



**PUBLIC SUMMARY  
RECERTIFICATION AUDIT  
ON THE SEGALUID-LOKAN FOREST MANAGEMENT UNIT (FMU)  
FOR FOREST MANAGEMENT CERTIFICATION (NATURAL FOREST)**

**Certificate Number: FMC 0001  
Date of First Certification: 3 December 2009  
Audit Date: 18-22 September 2018  
Date of Public Summary: 15 December 2018**

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## 1 EXECUTIVE SUMMARY

A Stage 2 audit on the Segaliud-Lokan Forest Management Unit (Segaliud-Lokan FMU) was conducted from 24 to 28 August 2009. This is an audit on the overall forest management system and practices of the natural forest within the FMU against the requirements of the *Malaysian Criteria and Indicators for Forest Management Certification (MC&I) 2002* using the verifiers stipulated for Sabah. The scope of the audit is limited to the forest management system and practices of the natural forest within the FMU. Following the Stage 2 Audit, the Surveillance 1 Audit on the Segaliud-Lokan FMU was conducted from 28 September to 1 October 2010. For the Surveillance 2 Audit was conducted from 19-22 July 2011. A Recertification Audit for renewal of the certificate was conducted from 31 July – 4 August 2012. 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.

Then, the Surveillance 1 Audit (second cycle) and Surveillance 2 Audit were conducted from 25-29 November 2013 and 23-27 February 2015. A Recertification Audit for renewal of the certificate was conducted from 19–24 October 2015. Following the renewal of the certificate, the Surveillance 1 Audit (third cycle) was conducted from 9-13 January 2017. And the Surveillance 2 Audit was conducted in the same year of 2017 from 4-7 December 2017.

The Segaliud-Lokan FMU constitutes the FMU 19 (b) of the Sandakan Forest District, which was gazetted in 1984. The FMU, which is managed by KTS Plantation Sdn Bhd (KTSP) covers an area of 57,247 hectares (ha) consisting of lowland *Dipterocarp* forest.

The FMU is managed under the principles of sustainable forest management (SFM) as required in the Licence Agreement with the Sabah State Government. KTSP has prepared a Forest Management Plan (FMP) for the period from 1 January 2009 – 31 December 2018 for the management of the FMU.

This Recertification Audit (fourth cycle) was conducted by a three-member audit team comprises of Mohd Razman Salim, Ismail Adnan Abdul Malek and Tn. Hj. Roslee Jamaludin including a trainee auditor, Mohd Annas Amin Hj Omar.

In general, the Segaliud-Lokan FMU has complied with most the requirements of the MC&I (Natural Forest). However, the audit has resulted with the issuance of one (1) Major and three (3) Minor Non-Compliance Reports (NCRs) including one (1) opportunity of improvement (OFI). Due to acceptance of corrective action plan and evidence of implementation for one (1) Major NCRs and corrective action plan for three (3) Minor NCRs within the stipulated timeframe, the FMU is therefore recommended for certification. The corrective actions as notified by the FMU will be verified during the next audit.

## 2 INTRODUCTION

### 2.1 Name of FMU

Segaliud-Lokan Forest Management Unit (Segaliud-Lokan FMU)

### 2.2 Contact Person and Address

Name: Peter Tiong Siew Kwong  
Address: KTS Plantation Sdn. Bhd.  
Mile 46, Sandakan – Telupid Highway  
90009 Sandakan Sabah Malaysia.

Phone # : 089 271601  
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### 2.3 General Background on the Segaliud-Lokan FMU

The Segaliud-Lokan FMU 19 (b) of the Sandakan Forest District, which was gazetted in 1984 covers an area of 57,247 hectares (ha) and located between latitudes 5° 20' N and 5° 40' N, and longitudes 117° 25' E and 117° 40' E along the 46 Mile, Sandakan-Telupid Highway. The FMU is managed by KTS Plantation Sdn Bhd (KTSP). A map of the FMU showing the significant features of the forest is attached in **Attachment 1**.

The dominant vegetation is the lowland *Dipterocarp* forests comprising 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 within 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.

FMU management was based on the principles of sustainable forest management (SFM) and the requirements of the Licence Agreement with the Sabah State Government. A Forest Management Plan (FMP) covering the period from 2009 to 2018 had been completed and presented during the audit. Although originally 37,420 ha had been scheduled for Industrial Tree Plantation and 12,603 ha under natural forest management system, the FMP has maintained the whole area under natural forest management except for the 2,163 ha which had already been planted with Rubber trees.

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 1993, 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.

The 'Forest Management Plan Segaliud-Lokan Forest Reserve FMU 19(b), Year 2009-2018' was approved by the Sabah Forestry Department in 2009. Under this FMP, the area for natural forest management (NFM) is 12,603 ha, Industrial Tree Plantation is 37,420 ha, the Protection Forest is 6,447 ha and research forest is 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.

The FMU commenced operation with conventional logging in 1995 but adopted the Reduced Impact Logging (RIL) system in 1998. 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.

The FMP 2009-2018 ensured that the timber resources will be maintained on the principle of 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. Therefore, The FMU has conducted an enrichment planting as a silviculture treatment in the natural forest areas (NFM) which covered 24,449 ha from 1997 to 2013 by using indigenous tree species such as *Azadirachta excelsa*, *Swietenia macrophylla*, *Hopea odorata*, Laran (*Neolamarckia cadamba*), Binuang (*Octomeles sumatrana*) and *D. lanceolata*.

The FMU has planted 2,279 ha of ITP areas with indigenous tree species and exotic species from 1995 to 2005 which were 2,163 ha of rubber trees (*Hevea brasiliensis*), and 81 ha of trial *Acacia mangium* (improved variety), 3 ha of trial Laran (*Neolamarckia cadamba*), 6 ha of trial Binuang and Laran, 2 ha of Merawan Siput Jantan (*Hopea odorata*) and 24 ha of other mixed species trial.

Wildlife species exist in abundance. The 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 (*Anthroceros 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.

Kampung Balat is the nearest local community located about 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.

## **2.4 Date First Certified**

3 December 2009

## **2.5 Location of the FMU**

The Segaliud-Lokan FMU is located between latitudes 5° 20' N and 5° 40' N, and longitudes 117° 25' E and 117° 40' E along the 46 Mile, Sandakan-Telupid Highway.

## **2.6 Forest Management System**

Forest management is conducted based on Sustained Forest Management (SFM) principle.

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

The AAC was established at 34 m<sup>3</sup>/ha/yr (*The Second Forest Management Plan 1<sup>st</sup> Revision Segaliud-Lokan Forest Reserve, FMU 19 (b), 2009-2018*).

## **2.8 Environmental and Socioeconomic Context**

The practice of sustainable forest management (SFM) complied with the MC&I standards. The management has conducted EIA, including measures on ERT species protection, provision for biological corridors, wildlife buffers, riparian buffers and various mitigation measures. Relevant guidelines on protection and conservation were complied with. Representative ecosystems were preserved and RIL procedures followed strictly.

Qualified local community members were given preference in job opportunities as plantation workers and for contract works. The FMU mainly produce logs which feed into the local wood-based industry. Presently there's no production on minor forest products but its collection is permitted for the local community.

# **3. AUDIT PROCESS**

## **3.1 Audit Dates**

18-22 September 2018 (15 auditor days)

### 3.2 Audit Team

1. Mohd Razman Salim (Lead Auditor)
2. Tn. Hj. Roslee Jamaludin (Auditor)
3. Ismail Adnan Abdul Malek (Auditor)
4. Mohd Annas Amin Hj. Omar (Trainee Auditor)

Details on the experiences and qualifications of the audit team members are as in **Attachment 2**.

### 3.3 Standard Used

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

### 3.4 Stakeholder Consultations

A stakeholder consultation was conducted in August 2018 for a period of one month. Stakeholders' comments and responses from the audit team are shown in **Attachment 3**.

Onsite stakeholders' consultation was conducted with main regulatory agencies consisting of Sabah Forestry Department (SFD) and consultation with local community from Kg. Balat and Kg. Sangau – Community Forest Committee (CFC). These agencies had not reported any serious non-compliances that would hinder the certification of the FMU.

### 3.5 Audit Process

The audit was conducted primarily to evaluate the level of continued compliance of the FMU current documentation and field practices in forest management with MC&I (Natural Forest), using the verifiers stipulated for Sabah.

For each Indicator, the auditors had conducted either a documentation review, consultation with the relevant personnel of the FMU 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.

An NCR raised during an audit is categorized as either major or minor as follows:

(i) A major NCR is a non-compliance deemed by the Auditor to be critical and is likely to result in an immediate hazard to the quality or standard of forest management system and practices in the FMU.

The FMU is requested to notify SIRIM QAS International Sdn Bhd (SIRIM QAS International) of the corrective actions taken within one month from the last date of the audit. The corrective actions as notified by the FMU shall be verified by the Audit Team Leader or a member of the audit team within two months after the acceptance of the corrective actions

(ii) A minor NCR is a single observed lapse in compliance by the FMU to the MC&I (Natural Forest)

The FMU shall submit a corrective action to SIRIM QAS International within one month from the last date of audit detailing the actions to be taken to address all minor NCRs. The effectiveness of the resulting actions taken by the FMU must be verified at the next visit.

