

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

**Certificate No : FMC 001**  
**Date of Recertification Audit : 31 July - 4 Aug 2012**

**Certification Body:**

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## **1. INTRODUCTION**

The Segaliud Lokan Forest Management Unit (hereafter referred to as 'the Segaliud Lokan FMU') was awarded the Certificate for Forest Management against the MC&I (2002) following the Stage 2 Audit that was conducted on 24 - 28 August 2009. Following the certification, the first surveillance audit was conducted on 28 September – 1 October 2010, while the second surveillance audit on 19-22 July 2011.

The recertification audit on the Segaliud Lokan FMU was conducted from 31 July - 4 August 2012. This was an audit to assess the continued overall compliance of the KTS Plantations Sdn Bhd (KTSP) forest management system and practices of the Permanent Reserved Forests in the Segaliud Lokan against the requirements of the Malaysian Criteria and Indicators for Forest Management Certification [MC&I (2002)]. In line with the transition plan from the use of MC&I (2002) to MC&I (Natural Forest), the recertification audit also included the MC&I (Natural Forest) in its audit scope.

The audit was conducted by a three member team comprising Mr. Khairul Najwan Ahmad Jahari (Forester), Dr. S.K. Yap (Forester/Ecologist) and Dr Lim Hin Fui (Sociologist).

The findings of the recertification audit had indicated that the FMU had complied with the requirements of the MC&I (2002) and new standard MC&I (Natural Forest) despite the issuance of three (3) new minor NCRs and eleven (11) OFIs. The audit team had also verified the corrective actions taken by KTSP to address the two (2) minor NCRs and four (4) OFIs raised during the second surveillance audit. The audit team was satisfied that the actions taken by KTSP had been appropriate, and hence all the minor NCRs and OFIs raised were closed out.

Therefore, it is recommended that the Certificate for Forest Management issued to the KTSP be renewed, with the condition that a corrective action plan by KTSP to address the new minor NCRs is submitted to SIRIM QAS International Sdn Bhd within three months from the last day of this recertification audit.

This recertification audit report provides the findings by the audit team on the compliance of the FMU against the requirements of the MC&I (2002) and MC&I (Natural Forest). It also contains the comments received from the relevant stakeholders on the FMU's forest management practices and the FMU's responses on these comments as well as recommendations by the audit team on the awarding of the Certificate for Forest Management against the MC&I (Natural Forest) to KTSP.

## **2. GENERAL SUMMARY**

### **2.1 Name of FMU**

Segaliud-Lokan FMU

### **2.2 Contact Person and Address**

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### 2.3 Date of Recertification Audit:

31 July – 4 August 2012 (15 auditor days)

### 2.4 Audit Team

Mr. Khairul Najwan Ahmad Jahari (Forester)  
Dr. Yap Son Kheong (Forester/Ecologist )  
Dr. Lim Hin Fui (Auditor)

### 2.5 Standards Used

Malaysian Criteria and Indicators for Forest Management Certification [MC&I (2002)] and Malaysian Criteria and Indicators for Forest Management Certification [MC&I (Natural Forest)]

### 2.6 Stakeholder Consultation

A stakeholder consultation was conducted by SIRIM QAS International in June 2012 for a period of one month. Only one stakeholder comment was received, which is shown in **Attachment 1**.

In this recertification audit, consultations were held with the Assistant District Forest Officer (Sabah Forestry Department), villagers of Kg Pengkalan at Bukit Garam, police personnel at Balai Polis Bukit Garam, staff of Kinabatangan Wildlife Office, staff of the FMU, and field workers of the contractors at the harvesting sites, camps and nursery.

## 3. SEGALIUD-LOKAN FOREST MANAGEMENT UNIT

The Segaliud-Lokan FMU is managed by KTSP. The FMU is located in the Segaliud-Lokan Forest Reserve, along the 46<sup>th</sup> Mile, Sandakan-Telupid Highway, which constitutes the Forest Management Unit (FMU) 19 (b) of the Sandakan Forest District, 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 shown in **Attachment 2**.

