

**PUBLIC CERTIFICATION SUMMARY OF  
SEGALIUD-LOKAN FOREST MANAGEMENT UNIT**

**Certificate No** : FMC 001  
**Date of Certification** : 3 December 2009  
**Date of Public Summary** : 14 December 2009

Certification Body:

SIRIM QAS International Sdn Bhd  
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## Definitions of Terms Used in the Summary

Term	Definition
Criterion (plural Criteria)	A means of judging whether or not a Principle (of forest stewardship) has been fulfilled.
Encroachment	The act or action of using forest land contrary to the provisions provided for in forestry laws and regulations with regard to forest land uses.
Exotic species	An introduced species not native or endemic to the area in question.
Forest Management Area	A forest management area refers to the clearly defined area which is under direct management of the company undertaking forest management assessment for the purpose of timber certification.
FMU	Forest Management Unit – a clearly defined forest area, managed to a set of explicit objectives and according to a long-term management plan.
HCVFs	<p>High Conservation Value Forests are those that possess one or more of the following attributes:</p> <ul style="list-style-type: none"> <li>• forest areas containing globally, regionally or nationally significant concentrations of biodiversity values (e.g. endemism, endangered species, refugia); and/or large landscape level forests, contained within, or containing the management unit, where viable populations of most if not all naturally occurring species exist in natural patterns of distribution and abundance.</li> <li>• forest areas that are in or contain rare, threatened or endangered ecosystems</li> <li>• forest areas that provide basic services of nature in critical situations (e.g. watershed protection, erosion control)</li> <li>• forest areas fundamental to meeting basic needs of local communities (e.g. subsistence, health) and/or critical to local communities' traditional cultural identity (areas of cultural, ecological, economic or religious significance identified in cooperation with such local communities)</li> </ul>
<i>MC&amp;I (2002)</i>	<i>Malaysian Criteria and Indicators for Forest Management Certification (2002)</i> is the standard used for auditing forest management practices at the forest management unit (FMU) level for the purpose of certification.
Indicator	A qualitative, quantitative or descriptive attribute that, when periodically measured or monitored, indicates the direction of change.
Verifier	Data or information that enhances the specificity or the ease of assessment of an indicator. Verifiers provide specific details that would indicate or reflect a desired condition of an indicator. They add meaning, precision and usually also site-specificity to an indicator. They may define the limits of a hypothetical zone from which recovery can still safely take place (performance threshold/target). On the other hand, they may also be defined as procedures needed to determine satisfaction of the conditions postulated in the indicator concerned (means of verification).
MTCS	Malaysian Timber Certification Scheme operated by the Malaysian Timber Certification Council.

Natural Forest	Forest areas where many of the principal characteristics and key elements of native ecosystem such as complexity, structure and diversity are present, as defined by FSC approved national and regional standards of forest management.
Non-Conformity Report (NCR)	Non compliance against the requirements of the <i>MC&amp;I</i> (2002)
Opportunity for Improvement (OFI)	A finding which gives cause for concern, but without sufficient objective audit evidence to support a non-conformity.
Principle	An essential rule or element; in FSC's case, of forest stewardship.
Stakeholders	Individuals and organizations with a legitimate interest in the goods and services provided by an FMU; and those with an interest in the environmental and social effects of an FMU's activities, products and services. They include: those individuals and organisations which exercise statutory environmental control over the FMU; local people; employees; investors and insurers; customers and consumers; environmental interest and consumer groups and the general public. (Source: FSC Principles and Criteria).

## 1. INTRODUCTION

SIRIM QAS International Sdn Bhd (SIRIM QAS International) is the largest and oldest certification, inspection and testing body in Malaysia. The certification services provided conform to standards and other accreditation requirements established at the national and international levels.

SIRIM QAS International has been providing auditing services for forest management certification since 2001 through its involvement as a registered certification body under the Malaysian Timber Certification Scheme (MTCS) operated by the Malaysian Timber Certification Council (MTCC).

With effect from 1 July 2008, under the new institutional arrangement of the MTCS, SIRIM QAS International is one of the few notified certification bodies with the MTCC allowed to process application, conduct audit and make decision to award the Certificate for Forest Management to an applicant whose forest management system and practices complies with the *Malaysian Criteria and Indicators for Forest Management Certification* [MC&I (2002)].

This public certification summary contains general information on the Segaliud-Lokan FMU, the audit process involved, the findings of the audit, non-conformity reports (NCRs) raised as well as the decision on certification of the FMU under the MTCS by the Certification Panel of SIRIM QAS International.

## 2. GENERAL SUMMARY

### 2.1 Name of FMU

Segaliud-Lokan FMU  
46<sup>th</sup> Mile, Sandakan-Telupid Highway  
Sandakan  
Sabah

### 2.2 Contact Person and Address

Mr. David Chieng Lee Kie  
KTS Plantation Sdn Bhd  
Lot 32, Bandar Pasaraya Commercial Complex  
Mile 4, North Road  
WDT 20  
90009 Sandakan  
Sabah

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### 2.3 General Background on the Sagaliud-Lokan FMU

The Segaliud-Lokan FMU 19 (b) (The FMU) of the Sandakan Forest District, which was gazetted in 1984, covers an area of 57,247 hectares (ha). The FMU is managed by KTS Plantation Sdn Bhd (KTSP). KTSP is a member of the KTS Holdings Sdn. Bhd. It has entered into an agreement with the Sabah Government to manage the FMU. A map of the FMU showing the significant features of the forest is attached in **Annex 1**.