(iii) An OFI is a situation where the auditor has noted an area of concern on the capability of the forest management system to achieve conformance to the requirements of the MC&I but without sufficient objective evidence to support raising a non-conformity. The FMU shall submit a corrective action plan within three months from the last date of the audit. The closing of an OFI shall be made during the next audit

The Audit Plan is shown in **Attachment 4**.

#### 4.0 SUMMARY OF AUDIT FINDINGS

The audit team also had verified on the previous findings and action taken by the FMU during the Surveillance 3 Audit in 2017 for three (3) Major, six (6) Minor Non-Conformance Reports (NCRs) and no Opportunities for Improvements (OFI). Inspection of the implementation and corrective actions plan on the ground was conducted during this Surveillance 1 Audit and all the NCRs were satisfactorily closed (**Attachment 5**).

A total of one (1) Major, three (3) Minor Non-Conformance Reports (NCRs) and one (1) Opportunities for Improvements (OFI) were raised on the FMU against the requirements of the MC&I Forest Plantation.v2 in this audit. The team had examined all the corrective action plans for the findings and found them to be adequate. The FMU had shown their commitment to address the non-conformities by establishing corrective action plans as detailed in **Attachment 6**.

In consideration of the rectifications taken to address the non-compliances, the assessment team recommends that Segaliud-Lokan FMU continue to be certified against the MC&I (Natural Forest).

The summary of the findings of the Recertification Audit of the Segaliud-Lokan FMU against the requirements of the MC&I (Natural Forests) are as follows:

Principle	Strengths	Weaknesses
<p><b>Principle 1 Compliance With Laws and Principles</b></p>	<p>The forest management had continued to maintain records of all relevant national and local laws and regulations and policies related to forest management. Copies of the documents were available in the office of the Lokan Base Camp. An officer was tasked in maintaining these documents.</p> <p>The forest managers were aware and knowledgeable of the applicable federal, state and local laws, as well as the regulatory framework for forest management.</p> <p>The audit verified that the Labour Ordinance (Sabah Cap.67, Section 113(4)) and the notice permit of Jabatan Tenaga Kerja Sabah (No. 11(0992)SDK , 12 June 2017) were complied with. As such the Major NCR MN 01/2017-SA2 for Indicator 1.1.1 was satisfactorily closed. The audit also verified the contractual agreements of workers with the FPMU.</p> <p>Consultation with the Forest Ranger in Segaliud-Lokan, indicated that no compounds were issued during the year 2018 signifying the absence of forest violation. The complaint file was sighted.</p> <p>Current list of all legally prescribed fees, royalties, taxes, and other charges were made available at the camp site and log pond. The documents verified included the Sabah Timber Royalty effective 1<sup>st</sup> July 2016 (FD:18/2016), the Revised licence Fees and Other Miscellaneous /Administrative Forest Charges Ref. No.JPHNTP/PP:100-4/1/13, and the monthly Financial Report to the Forestry Department, for July 2018.</p> <p>The forest managers had demonstrated awareness of international agreements which were available in the Lokan office.</p> <p>There were no conflicts between the laws,</p>	

	<p>regulations and the <i>MC&amp;I (Natural Forest) Principles and Criteria</i>. The forest managers had continued with their willingness to participate in the resolution of such conflicts if occurred.</p> <p>Legal provisions for the establishment and protection of forest reserve in the FMU were specified in the license agreement between the KTSP and the Sabah Forestry Department (<i>License Agreement for Timber, Tree Plantation and Wood Processing Plant for KTS Plantation Sdn Bhd (1993-2089)</i>). A permanent checking station was constructed in Compartment 58 to improve control on illegal activities. Regular patrolling were conducted together with the Forest Ranger team. Encroachment was effectively reduced as reported in the monthly monitoring report (September 2018). Field inspection of external license boundary was carried out along the FMU boundary, bordering several estates. The appointment of some staff members, as the Honorary Wildlife Wardens, further strengthened the monitoring process.</p> <p>A policy statement, the <i>Forest &amp; Environmental Management Policy</i>, was available. The statement also appeared in the second <i>Forest Management Plan 1<sup>st</sup> revision Segaliud-Lokan Forest Reserve, FMU 19 (b), 2009-2018</i>, and also publicly accessible on the FMU website. The management expressed commitment to the MC&amp;I Principles and Criteria.</p>	
<p><b>Principle 2 Tenure and Use Rights and Responsibilities</b></p>	<p>KTSP was been given the right by the Sabah Forestry Department to manage Segaliud-Lokan FMU for 96 years from 1993 onwards until the year 2089, under the License Agreement of JP(SLK) 125/93 (CO), dated 1<sup>st</sup> May 1993. As reported earlier in surveillance audit 2, there is no settlement or customary sites in the FMU. As such land claims by the local community do not arise.</p> <p>As mentioned earlier in Criterion 2.1, there is no land rights claim by the local community. However, indigenous people's rights and customary use rights are provisioned in the <i>Forest Management Plan 1<sup>st</sup> Revision Segaliud-Lokan Forest Reserve, FMU 19 (b), 2009-2018, Chapter 4, para 4.9</i>. A flow chart shows the mechanism for dispute resolution (Appendix 10). The relevant documents pertaining to native rights and associated issues were sighted (<i>Forest Enactment, 1968 – Part V Section 41, Land Ordinance, 1930 (Sabah Cap. 68); Native Court Enactment, 1992's Native Courts and Native Courts Ordinance (Sabah Cap 86); License Agreement for Timber, Tree Plantation and Wood Processing Plant for KTS Plantation Sdn Bhd (1993-2089)</i>).</p> <p>As stated in the Criteria 2.1- 2.3 above, no local community is located within the FMU but provision for dispute resolution over tenure is available.</p>	



<p><b>Principle 3 Indigenous People's Rights</b></p>	<p>The manager of the FMU acknowledged the indigenous peoples' rights as stated in their FMP, FMU 19(b), 2009-2018, including the recognition of Native Court (see Appendix 10) apart from state Ordinance. Since there is no indigenous community settlement within and close to the FMU, the issues of indigenous peoples including the right of managing their own land do not arise. During the audit, no record of conflicts and grievances were found but the mechanism for conflict resolution is provided for (refer Criterion 2.3).</p> <p>The FMU had not operated within the indigenous people's lands (Survey as reported in <i>Evaluation of High Conservation Value Forest (HCVF) in Segaliud-Lokan Forest Reserve (FMU 19B; revised in 2018)</i>). As such, the issues of forest management practices in indigenous people's lands, or the need to prevent or mitigate adverse impacts, do not arise.</p> <p>Relevant documents found no important indigenous site located in the FMU (<i>Evaluation of High Conservation Value Forest (HCVF) in Segaliud-Lokan Forest Reserve" (2015 version); Compliance Report 2017 (#KTSP/SFD/CR/Vol 14/2017)</i>). Nevertheless. The management has proper mechanism for conflict resolution, through their Community Forest Committee (CFC) as mentioned earlier in Criterion 2.3.</p> <p>The FMU management has no record on the use of traditional forest-related knowledge and practices of indigenous peoples in forest operations. The FMU however has proper mechanism as provisioned through their Community Forest Committee (CFC).</p>	
<p><b>Principle 4 Community Relations and Worker's Rights</b></p>	<p>The FMU provided training for their staff as evident from the <i>Training Reports</i>. The 12 courses conducted in 2018 included, RIL guidelines, forest fire drill, waste management, chemical handling, HCVF. The related <b>Minor NCR MRS 01/2017 for Indicator 4.1.1</b>, from the previous audit, was therefore satisfactorily closed. The local communities were given preference for employment and contract opportunities by the FMU. This was emphasized in <i>The Second Forest Management Plan</i> and which also constitutes the requirement in the <i>License Agreement for Timber, Tree Plantation and Wood Processing Plant for KTS Plantation Sdn Bhd</i>.</p> <p>Field workers were updated on applicable laws, regulations regarding occupational safety and health, through briefing and training on occupational safety and health were conducted for the workers. The training list for 2018 was sighted. A KTSP Safety and Health policy, dated 27<sup>th</sup> August 2012, was sighted in the FMU site office. The policy statement was also mentioned in the <i>Second Forest Management Plan 1st revision Segaliud-Lokan Forest Reserve, FMU 19 (b), 2009-2018</i>. First aid kit boxes were made available at various locations and their content</p>	

verified during site inspection. The previous **Major NCR RJ 1/2017 for Indicator 4.2.3** was thus satisfactorily closed. The FMU safety records showed that no work related injuries had occurred in 2017. Records were updated and copies sent to the Department of Occupational Health (DOSH). During site inspection at the contractor's camp at Compt. 9, the audit team had verified records on maintenance for all safety and operational equipment. The FMU had demarcated hazardous areas in the store and the nursery. Guidelines were available at the nursery for handling of chemicals. There was general awareness regarding the handling of chemical by nursery workers interviewed.