The FMU consists of lowland Dipterocarp forest with original vegetation mainly of *Parashorea tomentelia/Eusideroxylon zwageri* Forest Type, dominated by Parashorea and associate species *Shorea leptoclados*, *Dryobalanops lanceolata* and *Dipterocarpus caudiferus*. About 40 % of the large trees comprise of these species. With the completion of the second rotation harvesting, the forest strata and species composition had changed with a shift to more non-Dipterocarp species.

A Forest Management Plan (FMP) covering the period from 2009 to 2018 had been presented during the previous audits. It was noted that there has been no changes in the FMP and the FMU continues to follow the principles of sustainable forest management (SFM) and the requirements of the Licence Agreement of the Sabah State Government.

## 4. SUMMARY OF RECERTIFICATION AUDIT FINDINGS

All two (2) minor NCRs and four (4) OFIs raised during the second surveillance audit had been satisfactorily closed out during this recertification audit as KTSP had taken the appropriate corrective actions submitted to address

these NCRs and OFIs to SIRIM QAS International. This recertification audit had resulted in the issuance of three (3) new minor NCRs and eleven (11) OFIs.

The details on the status of the two (2) minor NCRs and four (4) OFIs which were raised during the second surveillance audit, the corrective actions taken by KTSP to address them, the remarks made by the Audit Team Leader and their close-out details as well as new NCRs and OFIs raised in the recertification audit are shown in **Attachment 3**.

KTSP had submitted a corrective action plan on 22 August 2012, detailing the corrective actions it would be taking to address the new NCRs and OFIs raised during this recertification 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 in the coming surveillance audit.

As there was no major NCR raised and all the NCRs raised during the second surveillance audit have been satisfactorily closed out, the audit team had therefore recommended that the *Certificate for Forest Management* awarded to the KTSP be renewed.

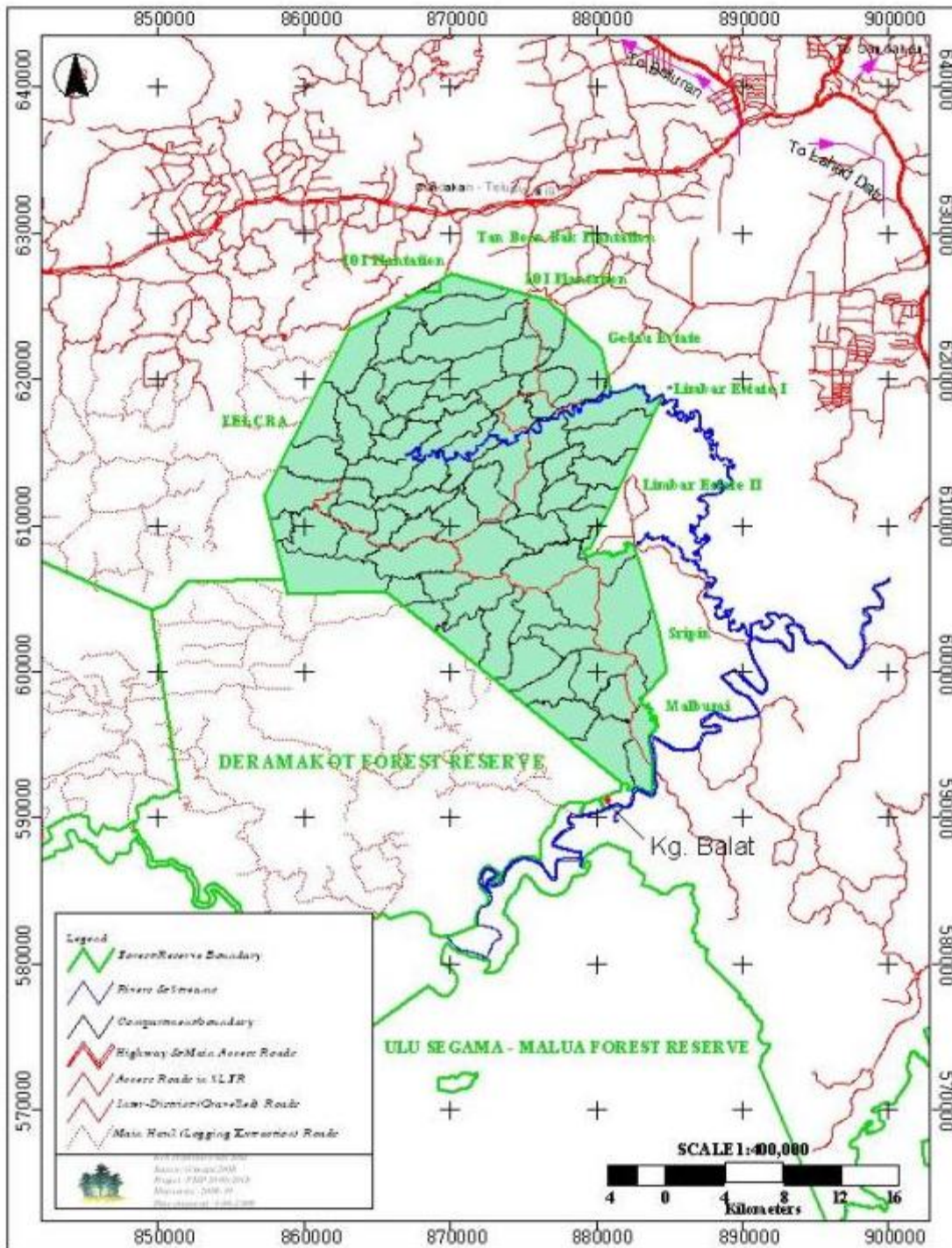
**Comments by Stakeholders and Responses by Audit Team**