The FMU consists of lowland *Dipterocarp* forests with the original vegetation made up mainly of *Parashorea tomentelia* /*Eusideroxylon zwageri*, dominated by *Parashorea* and associated species of *Shorea leptoclados*, *Dryobalanops lanceolata* and *Dipterocarpus caudiferus*. About 40

% of the large trees in the FMU comprised of these species. With the completion of the second rotation harvesting, the forest strata and species composition had changed with a shift to more of non-*Dipterocarp* forest.

#### 2.4 **Date First Certified**

3 December 2009

#### 2.5 **Location of the Certified FMU (Latitude and Longitude)**

The FMU is located along the 46<sup>th</sup> Mile, Sandakan-Telupid Highway, Sandakan, Sabah.

#### 2.6 **Forest and Management System**

The FMU was earmarked for plantation purpose in 1985 without the prescription of a minimum felling diameter limit of 60 cm at breast height (dbh) and multiple logging occurred until 1993. In the same year, KTSP was granted a 96-year occupation lease by the Sabah State Government to manage the FMU for the purpose of forest plantation development, timber extraction and the establishment of integrated timber processing facilities. In 1995, the FMU started with conventional logging but adopted the Reduced Impact Logging (RIL) system in 1998.

The first 'Ten-Year Forest Management Plan (1999-2008)' for the FMU had specified that 37,420 ha would be managed for Industrial Tree Plantations (ITP), 7,540 ha for natural forest, 10,346 ha for Protection Forest and 1,941 ha for research. However, KTSP had then decided to maintain the whole FMU under natural forest except for the 2,163 ha which had already been planted with Rubber trees.

A new 'Forest Management Plan (2009-2018)' had been prepared and approved by the Sabah Forestry Department in 2009. Under this FMP, the whole FMU will be managed as a natural forest except for the 2,163 ha which had already been planted with Rubber trees. The area under natural forest management was increased to 12,603 ha by reducing the Protection Forest to 6,447 ha and research forest to 777 ha.

Within the protection forest, sites with more than 25 degrees slopes are kept for water resource protection while those with slope of less than 25 degrees are for wildlife conservation. Of the production forest area, permanent infrastructures occupy 786 ha with 448.6 km of logging roads and another 364 ha had been protected as riparian reserve.

The FMU is now managed based on the principles of sustainable forest management (SFM) and the requirements of the Licence Agreement with the Sabah State Government.

Apart from the planted 2,163 ha of rubber trees (*Heavea brasiliensis*), the FMU has 115 ha of *Acacia mangium* (improved variety) and 27 ha with trial species. Its main goal is to ensure that the timber resources will be maintained on a sustainable yield basis, with a commitment to protecting the natural resources and biological diversity of the natural forest through the implementation of best practices of forest management attainable. All subsequent harvesting has to be approved by the State Forestry Department with the submission of the Comprehensive Harvesting Plan (CHP) for each block.

The earlier unrestricted felling regimes and the multiple entries into the FMU had resulted in many sites now left with few original primary forest species and some blocks in the south-eastern portion completely denuded of big trees. The FMU is now embarking on an enrichment planting programme for these degraded sites.

## 2.7 **Annual Allowable Cut/ Annual Harvest Under the Forest Management Plan**

The revised FMP has estimated based on the change towards natural forest management the estimated commercially harvestable tree stock volume for low yield sites after 20 years to be 3.24 m<sup>3</sup> per ha while for high yielding sites to be 58.95 m<sup>3</sup> per ha. The planned harvesting area for the FMU is determined in the Annual Work Plan. Each Annual Work Plan is approved by the Sabah Forestry Department. The harvesting record from 2002 to 2007 showed an average annual harvested volume of 28,000 to 35,000 m<sup>3</sup>.

## 2.8 **Environmental and Socioeconomic Context**

It was reported that there is an abundance of wildlife species. Most common species are the Borneo Pygmy Elephants, Orang Utans (*Pongo pygmaeus*) and bearded pigs (*Sus barbatus*) while six of the eight species of hornbills (*Anthracoceros coronatus*) have been sighted in the FMU. During the audit, it was observed that there were many overnight nests of the Orang Utans and tracks of animals along secondary roads.

The nearest local community is Kampung Balat which is sited 5 km outside the FMU and completely within the neighbouring FSC-certified Deramakot FMU. Another, village is Sungai Lokan, which is located a significant distance from the FMU boundary, at the confluence of the Sungai Lokan and the Sungai Kinabatangan, some one hour ride by boat from the FMU's boundary.

## 3. **THE CERTIFICATION AUDIT PROCESS**

### 3.1 **Audit Dates:**

Stage 1 : 12-15 January 2009 (3 man-days)  
(1 Auditor)

Stage 2 : 24-28 August 2009 (15 man-days)  
(3 Auditors)

### 3.2 **Audit Team**

Stage 1 : Dr. Yap Son Kheong

Stage 2 : Dr. Yap Son Kheong (Audit Team Leader)  
Mr Khoo Khay Jin (Sociologist)  
Mr. Khairul Najwan Ahmad Jahari (Auditor)

Peer Reviewers:

- (i) Dr. John Tay (Sekolah Perhutanan Tropika Antarabangsa, Universiti Malaysia Sabah)
- (ii) Dr. Joseph Jawa Kendawang (Sarawak Planted Forest Sdn. Bhd.)

