



**PUBLIC SUMMARY
SURVEILLANCE 1 AUDIT (FIRST CYCLE) ON
SEGAN FOREST PLANTATION MANAGEMENT UNIT
FOR FOREST PLANTATION MANAGEMENT CERTIFICATION**

**Certificate Number: FPMC 0002
Date of First Certification: 18 July 2014
Audit Date : 22-24 October 2014**

Prepared by:

Food, Agriculture and Forestry Section
SIRIM QAS International Sdn. Bhd.
Block 4, SIRIM Complex 1, Persiaran Dato' Menteri Section 2,
P.O. Box 7035 40000 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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1 EXECUTIVE SUMMARY

SIRIM QAS International Sdn. Bhd. (SIRIM QAS International) is the oldest and leading certification, inspection and testing body in Malaysia. SIRIM QAS International provides a comprehensive range of certification, inspection and testing services which are carried out in accordance with internationally recognised standards. Attestation of this fact is the accreditation of the various certification and testing services by leading national and international accreditation and recognition bodies such as the Department of Standards Malaysia (STANDARDS MALAYSIA), the United Kingdom Accreditation Services (UKAS), the International Automotive Task Force (IATF), and the Secretariat of the United Nations Framework Convention for Climate Change (UNFCCC). SIRIM QAS International is a partner of IQNet, a network currently comprising of 36 leading certification bodies in Europe, North and South America, East Asia and Australia.

This audit on the Forest Plantation Management Unit (FPMU) of Samling Segan Licensed Planted Forest (LPF) 0014, hereafter referred as the Segan FPMU was conducted from 22-24 October 2014 to assess the overall continued compliance of the FPMU's forest plantation management system against the Malaysian Criteria and Indicators for Forest Plantation Management Certification [MC&I (Forest Plantations)] using the verifiers stipulated for Sarawak. The audit was conducted by a two-member team comprising Dr. S.K. Yap (Lead Auditor) and Mr. Khairul Najwan Ahmad Johari (Auditor).

Based on the findings of this audit, it was found that Samling Timber Sdn. Bhd. had generally continued to manage the Segan FPMU in compliance with the requirements of the MC&I (Forest Plantations). This audit had resulted in the issuance of 2 Minor Non-Conformity Reports (NCRs) and 4 Observation for Improvements (OFIs).

The audit team had also verified the corrective actions taken by the Segan FPMU to address the 1 Major and 4 Minor Non-Conformity Reports (NCRs) which were raised during the previous audit and found them to have been implemented effectively and therefore had closed them out.

1.1 INTRODUCTION

1.2 Name of FPMU

The Segan FPMU is located in Bintulu, Sarawak, Malaysia

1.3 Contact Person and Address

Mr. David Marsden (Chief Forester)
Samling Timber Sdn. Bhd.
Samling Segan Licensed Planted Forest (LPF) 0014 FPMU
Wisma Samling
Lot 296 Jalan Temenggong
Datuk Oyong Lawai Jau
P.O Box 368
98007 Miri, Sarawak, Malaysia
Tel: +60 (85) 413 099
Fax: +60 (85) 429 073
Email: marsdend@samling.com.my

1.4 Scope of Certification

Management of forest plantation of the Samling Segan Licensed Planted Forest (LPF) 0014 located within the 3 blocks covering an area of 10,800 hectares.

1.5 Standard Used

Malaysian Criteria and Indicators for Forest Plantation Management Certification [MC&I (Forest Plantations)]

1.6 General Background on the Segan FPMU

The Segan FPMU is an industrial tree plantation (ITP) operating under a government licence (LPF/0014) held by Syarikat Samling Timber Sdn Bhd (SST), an international forestry and forest products manufacturing company. SST is a member of the Samling Group which has a headquarters in Miri, in the north of the State of Sarawak, East Malaysia. The Segan FPMU is located 12 to 25 km south of Bintulu which is some 200 km south south-west of Miri. The licence area comprises of three geographically discrete blocks: the North Block which fronts onto the Kemena River some 10 -12 km upstream of Bintulu Town and the West and East blocks which lie about 8 km due south-east and south, respectively of the North Block.

A map of the Segan FPMU showing the significant features of the forest plantation is attached in **Attachment 1**.