No	Stakeholder	Comments / Issue Raised	Response by Audit Team
1	Stakeholder 1	<p><b>1. Research Station</b></p> <p><b>1.1 Background</b>  SegaliudLokan Forest Research Station was established in 1986 with an overall objective to carry out research on potential tree species for promoting industrial forest plantation in Sabah. With an area of 250 ha, about 25 species have been planted over 60ha since 1988. The research plots have been instrumental for many research and development on timber plantation that have been presented and published in local and international research conferences and journals, respectively. As this research station is sharing a common border and connected with Forest Management Unit 19B, which is under concession of KTS Plantation monitor to maintain the integrity of the forest ecosystems in both areas</p> <p><b>1.2 Threats</b></p> <p><b>1.2.1 Forest fire</b>  In Sabah, long drought evens are associated with the atmospheric and oceanic anomaly known as the El Nino-Southern Oscillaton (ENSO) phenomenon. Frequent occurrences of these severe drought events have increased the susceptibility of vegetation to wildfire. Since the FMU are surrounded with alienated land of various agriculture land use and settlements, there is a risk that fire could spread into the reserve.</p> <p><b>1.2.2 Illegal harvesting and wildlife poaching</b>  Illegal harvesting of natural resources for timber and wildlife can be pervasive threats to the forest ecosystem in both areas. Illegal felling could potentially remove important mother trees that would supply seed</p>	<p>On the matter, the FMU is monitoring to control the encroachment, including the forest fire along the boundary.</p> <p>A schedule for boundary patrol for 2012 was presented for the period of January to December 2012. Reports on the observation made during the patrols conducted from August 2011 to November 2011 were also made available to the audit team.</p> <p>Protection through enforcement of no hunting policy, security gates and the monthly patrol of the boundary had been established by the FMU management. Aerial monitoring was also conducted once in 2011 and once in 2012.</p> <p>The number of encroachments was reduced due to the patrols conducted.</p> <p>There was no case of encroachment in 2012 except for the last year, only one case in 8 August 2011 with 5 trees removed. This was reported to the Forestry Department and action to fine the agency responsible was taken.</p> <p>Inspection was made to the boundary along FMU with the oil palm plantation along Sungai Tabalian. The FMU had erected appropriate signage along the FMU. Patrolling of boundary with Forestry Department officers as well as scheduled monthly patrols was conducted.</p>