### 3.3 **Standards Used**

*Malaysian Criteria and Indicators for Forest Management Certification [MC&I (2002)]* using the verifiers stipulated for Sabah.

### 3.4 **Audit Process**

The scope of the audit is limited to the forest management system and practices of the natural forest within the FMU. The audit involved the verification of documentations and field activities and consultations with the relevant stakeholders.

A stakeholder consultation was conducted in mid July 2009 for a period of one month. A list of stakeholders consulted through invitation to provide comment on the certification of the FMU is attached in **Annex 2**. The comments received from the stakeholders and the responses by the audit team on such comments are tabulated in **Annex 3**. The coverage of the audit on the FMU is depicted in the Stage 2 Audit Plan which is attached in **Annex 4**.

The audit was conducted against the requirements of the *MC&I* (2002), the standard used for forest management certification under the MTCS, using the verifiers stipulated for Sabah.

Following the audit, a total of seven (7) minor NCRs and eight (8) OFIs had been raised. The details of the NCRs and OFIs are attached in **Annex 5**. KTSP had submitted corrective action plans on the NCRs, through a letter dated 28 September 2009 which was accepted by the audit team leader.

Subsequently, a draft Stage 2 Audit Report was prepared by the audit team leader. The draft Stage 2 Audit Report was then submitted to two (2) peer reviewers for independent reviewing. Both peer reviewers had commented on the draft Stage 2 Audit Report and the audit team had responded to the comments made.

The draft report was then amended to incorporate the comments made by the peer reviewers. Details of the peer reviewers' comments and the responses from the audit team are shown in **Annex 6**.

4. **RESULTS, CONCLUSIONS AND RECOMMENDATIONS**

4.1 General findings of audit are as follows:

PRINCIPLE	STRENGTHS	WEAKNESSES
<p><b><u>Principle 1</u></b></p> <p>Compliance with laws and FSC Principles.</p>	<ul style="list-style-type: none"> <li>• KTSP has maintained all relevant national and local laws and regulations related to forest management in Sabah.</li> <li>• KTSP’s forest managers have demonstrated an understanding on the national and local laws and regulatory framework related to forest management.</li> <li>• KTSP has made great efforts to be in compliance with the Sabah Labour Ordinance specifically on provisions for paid public holidays and guaranteed work week, Social Security or Workmen’s compensation.</li> <li>• Minor infringements resulting in fines being imposed by the Sabah Forestry Department have also been documented and actions have been taken to prevent reoccurrence.</li> <li>• All fees paid were documented.</li> <li>• KTSP’s forest managers were aware of all binding international agreements which Malaysia is a signatory.</li> <li>• The FMU has a clear policy statements for sustainable forest management consistent with the FSC Principles &amp; Criteria, signed by the top management were on display in the office of the Base</li> </ul>	<ul style="list-style-type: none"> <li>• KTSP was not in full compliance with the provision for rest day and annual leave. However, the management was aware of this as documented in internal communications in its attempt to achieve compliance.</li> <li>• In its effort to control encroachment, illegal harvesting, hunting, and settlement, and other unauthorised activities, the FMU had erected appropriate signage along the FMU boundary and fencing with barb wires along sensitive sites. However, it was noted that the southern boundary along Sungai Kinabatangan was not clearly marked with signage.</li> </ul>

	<p>Camp. Policies and statements of commitment to manage forest resources on a sustainable basis were clearly stated in the FMP.</p>	
<p><b><u>Principle 2</u></b></p> <p>Long-term tenure and use rights to the land and forest resources shall be clearly defined, documented and legally established.</p>	<ul style="list-style-type: none"> <li>• The FMU's management has shown considerable effort to determine the legal/customary tenure or use rights of local communities via consultation with local communities and relevant NGOs.</li> <li>• The forest managers were willing to collaborate with holders of duly recognized legal or customary tenure or use rights within national legal frameworks.</li> <li>• There were mechanisms for dispute resolutions through the District Office and the Native Court as well as the Civil Courts.</li> <li>• The FMU's management has established a Community Forestry Committee and has also communicated to the management of the Deramakot FMU its desire to participate in the regular meetings of the equivalent in that FMU.</li> </ul>	
<p><b><u>Principle 3</u></b></p> <p>The legal and customary rights of indigenous peoples to own, use and manage their lands, territories, and resources shall be recognized and respected.</p>	<ul style="list-style-type: none"> <li>• There were no customary rights of the local community in the FMU. The FMU's management validated this in consultations with the local indigenous communities and with relevant NGOs.</li> <li>• The FMU's management has established a Community Forestry Committee to look into how the FMU can benefit the local indigenous community.</li> </ul>	<ul style="list-style-type: none"> <li>• As there was no commercial utilization of traditional forest-related knowledge and practices within the FMU, there had not been any legislation ensuring compensation for their commercial utilization.</li> </ul>