Field workers were updated on applicable laws, regulations regarding occupational safety and health, through briefing and training on occupational safety and health were conducted for the workers. The training list for 2018 was sighted. A KTSP Safety and Health policy, dated 27<sup>th</sup> August 2012, was sighted in the FMU site office. The policy statement was also mentioned in the *Second Forest Management Plan 1st revision Segaliud-Lokan Forest Reserve, FMU 19 (b), 2009-2018*. First aid kit boxes were made available at various locations and their content verified during site inspection. The previous **Major NCR RJ 1/2017 for Indicator 4.2.3** was thus satisfactorily closed. The FMU safety records showed that no work related injuries had occurred in 2017. Records were updated and copies sent to the Department of Occupational Health (DOSH). During site inspection at the contractor's camp at Compt. 9, the audit team had verified records on maintenance for all safety and operational equipment. The FMU had demarcated hazardous areas in the store and the nursery. Guidelines were available at the nursery for handling of chemicals. There was general awareness regarding the handling of chemical by nursery workers interviewed.

Social Impact Assessment had been carried and documented. Relevant information from the study was incorporated in management planning and recorded in the revised FMP. The related document, namely the *Social Impact Assessment KTS Plantation - FMU 19B Segaliud-Lokan Forest Reserve, June 2018*, was sighted. The **Minor NCR MN 02/2017 for Indicator 4.4.1** from the previous audit was thus satisfactorily closed.

Documents of legal provisions and measures within relevant federal and state legal frameworks regarding prevention of loss or damage affecting the local peoples' legal or customary rights, property, resources, or their livelihoods as stipulated in the Indicator were available for the audit. Documents on legal provision and measures were also available. Appropriate mechanisms were readied by the Social Forestry Committee (CFC) if rights infringement were to occur.

<p><b>Principle 5</b> <b>Benefits From the Forest</b></p>	<p>Annual Work Plan 2018 and the Compliance Report 2017 submitted to the Forestry Department presented budgets for all the activities conducted within the FMU including costs of training, restoration planting, silvicultural treatment and environmental protection. <i>The Second Forest Management Plan 2009-2018</i> had also elaborated on forest management, conservation, socio-economic status and environmental protection.</p> <p>No minor forest produce was extracted. However, the management allowed workers in the forest camp to gather forest produce for their own consumption. RIL was closely implemented during harvesting to minimize wastage of forest resources. The Sabah government has gazetted royalty structure and rates for logs in Sabah with preferential rates to encourage local processing of logs. It was noted that there was a new gazetted rate based on the circular letter (Pekeliling Pengarah) "FD 37/2013. Logs from RIL areas were allocated special rates.</p> <p>Reduced impact logging techniques were conducted in accordance with the <i>RIL Operation Guide Book: Code of Practices for Forest Harvesting in Sabah 1999</i> in the FMU to minimize wastage of forest resources. Only selected marked trees with cutting limit exceeding 60 cm and above in NFM area, and exceeding 50 cm in ITP area, were felled in accordance with the Comprehensive Harvesting Plan. This was verified in the field. Trees with DBH exceeding 120 cm were conserved as mother trees. A training program for 2018 was seen. To ensure continuous adherence to RIL specifications, a course will be conducted in November 2018 as planned.</p> <p>The FMU was operating only for the production of logs. The production mix of different species provided some diversification of forest resources.</p> <p>Sensitive areas, including riparian buffer belts and sites with slopes above 25 degrees were protected from harvesting activities. A field visit in Compartment 27 confirmed the existence of marked protected areas. Harvesting operations closely adhered to RIL guidelines incorporated in the CHP, the revised FMP (2009-2018) and the Annual Work Plan 2018. Forest resources were maintained, rehabilitated and enhanced through enrichment and restorative plantings in post-harvest areas and High Production Corridors with mostly fast growth local timber species.</p> <p>The AAC was established at 34 m<sup>3</sup>/ha/yr (<i>The Second Forest Management Plan 1<sup>st</sup> Revision Segaliud-Lokan Forest Reserve, FMU 19 (b), 2009-2018</i>). The average harvesting volume over the first FMP period showed that harvesting only achieved 80% of the estimated AAC, well within the cutting limit, thus indicating sustainable resource production. The FMU has also introduced a new design for PSPs called the Pair Permanent Sample Plot (Pair-PSP), a 50 m x 50 m (0.25 ha) square plot to improve accuracy on</p>	
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	<p>growth estimation. The Finance and Administration Division of KTSP had continued to keep and maintain records of the quantity of timber harvested from the FMU (summary of the <i>Annual Work Plan (AWP) 2018</i>).</p>	
<p><b>Principle 6 Environmental Impact</b></p>	<p>Two drums of scheduled waste were found improperly labelled as specified in the Third Schedule. All scheduled wastes were however collected by a registered contractor.</p> <p>The revised document - the <i>Environmental Impact Assessment (EIA) Report for the Proposed Logging Activities at FMU 19(B) (28,787ha) in Segaliud Lokan Forest Reserve September 2012</i>, was examined. Mitigation strategies on potential management impacts, within and adjacent to the FMU, were incorporated into the <i>Second Forest Management Plan 1<sup>st</sup> Revision Segaliud-Lokan Forest Reserve, FMU 19 (b), 2009-2018</i>. The plan also suggested the establishment of wildlife corridors connecting with neighbouring forest reserves.</p> <p>The FMU has collaborated with the Wildlife Department and the University of Sabah in protecting fauna within its boundaries. Among areas of activities conducted are resource assessment of HCVF, silvicultural improvement of HPC and ecotourism potential on KTS plantations. Protection through enforcement of no hunting policy, security gates and the monthly patrol of the boundary had been established by the FMU management. The awareness of ERT species among workers and local community was established through dissemination of information and awareness training/briefing. Records were verified during the audit.</p> <p>The FMU has collaborated with the Wildlife Department and the University of Sabah in protecting fauna within its boundaries. Among areas of activities conducted are resource assessment of HCVF, silvicultural improvement of HPC and ecotourism potential on KTS plantations. Protection through enforcement of no hunting policy, security gates and the monthly patrol of the boundary had been established by the FMU management. The awareness of ERT species among workers and local community was established through dissemination of information and awareness training/briefing. Records were verified during the audit.</p> <p>The audit noted that representative areas of existing forest ecosystem had been demarcated and mapped for protection along criteria stated in the <i>Second Forest Management Plan 1<sup>st</sup> Revision Segaliud-Lokan Forest Reserve, FMU 19 (b), 2009-2018</i>. A total of 10,346 ha would be reserved as Protected Forests, in addition to steep areas (&gt; 25 degrees), and riparian buffer zones. These areas were also documented in the CHP and also in the Compliance Report.</p> <p>Field inspection in active Compartment 27 and post-harvest Compartment 15 (ITP), showed that buffer zones and steep areas were protected and demarcated along the Comprehensive Harvesting</p>	<p>For the improper labelling of scheduled waste a <b>Major NCR MRS 02/2018 for Indicator 6.7.1</b> was raised.</p> <p>The audit however noted that culvert construction in Block 1, Compartment 27 was insufficient to reduce soil erosion. Thus, a <b>Minor NCR MRS 01/2018 for Indicator 6.5.3</b> was raised.</p> <p>The auditor also noted that emergency shower and safety eye wash were not provided for as recommended by the CHRA report, dated 5-6 October 2016. Thus, a <b>Minor NCR RJ 01/2018 for Indicator 6.6.2</b> was raised.</p> <p>The record for monitoring and control of the exotic species planted were however not available. Thus, a <b>Minor NCR MRS 03/2018 for Indicator 6.9.1</b> was accordingly raised.</p>