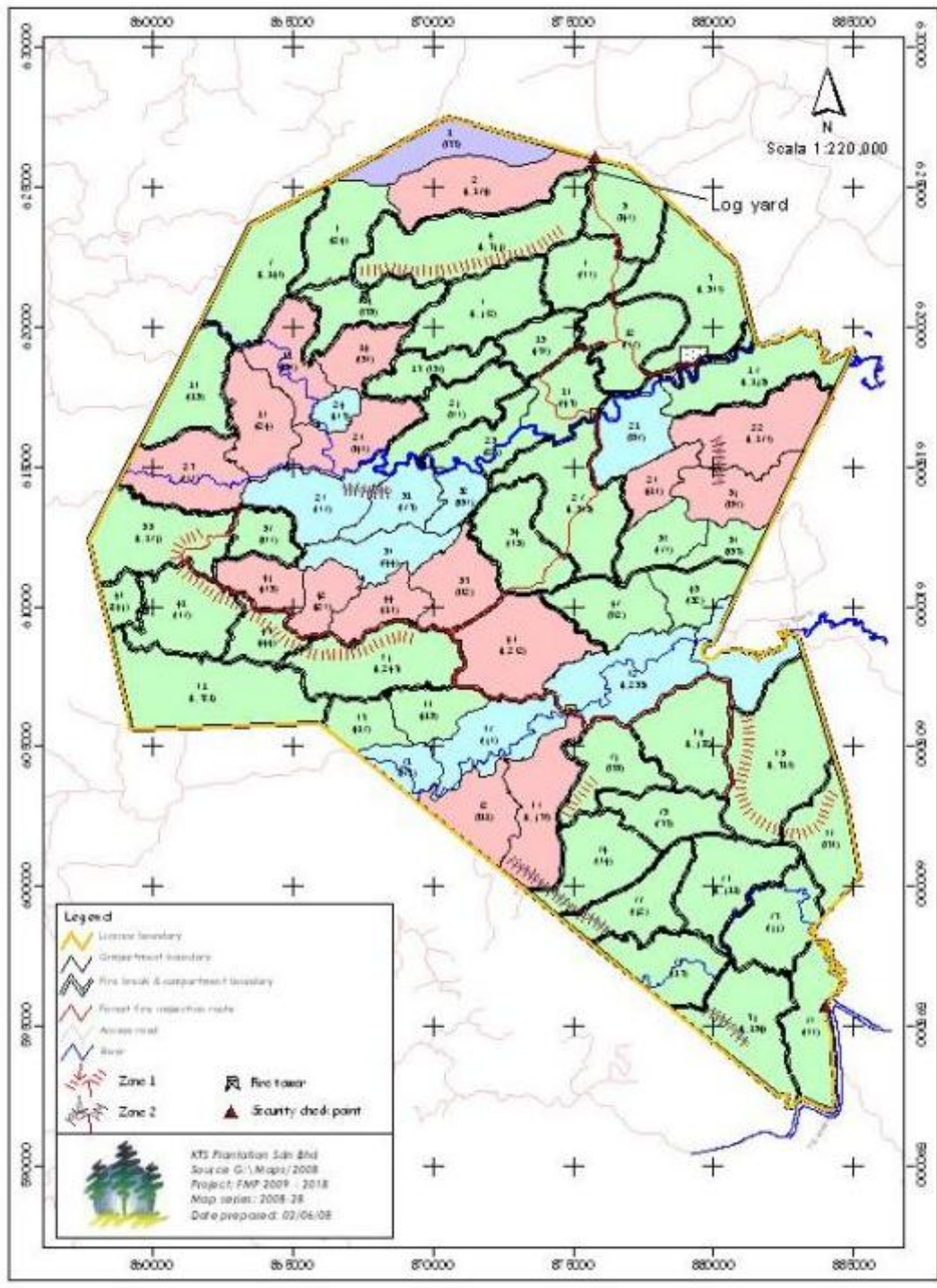
		<p>source for the survival of the species in a local area through means of natural regeneration. Moreover, wildlife poaching may pose reduction of animal population in the wild.</p> <p><b>1.3 Recommendation</b></p> <p>Regular recertification and monitoring activities should be planned and carried out in order to protect this forest ecosystem. Furthermore, the importance of maintaining the integrity of the forest ecosystem and biological diversity from the above threats should be aware to all stakeholders especially palm oil industries and communities residing adjacent to the reserve (FMU 19B)</p> <p><b>2. Invasion of non-native tree species in natural forest within FMU 19B and surrounding forest area</b></p> <p><b>2.1 Background</b></p> <p>A great number of potential timber plantation species are not native to Sabah. KTS Plantation Sdn. Bhd. has planted few non-native species and to name a few, Acacia spp. and rubber. Thus far, no studies have been made to determine whether these species are categorized as invasive species, however, precautionary approached should be taken into the management consideration to avoid these introduced species from becoming threats to the well-being of the surrounding natural forest</p> <p><b>2.2 Threats</b></p> <p>In the past, exotic species have been extensively used for industrial plantation</p>	<p>A schedule for boundary patrol for 2012 was presented for the period of January to December 2012. Reports on the observation made during the patrols conducted from August 2011 to November 2011 were also made available to the audit team.</p> <p>Discussion with forest workers and their family members at workers' quarters showed that they are aware that hunting is strictly prohibited.</p> <p>A total of 9 KTSP staffs attended a special training course on "Kursus Warden Kehormat Hidupan Liar" (Training on Wildlife Honorary Warden) on 9-10 May 2012 and were given participation certificate. Discussion with staffs of Kinabatangan Wildlife Office at Batu Garam on 2 August 2012 revealed that some of these trainees will be appointed as "Warden Kehormat" (Honorary Warden) of the Wildlife office, expected to carry out monitoring and control of illegal hunting.