	<ul style="list-style-type: none"> <li>• There were appropriate procedures for identifying and protecting sites with special cultural, ecological, economic or religious to indigenous people under the State Cultural Heritage (Conservation) Enactment 1997.</li> <li>• Social baseline/impact assessment was conducted.</li> </ul>	
<p><b><u>Principle 4</u></b></p> <p>Forest management operations shall maintain or enhance the long-term social and economic well-being of forest workers and local communities.</p>	<ul style="list-style-type: none"> <li>• The Forest Management Plan (2009-2018) has stated that local communities shall be given preference, whenever practical, for employment.</li> <li>• The licence agreement specifies the requirement “to employ natives of Sabah origin” and/or “employ Malaysian citizens with specific preference to Malaysians of Sabah origin” and ancillary requirements to recruit and train the same, and with set proportions of Malaysian citizens from semi-skilled to managerial level to be achieved by set periods.</li> <li>• The FMU’s management has attempted to recruit local workers although field operations were apparently not particularly attractive to locals as long-term employment.</li> <li>• Policies on health and safety of forest workers were in place and implemented.</li> <li>• Copies of documented procedures through the Community Forestry Committee were available. The FMU’s management has established a worker-management committee and</li> </ul>	<ul style="list-style-type: none"> <li>• The licence agreement which set proportions at the semi-skilled and skilled end have not been achieved, although the proportion of locals has risen.</li> <li>• More effort could be made to encourage more local communities to be involved in the operation of the FMU.</li> <li>• While there has been a major improvement in housing facilities for workers, there were some new recruits that were still housed in less adequate conditions</li> <li>• Although workers were supplied with PPE as appropriate and were observed to use them, there could be a consultative approach to find better safety shoes for the workers.</li> <li>• Although a social impact assessment has been carried out and consultations were documented, a consultative need assessment to identify community projects has yet to be developed.</li> </ul>

	<p>instituted grievance procedures. Workers were aware of the procedures.</p>	
<p><b><u>Principle 5</u></b></p> <p>Forest management operations shall encourage the efficient use of the forest's multiple products and services to ensure economic viability and a wide range of environmental and social benefits.</p>	<ul style="list-style-type: none"> <li>• A revised Forest Management Plan (2009 to 2018) was completed and approved in 2009 which commits the FMU towards sustainable forest management with maintenance of ecological integrity through the prescription of RIL.</li> <li>• Tree harvesting was in accordance to modified RIL techniques and guidelines adopted from the RIL Operation Guide Book 2001 of the Sabah Forestry Department. Marking of trees to be felled has been enforced in all harvesting sites according to RIL. Directional felling has also been implemented in harvesting through training of tree fellers.</li> <li>• There guidelines and/or procedures to identify and demarcate sensitive areas for the protection of soil and water, watercourses and wetlands.</li> <li>• Records of the quantity of timber harvested within the FMU were maintained for monitoring by the Finance &amp; Administrative Division. There was also a Compliance Report and Comprehensive Tree Harvesting Report for each compartment. Daily felling records were maintained by the field supervisors who were responsible for tagging of all the harvested logs in the temporary log landings.</li> </ul>	<ul style="list-style-type: none"> <li>• Greater effort should be put on implementation to ensure minimal impact on residual stands especially on reducing canopy opening.</li> <li>• Attempt at maximizing the usage of resources has to be enhanced as short length residual logs were observed in the production area inspected.</li> <li>• Constant supervision and control as specified under the revised Forest Management Plan (2009-2018), Annual Work Plan and Comprehensive Harvesting Plan have to be followed.</li> <li>• With the present low number of residual trees available in some compartments, there was a need to conserve all PCT trees to ensure sufficient stocks to provide for the next cutting cycle. Extra effort should be maintained to reduce cutting of all these PCTs and their number following harvesting shall be documented.</li> </ul>

<p><b>Principle 6</b></p> <p>Forest management shall conserve biological diversity and its associated values, water resources, soils and unique and fragile ecosystems and landscapes, and, by so doing, maintain the ecological functions and the integrity of the forest</p>	<ul style="list-style-type: none"> <li>• An EIA report for the ‘KTS Plantation Logging Activities at Segaliud-Lokan Forest Reserve, Sabah’ was produced in August 2001. The potential impacts and strategies to mitigate the environmental impacts were written in this document. Measures to mitigate the impacts have been incorporate into the revised FMP 2009-2018.</li> <li>• A section of Environmental Management System has been included in the revised FMP.</li> <li>• Mitigation measures for environmental impacts have been identified and incorporated into the Comprehensive Harvesting Plan for each compartment as an appendix, “Technical Specification for Reduced Impact Logging”. Measures to mitigate environmental impacts identified in the EIA study including protection of endangered, rare and threatened species have been incorporated in the revised FMP.</li> <li>• There was a strict control of access into the FMU with guarded entrance and a locked secondary gate, which may prevent poaching by people from urban centres. The removal of bridges and cuttings of trenches across roads that were not in use were also implemented as control measures.</li> <li>• Annual Work Plan and Comprehensive Harvesting Plan were designed with consideration of the biological</li> </ul>	<ul style="list-style-type: none"> <li>• Study on the potential impacts of harvesting activities on endangered, rare and threatened species of flora and fauna should be continuously monitored within the FMU as specified in the Indicator.</li> <li>• With the presence of 4 totally protected animals within the FMU, there was a greater need for cooperation with the Sabah Wildlife Department.</li> <li>• Although a closing inspection ‘Laporan Pemeriksaan Tutup SPKP RIL’ (Closing Report RIL) was done by Forest Ranger of the district and a yearly Compliance Report conducted by the FMU in conjunction with the Forest Department, there was no systematic Pre-harvest and Post-harvesting inventory except for the marking of harvestable trees within each block. Trees selected as PCT and mother trees would also have to be marked.</li> <li>• The FMU has in its enrichment planting program utilized exotic species of <i>Swietenia macrophylla</i>, <i>Khaya ivorensis</i> and <i>Paraserianthus falcataria</i>. There was however no evaluation being done on the ecological impacts of these species.</li> </ul>
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	<p>corridors. There was a buffer zone around the salt lick inspected and this could be linked to existing riparian buffer along rivers.</p> <ul style="list-style-type: none"> <li>• Representative areas of existing forest ecosystem have been demarcated and mapped for protection with the criteria stated in the FMP. An area of 6,477 ha had been set aside as Protected Forests.</li> <li>• Chemicals were not used in forest operation except for paints and fuel. Small quantities of chemicals were used in the preparation of seedlings in the nursery of the FMU. The auditors had found that these chemicals were properly stored in a contained store room that was appropriately labeled. The use of approved chemicals by forest workers had been controlled and followed accepted procedures. Non-organic wastes were collected and stored at the base camp. Negotiations with registered contractors for their disposal have been initiated.</li> <li>• Non-organic wastes were collected and stored at the base camp. Negotiations with registered contractors for their disposal have been initiated.</li> <li>• The FMU has stated in its FMP management strategy that it will not convert the remaining ITP compartments to mono crop plantations. Conversion of natural forest into non forest land use has not occurred.</li> </ul>	
<p><b><u>Principle 7</u></b> A management plan –</p>	<ul style="list-style-type: none"> <li>• The Forest Management</li> </ul>	