	<p>Plan. The procedures to protect soil from compaction and erosion during harvesting operations, including skid trail construction and water bars, were in accordance to the requirements of RIL guidelines. With this compliance, the previous <b>Major NCR RJ02/2017 for Indicator 6.5.1</b> was satisfactorily closed</p> <p>The policy on environmentally friendly non-chemical methods of pest management (<i>Forest &amp; Environmental Management Policy</i>) was available during audit. As such the <b>previous Minor NCR RJ 3/2017 for Indicator 6.6.1</b> was satisfactorily closed. Chemicals were not used in forest harvesting operations except for weeding and nursery operations. These were properly labelled and stored. The SOP for Mixing of Chemical, and SOP for Applying Fertilizer and Chemical Weeding (Code no: KTSP/SOP/446-11 dated 4<sup>th</sup> May 2015) were available. Nursery workers interviewed confirmed that they were briefed on chemical handling. The FMU will conduct a training course on the procedures of chemicals usage for workers in Oct 2018.</p> <p>The policy on environmentally friendly non-chemical methods of pest management (<i>Forest &amp; Environmental Management Policy</i>) was available during audit. As such the <b>previous Minor NCR RJ 3/2017 for Indicator 6.6.1</b> was satisfactorily closed. Chemicals were not used in forest harvesting operations except for weeding and nursery operations. These were properly labelled and stored. The SOP for Mixing of Chemical, and SOP for Applying Fertilizer and Chemical Weeding (Code no: KTSP/SOP/446-11 dated 4<sup>th</sup> May 2015) were available. Nursery workers interviewed confirmed that they were briefed on chemical handling. The FMU will conduct a training course on the procedures of chemicals usage for workers in Oct 2018.</p> <p>There was no application of biological control agents in the FMU.</p> <p>The FMU had planted over a million seedlings under the enrichment planting program from 1996 – 2018, using both local and exotic species. The latter species were mainly Mahogany, Khaya and <i>Araucaria hunstenii</i>. The relevant record, <i>Summary of Enrichment Planting (1996 – 2018) Segaliud-Lokan Forest Reserve (FMU19B)</i>, was sighted.</p> <p>The <i>MC&amp; I (Natural Forest)</i> has stipulated 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 total industrial tree planting area at time of audit comprised 37,420 ha compared to 22,238 ha in the last audit. The industrial planting was basically restorative and designated for degraded sites and areas with very poor forest cover.</p>	
<p><b>Principle 7 Management Plan</b></p>	<p>The revised <i>Second Forest Management Plan 1<sup>st</sup> Revision Segaliud-Lokan Forest Reserve, FMU 19 (b), 2009-2018</i> was presented for auditing. All nine FMP requirements (Criterion 7.1, (a) to (i))</p>	

	<p>were verified. These included (a) the management objectives (Section 1.4 of FMP); (b) forest resources, environment, land, ownership, etc., (Section 3.0), management prescription, Annual Coupe, CHP (Section 4.0); (c) ecology-based siculture (Section 4.5.2); (d) annual harvest rate and species selection (Section 3.2); (e) forest growth and dynamics (Section 3.2.3); (f) environmental safeguards (Section 7.1); (g) plans for RTE species (Section 5.2); (h) forest maps on resource, protection, management and land ownership (Section 4.5.2); and (i), description and justification of harvesting techniques and equipment to be used. The FMU had also adequately taken action on a <b>Minor NCR MN 03/2017</b> previously issued for Indicator <b>7.1.1</b>. This was therefore satisfactorily closed.</p> <p>As mentioned earlier the FMP has been revised into the present <i>Second Forest Management Plan 1st Revision Segaliud-Lokan Forest Reserve, FMU 19 (b), 2009-2018</i> which was presented for audit. The harvesting plans were updated, growth analysis, harvest rates, HCV and forest conservation strategies were duly strengthened. Other cooperative projects conducted under FMU initiatives in 2018 included the Sg. Rawog Conservation Area Scientific Expedition (the FMU, University Malaysia Sabah and Sabah Forestry Department), Resource Assessment for high conservation value forest in Segaliud-Lokan: Mineralogical Availabilities and its Relationships with Wildlife Population (FMU and UMS), Silviculture Improvement in the High Production Corridor (HPC) and morpho-phenological Variation of <i>Shorea leprosula</i> in Segaliud-Lokan Forest Reserve (FMU and UMS), and Feasibility Study in Nature Tourism Potential in Segaliud-Lokan FMU (FMU and UMS).</p> <p>The training program for 2018 recorded a list of 12 activities. Among these included training on safety, RIL, fire drill, PSP, waste management, chemical handling and HCVF management.</p> <p>The public summary of the management plan can be viewed from the FMU's web page at <a href="http://www.segaliudlokan.com/executive-summary-forest-management-plan/">http://www.segaliudlokan.com/executive-summary-forest-management-plan/</a></p>	
<p><b>Principle 8 Monitoring and Assessment</b></p>	<p>Forest managers complied with the regulatory monitoring procedures in accordance with relevant federal and state guidelines of the Forestry Departments and those of other relevant agencies. Both internal monitoring programmes (such as SMI (Forest Stocking estimation) and Pair-PSP (forest Growth estimation and management prescription assessment)) and external monitoring programmes (such as TLAS Audit and RIL Audit, HP audit, Harvesting audit and Compartment Closing Audit) were implemented. Quarterly monitoring reports of environmental features, as specified by the Environment Protection Department, and consistent with EIA requirement, were verified in</p>	

the audit for 2017 and 2018. Regular monitoring on social issues with local communities were conducted by the CFC (Community Forestry Committee). Records of meetings in 2017 and 2018 were sighted. Records of compliance in FMU operations against guidelines of the Forestry Departments and those of other agencies were verified in the *Compliance Report*. These included compliance in 2017 with the Annual Work Plan (AWP), Comprehensive Harvesting Plan (CHP) and various requirements by the forest department. Report on RIL implementation was also sighted as well as SOPs that were followed for wildlife conservation and HCVF management and monitoring. Other monitoring records sighted included OSH (July and August 2018), security patrols including riverine, land and joint operations (up to August 2018) and the Internal Audit (May 2018).

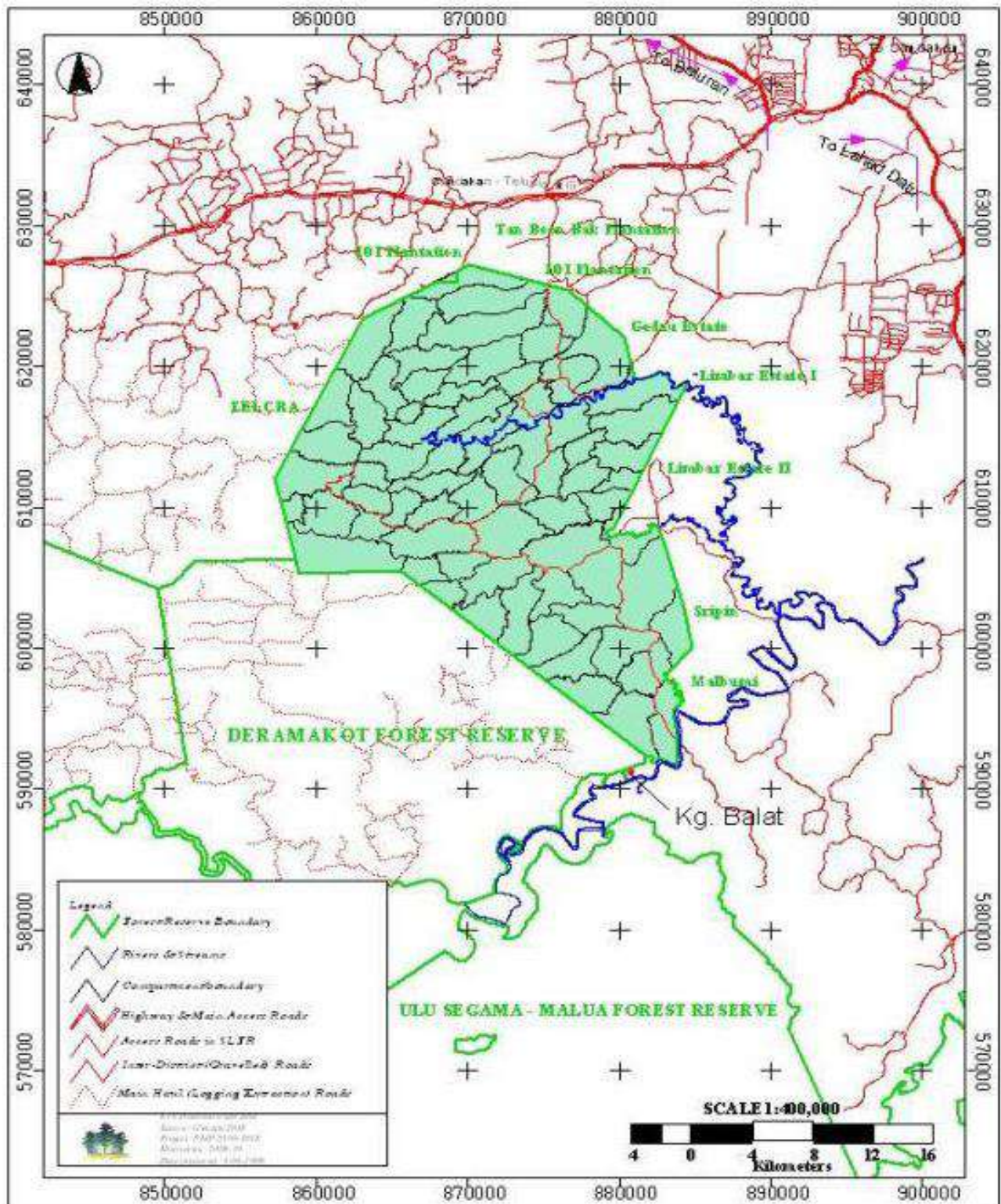
Updated monitoring information on the five items, (a) to (e), of the criterion was made available by the FMU and verified by the audit. Total yield harvested, total area involved and harvest rate recoded were respectively 17,415.51 m<sup>3</sup>, 2305.00 ha and 7.55 m<sup>3</sup>/ha. For growth rate and regeneration assessments, a new sampling approach, the Pair-Permanent Sample Plot (PPSP), was adopted as an improved alternative to the earlier PSP, for both ITP and NFM forests. Implementation of its SOP was sighted in the field during audit. The new sampling is considered to yield more accurate results for tree growth and regeneration rates as well as stand condition. PPSPs inspected in the IPT were also verified for their Tree ID, species and diameter measurements which tallied with records in the 'Pair – PSP Stem Diameter Sheet- SF 25' and 'Sapling Count and Silviculture Information Form-SF 26, forms. The previous **Minor NCR MRS 02/2017 SA2 for Indicator 8.2.1** was hence satisfactorily closed. Floral and faunal changes were verified with extant records. Floral changes in Post-F 2017 areas, tallied with information in Data Analysis Summary 2017 and 'Compliance Report' of the FMU. Reports on faunal changes (*The Density and Diversity of Bird Population in Natural Forest Management, Segaliud-Lokan Forest Reserve, KTS Plantation Sdn, Bhd., 2017; Sungai Rawog Conservation Area Scientific Expedition Segaliud – Lokan Forest Reserve (FMU 19B) dated 18 August 2018*) were also sighted. The audit verified three successive EIA quarterly reports spanning October 2017 to September 2018, and report on *The Proposed Logging Activities at FMU 19(B)-(28,787 Ha) in Segaliud-Lokan Forest Reserve*. Stakeholders were regularly consulted on impact of harvesting operations and the related documents sighted (minutes of consultations with 14 local communities; report on *Social Impact Assessment KTS Plantation-FMU 19B Segaliud-Lokan Forest Reserve – June 2018; list of neighbouring stakeholders*). Costs, productivity and efficiency for 2018 management, including various operations, were verified as reported in the *Monthly Financial Statement*.