</p> <p>For the enrichment planting program, exotic species of <i>Swietenia macrophylla</i>, <i>Khaya ivorensis</i> and <i>Paraserianthes falcataria</i> had been used. KTSP continues to monitor the potential ecological impacts of these exotic species. The monitoring result can be accessed at <a href="http://segaliudlokan.com/rd/pdf/summary_report_of_monitoring_the_planted_exotic_species.pdf">http://segaliudlokan.com/rd/pdf/summary_report_of_monitoring_the_planted_exotic_species.pdf</a></p> <p>The nursery had been collecting indigenous species for the next phase of enrichment planting to reduce the planting of these exotic species.</p> <p>It was observed that these exotic species had been planted only in</p>
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		<p>and restoration projects, but after few decades, some of the introduced species become wide spread, often invading opened area. In some areas, these species tend to reproduce prolifically, eventually out-competing native tree species, inhibiting natural regeneration or re-growth of the forest (simplification of community assemblages and structure). Other consequences of forest simplification besides loss of native species biodiversity are the susceptible to forest fire, especially area dominated by Acacia trees.</p> <p><b>2.3 Recommendation</b>  Total removal of non-native species trees outside the Industrial Tree Plantation (ITP) zone is necessary in order to reduce competition with native trees and the risk of forest fire in the FMU area as a precautionary approach. This exercise should be carried out continuously and the management personnel must remain vigilant especially in areas that are susceptible to forest fire.</p>	<p>sites that had been severely degraded without any tree cover as these species were able to survive better on such sites.</p> <p>The other species planted were the indigenous Binuang (<i>Otomoles sumatrana</i>), Merawan Siput Jantan (<i>Hopea odorata</i>), Kapur Paji (<i>Dryobalanops lanceolata</i>), Laran (<i>Anthocephalus cadamba</i>), Menggaris (<i>Kompassia excelsa</i>), Seraya Majau (<i>Shorea johorensis</i>) and Urat Mata (<i>Parashorea parvifolia</i>).</p> <p>There was a gradual reduction of exotic species planting.</p>
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Map of the Segaliud-Lokan FMU