<p>appropriate to the scale and intensity of the operations – shall be written, implemented, and kept up to date. The long term objectives of management, and the means of achieving them, shall be clearly stated</p>	<p>Plan (2009-2018) had incorporated all the items listed from a) to i) in Criterion 7.1.</p> <ul style="list-style-type: none"> <li>• The revised Forest Management Plan has incorporated data obtained from monitoring and research activities within the FMU.</li> <li>• A summary of the Second Forest Management Plan (2009-2018) was included in the public summary which is available in the web page.</li> </ul>	
<p><b><u>Principle 8</u></b></p> <p>Monitoring shall be conducted – appropriate to the scale and intensity of forest management – to assess the condition of the forest, yields of forest products, chain of custody, management activities and their social and environmental impacts</p>	<ul style="list-style-type: none"> <li>• The FMU produced Annual Compliance and Closing Reports as prescribed under the Sustainable Forest Management Guidelines-Part IV (October 2003) and submitted an Environment Compliance Reports to the Sabah Environmental Protection Department once every 3 months as specified in the contract with the department.</li> <li>• Environmental Monitoring Programme 1-9 and the Environmental Monitoring Form (SF 4) were used for monitoring habitat disturbance/damage to vegetation, soil compaction, water impairment, waste disposal of poly bags and fertilizers bags, forest health in form of pests and diseases and safety were also maintained. Environmental Impact Assessment Compliance Reports were produced at quarterly interval.</li> <li>• A standard operating procedure has been written on the COC process for the FMU</li> </ul>	<ul style="list-style-type: none"> <li>• There was no public summary on the monitoring indicators including those listed in Criterion 8.2.</li> </ul>

	<ul style="list-style-type: none"> <li>• Results from the various monitoring activities were incorporated in the revised FMP.</li> </ul>	
<p><b><u>Principle 9</u></b></p> <p>Management activities in high conservation value forests shall maintain or enhance the attributes which define such forests. Decisions regarding high conservation value forests shall always be considered in the context of a precautionary approach</p>	<ul style="list-style-type: none"> <li>• The forest management operation has identified specific sites with high concentration of Orang Utan nesting trees and had worked out a conservation plan for these trees.</li> <li>• The FMU was clearly demarcated on ground and protected through gates at the main entrances.</li> <li>• The FMU had just established the HCVF sites and monitoring would be initiated.</li> <li>• The results of monitoring would be incorporated into the revision of the FMP</li> </ul>	

#### 4.2 Certification decision

In general, the Segaliud-Lokan FMU has complied with most the requirements of the *MC&I* (2002). As no Major Non-Conformity Report (NCR) was raised, the FMU is therefore recommended for certification, conditional upon submission of a corrective action plan by KTSP to SIRIM QAS International within a month from the last day of the audit.

#### 4.3 Recommendation for Certification

The final Stage 2 Audit Report was tabled to the Certification Panel which convened on 3 December 2009 for a certification decision. The Certification Panel was chaired by the Senior General Manager of the Management System Certification (MSC) Department, SIRIM QAS International Sdn Bhd which comprised the Heads of the various sections of the Management System Certification (MCS) Department.