	<p>Various documents were verified at log ponds, as related to origins of all forest products exiting the area under certification. These included <i>The Internal Delivery Notes, The Block Scaling Log Register Book and Daily Hauling Report Block, Disposal Permits for Round Logs, Removal Passes, Form IV Forest Rules 1969, Disposal Permit for Forest Produce</i> and the <i>SOP for tree tagging/marking. The Comprehensive Harvesting Plan</i> was verified for Compartment 27, and records of logs exiting the area verified in the <i>Daily Felling and Extraction Form</i> or <i>Comprehensive Tree Harvesting Report</i>. Tree stump information tallied between on-site record and those in the log record book.</p> <p>The revised <i>Second Forest Management Plan 1<sup>st</sup> Revision Segaliud-Lokan Forest Reserve, FMU 19 (b), 2009-2018</i> incorporated results of previous monitoring. The FMU will prepare the next <i>The Third Forest Management Plan</i> for the 2019-2028 period based on monitoring results as per Indicator 8.2.1 (a) – (e) in 2019.</p> <p>A summary of the results of monitoring indicators as listed in Criterion 8.2 was made available to the public at <a href="http://www.segaliudlokan.com/monitoring/">http://www.segaliudlokan.com/monitoring/</a>.</p>	
<p><b>Principle 9 Maintenance of High Conservation Value Forests (HCV)</b></p>	<p>Information on the HCVFs at Segaliud-Lokan FMU was updated as evident from the report entitled 'Evaluation of High Conservation Value Forest (HCVF), Segaliud-Lokan Forest Reserve (FMU 19B): 2018 Revision'. The latest HCVF assessment was implemented via a research project (Resource Assessment for High Conservation Value Forest (HCVF) in KTS Plantation, Segaliud-Lokan; Mineralogical Availabilities and its Relationship with Wildlife Population, 2018). At present four sites remained as HCVFs in the Segaliud-Lokan FMU; namely, the <i>Nepenthes ampillaria</i> (pitcher plant) abundance area (Compartment 49), a saltlick (Compartment 56), a steep area with abundant large commercial trees (Compartment 58), and the Toluh waterfall (Compartment 26).</p> <p>Forest managers consulted with stakeholders regarding HCVs in the 2015 certification audit, and more recently in 2018 between the FMU's Community Forestry Committee (CFC) and the local communities. The relevant documents were sighted. The list of relevant stakeholders in HCVF consultation, updated on 19/4/2018 was presented and verified by the auditor. They included government agencies, NGOs, oil palm plantations and the local communities.</p> <p>Measures to demarcate, maintain and/or enhance the HCVF attributes were stated in the updated FMP: <i>The Second Forest Management Plan 1<sup>st</sup> Revision Segaliud-Lokan Forest Reserve, FMU 19 (b), 2009-2018</i>. The SOP on "HCVF Management" (KTSP/SOP/446/14)" was also sighted. To date four HCVF sites were identified and three verified during the audit (Nepenthes plant (Compartment</p>	



	<p>49), Saltlick (Compartment 56) and Toluh waterfall (Compartment 26)). The establishment and management of these HCVF sites complied generally with the SOP with the exception of the signage at the Nepenthes site. A public summary on the specific measures to maintain and enhance conservation attributes of the HCVF sites had been updated in the website <a href="http://www.segaliudlokan.com/hcvf/">http://www.segaliudlokan.com/hcvf/</a>.</p> <p>HCVF monitoring procedures were stated in the SOP, <i>HCVF Management' (KTSP/SOP/446/14) for Segaliud-Lokan FMU</i>”, effective 1<sup>st</sup> June 2015. The SOP was updated with inclusion of the latest monitoring SF17 form. Other updates included width of buffer around HCVF area (30m) and frequency of monitoring (annual).In lieu of the regular monitoring conducted the previous Minor NCR, MRS 03/2017 - SA2 for Indicator 9.4.1, was satisfactorily closed. Results and findings of the HCVF monitoring were incorporated into the implementation and revision of the forest management plan; namely, the <i>The Second Forest Management Plan 1<sup>st</sup> Revision Segaliud-Lokan Forest Reserve, FMU 19 (b), 2009-2018</i>.</p>	
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MAP OF SEGALIUD LOKAN FMU



## Experiences and Qualifications of Audit Team Members

Audit Team	Role/Area of MC&I Requirement	Qualification and Experience
Mohd Razman Salim	Assessment Team Leader / Forester	<p><b>Academic Qualification:</b> B.Sc of Forestry (Forest Production), University Putra Malaysia.</p> <p><b>Work Experience:</b> Five years experienced as Research Officer at the Forest Research Institute Malaysia (FRIM) since 2007 in a various area such as ecological research for lowland and hill dipterocarp forest, Geographic Information Systems, forest inventories, forest harvesting and forest management system (SMS). Participate in organizing committee member, division level activities and projects. Coordinate and collaborate a long term ecological plot and inventory data about 25 years at the Pasoh, Negeri Sembilan with Negeri Sembilan Forestry Department, universities (local &amp; international) and NGOs. Published and presented research findings at the seminars and conferences. Currently as Auditor at the Food, Agriculture and Forestry Section (FAF), SIRIM QAS International Sdn Bhd, since 2013. Involved in conducting assessments on forest management certification [MC&amp;I (Natural Forest)] &amp; [MC&amp;I (Plantations)], MYNI of RSPO P&amp;C and other management systems on ISO 9001, 14001 and OHSAS 18001</p> <p><b>Training / Research Areas:</b></p> <p>Was attending and pass in the following training programmes:</p> <p>Auditor Training Course on Malaysian Criteria and Indicators for Forest Management Certification [MC&amp;I (Natural Forest)] &amp; [MC&amp;I (Plantations)] organized by MTCC, 1-4 December 2013. EMS 14001: 2004 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 18-22 March 2013. OHSAS 18001: 2007 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 11-15 March 2013. QMS 9001: 2008 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 4-8 March 2013.</p>
Hj Roslee Jamaludin	Assessment Team Member / Forester	<p><b>Academic Qualification:</b> B.Sc. of Forestry (Forest Management), University Putra Malaysia. Diploma of Forestry, Mara Institute of Technology, Malaysia.</p> <p><b>Work Experience:</b> A retiree of Forest Conservator from Forestry Department of Peninsular Malaysia, with 36 years of experience in forest management, operation and administration. Has been working in various position since appointment in 1977, which includes Assistant Forest Management officer in Kuantan, Forestry Department of Pahang, Assistant District Forest Officer in Kuala Lipis Pahang and Segamat, Johor. Forest Plantation Officer in Johor and Terengganu, Forestry Officer for the State of Malacca. Assistant Director for Forest Harvesting and Industries in Selangor, District Forest Officer in Dungun Terengganu, Assistant Director for Forest Management in Negeri Sembilan and the State Director of Forestry Penang before retirement in April 2015. Has involved in several Working Committee form by the Forestry Department of Peninsular Malaysia to further improve the existing procedures, such as, Forestry Manual, Forest Road Guidelines, Forestry Rules, other guidelines regarding the MC&amp;I for forest certification. A member of MAJURUS, was appointed as an Internal Auditor for the MC&amp;I. Has attended several forestry Conference overseas and local. A member of IRIM ( Institut Rimbawan Malaysia). Appointed as a facilitator and trainer for Forest Road Guidelines by Forestry Department Peninsular Malaysia.</p> <p><b>Attended training programmes:</b></p> <ul style="list-style-type: none"> <li>• Auditor Training Course on Malaysian Criteria and Indicators for Forest</li> </ul>