**Attachment 3**

**Status of NCRs and OFIs issued during Second Surveillance Audit in 2011 against the MC&I (2002)**

**NCRs**

<b>Indicator</b>	<b>NCR No.</b>	<b>Non-Compliance</b>	<b>Corrective Action Taken</b>	<b>Verification by Auditor</b>
Indicator 8.5.1	1 (Minor)	The enumeration and growth of the seedlings used in the enrichment program as well as the compliance monitoring report on environmental impacts had not been included in the public summary.	The public summary was updated with the results of enumeration and growth of the seedlings and the compliance monitoring report on environmental impact.	<b>Closed-out</b>
Indicator 9.4.1	2 (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.	<p>Preliminary analysis of nest decay over the period of observation had been conducted. However the analysis need to be improved</p> <p>The FMU had signed a MoU with BCT (Borneo Conservation Trust) to develop a study for enhancing forest ecosystems connectivity and corridors for Orang Utan and Bornean Elephant in North Kinabatangan starting on January 2012 to December 2014.</p> <p>The activities of the study including the developing of monitoring programme using Management Information System (MIST), and to establish the standard biodiversity monitoring programme</p>	<b>Closed-out with follow up on result of the monitoring. Refer OFI 9.4.1</b>

**OFIs:**

<b>Indicator</b>	<b>OFI No.</b>	<b>Summary of OFI</b>	<b>Corrective Actions Taken</b>	<b>Status</b>
Indicator 6.2.1	OFI 1	The Final Report Wildlife Survey in Segaliud Lokan Forest Reserve KTS Plantation by Andrew Wilting and Azian b. Mohammed and Conservation of Carnivores in Sabah had provided many suggestions on protection of endangered, rare and threatened species. Considerations could be made to include some of these measures into the management of such species in the forest management area.	<p>The FMU had signed a MoU with BCT (Borneo Conservation Trust) to develop a study for enhancing forest ecosystems connectivity and corridors for Orang Utan and Bornean Elephant in North Kinabatangan starting on January 2012 to December 2014.</p> <p>The activities of the study including the developing of monitoring programme using Management</p>	Closed

			Information System (MIST), and to establish the standard biodiversity monitoring programme	
Indicator 6.5.2	OFI 2	<p>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.</p> <p>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.</p>	Refreshment training has been conducted on 7 September 2011. The recently refreshment training was conducted on 28 June 2012. The training records were verified including the attendance list and personal records. Interviews with related workers show the workers were aware on RIL systems.	Closed
Indicator 6.6.2	OFI 3	It was observed that the training documentation on chemical handling could be improved by regular updating of the records.	Training documentation on chemical handling has been improved. A record on training has been well kept. E.g. refreshment training on chemical handling (pesticide) on 22 July 2011 to nursery workers and scheduled waste on 10 September 2011.	Closed
Indicator 8.1.2	OFI 4	Presentation of data obtained from RIL, Pre and Post Harvesting monitoring as well as PSP could be improved with graphic representation.	KTS plantation has improved the data analysis by including the graphic presentation, on PSP compartment 26,	Closed

**Issuance of New NCRs and OFIs during Recertification Audit in 2012 against the MC&I (Natural Forest)**

**NCRs**

Indicator	NCR No.	Status	Summary of Non Compliance
6.1.1	SKY 1	Minor	The additional EIA report "The Proposed Logging Activities at FMU 19(B) 28,787ha in Segaliud Lokan Forest Reserve" had mentioned the land use of the surrounding area but had not included the landscape impacts of the forest activities.
6.7.1	NAJ 1	Minor	Oil, fuel, tyres, containers, liquid and solid non organic waste, shall be disposed of in an environmentally appropriate and legal manner. Fuel containers used by the field contractors were left directly on the forest floor at the harvesting compartments of 68 and 58
8.1.1	SKY 2	Minor	<p>Forest Manager shall comply with the regulatory monitoring procedures in accordance with relevant federal and state guidelines of the Forestry Departments and other relevant agencies. The forest manager had not submitted the environmental compliance report on time to the Environmental Protection Department (EPD).</p> <p>Quarterly monitoring of environmental features had been specified by the EPD. There was a delay in the submission of Environmental Compliance Report for 2011 as stated in the letter from EPD dated 17 July 2011.</p>