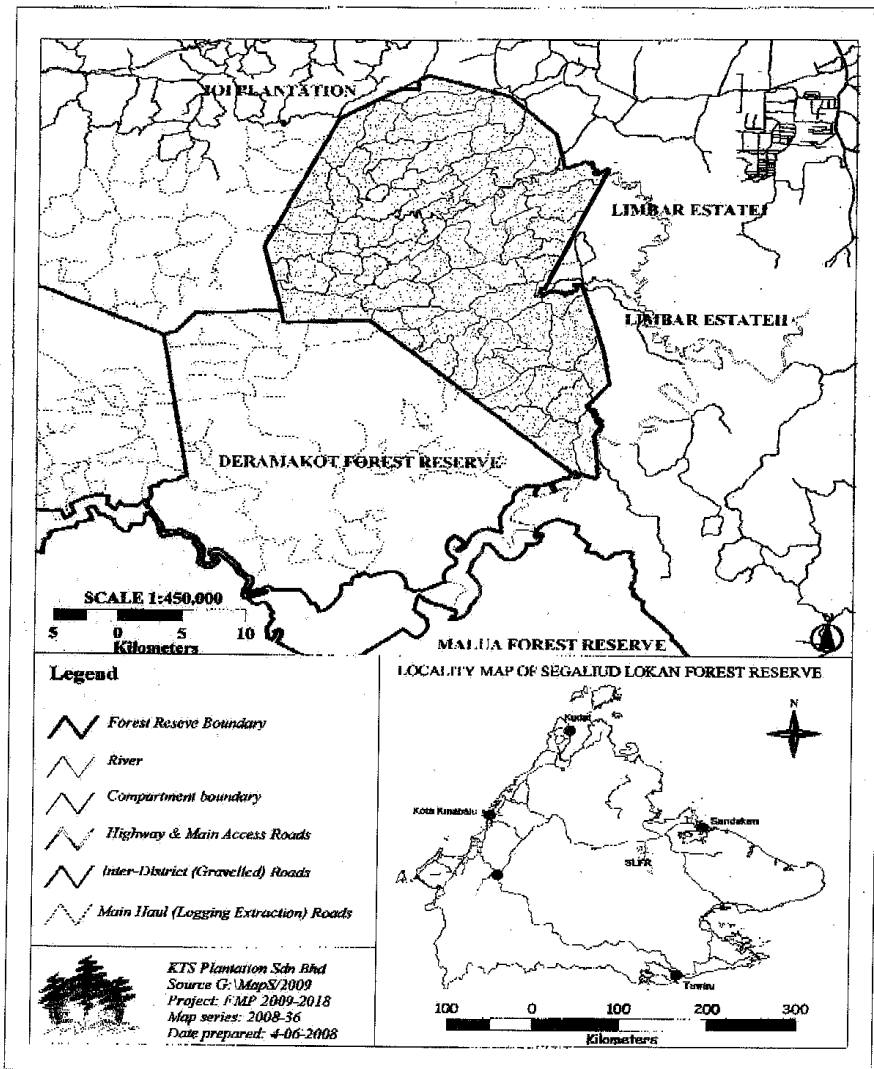
The Panel had deliberated on the final Stage 2 Audit report and concurred with the recommendations made by the audit team and peer reviewers and therefore decided to award the Certificate for Forest Management to KTS Plantation Sdn Bhd, which manages the Segaliud-Lokan FMU.

### Map of Segaliud-Lokan FMU

26/11 2009 07:34 FAX 089271800

KTS PLANTANTION

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**List of stakeholders Consulted**

1. Group: Government  
Name : Sabah Forestry Department  
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90000 Sandakan  
Sabah  
Tel : 089-660 811/125/824  
Fax : 089-669 170  
Email : [htan@sabah.gov.my](mailto:htan@sabah.gov.my)  
Sam.Mannan@sabah.gov.my  
Web : [www.forest.sabah.gov.my](http://www.forest.sabah.gov.my)
  
2. Group: Government  
Name : Jabatan Perlindungan Alam Sekitar - Sabah  
Address : Tingkat 1-3, Bangunan Wisma Budaya  
Jalan Tunku Abdul Rahman  
Beg Berkunci 2078  
88999 Kota Kinabalu  
Sabah  
Tel : 088-238 188  
Fax : 088-238 120  
Email : [yabi.yangkat@sabah.gov.my](mailto:yabi.yangkat@sabah.gov.my)  
Web : [www.sabah.gov.my/jpas](http://www.sabah.gov.my/jpas)
  
3. Group: Government  
Name : Sabah Wildlife Department  
Address : 5th Floor, B Block, Wisma MUIS  
88100 Kota Kinabalu  
Sabah  
Tel : 088-215 353/214 442  
Fax : 088-222 476  
Email : [jhlsabah@tm.net.my](mailto:jhlsabah@tm.net.my)  
pangarah.jhl@sabah.gov.my  
Web : [www.sabah.gov.my/jhl](http://www.sabah.gov.my/jhl)
  
4. Group: NGO  
Name : Partners of Community Organisations (PACOS TRUST)  
Address : Office:  
First Floor, Lot 5  
Block M, Donggongan Town  
Penampang  
Sabah  
Postal address:  
P O Box 511  
89507 Penampang  
Sabah  
Tel : 088-712 518  
Fax : 088-718 669  
Email : [pacos@tm.net.my](mailto:pacos@tm.net.my)  
Web : [www.sabah.net.my/PACOS](http://www.sabah.net.my/PACOS)
  