1.7 Date First Certified

18 July 2014.

1.8 Location of the Certified FPMU

2° 58' N to 3° 12'N and 112° 58' E to 113° 12'E.

1.9 Forest Plantation Management System

The Segan FPMU is located in Segan, south-east of Bintulu, consisting of a northern block of 3,400 ha which stretches from Sg. Segan in the west to Sg. Ninai in the east with the southern bank of Sg. Batang Kenena forming the northern boundary. The eastern block covers an area of 5,450 ha and shares common boundaries with the Alabumi Oil Palm Plantation and Sarawak Planted Forest. The smallest block is located in the west of the FPMU with an area of 1,950 ha which is also surrounded by the Alabumi Oil Palm Plantation to the east and Sarawak Planted Forest in the other three directions. In total, the Segan FPMU covers 10,800 ha of plantation consisting mainly of *Acacia mangium* trees.

The Segan FPMU was one of the earliest Industrial Tree Plantations established in Sarawak with the first planting in 1999/2000. The objective of the management of the forest plantation was originally for the economic production of pulpwood but was later changed to the economic production of logs for supply to the downstream mills of the parent company, where the logs were primarily used for peeler logs and saw logs and those logs unsuited to these purposes being chipped (for in-house fibre board manufacture).

The breakdown of the land use of the Segan FPMU is as shown in the table below:

Land Use within Samling Segan (LPF) 0014	Area (ha)
Gross Area	10,909
Totally Protected Area	1,577
Shifting Agriculture/NC R Land	2,797
Net LPF Area	6,535
Planted area	5,092
Plantable Area	1,009
Balance Potential Plantable Area	105
Others	329

1.10 Annual Allowable Cut/Annual Harvest under the Forest Plantation Management Plan

The rate of harvest of forest products was set at 42,000 metric tonnes (MT) per year. This had not been exceeded in 2012 and 2013 based on the production record. The 2014 Harvesting Plan had projected 309.2 ha for harvesting with an expected log production volume of 41,161 MT. The mean annual increment (MAI) of the plantation would be based on the data from the PSPs containing 153 to 296 trees per ha of 16 cubic metre (m³) per ha.

1.11 Environmental and Socioeconomic Context

A socio-economic survey which was conducted during an Environmental Impact Assessment (EIA) study had shown there were 23 long houses (villages) within and around 3 km radius of the FPMU. These long houses were located along the main river systems.

Most of the inhabitants of the long houses are Iban except for Kampung Kuala Segan which is of Melanau/Kedayan community. Most of the long houses owned agricultural plots which they had planted with oil palm as well as pineapples as sources of income. Many of the younger villagers had left these long houses to work in the off-shore oil and gas industry in the town of Bintulu and thus, not many were working with the Segan FPMU.

2 AUDIT PROCESS

2.1 Audit Dates

22-24 October 2014 (6 man-days)

2.2 Audit Team

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

2.3 Stakeholder Consultations

A one-month stakeholder consultation was conducted beginning on 18 September 2014 to solicit feedback from stakeholders on the compliance of the Segan FPMU to the requirements of the *MC&I* (Forest Plantations). There were no comments received from the stakeholders.

2.4 Audit Process

The audit was conducted primarily to evaluate the level of continued compliance of the FPMU's current documentation and field practices in forest plantation management against the *MC&I* (Forest Plantations) using the verifiers stipulated for Sarawak.

For each Indicator, the auditors had conducted a documentation review, consultation with the relevant personnel of the FPMU 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 overall compliance in the indicator and decided whether or not to issue a major or minor NCR or an OFI.

Consultations were held with the contractors and workers operating within the FPMU. A meeting was held with the management representatives based at the FPMU.

3 SUMMARY OF AUDIT FINDINGS

Details of the assessment findings (evidences) have been addressed accordingly in the full detailed report. The summary of the audit findings are as follows:

PRINCIPLE	STRENGTHS	WEAKNESSES
Principle 1	Segan FPMU management has respected all applicable laws and international treaties and agreements to which Malaysia is a signatory, and complied with all the Principles and Criteria contained herein.	Nil.
Principle 2	Long-term tenure and use rights to the land and forest resources has been clearly defined, documented and legally established. Documents were available upon request and approved by the authorized personnel.	Nil.

