

Date of Public Summary: 21 December 2011

**PUBLIC SUMMARY OF SECOND SURVEILLANCE AUDIT OF
SEGALIUD LOKAN FOREST MANAGEMENT UNIT FOR
FOREST MANAGEMENT CERTIFICATION**

Certificate No	: FMC 001
Date of Certification	: 3 December 2009
Date of Surveillance Audit	: 19-22 July 2011

Certification Body:

**SIRIM QAS International Sdn Bhd
Block 4, SIRIM Complex
1, Persiaran Dato' Menteri
Section 2, P. O. Box 7035
40700 Shah Alam
Selangor, MALAYSIA**

**Tel : +60 3 5544 6400
+60 3 5544 6448
Fax : +60 3 5544 6763
E-Mail : radziah_mohd.daud@sirim.my**

1. INTRODUCTION

This annual surveillance audit on the Segaliud Lokan Forest Management Unit (hereafter referred to as 'the FMU') was conducted from 19 – 22 July 2011. It was the second annual surveillance audit conducted on the FMU to assess its continued compliance against the requirements of the MC&I (2002) using the verifiers stipulated for Sabah. The first surveillance audit on this FMU was conducted on 28 September to 1 October 2010. Additionally, the audit of the FMU took into account the two new instructions issued on 16 February 2011 under the MTCS, i.e. (i) Interpretation of Criterion 6.10 of the MC&I(2002) and (ii) Interpretation of the term "Free and Informed Consent" in the MC&I(2002).

The FMU is managed by KTS Plantations Sdn. Bhd (KTSP). The FMU is located in the Segaliud-Lokan Forest Reserve along the 46th Mile, Sandakan-Telupid Highway. This forest constitutes the Forest Management Unit (FMU) 19(b) of the Sandakan Forest District, which was gazetted in 1984. It covers an area of 57,247 ha. A map of the FMU showing the significant features of the forest is attached in **Annex 1**.

The FMU consists of lowland *Dipterocarp* forest with the original vegetation mainly of *Parashorea tomentelia/Eusideroxylon zwageri*, dominated by *Parashorea* and associate species of *Shorea leptoclados*, *Dryobalanops lanceolata* and *Dipterocarpus caudiferus*. About 40 % of the large trees 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 species.

All the forest including the 37,420 ha, which had originally been scheduled for Industrial Tree Plantation (ITP), had been kept under the natural forest management system except for the 2,163 ha which had already been planted with rubber trees (*Heavea brasiliensis*).

The FMU had continued to be managed based on the principles of sustainable forest management (SFM) and the requirements of the Licence Agreement of the Sabah State Government. There has been no change in the Forest Management Plan (FMP) covering the period from 2009 to 2018 which had been presented during the previous Stage 2 and the first surveillance audits.

2. GENERAL SUMMARY

2.1 Name of FMU

Segaliud-Lokan FMU

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
Tel : 089-271 601/ 271 602
Fax : 089-271 600
E-mail : ktsp sdk@tm.net.my

2.3 Dates of Surveillance Audit:

19 – 22 July 2011 (8 man-days)

2.4 Audit Team

Dr. S.K Yap (Audit Team Leader)
Mr. Khairul Najwan Ahmad Jahari (Auditor)

2.5 Standards Used

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

2.6 Stakeholder Consultation

A stakeholder consultation through invitation to comment on the management of the FMU was conducted in June 2011 for a period of one month. However, there were no written comments received from any stakeholder.

3. SUMMARY OF SURVEILLANCE AUDIT FINDINGS

Of the FMU's total forest area of 57,247 ha, only 2,138 ha had been converted for planting rubber trees and trial planting of other tree species during the early stage of KTSP's operations. Since then, the audit team had verified that there has been no new conversion of the FMU into forest plantation. KTSP had stated clearly in its revised FMP that it would not be converting the remaining compartments under natural forests to mono crop plantations.

With regard to the implementation of the two new instructions, there has been no new conversion of natural forest to forest plantations and non-forest land uses since the last surveillance audit, except for the 109.25 ha which had been cleared for the construction of the base camp infrastructures, staff quarters, field camps, roads and nursery.

KTSP had been given a long term licence agreement on the forest land by the Sabah State Government. There was no local community living within the FMU. The nearest local community is Kampung Balat, a settlement located about 5 km at its nearest distance outside the FMU's boundary. As such, there were no legal/customary tenure or use rights of the local communities on the forest management area. Nevertheless, KTSP had listed Kampung Balat as its stakeholder community.

The FMU management had conducted an assessment to identify sites of special cultural, ecological, economic or religious significance to indigenous peoples and others. However, as had been documented, they had not been able to identify any of such sites. A social impact assessment (SIA), which involved consultations with relevant stakeholders had also been carried out and documented. The relevant information from the SIA had been incorporated into the management planning. In addition, the revision of the FMP had taken into account the findings of the SIA.

