor Training Course on Forest Management Certification Under the Malaysian Timber Certification Scheme (MTCS), 13th – 15th October 2021 • SIRIM LEAD AUDITOR COURSE INTEGRATED MANAGEMENT SYSTEMS (IMS) ISO 9001, ISO 14001 & ISO 45001 (LIMS02), 25th – 29th October 2021
Mohd Fekri Zulkafli	Trainee Auditor/ Forester	**Academic Qualification:** B.Sc of Forestry (Wood Technology and Industry), University Malaysia Sabah. Diploma of Wood Based Technology, Shah Alam Polytechnic. **Work Experience:** 1 year 6 Months at Island Furniture Enterprise 2022-2024 as Operation Assistant Manager, 8 years with Perak State Forestry Department (JPNPk) 2014-2021 as of experience in forest management, operation and administration. Has been working in various position since appointment in 2014, which includes Assistant Officer Forest Management and Planning officer, Assistant Officer Forest Plantation, Assistant Officer Forest Enforcement, Assistant Officer Forest Silviculture and Assistant District Forest Officer in Taiping, 6 Months with Syarimo 9 Plantation (Lahad Datu Regional) at IOI Plantation Sdn. Bhd. 2013 as cadet planter (Intern), 6 months with Forest Research Institute Malaysia (FRIM) 2008 as assistant research officer at wood fibre Workshop (Intern), auditing in ISO 9001 (Quality), ISO 45001 (Safety) and PEFC MC&I (both Natural Forest and

		Plantation Forest). **<u>Training / Research Areas:</u>** Was attending and pass in the following training programmes: 1. Lead Auditor Course Integrated Management Systems (IMS) for ISO 9001, 45001 and 14001 dated 21-25/08/2023. 2. Training ISO/IEC 17065-Conformity Assessment-Requirement for bodies certifying products, process, and services by Section Head dated on 09th October 2023. 3. Principles & Techniques of Auditing by Mr. Syed Faddly bin Syed Bahrudin dated on 1st November 2023 4. Training MC&I SFM (Natural Forest-*NF*) and (Forest Plantation-*FP*) by MTCC dated on 27th until 30th November 2023 5. Workshop on OHS MS Legal, Hazard, Risk Control Measure by Mr. Mohd Farid bin Mohd Zaid dated on 10th October 2023. 6. Workshop Forest Management System (FMC) by Mr. Khairul Najwan bin Ahmad Jahari dated on 25th until 26th September 2023. 7. Workshop *Chain of Custody* (COC) by Mr. Zulkarnain bin Abdullah dated on 27th September 2023. 8. Workshop Forest Management System (FMC) by Section Head dated on 24th January 2024.

Attachment 3

Comments Received from Stakeholders and Responses by Audit Team Leader

No.	Stakeholder	Comments/Issues Raised	Response by Audit Team
NA	NA	NA	NA

Attachment 4

Surveillance 1 Audit Plan

1. Name and Address of Certificate Holder: Jaya Tiasa Holdings Berhad (Baleh-Balui FMU)

2. Address of FMU : No.1-9, Pusat Suria Permata,
Lorong Upper Lanang 10A,
96000 Sibu,
Sarawak.

3. Objectives of the surveillance audit are as follows:

(a) determine whether the FMU continue to comply with the MC&I (Sustainable Forest Management) and other certification requirements;
(b) evaluate on any changes made to the management of the FMU since the previous audit or surveillance;
(c) confirm on NCRs identified during the previous audit and determine if the NCRs are repetitive in the nature of the same indicator or same issue and also determine if the appropriate corrective action taken was effective;
(d) check on progress of planned activities aimed at enhancing the operation system to achieve improvement in overall performance;
(e) evaluate the FMU procedures for internal audit to ensure certification requirements are adhered; and
(f) evaluate the management review system to ensure its continued suitability and effectiveness

4. Date of Audit : 29 January – 2 February 2024

5. Scope of Audit : Management of natural forest within the Baleh-Balui Forest Management Unit (Coupes 01A to 30A) T/3371 (215,088 Hectares)

6. Reference Documents: MC&I Sustainable Forest Management (MTCS ST 1002:2021), Forest Management Plan, Work Manuals and Procedures, Other relevant certification requirements

7. Audit team members (a 3-member audit team)

(i) Audit Team Leader (1): Mohd Razman Salim
(ii) Auditor (2) : Mohd Annas Amin Hj Omar
(iii) Auditor (3) : Azrul Ikhsan Mohamed
(iv) Trainee Auditor : Mohd Fekri Zulkafli
(v) Observer : Shahrul Mohd Tahir (Department of Standard Malaysia)

(If there is any objection to the proposed audit team, your organization is required to inform the Audit Team Leader or the Head of Food, Agriculture and Forestry Section of SIRIM QAS International).