5. Group: NGO  
Name : Malaysian Nature Society - Sabah  
Address : Lot F-4-18, Block F, 4th Floor

- Plaza Tanjung Aru, Jalan Mat Salleh  
Tanjung Aru, 88100 Kota Kinabalu  
Sabah
- Email : mns\_sabah@yahoo.com.sg
6. Group: NGO
- Name : WWF - Malaysia (Sabah's office)  
Address : Suite 1-6-W11  
6th Floor, CPS Tower, Centre Point Complex  
No. 1, Jalan Centre Point  
88800 Kota Kinabalu  
Sabah
- Tel : 088-262 420  
Fax : 088-242 531  
Email : [contactus@wwf.org.my](mailto:contactus@wwf.org.my)  
Web : [www.wwf.org.my](http://www.wwf.org.my)
7. Group: NGO
- Name : Sabah Environmental Protection Association (SEPA)  
Address : Lot 1-2F, Beverly Hills Plaza, Jalan Bundusan  
88300 Kota Kinabalu, Sabah  
P O Box 10126, 88801 Kota Kinabalu  
Sabah
- Tel : 088-727 199  
Fax : 088-712 199  
Email : [sepa@tm.net.my](mailto:sepa@tm.net.my)
8. Group: Research Agency
- Name : Forest Research Centre Sabah  
Address : P.O. Box 1407  
90715 Sandakan  
Sabah
- Tel : 089-531522/3/4  
Fax : 089-531 068  
Email : [YingFah.Lee@sabah.gov.my](mailto:YingFah.Lee@sabah.gov.my)  
Web :
9. Group: Research Agency
- Name : Universiti Malaysia Sabah (UMS)  
Address : School of International Tropical Forestry  
Universiti Malaysia Sabah  
Locked Bag 2073  
88999 Kota Kinabalu  
Sabah
- Tel : 088 320 000 ext. 8880  
Fax : 088 320 876  
Email : [mudsudin@ums.edu.my](mailto:mudsudin@ums.edu.my)  
Web : <http://www.ums.edu.my/spta/index.htm>
10. Group: NGO
- Name : Kadazandusun Cultural Association  
Address : Hongkod Koisaan,  
Km 7, Penampang Road,  
WDT 39  
89509 Penampang  
Sabah

Tel : 088713696  
Fax : 088713350  
Email : [koisaan@kdca.org.my](mailto:koisaan@kdca.org.my)  
Web : <http://kdca.org.my/>

## Record on Issues Received from Stakeholders and Responses by the Audit Team

No	Name	Organisation	Address and Contact Numbers	Date Received	Detail of Issue Raised	Comments by Audit Team Leader
1	Sabah Forestry Department	Government	KM 10, Labuk Road 90000 Sandakan Sabah Tel : 089-660 811/125/824 Fax : 089-669 170	9 Sept. 2009	<p><b><u>Environmental protection</u></b> KTS Plantation compiled with the Environmental Management Criterion whereby:</p> <ul style="list-style-type: none"> <li>• KTS Plantation has carried out Environmental/Social Impact Assessment.</li> <li>• The EIA above has been approved by EPD Sabah on 23<sup>rd</sup> November 2001;</li> <li>• Quarterly Environmental Compliance Report were prepared to the government agencies</li> </ul> <p><b><u>Biodiversity Conservation</u></b> KTS Plantation compiled with Biodiversity Conservation where:</p> <ul style="list-style-type: none"> <li>• The FMU is zoned into production –NFM &amp; ITP (50,016 ha), Conservation (6,447 ha) and Research Area (777 ha);</li> <li>• Conservation areas are identified on maps within the FMP and CHP based on areas over 25° slope of 3,383 ha and 3,064 ha for an elephant corridor. There is marking observed in FMU based on maps provided;</li> <li>• Research area is prohibited from timber harvesting</li> <li>• KTS Plantation has identified natural area within the FMP and</li> </ul>	<p>The comments were also verified through documentation review during the assessment.</p> <p>Conservation sites were demarcated on maps and on ground.</p> <p>The audit team was able to meet with the workers in the camp.</p>

					<p>current maps. Some riparian reserves have been identified accordingly.</p> <p><b><u>Opportunities for Employment</u></b></p> <p>KTS Plantation adhered to Clause 25 of the SFMLA where:</p> <ul style="list-style-type: none"> <li>• KTS Plantation employed both Malaysians (56%) and Foreigner (44%)</li> <li>• Employment opportunities are provided/given equally for men (male) and women (female);</li> <li>• The classification of employer grouping is as follows: <ul style="list-style-type: none"> <li>a. Executive (Malaysian)-7</li> <li>b. Clerical (Malaysian)-17: foreigner-65;</li> <li>c. General workers (Malaysian)-65; foreigner-65</li> </ul> </li> <li>• Compositions of male and female as of 20087-male; 125 (79%), female:33 (21%)</li> </ul> <p><b><u>Community Relations &amp; Workers Rights</u></b></p> <p>There are no community settlements within the boundaries of Segaliud Lokan Forest Reserve (SLFR). The current community settlement is Kg Balat, which is located 5km South West of SLFR. Therefore, KTS Plantation does not have a direct relation with the community of Kg Balat</p> <p>With regard to worker rights, the level of compliance is partial. KTS Plantation has provided adequate facilities for its workers</p>	<p>The audit team was able to meet with and consult the local community.</p> <p>This was also verified during the assessment.</p>
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				<p>especially in respect to health living conditions. Medical aid kit is available on site but with incomplete medicine supply. Normally KTS Plantation sends its worker to Sandakan (1.5 hour travel) for medical treatment.</p> <p><b><u>Benefits from the forest</u></b>  There are no native customary rights associated in SLFR. Nevertheless, all associated forestry activities in SLFR in one way or another provide employment opportunities for the communities and others. Since the forest in SLFR is considered as well manage, I would assume that functions of the forest (social, economic, environment) and/or values (products and services) derived from the forest are ensured and manage sustainably.</p> <p><b><u>My Relationship with KTS Plantation</u></b></p> <ul style="list-style-type: none"> <li>• As a partner in SFM</li> <li>• As an advisor to good forest management (SFM); and</li> <li>• As an auditor for SFM compliance</li> </ul> <p><b><u>Other comments</u></b></p> <ul style="list-style-type: none"> <li>• The recent auditing work carried out by GFS (M) Sdn Bhd reported that KTS Plantation achieved a score of 100% compliance with respect to TLAS SFMLA for Sabah</li> </ul>	
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2	Jabatan Perlindungan Alam Sekitar - Sabah	Government	Tingkat 1-3, Bangunan Wisma Budaya Jalan Tunku Abdul Rahman Beg Berkunci 2078 88999 Kota Kinabalu Sabah Tel : 088-238 188 Fax : 088-238 120	No comments were received.	-	-
3	Sabah Wildlife Department	Government	5th Floor, B Block, Wisma MUIS 88100 Kota Kinabalu Sabah Tel : 088-215 353/214 442 Fax : 088-222 476	No comments were received.	-	-
4	Partners of Community Organisations (PACOS TRUST)	NGO	<u>Office:</u> First Floor, Lot 5 Block M, Donggongan Town Penampang Sabah <u>Postal address:</u> P O Box 511 89507 Penampang Sabah Tel : 088-712 518 Fax : 088-718 669	No comments were received.	-	-
5	Malaysian Nature Society - Sabah	NGO	Lot F-4-18, Block F, 4th Floor Plaza Tanjung Aru, Jalan Mat Salleh Tanjung Aru, 88100 Kota Kinabalu Sabah	No comments were received.	-	-
6	WWF - Malaysia (Sabah's office)	NGO	Suite 1-6-W11 6th Floor, CPS Tower, Centre Point Complex No. 1, Jalan Centre Point 88800 Kota Kinabalu Sabah Tel : 088-262 420 Fax : 088-262 420	No comments were received.	-	-