Principle 3	<p>The legal and customary rights of indigenous peoples to own, use and manage their lands, territories, and resources had continued to be recognised and respected by the Segan FPMU.</p> <p>Documentation of customary rights of indigenous people was still in accordance to the Land Ordinance and established native customary rights of the State. Native Agreements between the FPMU and the communities stating agreement dates, area involved coupe or block, amount paid and maps were presented.</p> <p>The Community Representative Committee still provided a forum where grievances of local people would be adjudicated through a conflict resolution process. This committee comprised representatives from senior management including the Community Liaison Officer and representatives of the local communities. <i>Pemali Menoa</i> (compensation payment) record was presented. Agreements between Samling Timber and individual villagers establishing rates of payment as compensation for fruit trees were determined were still being used.</p>	Nil.
Principle 4	Segan FPMU management had continued to maintain the long-term social and economic well-being of the forest workers and local communities.	<p>It was observed that the yarder operating site at Block 13 Coupe 2A had no signage around the machine to limit unauthorized people from entering the working area to prevent accidents. A minor NCR 1/2014 had been raised.</p> <p>The Segan FPMU had continued to give opportunities for employment in the plantation to the local communities. However, the information on the availability of employment opportunity could be made more known through notices being distributed to the neighbouring long houses as requested during the stakeholder consultations. An OFI 1 was therefore raised.</p> <p>Although monthly safety record was still being maintained by the forest managers, it was observed that greater effort could have been taken to reduce the number of incidences</p>

		occurring on the road. An OFI 2 was therefore raised.
Principle 5	Segan FPMU management had continued to 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.	Nil.
Principle 6	<p>Segan FPMU management had continued to conserve biological diversity and its associated values, water resources, soils and unique and fragile ecosystems and landscapes, in line with aim to maintain the ecological functions and the integrity of the forest</p> <p>According to the findings of the EIA study, the plantation area had been severely logged over prior to the establishment of the FPMU, resulting in a degraded forest ecosystem. There were no sites with high conservation values identified in the EIA study except for the riparian buffer belts along the main waterways. There was also a low number of commercial tree species remaining in the FPMU.</p> <p>Conversion of forest plantation area into non forest land use had not occurred within the FPMU except for roads and infrastructures essential for the forest plantation operation. The main office complex and staff quarters were situated outside the plantation area. The planted trees provided additional secure and long-term benefits as the timber would be processed in the associated mills.</p>	Nil.
Principle 7	A management plan had been written, implemented, and kept up-to-date, appropriate to the scale and intensity of the operations. The long term objectives of management and the means of achieving them were clearly stated.	Nil.
Principle 8	<p>Segan FPMU had continued to monitor the assessment of the condition of the forest, yields of forest products, chain-of custody, management activities and their social and environmental impacts and found to be appropriate to the scale and intensity of forest plantation management.</p> <p>A summary on the monitoring indicators such as yield of forest products harvested, growth rates, composition and observed changes in flora and fauna, environmental and social impacts, cost, productivity and efficiency of forest plantation management practices had not been updated and made publicly available. As a result, NCR #3/2013 (minor) was raised during previous audit.</p> <p>The corrective action taken had been reviewed and accepted by the audit team. The verification on the summary being publicly made available including on the composition and observed changes in the fauna and flora was done during this audit and was found to be adequate.</p>	

Principle 9	<p>Management activities in high conservation value forests has been maintained and for some areas found to be enhanced in term of attributes which define such forests and found to be inline as per Segan FPMU policy. Decisions regarding high conservation value forests was demonstrated to be considered in the context of a precautionary approach.</p> <p>The list of stakeholders had been updated to include other relevant stakeholders from NGOs, ecological experts from universities and other government agencies. Therefore, OFI #4 was raised during previous audit had been effectively verified and closed.</p> <p>The audit team had reviewed both of the reports submitted by the Segan FPMU. The first report had indicated the presence of HCVFs attributes within the FPMU and had included the management as well as monitoring requirements for each of the identified HCVF attribute. The field study conducted to identify HCVFs had involved consultations with the neighbouring communities. This major NCR of previous audit was therefore closed out last year. The verification of the effectiveness conducted during this year audit has confirmed that corrective actions had been implemented accordingly.</p>	<p>The High Conservation Value Forest (HCV1-HCV4) Assessment Report Segan Forest Plantation (LPF/0014) Sarawak Malaysia dated March 2014 had prescribed management and monitoring recommendations for HCV 1.2 and HCV 1.3. These prescriptions had not been implemented in the field and incorporated into the Forest Plantation Management Plan. A Minor NCR 2/2014 had been raised.</p>
Principle 10	<p>The need for prevention and control of outbreaks of diseases and fires had been elucidated in the FPMP. However, the guidelines and/or procedures to control the outbreaks of pests, diseases and fire, as well as invasive plant were not available. NCR #5/2013 (minor) was therefore raised. Verification conducted during this audit has confirmed that the corrective action had been conducted accordingly and its implementation was found to be effective. Thus, this NCR had been closed.</p>	Nil