		<p>Management Certification [MC&amp;I (Natural Forest)] &amp; [MC&amp;I (Plantations)] organised by MTCC, 9 – 10 July 2015</p> <ul style="list-style-type: none"> <li>• EMS 14001: 2004 Lead Assessor Training Course organised by SIRIM Training Services Sdn Bhd, 23 Nov. – 27 Nov. 2015.</li> <li>• Briefing on RSPO Principle &amp; Criteria (HCV) organised by SIRIM QAS (Food, Agri &amp; Forestry Section) 21 August 2015.</li> <li>• Workshop on Auditing Technique for FMC (2) organised by SIRIM QAS (Food, Agri &amp; Forestry Section) 26 Jan 2016.</li> </ul>
Ismail Adnan bin Abdul Malek	Assessor/Forester	<p>Academic Qualification: Master of Forestry (Forest Harvesting), University of British Columbia, Canada.</p> <p>Work Experience: One year experience as Sub Assistant Conservator of Forest from 1974 to 1975. In charge of Kuantan Forest District (Administration). Seven years (1979 – 1986) experience as Forester/Logging Superintendent) at Syarikat Jengka Sdn. Bhd, Jengka, Pahang. Specific duties were Mapping and supervising Forest Management and Logging Operations. Twenty five (25) years experienced as Senior Lecturer at the Faculty of Forestry, Universiti Putra Malaysia, Serdang, Selangor. Responsible for Forestry Teaching, Research and Extension. Had taught subjects in Forest Management, Forest Harvesting and Geo-spatial technology (Remote sensing &amp; GIS) and had supervised student research at both undergraduate and graduate (Master/PhD) levels. Had received grants and carried out research in Forest Management, Forest Harvesting and Forest Management System (SMS). Participated as Resource Person/Organizing Committee member for Training and Seminar/Conferences held at both Local and International levels organized by the Faculty. Published and presented research findings in Forestry Journals/Publications and proceedings of local and International seminars/ conferences attended. Currently as Auditor at the Food, Agriculture and Forestry Section (FAF), SIRIM QAS International Sdn Bhd, since 2016. Involved in conducting assessments on forest management certification MC&amp;I (Natural Forest) &amp; MC&amp;I (Plantations).</p> <p>Training / Research Areas:</p> <p>Attended and pass the following training programmes:</p> <ul style="list-style-type: none"> <li>• Lead Auditor Course on MC&amp; I (Natural Forest) and MC&amp;I (Forest Plantation V2) (SIRIM QAS Sdn. Bhd), 9<sup>th</sup>-10<sup>th</sup> July 2015.</li> <li>• EMS 14001: 2004 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 23<sup>rd</sup>-27<sup>th</sup> Nov 2015.</li> <li>• Training on Auditing Techniques (SIRIM QAS Int. Sdn. Bhd), 26<sup>th</sup> January 2016.</li> <li>• RSPO Lead Auditor Training organized by Wild Asia Sdn Bhd, 10<sup>th</sup> – 14<sup>th</sup> October 2016</li> </ul>
Mohd Annas Amin bin Haji Omar	Assessment Team Member/Forester	<p>Academic Qualification: <i>Diploma in Forestry, UPM</i> <i>B. Sc. In Forestry, UPM</i></p> <p>Work Experience: Six year as Assistant Forest Officer at Perak Forestry State Department in the year from 2013-2018. Main responsibility is Assisting District Forest Officers in administrative work, forest development and forest operations. Conduct forest Enforcement Team Activities such as The Prevention of illegal logging. Appointed to be Raid Officer in Raid Eradicating Illegal Refinery in Kinta Manjung Forest District. Also appointed to be Investigative Officer in Investigations into a case involved Ayer Chepam Forest Reserve and Cased Prosecuted in Court.</p> <p>Attended and pass the following training programmes:</p> <ul style="list-style-type: none"> <li>• Program of MTCS Training Course (MC&amp;I) in Kuantan (9-12 July 2018)</li> <li>• Lead Auditor ISO 9001, ISO 14001 &amp; ISO 45001 Exemplar Global Certified (13-18 August 2018)</li> </ul>

## Comments Received from Stakeholders and Responses by Audit Team Leader

No.	Stakeholder	Comments/Issues Raised	Response by Audit Team
1	Stakeholder 1	Kawasan (FMU) Segaliud-Lokan yang diurus oleh KTS Plantation Sdn Bhd adalah kawasan yang pengurusan konservasi yang terbaik. Pihak pengurusan KTS S/B dengan kerjasama Jabatan Perhutanan, Jabatan Hidupan Liar, UMS, WWF Sabah Park telah menjayakan Ekspedisi Kajian Saintifik 8-18 Ogos 2018 di Sungai Rawog dengan jayanya.	Noted.
2	Stakeholder 2	<p>1. Perlindungan Alam Sekitar Ini berkaitan Perlaksanaan operasi RIL Sistem yang diamalkan oleh FMU seluruh Sabah termasuklah Lesen KTS. Dalam Sistem RIL kaedah tumbangan berarah dapat meminimakan kerosakan pokok PCT iaitu pokok yang ditinggalkan. Penarikan balak oleh traktor tanpa menolak tanah, oanggung ditepi jalan dan pembinaan parit lintang dapat meminimakan hakisan tanah. Larangan penebangan pokok di slope tidak melebihi 25<sup>o</sup> juga diamalkan bagi mengelak hakisan tanah pada kasar minima.</p> <p>2. Pemulihan Kepelbagaian Biologi Jabatan juga sangat menitik beratkan pemeliharaan flora dan fauna. Dengan meninggalkan pokok ibu dalam kawasan operasi, pokok larangan dan pokok buah-buahan serta sepsis penting (Belian) dapat memelihara kepelbagaian ekologi. Selain memelihara hidupan liar dengan cara melarang pemburuan haram dalam Hutan Simpan.</p> <p>3. Peluang Pekerjaan Dengan adanya SFMLA oleh pelesen KTS di Hutan Simpan Segaliud-Lokan, ianya dapat menyediakan peluang pekerjaan penduduk setempat. Pelbagai peluang pekerjaan dari peringkat pengurusan sehingga ke bahagian buruh kasar disediakan untuk penduduk kampung di persekitaran pelesen KTS. Peluang pekerjaan yang disediakan akan dapat meningkatkan taraf hidup penduduk kampung berhampiran.</p> <p>4. Hubungan Komuniti dan Hak Pekerja Pelesen KTS tidak menghadapi banyak masalah dengan ladang-ladang kelapa sawit dan kampung persekitaran. Pihak KTS telah membentuk satu komiti untuk berbincang / mengurus hak pekerja mereka.</p> <p>5. Hubungan dengan FMU Sejak KTS yang menjadi perintis FMU di Sabah, hubungan dengan JPS sangat baik. Hubungan ini bukannya kerana KTS adalah rakan antara JPS dengan sector perusahaan yang menguruskan Hutan Simpan, tetapi perkongsian lebih pengalaman dan pengetahuan bersama.</p> <p>6. Cadangan Penambahbaikan Amalan pembalakan secara RIL dilihat Berjaya meminimakan kerosakan hutan dan tanah, maka ianya perlu diteruskan disamping memberi pemededahan yang lebih kepada generasi baru.</p>	Noted.