8. Methodology of Audit : (i) Document review
(ii) field assessment
(iii) communication or consultation with Certificate holder's personnel and stakeholders

9. Facilities and Assistance Required:
(i) Room for discussion;
(ii) A guide to facilitate site visits within the FMU
(iii) Personnel protective equipment, if required
(iv) Photocopy facilities
(v) Interpreter (if necessary)
(vi) Transportation within the FMU
(vii) Accommodation (base camp)

10. Confidentiality Requirements

The audit team members from SIRIM QAS International have undertaken not to disclose any information or documents obtained during the audit, and the final report, to any third party, without the expressed approval of the Certificate holder unless required by law.

11. Working Language : English and Bahasa Malaysia

12. Reporting

(i)	Language	:	English
(ii)	Format	:	Verbal and written
(iii)	Expected date of issue	:	Interim report shall be within 30 days from the last date of audit

13. Detailed Audit Plan :

<table>
<tr><th>DAY</th><th>TIME</th><th colspan="4">PROGRAM</th></tr>
<tr><td rowspan="2">Travel Day 1

27 Jan 2024

Saturday</td><td rowspan="2"></td><td>Razman</td><td>Annas</td><td>Azrul</td><td>Fekri</td></tr>
<tr><td colspan="4">• All auditors, trainee auditor and observer travelling from KLIA to Sibu
MH2718: 16:15 – 18:20

• Overnight at Tanahmas Hotel</td></tr>
<tr><td rowspan="2">Travel Day 2

28 Jan 2024

Sunday</td><td rowspan="2">8.00 am - 7.00 pm</td><td>Razman</td><td>Annas</td><td>Azrul</td><td>Fekri</td></tr>
<tr><td colspan="4">• All auditors, trainee auditor and observer travel from Sibu to Sempileh logpond
• Inspection of CoC at Sempileh logpond
• Travel from logpond to Mantan base camp
• Azrul overnight at Kapit town.</td></tr>
</table>

<table>
<tr><td rowspan="3">Audit Day 1

29 Jan 2024

Monday</td><td rowspan="3">8.00 am – 5.00 pm</td><td colspan="4">• Opening Meeting with representatives of FMU
• Briefing session by Forest Manager of the FMU
• Evaluation of changes to the management of the FMU
• Check on progress of planned activities aimed at enhancing the operation system to achieve improvement in overall performance
• Check on complaints and follow-up actions
• Evaluate on procedures for internal audit
• Evaluate on management review system
• Verification of NCRs raised during the previous audit.</td></tr>
<tr><td>Razman</td><td>Annas</td><td>Azrul</td><td>Fekri</td></tr>
<tr><td>Documentation and records review:
• Principle 1 – Compliance with Laws
• Principle 5 – Benefits from the forest
• Principle 8 – Monitoring and Assessment</td><td>Documentation and records review:
• Principle 6 – Environmental Impact
• Principle 7 – Management Plan
• Principle 9 – Maintenance of High Conservation Value (HCV)</td><td>Site visit:
• Travel from Kapit town to Baleh Dam by vehicle and take boat to Long Singut B.