4 RESULTS AND CONCLUSIONS

Based on the findings of this surveillance audit, it was found that Samling Timber Sdn. Bhd. had continued to manage the Segan FPMU in compliance with the requirements of the *MC&I* (Forest Plantations). However, there were lapses in the management system and practices which had resulted in the issuance of 2 Minor NCRs. The details on the NCRs raised are shown in **Attachment 2**. The management of the Segan FPMU had submitted its proposed corrective actions to address the 2 minor NCRs. The proposed corrective action plan had been reviewed and accepted by the audit team. However, these corrective actions shall be verified by the audit team during the next surveillance audit.

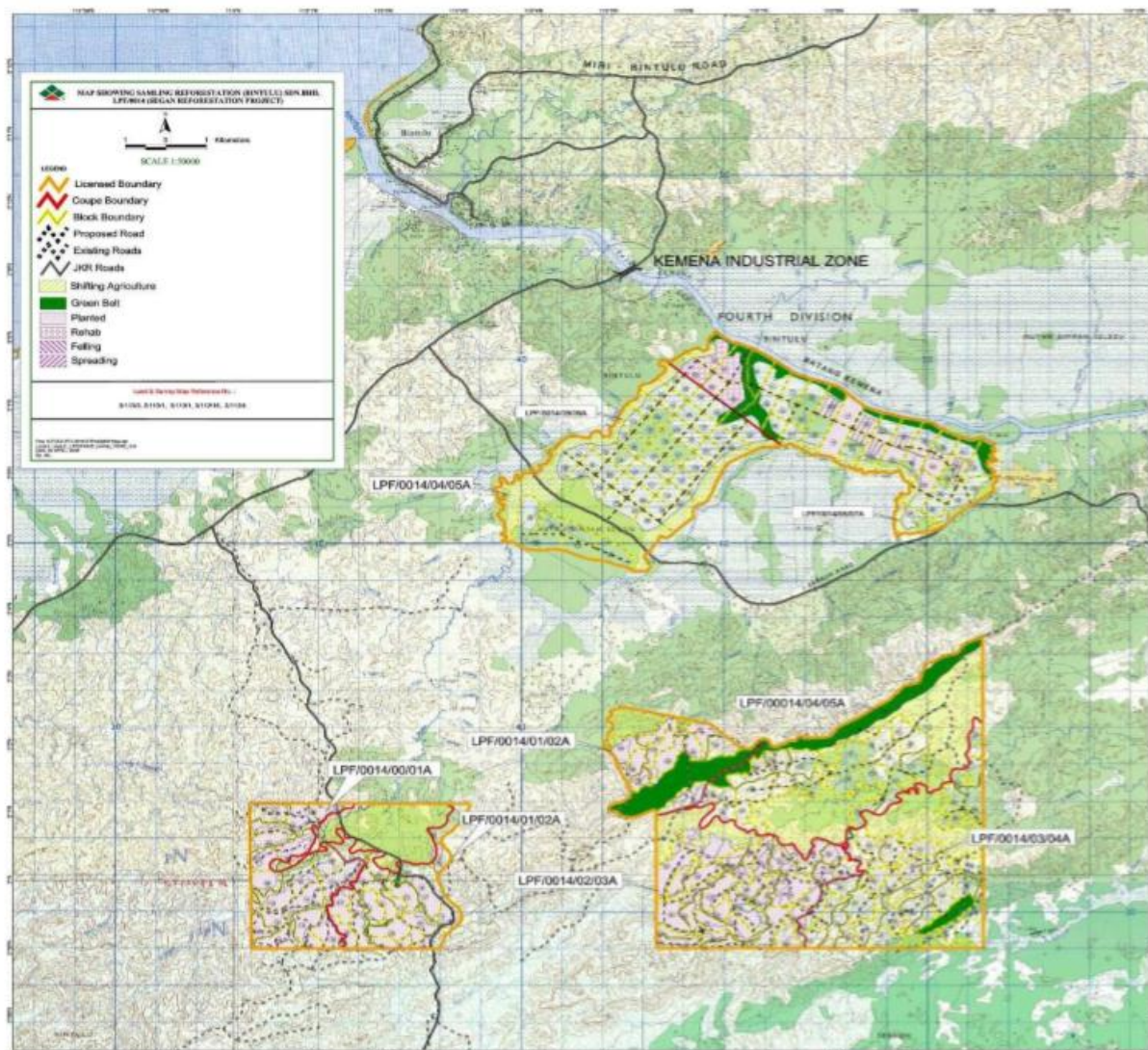
The audit team had also verified on the corrective actions taken by Segan FPMU to address the 1 Major and 4 Minor NCRs which were raised during the previous audit and found they had been implemented effectively and therefore had closed these NCRs. The details on the verification of the corrective actions taken and the status of the NCRs raised during the previous audit are shown in **Attachment 3**.