**OFIs:**

Indicator	OFI No.	Summary of OFI
4.1.2	1	<p><u>Qualified people in communities living within, or adjacent to, the FMU are given preference for employment and contract works.</u></p> <p>It was found that employment records of contractors' workers are inadequate as there is no detail on date of employment, age, date of employment, expiry date of temporary employment permit. Detail information on contractors' workers need to be updated. The FMU managers need to ensure that the contractors do not employ any worker below 18 years old.</p>
4.5.2	2	<p><u>Appropriate mechanisms are employed to expeditiously resolve grievances, and provide fair and equitable compensation for any loss or damage affecting the local communities' legal or customary rights, property, resources, or their livelihoods, caused by forest operations.</u></p> <p>Discussion with a total of 20 workers and their family members on 1 August 2012 indicated that villagers earlier lodged a complaint on the possibility of timber trees falling on their quarters thus threatening their lives. Record showed that the letter of complaint dated 25 May 2012 was signed by 16 residents. The meeting minutes of Management of Workers Committee dated 18 May 2012 showed it was aware of big trees behind the quarters (i.e. Labourline Kem Utama). Nevertheless, the complaint letter dated 25 May 2012 was not recorded and signed in the grievance form. There is a need to fill in the</p>

		grievance form upon receiving a complaint and action is to be taken to study the nature of the grievance and act within 7 days from the date of complaint received as required in the Flow Chart of Grievance Resolution Process.
1.3.1	3	<u>Forest manager are aware of all binding international agreements relevant to forest management [New requirement for MC&amp;I (Natural Forest)]</u>  Cartagena Protocol on Biosafety to the Convention on Biological Diversity, 2000 was not available
6.3.3	4	<u>Harvesting is designed taking into consideration the need for the conservation of biological corridors and buffer zones for features of special biological interest for wildlife</u>  The bun for controlling the water flow has been implemented. However the design of the bun needs to be improved.
6.4.1	5	<u>Representative areas of existing forest ecosystems, appropriate to the scale and intensity of forest management operations, identified and selected under 6.2.2, are demarcated and protected in their natural state.</u>  The site with large concentration of <i>Nepenthes ampullaria</i> could be demarcated and mapped for protection.
6.5.4	6	<u>Availability and implementation of guidelines for conservation of buffer strips along streams and rivers.</u>  Following a site inspection conducted by the EPD it had noted the absence of prominent signage for the riparian belt of a river. Buffer belts for all rivers should be marked with clear signage
9.2.1	7	<u>Forest managers shall consult with relevant stakeholders on the options to maintain or enhance the identified HCVMs.</u>  The list of stakeholder was prepared in 2009 and had not been updated since. An update would be appropriate with assistance from ecological experts.
9.4.1	8	<u>Forest managers shall conduct, appropriate to scale and intensity of forest management operations, annual monitoring to assess the effectiveness of the measures in the management of the HCVMs in the FMU*.</u>  Monthly monitoring of the population of Orang Utan was conducted. Preliminary analysis of the monitoring data was presented. The method of presenting the results of analysis should be improved.
6.2.4	9	<u>Hunting, fishing and collecting activities shall be controlled and inappropriate activities prevented in the FMU.</u>  Hunting platform used by poachers was observed at the boundary of the FMU with Malbumi Oil Palm Estate. These have to be reported to the relevant authority for action to be taken.

5.6.1	10	<p><u>Rate of harvest shall not be greater than estimated regrowth of the residual stand based on permanent sample plots within a pre-defined cutting cycle.</u></p> <p>Permanent Sampling Plots (PSPs) had been established in the southern portion of the FMU. Owing to the differences in the condition of the forest these plots would have to be analysed separately from those monitored at the northern portion.</p>
6.10.1	11	<p><u>The forest manager shall ensure that conversion from natural forest to forest plantations or non-forest use:</u></p> <ul style="list-style-type: none"> <li>a. <u>Shall not include any High Conservation Value Forest areas and</u></li> <li>b. <u>Covers a very limited portion of the FMU and shall enable clear, substantial, additional, secure, long term conservation, economic and social benefits across the FMU</u></li> </ul> <p><u>[New requirement in MC&amp;I(Natural Forest)]</u></p> <p>The MC&amp; I(Natural Forest) specifies that forest conversion from natural forest to forest plantation shall be limited to no more than 5 % of the total area of the FMU. The 2,138 ha of plantation already established and the 22,238 ha approved for industrial tree plantation which would include enrichment planting in degraded sites could be exceeding this allowable area. At the moment the FMU had not increased the planting area as allowed by the Forestry Department but only rehabilitating severely degraded sites (without trees). The scope of certification would have to be revised to comply with the conditions for natural forest management certification or plantation standard if required.</p>

End of Report