## Stage 2 Recertification Audit Plan

DAY	TIME	PROGRAM		
		AUDITOR 1 (Razman & Annas)	AUDITOR 2 (Hj. Roslee)	AUDITOR 3 (Ismail)
<b>Monday (17/9/2018)</b>		<ul style="list-style-type: none"> <li>Travel from Kuala Lumpur to Sandakan (<b>AirAsia: 1710 - 2005</b>)</li> <li>Audit team stay at Four Points Hotel, Sandakan</li> <li>Briefing by Audit Team Leader on the audit plan</li> </ul>		
<b>Day 1 Tuesday (18/9/2018)</b>	8.00 am – 12.00 pm	<ul style="list-style-type: none"> <li>Audit team travel to Segaliud-Lokan Base Camp</li> <li>Opening Meeting with representatives of FMU</li> <li>Briefing session by Forest Manager on progress of forest activities</li> <li>Evaluation of changes to the management of the FMU</li> <li>Check on progress of planned activities aimed at enhancing the operation system</li> <li>Check on complaints, stakeholder comments and follow-up actions with Government agencies and NGOs</li> <li>Check on verification for closing NCRs raised during the previous audit</li> <li>Evaluate on procedures for internal audit and management review</li> <li>Q&amp;A Session</li> </ul>		
	2.00 – 5.00 pm	<b>AUDITOR 1 (Razman &amp; Annas)</b>	<b>AUDITOR 2 (Hj. Roslee)</b>	<b>AUDITOR 3 (Ismail)</b>
		Documentation and records review <ul style="list-style-type: none"> <li>Principle 5 – Benefits from the forest</li> <li>Principle 6 – Environmental Impact</li> <li>Principle 7 – Management Plan</li> </ul>	Documentation and records review <ul style="list-style-type: none"> <li>Principle 1 – Compliance with Laws and Principles</li> <li>Principle 2 – Tenure and Use Rights and Responsibilities</li> <li>Principle 3 – Indigenous Peoples' Right</li> <li>Principle 4 - Community Relations and Worker's Right</li> </ul>	Documentation and records review <ul style="list-style-type: none"> <li>Principle 8 – Monitoring and Assessment</li> <li>Principle 9 – Maintenance of High Conservation Value Forests</li> </ul>
		<ul style="list-style-type: none"> <li>Review of Day 1 Findings by Audit Team Leader</li> </ul>		
<b>Day 2 Wednesday (19/9/2018)</b>	8.00 am – 5.00 pm	<b>AUDITOR 1 (Razman)</b>	<b>AUDITOR 2 (Hj. Roslee &amp; Annas)</b>	<b>AUDITOR 3 (Ismail)</b>
		Site visit <ul style="list-style-type: none"> <li>Inspection of harvesting area – Compt. 27</li> <li>Inspection of post harvesting area – Compt. 15</li> <li>Residual trees (PCT), mother trees, tagging, harvesting system, etc.</li> <li>Interview with harvesting workers</li> <li>Forest Fire Management – Tower at Compt. 10</li> <li>CoC process at stumping area</li> </ul>	<ul style="list-style-type: none"> <li>Interview with Forest Ranger &amp; Forester from Sandakan Forest Department – Rusli &amp; Ambrine Kiraman</li> <li>Consultation with local community from Kg. Balat and Kg. Sangau – Community Forest Committee (CFC)</li> </ul>	Site visit to PSP plots at NFM area <ul style="list-style-type: none"> <li>Compt. 11, Plot A1 (Stratum = Good)</li> <li>Compt. 11, Plot A2 (Stratum = Average)</li> <li>Compt. 11, Plot A3 (Stratum = Poor)</li> </ul> Site visit to PSP plots at ITP area <ul style="list-style-type: none"> <li>Compt. 9, Plot A2</li> <li>Compt. 9, Plot B2 (Stratum = Average)</li> </ul>
		<ul style="list-style-type: none"> <li>Review of Day 2 Findings by Audit Team Leader</li> </ul>		
<b>Day 3 Thursday (20/9/2018)</b>	8.00 am – 5.00 pm	<b>AUDITOR 1 (Razman)</b>	<b>AUDITOR 2 (Hj. Roslee)</b>	<b>AUDITOR 3 (Ismail &amp; Annas)</b>
		Inspection of FMU's boundaries: <ol style="list-style-type: none"> <li>Malbumi Estate at</li> </ol>	<ul style="list-style-type: none"> <li>High Production Corridor (HPC) areas: <ol style="list-style-type: none"> <li>Compt. 37 (NFM)</li> </ol> </li> </ul>	Site visit <ul style="list-style-type: none"> <li>Wildlife monitoring &amp; camera trap (orang</li> </ul>

		Compt. 58 & 67 (Sg. Tabalion) 2. Bimbingan Estate at Compt. 1	2. Compt. 26 (ITP) 3. Compt. 28 (NFM)	utan, elephant etc.) at Compt. 34 • HCVPs area i. Nepenthes sp. abundance area at Compt. 49
		• Review of Day 3 Findings by Audit Team Leader		
<b>Day 4 Friday (21/9/2018)</b>	8.00 am – 5.00 pm	<b>AUDITOR 1 (Razman &amp; Annas)</b>	<b>AUDITOR 2 (Hj. Roslee)</b>	<b>AUDITOR 3 (Ismail)</b>
		<ul style="list-style-type: none"> <li>• Workers quarters</li> <li>• Nursery</li> <li>• Workshop</li> <li>• Scheduled waste store</li> <li>• Clinic</li> <li>• Diesel storage area</li> <li>• Interview with workers representatives</li> </ul>		
		• Review of Day 4 Findings by Audit Team Leader		
<b>Day 5 Saturday (22/9/2018)</b>	8.00 am 2.00 pm 3.00 pm 5.30 pm	<ul style="list-style-type: none"> <li>• Documentation and records review</li> <li>• Preparation of audit report and finding</li> <li>• Closing Meeting</li> <li>• Travel to Sandakan.</li> <li>• Stay at Four Points Hotel, Sandakan</li> </ul>		
Sunday (23/9/2018)		<ul style="list-style-type: none"> <li>• Travel from Sandakan to Kuala Lumpur (MH2711; 1425 - 1710) on</li> </ul>		

## Corrective Actions Taken and Final Status on NCRs and OFIs Raised During Previous Audit

P & C Indicator	Specification Major/Minor/ OFI	Detail Non-conformances	Corrective Action Taken	Verification by Assessor
Indicator 1.1.1  NCR #: MN 01/2017 – SA2	Major	<p><b>Requirement :</b> Indicator 1.1.1 - Records and availability of up-to-date applicable federal, state and local laws, and regulations and policies, in particular those related to forest management.</p> <p><b>Finding:</b> The FMU failed to follow the requirement of Labour Ordinance (Sabah Cap. 67), Section 113(4)</p> <p><b>Objective evidence:</b> The FMU was found not adhere to the notice permit from <i>Jabatan Tenaga Kerja Sabah</i> (No Siri: 11(0992)SDK dated on 12 June 2017 with regards on '<i>Permit Potongan Daripada Gaji Pekerja Seksyen 113(4), Ordinan Buruh (Sabah Bab 67)</i>' specifically on the condition of; #1. <i>Jumlah semua potongan gaji pekerja sebulan hendaklah tidak melebihi 50% daripada pendapatan bulanan atau 75% sekiranya potongan gaji melibatkan pinjaman perumahan</i> - Evidence from the record of payment found in KTS Plantation office in Sandakan main office showed that salary of employee (Employee No.: 010021) for the month of November 2017 was deducted a total of RM607.50 (66%) from earning of RM920.40.  #5. <i>Permit ini hendaklah dipamerkan di suatu tempat yang mudah dilihat di tempat penggajian pekerja-pekerja</i> - The notice was not displayed in the FMU area.</p>	<p><b>Root cause:</b> Highest proportion of salary deduction comes from the canteen credit bond. The company allowed workers to take sundry good throughout the month for their convenience.</p> <p><b>Corrective action:</b> 1. To limit the amount of canteen credit bond. Date of effective: 1/1/2018. 2. To display the Notice Permit from Jabatan Tenaga Kerja Sabah '<i>Permit Potongan Daripada Gaji Pekerja Seksyen 113(4) Ordinan Buruh Sabah (Bab 67)</i>' for awareness at sundry shop by 1/1/2018.</p>	<p><b>Evidence of implementation:</b> 1. Auditor has verified payslip for sampled workers for August, September and October 2018 that the deduction not exceed 50% of monthly wages. 2. The permit was displayed at camp office and sundry shop.</p> <p><b>Status: Closed.</b></p>
Indicator 4.1.1  NCR #: MRS 01/2017 – SA2	Minor	<p><b>Requirement :</b> Indicator 4.1.1 - Forest managers provide appropriate support for training, retraining, local infrastructure, facilities and social programmes that commensurate with the scale and intensity of forest management operations</p> <p><b>Finding :</b> The FMU has yet to add other relevant training in the training plan '2017 Training Schedule' as required by the standard.</p> <p><b>Objective evidence :</b> 1. Scheduled waste training 2. Chemical handling 3. HCVF awareness training 4. Flora and fauna briefing (RTE)</p>	<p><b>Root cause:</b> Incomplete training plan meet of the training planned is upon the requirement of Forestry Department and ISO 14001.</p> <p><b>Corrective action:</b> To establish a training matrix that covers all aspect of forest management from different level of staff and workers.</p>	<p><b>Evidence of implementation:</b> The FMU has included scheduled waste training, chemical handling, HCVF management talk, and flora and fauna conservation programme in the annual training programme – Training Summary 2018.</p> <p><b>Status: Closed</b></p>
Indicator 4.2.3  NCR #: RJ 01/2017	Major	<p><b>Requirement :</b> Indicator 4.2.3. Appropriate safety and operational equipment in good working condition, including operational procedures, shall be made available to forest workers in the work place.</p>	<p><b>Root cause:</b> 1. Ineffective monitoring system on first aid box. 2. Improper medicine storage location.</p>	<p><b>Evidence of implementation:</b> First aid kit box was made available at office, main gate, stumping, store,</p>