7	Sabah Environmental Protection Association (SEPA)	Government	Lot 1-2F, Beverly Hills Plaza, Jalan Bundusan 88300 Kota Kinabalu, Sabah P O Box 10126, 88801 Kota Kinabalu Sabah Tel : 088-727 199 Fax : 088-712 199	No comments were received.	-	-
8	Forest Research Centre, Sabah	Research Agency	Tel : - Fax : 089-536 678	No comments were received.	-	-
9	Universiti Malaysia Sabah (UMS)	Research Agency	School of International Tropical Forestry Universiti Malaysia Sabah Locked Bag 2073 88999 Kota Kinabalu Sabah Tel : 088 320 000 ext. 8880 Fax : 088 320 876	No comments were received.	-	-
10	Kadazandusun Cultural Association	Government	Hongkod Koisaan, Km 7, Penampang Road, WDT 39 89509 Penampang Sabah Tel : 088713696 Fax : 088713350	No comments were received.	-	-

**Audit Plan**  
**Stage 2 Audit on Segaliud-Lokan FMU**

DAY	TIME	PROGRAM		
		AUDIT TEAM LEADER (AUDITOR 1)	AUDITOR (2)	AUDITOR (3)
<b>Day 1</b> <b>(24/8/09)</b>	9.20 am-12.00 pm	Travel from Kuala Lumpur to Sandakan Briefing by Audit Team Leader on the audit plan to auditors		
	2.30 pm -4.30 pm 5.30 pm -7.00 pm	Travel to Segaliud Lokan Base Camp <ul style="list-style-type: none"> <li>• Opening Meeting with representatives of FMU</li> <li>• Briefing session by Forest Manager of the FMU</li> <li>• Q&amp;A Session</li> <li>• Confirmation of itinerary</li> </ul>		
<b>Day 2</b> <b>(25/8/09)</b>	7.30 am – 5.00 pm	<ul style="list-style-type: none"> <li>• (Auditor 1 &amp; 3)</li> <li>• Inspection of logging activities</li> <li>• Boundary with other landuse</li> </ul>	<ul style="list-style-type: none"> <li>• (Auditors 2)</li> <li>• Meeting with field staff and contract workers</li> </ul>	
	8.00 pm – 10.00 pm	Review of Day 2 Findings by Audit Team Leader		
<b>Day 3</b> <b>(26/8/09)</b>	7.30 am – 5.00 pm	<ul style="list-style-type: none"> <li>• (Auditor 1 &amp; 3)</li> <li>• Protection area</li> <li>• HCVF sites</li> <li>• Post harvesting sites</li> <li>• Enrichment planting</li> </ul>	<ul style="list-style-type: none"> <li>• (Auditors 2)</li> <li>• Local communities (villages at the southern boundary of the FMU)</li> </ul>	
	8.00 pm – 10.00pm	<ul style="list-style-type: none"> <li>• Review of Day 2 Findings by Audit Team Leader</li> </ul>		
<b>Day 4</b> <b>(27/8/09)</b>	8.30 am – 12.00 pm	<ul style="list-style-type: none"> <li>• (Auditor 1)</li> <li>• Growth and Yield Plots</li> <li>• Log pond and inspection of COC process</li> </ul>	<ul style="list-style-type: none"> <li>• (Auditors 2 &amp; 3)</li> <li>• Staff facilities and chemical storage</li> <li>• Nursery site</li> <li>• Solid waste site</li> </ul>	
	2.30 pm – 5.30 pm	<ul style="list-style-type: none"> <li>• Stakeholder meeting in Sandakan (Forestry Department, EPD and Wildlife Department)*</li> </ul>		
<b>Day 5</b> <b>(28/8/09)</b>	8.00 am -10.00 pm	AUDIT TEAM LEADER (AUDITOR 1)	AUDITOR 2	AUDITOR 3
	10.00 pm- 3.00 pm 3.00 pm-5.00 pm	Meeting of audit team members Preparation of closing report Closing Meeting and presentation of findings of audit and discussion on follow-up activities Adjourn Closing Meeting		
<b>Day 6</b> <b>(29/8/09)</b>	8.30 am	Flight back to Kuala Lumpur.		