On indigenous peoples' rights, the Segan FPMU had not operated within indigenous people's lands which had been recognised by national legal frameworks. The FPMU had a long-term tenure on the land under the Licence for Planted Forest No. LPF/0014. There was no record that there was any breach on the indigenous people's rights.

With regards to Criterion 6.10, there was no conversion of forest plantation area into non forest land use within the FPMU except for the construction of roads and basic infrastructures essential for the forest plantation operations.

There was no major NCR raised during this surveillance audit. As the audit team had accepted the proposed corrective actions by the Segan FPMU to address the minor NCRs, the audit team had therefore recommended that the Certificate for Forest Management (Forest Plantation) awarded to the Segan FPMU be maintained.

Map of Samling Segan Licensed Planted Forest (LPF) 0014 FPMU



~~Comments by Stakeholders and Responses by Audit Team~~

~~No Comments by Stakeholders received before the audit (during 1 month consultation period prior to the audit). Any feedback received (if applicable) during the audit itself has been incorporated in the audit findings~~

NCRs and OFIs Raised During this Audit and Corrective Actions Taken (2014)

Indicator	Specification Major/Minor/ OFI	Detail Non- Conformances	Corrective Action Taken	Verification by Assessor
NCR 1/2014 4.2.5	Minor NCR 1/2014	During this surveillance audit, it was observed at the log yarder operating site at Block 13 Coupe 2A had no signage around the machine to limit unauthorized people entering the working area. This would prevent accidents.		
NCR 2/2014 9.3.1	Minor NCR 2/2014	The High Conservation Value Forest (HCV1-HCV4) Assessment Report Segan Forest Plantation (LPF/0014) Sarawak Malaysia dated March 2014 had prescribed management and monitoring recommendations for HCV 1.2 and HCV 1.3. These prescriptions had not been implemented in the field and incorporated into the Forest Plantation Management Plan.		

Verification on Corrective Actions Taken on NCRs and OFIs Raised During Previous Audit (2013)

Indicator	Specification Major/Minor/ OFI	Detail Non-conformances	Corrective Action Taken	Verification by Assessor
9.1.1	Major NCR 4/2013	The identification and management of High Conservation Value Forests Guidelines for PF/0014 Segam has been written. However, an assessment to identify HCVFs within the plantation area has yet to be conducted.	An assessment to identify HCVFs had been conducted and a report entitled <i>High Conservation Value Forest (HCV1-HCV4) Assessment Report March 2014, An Assessment of the Potential For Designing Areas as High Conservation Value Forest</i> was submitted to the audit team. In addition, another report <i>A Socioeconomic Profiling Study of Communities Living Within and Around the Northern Block of Segam Licensed Planted Forest (LPF/0014) Bintulu Division November 2013</i> had also been submitted.	The audit team had reviewed, accepted and verified both of the reports submitted by the Segam FPMU. The audit team was satisfied with the corrective action taken to address this major NCR 4/2013 and had therefore decided to close it out.
1.6.2	Minor NCR 1/2013	A summary of the policy statement on Segam FPMU's commitment to forest plantation management practices consistent with the Principles and Criteria of the MC&I (Forest Plantations) was not publicly made available.	The summary of the policy statement of the Segam FPMU's commitment to managing plantation forest consistent with the P&C of the MC&I (Forest Plantations) was made available on the Samling website and presented to the auditors.	The audit team had reviewed, accepted and verified the corrective action taken. Minor NCR 1/2014 was therefore closed out.
7.4.1	Minor NCR 2/2013.	The summary of the primary elements of the FPMP prepared on 31 December 2012 and revised on 15 November 2013 had not been made publicly available.	A summary of the primary elements of the FPMP had been prepared and became publicly available on the Samling website (www.samling.com) on 12 December 2013.	The audit team had reviewed, accepted and verified the corrective action taken. Minor NCR 2/2014 was therefore closed out.
8.5.1	Minor NCR 3/2013	A summary of the monitoring indicators including yield of forest products harvested, growth rates, composition and	A summary of the monitoring indicators including on the composition and observed changes in the fauna and flora was	The audit team had reviewed, accepted and verified the corrective action taken. Minor NCR 3/2014 was therefore closed out.