The various inventories, which had been conducted on the faunal population within the FMU, had indicated an area of concentration of 4 of the endangered animal species of Sabah. An evaluation of HCVF attributes for the area had been completed with a report entitled 'Evaluation of High Conservation Value Forest (HCVF) in Segaluid Lokan Forest Reserve' was produced in

August 2009. KTSP had considered the whole FMU as an HCVF area and it had provided the audit team a stakeholder consultative list on HCVFs.

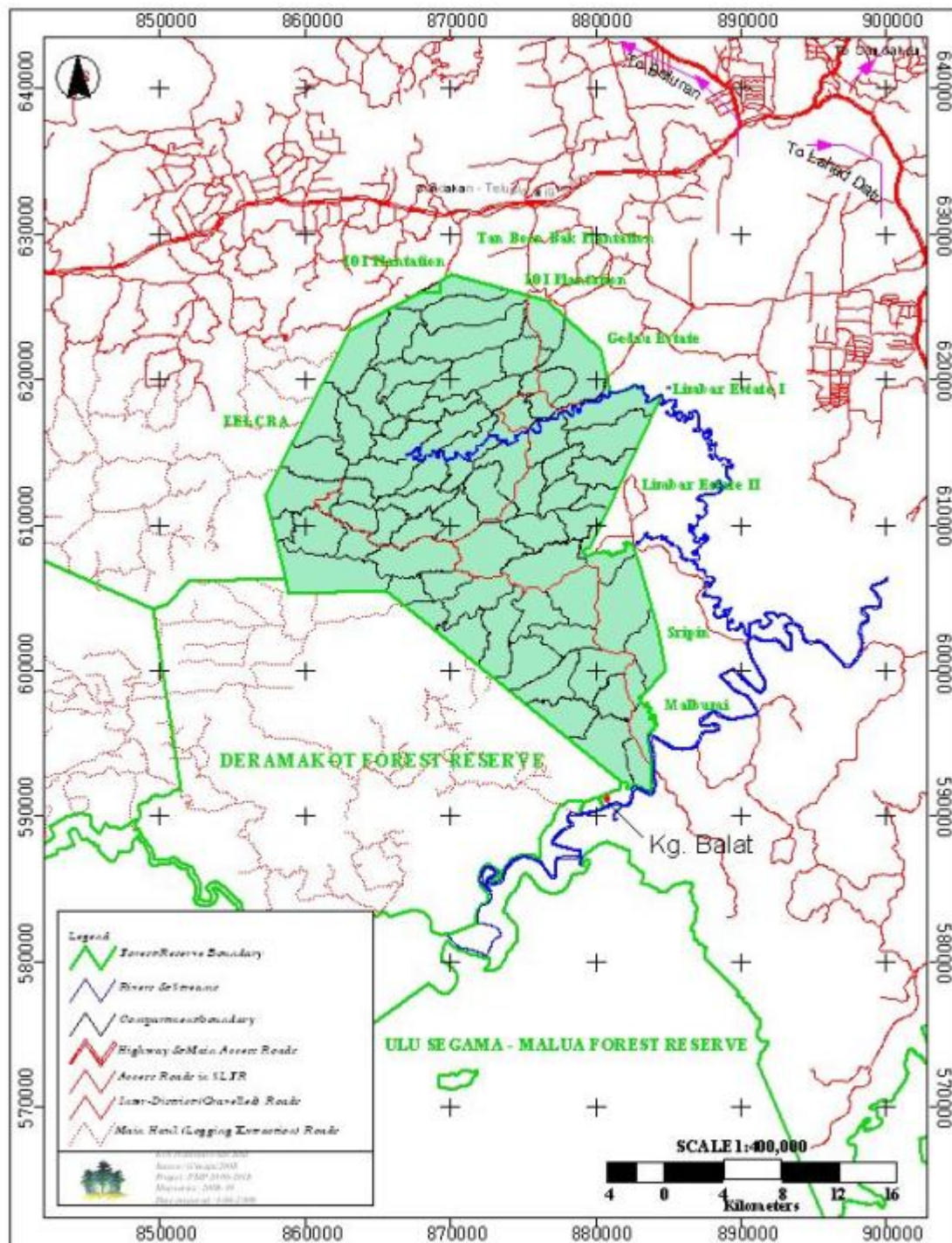
The findings of the surveillance audit had indicated that in general, the FMU had continued to fulfill the requirements of the MC&I (2002) despite the issuance of two (2) new minor Non-Conformity Reports (NCRs) and four (4) Observation for Improvements (OFIs).

The audit team had also verified on the corrective actions taken by KTSP to address the two (2) minor NCRs and four (4) OFIs raised during the previous surveillance audit. The audit team was satisfied that the actions taken by KTSP had been appropriate and had consequently closed out all the minor NCRs and OFIs. There was no NCR previously issued remained outstanding. The details on the status of the NCRs and OFIs being raised during the previous surveillance audit, and the new NCRs and OFIs raised during this surveillance audit are attached in **Annex 2**.

KTSP had submitted a corrective action plan detailing on the corrective actions it would be taking to address the new NCRs and OFIs raised during this surveillance audit. The proposed action plan had been accepted by the Audit Team Leader. These proposed corrective actions by KTSP to address the new minor NCRs and OFIs shall be verified by the audit team during the next surveillance audit.