Site visit:
• Consultation with local community
(outside FMU)
- Long Singut B

• Inspection of Shifting agriculture area / user rights / special cultural area / traditional used area

• Inspection of FMU license boundary with Baleh National Park from Long Singut B to Long Singut A – (coupes 10, 11, 14 & 15)

• Overnight at Long Singut A.</td><td>Documentation and records review:
• Principle 1 – Compliance with Laws
• Principle 7 – Management Plan</td></tr>
<tr><td colspan="4">• Review of Day 1 Findings by Audit Team Leader</td></tr>
<tr><td rowspan="2">Audit Day 2

30 Jan 2024

Tuesday</td><td rowspan="2">8.00 am – 5.00 pm</td><td>Razman</td><td>Annas</td><td>Azrul</td><td>Fekri</td></tr>
<tr><td>Site visit:
• Inspection of Coupe and Block boundary – Block 1, Coupe 01A

• Inspection of pre-harvesting / tree tagging – Block 1, Coupe 01A</td><td>Site visit:
• Forest Landscape Restoration – Block 18, Coupe 01A

• Inspection of Coupe and Block boundary - Block</td><td>Site visit:
• Consultation with local community (within FMU) - Long Singut A (Kenyah Bakong)

• Inspection of Shifting agriculture area / user rights /</td><td>• Site visit with Auditor 1</td></tr>
</table>

		• Inspection of harvesting area – Non • Consultation with local community of Long Busang (Kenyah Badeng) **(within FMU)** • Inspection of Shifting agriculture area / user rights / special cultural area / traditional used area • Diagnostic sampling plot -DS502, Block 50, Coupe 01A	16, 17 & 18, Coupe 01A • Inspection of harvesting area – Non • Inspection of post-harvesting - Block 16, 17 & 18, Coupe 01A • Stumping / Point of Royalty Marking (PoRM) • Inspection of stream buffer reserve – Hulu Sg. Buong, Coupe 01A & Sg. Serani, Coupe 10A • Inspection of PSP plot - #0203, Coupe 02A	special cultural area / traditional used area • Travel back to Baleh Dam by boat and to Mantan base camp.	
		• Review of Day 2 Findings by Audit Team Leader			
		Razman	**Annas**	**Azrul**	**Fekri**
Audit Day 3 31 Jan 2024 Wednesday	8.00 am – 5.00 pm	Site visit: • Inspection of FMU license boundary with Bahau-Linau FP (LPF/0024) at Coupe 05A or Long Busang • Consultation with local community of Long Unai (Penan & Kenyah Bakong) **(outside FMU)** • Inspection of Shifting agriculture area / user rights / special cultural area / traditional used area	Site visit: • Inspection of nursery and chemical store at Putai (LPF/0023) • Inspection of scheduled waste and wastes management (Mantan) • Management of forest fire • Inspection of store, workshop, genset room, skid tank, etc	Documentation and records review: • Principle 2 – Tenure and Use Rights and Responsibilities • Principle 3 – Indigenous Peoples' Right • Principle 4 - Community Relations and Worker's Right	• Site visit with Auditor 2

		• Inspection of encroached area from Mantan Camp to Camp Rose (Coupe 22A, 24, 26 – 30)			
		• Review of Day 3 Findings by Audit Team Leader			
Audit Day 4 1 Feb 2024 Thursday	8.00 am – 5.00 pm	**Razman**	**Annas**	**Azrul**	**Fekri**
		Site visit: • Inspection of PSP plot – 0201, Coupe 02A • Wildlife monitoring – Camera trap	Site visit: • Nesting tree – Coupe 01A, Block 71 • HCV area – salt lick Apan Lubang (Coupe 024A) – Not accessible	Site visit: • Inspection of workers' quarters • Consultation with staff and field workers • Workers' Committee representative	• Site visit with Auditor 3
		• Review of Day 4 Findings by Audit Team Leader			
Audit Day 5 2 Feb 2024 Friday	8.00 am – 12.00 pm 2.00 pm – 3.00 pm 4.00 pm – 5.00 pm	**Razman**	**Annas**	**Azrul**	**Fekri**
		• Documentation and records review: • Briefing to representatives of FMU on the progress of audit • Closing meeting; presentation of findings of audit and follow-up activities • Adjourn Closing Meeting			
Travel Day 3 3 Feb 2024 Saturday	8.00am – 7.00pm	• All auditors, trainee auditor and observer travel from Mantan base camp to Sibu • Overnight at Tanahmas Hotel			
Travel Day 4 4 Feb 2024 Sunday		• All auditors, trainee auditor and observer travelling from Sibu to KLIA • Flight from Sibu to Kuala Lumpur **(MH2715: 11:15 - 13:20)**			

End of Report