		observed changes in flora and fauna, environmental and social impacts, cost, productivity and efficiency of forest management was not updated in the publicly available summary.	was made available on the Samling website.	
10.7.1	Minor NCR 5/2013	The guidelines and/or procedures to control the outbreaks of pests, disease and fire, as well as invasive plant introductions for forest plantation areas were not available.	<p>The R&D Department has a SOP on the control of pest and disease (P&D). A copy of the SOP was e-mailed to the Lead Auditor on 17 December 2013.</p> <p>A Forest Fire Management Plan (FFMP) was indeed available during the previous audit but was not sighted by the audit team due to miscommunication. A hard copy of the Plan was passed to the audit team prior to their departure on 7 December 2013.</p> <p>The procedures on prevention, monitoring and assessment on invasive plant introduction had been described in the FFMP under Section 6.4.4 on Monitoring and Control of Exotic Species.</p>	The audit team had reviewed, accepted and verified these documents and found them adequate to address minor NCR 5/2013. The audit team had therefore closed out this minor NCR.
2.3.1	OFI 1/2013	Although the procedures on land claims had been established, the reporting on the status of the land claim had not been done accurately. There were cases of claims that had been resolved and recorded in the notes of the Community Liaison Officer but not being documented in the file.	Cases of land claims that had been resolved and recorded in the notes of the Community Liaison Officer had been duly documented in the respective file. The record was found to be sufficient and the implementation of procedures on resolving the issues were found to have improved significantly.	The audit team had reviewed, accepted and verified the corrective action taken to address this OFI and had therefore closed it out.
6.2.5	OFI 2/2013	Posters on protected fauna and flora had been displayed at prominent places in	Posters on protected fauna and flora were seen displayed in prominent places within	The audit team had reviewed, accepted and verified the corrective action taken to address

		the plantation. However, the awareness on the need to protect these species could be enhanced by having regular briefings to the field staff.	the plantation areas. In addition, monthly briefing to the field staff was conducted to increase the awareness on the need to protect these species. In addition, a briefing on wildlife protection by a consultant was held on 8 October 2014.	this OFI and had therefore closed it out.
6.7.1	OFI 3/2013	Records of disposal of containers, liquid and solid non-organic wastes, including fuel and oil were seen in consignment records by a registered contractor for scheduled wastes. However, during the inspection of the scheduled waste store, it was found that the Scheduled Waste (SW) was not applied to all wastes except for SW 410 for used filters. Also, there was no inventory of scheduled waste.	Scheduled Waste (SW) has been applied to all wastes and inventory of scheduled waste has been conducted and recorded accordingly.	The audit team had reviewed, accepted and verified the corrective action taken to address this OFI and had therefore closed it out.
9.2.1	OFI 4/2013	A list of stakeholders had been prepared. However, the list should have included other relevant stakeholders from NGOs, ecological experts from universities and other government agencies.	The list of stakeholders had been updated to include other relevant stakeholders from NGOs, ecological experts from universities and other government agencies. The list had included among others the Sarawak Forestry Corporation (SFC), WWF-Malaysia and IBEC of UNIMAS.	The audit team had reviewed the list of stakeholders, accepted it as adequate to address this OFI and had therefore closed it out.