As no Major NCR had been raised, the audit team had therefore recommended that the *Certificate for Forest Management* awarded to KTSP be maintained.

Map of Segaliud Lokan FMU



Status of NCRs and OFIs Raised During the Previous Surveillance Audit**NCRs:**

Indicator	NCR No.	Status	Summary of Non Compliance	Corrective Actions Taken	Status
4.2.3	1	Minor	Hard hats had been provided by the contractor responsible for harvesting but their use had not been effectively enforced. It was observed along skid trail B10 in Compartment 64 that workers from the contractor responsible for harvesting trees had not been wearing safety gear like hard hats.	Owing to the bad weather, there was no harvesting being done during this surveillance audit. However, during an inspection made on the log landing sites, it was observed that all the workers were wearing hard hats and shoes. Consultations held with the workers in the field camp had confirmed that they had been provided with PPE and instructed to wear them during work. Records of issuance of PPE to workers involved with harvesting, planting and nursery were inspected.	Closed-out
9.3.2	2	Minor	A report entitled 'Evaluation of High Conservation Value Forest (HCVF) in Segaliud-Lokan Forest Reserve' was completed in August 2009. In the report, the definition, status, monitoring and management measures for HCVF attributes were presented. However, measures to ensure the maintenance and enhancement of the HCVF attributes had not been included in the publicly available summary.	KTSP had taken appropriate actions to include in the FMP a summary of the specific measures to ensure the maintenance and enhancement of the HCVF attributes.	Closed-out

OFls:

Indicator	OFl No.	Summary of OFI	Corrective Actions Taken	Status
1.5.2	1	In view of the incidences of poaching observed including in the salt lake inspected in Compartment 50, the Honorary Wildlife Rangers who had been trained by the World Wide Fund for Nature (WWF) and Wildlife Department could be mobilized for patrolling of sensitive entry points by poachers	The Honorary Wildlife Rangers had conducted inspection of the south-eastern boundary with Parabumi Oil Palm Estate. Signboards had been erected along the parameter fence. No encroachment was sighted except for a small patch that was planted with banana by the local communities. Signage indicating the boundary of the FMU had also been displayed.	Closed out
4.2.1	2	The contract agreement with respect to the safety and welfare of workers signed with the harvesting contractor has to be drafted with similar terms as that given to employees employed directly by the FMU management. All foreign workers must have all relevant legal documentation.	A new contract agreement has been drafted for the workers of the harvesting contractors. All relevant legal documents for foreign workers were made available.	Closed out
5.6.1	3	From the Pre-Felling Assessment conducted in Compartment 66, it was observed that the available volume of harvestable trees for the second and third rotation was very low. An inspection of Compartment 58 had also indicated a very low volume of marketable trees. These harvestable areas within the FMU would have to be reassessed and the annual harvest areas recalculated. Enrichment planting in these sites would have to be enhanced.	New Permanent Sampling Plots had now been established in the southern area of the FMU in Compartments 64 and 65 following harvesting. A forest stratum map was also produced to identify the forest classes present.	Closed out
6.2.3	4	The implementation of management guidelines to establish representative conservation and protection areas especially salt licks could be enhanced with greater cooperative with conservation organizations and regulatory authorities. Analysis of data from camera trapping and documentation of Orang Utan nesting sites could be analysed with their	Cooperative efforts with governmental agencies, universities and research institutions on the implementation of conservation and management activities had been initiated. Four students from the University Malaysia Sabah were on attachment training at the FMU.	Closed out

		assistance.		
--	--	-------------	--	--

Issuance of New NCRs and OFIs under the Current Surveillance Audit

NCRs:

Indicator	NCR No.	Status	Summary of Non Compliance
8.5.1	SKY1	Minor	The enumeration and growth of the seedlings used in the enrichment planting program as well as the compliance monitoring report on environmental impacts had not been included in the public summary.
9.4.1	SKY2	Minor	Whilst the monitoring of the Orang Utan nesting sites along specified trails had been conducted, they had not conducted similar assessment to assess the effectiveness of the measures taken in the management of the HCVF sites identified in the forest management areas.

OFIs:

Indicator	OFI No.	Summary of OFI
6.2.1	1	The <i>Final Report Wildlife Survey in Segaliud Lokan Forest Reserve KTS Plantation</i> by Andrew Wlting and Azian b. Mohmmmed and Conservation of Carnivores in Sabah had provided many suggestions on protection of endangered, rare and threatened species. Consideration could be made to include some of these measures into the management of such species in the forest management area.
6.5.2	2	KTSP had been adhering to the specifications of RIL in its harvesting operations as specified under the Comprehensive Harvesting Plans approved by the Sabah State Forestry Department. However, the RIL harvesting system being implemented could be enhanced by training the tractor driver to avoid damaging the remaining trees. It was observed that three trees had been damaged along SKT 7 in Compartment 66.
6.6.2	3	It was observed that the training documentation on chemical handling could be improved by regular updating of the records.
8.1.2	4	Presentation of data obtained from RIL, Pre and Post Harvesting monitoring as well as PSP could be improved with graphic representation.

End of Public Summary