<p>– SA2</p>		<p><b>Finding:</b></p> <ol style="list-style-type: none"> <li>1. First Aid Box was not provided and not fully equipped as required at working area.</li> <li>2. Medicine stock was not stored in the controlled temperature as required.</li> </ol> <p><b>Objective evidence :</b></p> <ol style="list-style-type: none"> <li>1. Auditor has found that first aid kit : <ol style="list-style-type: none"> <li>i. At Nursery, was not provided by the FMU management</li> <li>ii. At Workshop and Main Store the content were expired in 2014.</li> <li>iii. At Stumping site the content of first aid kit was found to be insufficient</li> <li>iv. At Guard House the first aid box was found empty</li> </ol> </li> <li>2. Inspection at the base camp's clinic found that Terbutaline Syrup stock that required to be kept below 25<sup>o</sup> was kept in the open room that exceed the requirement.</li> </ol>	<p><b>Corrective action:</b></p> <ol style="list-style-type: none"> <li>1. To revise and enhance the first aid SOP by 31/1/2018.</li> <li>2. To implement the SOP and close monitor by safety officer every month.</li> <li>3. To use refrigerator as storage for liquid medicines.</li> </ol>	<p>workshop and guard house as verified during site inspection. Terbutaline Syrup stock at the base camp's clinic was kept in the refrigerator.</p> <p><b>Status: Closed.</b></p>
<p><b>Indicator 4.4.1</b></p> <p><b>NCR #: MN 02/2017 – SA2</b></p>	<p><b>Minor</b></p>	<p><b>Requirement : Indicator 4.4.1 :</b> Forest managers shall evaluate, through consultations, social impact of forest operations directly affecting communities, and the people and groups directly affected by the forest operations shall have access to information on the results of the social impact evaluations.</p> <p><b>Finding :</b> Social Impact Assessment (SIA) that carried out as part of the revised EIA and HCVF did not address the issues as per MC&amp;I requirements for social impact evaluation</p> <p><b>Objective evidence:</b></p> <p>SIA information was found reported in the EIA Report 2012 under section 4-13, and Evaluation of High Conservation Value Forest Report (page 9-15) during the audit. However, both reports were found to be outdated and not comprehensive to establish full information in particular evaluation and the impacts of forest operation to the surrounding communities and stakeholders.</p>	<p><b>Root cause:</b></p> <p>Social impact assessment was not conducted to include all required information.</p> <p><b>Corrective action:</b></p> <p>To engage consultant to conduct social impact assessment (SIA). Expected completion by 31/10/2018.</p>	<p><b>Evidence of implementation:</b></p> <p>During this recertification audit, the assessment report titled 'Social Impact Assessment KTS Plantation - FMU 19B Segaliud-Lokan Forest Reserve' dated June 2018 was presented. The assessment has included the social impact analysis under chapter 3 and proposed Mitigation under Chapter 4. The FMU also has produced An Evaluation Of High Conservation Value Forest (HCVF) Segaliud-Lokan Forest Reserve (FMU 19B) 2018 revision.</p> <p><b>Status: Closed</b></p>
<p><b>Indicator 6.5.1</b></p> <p><b>NCR #: RJ 02/2017 – SA2</b></p>	<p><b>Major (Upgraded from previous Minor NCR)</b></p>	<p><b>Requirement : Indicator 6.5.1-</b> Availability and implementation of harvesting procedures to protect the soil from compaction by harvesting machinery and erosion during harvesting operations</p> <p><b>Finding:</b> Implementation of harvesting procedure to protect the soil from erosion during harvesting operation was not adhered.</p> <p><b>Objective evidence :</b> During the site visit to active area, Licence no. JP(SLK)125/93(CO) in compartment of 19 , it was found that the bulldozer had pushed the soil into buffer</p>	<p><b>Root cause:</b></p> <p>Absence of detained working procedure for bridge construction.</p> <p><b>Corrective action:</b></p> <ol style="list-style-type: none"> <li>1. To clear soil from buffer zone by 31/1/2018.</li> <li>2. To consult with Sabah Forestry Department on the correct procedure by</li> </ol>	<p><b>Evidence of implementation:</b></p> <p>During the Inspection of active logging sites in Compartment 27 and post-harvesting area at Compartment 15 (ITP), buffer zone at Sg. Lokan and steep area were protected and marked with red paint color.</p>

		zone at bridge B1 in Secondary road S2. It was a recurrent of previous Minor NCR MRS 01/2017 SA1.	<p>31/1/2018.</p> <p>3. To revise standard operating procedure by 15/2/2018.</p> <p>4. To brief related supervisors and workers by 20/2/2018.</p> <p>5. To establish monitoring procedures by 15/2/2018.</p>	<p>Harvesting at both compartments was conducted according to the Comprehensive Harvesting Plan. The procedures to protect the soil from compaction by harvesting machinery and erosion during harvesting operations were implemented in accordance to the requirements of RIL guidelines. Inspection was conducted on skid trail B, B1 and B7 in Compartment 27 and skid trail A6 in Compartment 15 (ITP) were constructed according to specifications of RIL, the construction of water bar was evident.</p> <p><b>Status: Closed</b></p>
<p><b>Indicator 6.6.1</b></p> <p><b>NCR #: RJ 03/2017 – SA2</b></p>	<p><b>Minor</b></p>	<p><b>Requirement : Indicator 6.6.1</b> - Availability of management policy on environmentally friendly non-chemical methods of pest management</p> <p><b>Finding :</b> Policy on the use of environmentally friendly non-chemical methods of pest management and avoiding the use of chemical pesticides was not available</p> <p><b>Objective evidence :</b> Management policy on the use of environmentally friendly non-chemical methods of pest management and avoiding the use of chemical pesticides was not available at Segaliud - Lokan FMU.</p>	<p><b>Root cause:</b> Policy on the use of environmentally friendly non-chemical methods of pest management and avoiding the use of chemical pesticides is not included in the forest and environmental management policy of KTS Plantation.</p> <p><b>Corrective action:</b> To include the policy on the use of environmental friendly non-chemical methods of pest management in the Forest and Environmental Management Policy by 15/2/2018.</p>	<p><b>Evidence of implementation:</b> Policy on environmentally friendly non-chemical methods of pest management titled 'Forest &amp; Environmental Management Policy' was made available at camp office during this audit.</p> <p><b>Status: Closed.</b></p>
<p><b>Indicator 7.1.1</b></p> <p><b>NCR #: MN 03/2017 – SA2</b></p>	<p><b>Minor</b></p>	<p><b>Requirement : Indicator 7.1.1</b> - Availability and implementation of Forest Management Plan</p> <p><b>Finding:</b></p> <ol style="list-style-type: none"> <li>1. Implementation of Community Forest Committee (CFC) in FMP (page 58-59) was not available</li> <li>2. Map of all identified HCVFs was not</li> </ol>	<p><b>Root cause:</b></p> <ol style="list-style-type: none"> <li>1. Community Forest Committee (CFC) was not active and fully functioning.</li> <li>2. The information No. 2 and 3 was</li> </ol>	<p><b>Evidence of implementation:</b> The Addendum Number Two dated 31 August 2018, Community Forestry Committee (CFC) has been set up to deal with</p>

		<p>updated in the FMP.</p> <p>3. Description and map of PSPs in the FMP were not updated with latest design and no. of PSPs plot</p> <p><b>Objective evidence:</b></p> <p>1.The FMP mentioned that the CFC is responsible for; (4.9.1) SIA study. (4.9.4) Employment Right and (4.9.5) Consultation with resident on social issues, but no evidence was found during the audit that CFC has dealt with these three issues. This was based on the interview with the the FMU's management staff, and also interview with 7 general workers.</p> <p>2. The FMU has yet to update map of identified HCVFs (saltlick, dipterocarp abundance area, and Toluh waterfall) in the FMP.</p> <p>3.The FMU also has yet to revise old plan to establish 98 PSPs and map of PSPs (Map 9: Permanent Yield Sample Plots Location) as stated in the FMP 2009-2018 - Section 3.2.3 Assessment of Permanent Sample Plots with current plan were 60 PSPs (30 PSPs in ITP area &amp; 30 PSPs in NFM area).</p>	<p>updated in separate report as the Mid-Term Review for FMP was documented in 2015.</p> <p><b>Corrective action:</b></p> <ol style="list-style-type: none"> <li>1. Depending on SIA finding, may or may not CFC to form.</li> <li>2. To update the FMP through addendum accordingly by 30/6/2018.</li> </ol>	<p>community issues pertaining to existing legal requirement related to community forestry. Since SLFR and DFR have the same forest community therefore CFC will collaborate with DFR forestry committee. There have addendum of the FMP based on addendum Number 1 by date 30 January 2018. The FMU has updated map of identified HCVFs (saltlick, dipterocarp abundance area, and Toluh waterfall) in the FMP. The FMU also had revised their plan for PSPs and map of PSPs by addendum number 1 dated 30 January 2018. A new design is design is introduced called the Pair Permanent Sample Plot Design (Pair PSP). A series of new PSP will be established based on new approach to achieve the objectives of monitoring and assessing the effect of management prescription on forest growth.</p> <p><b>Status: Closed.</b></p>
<p><b>Indicator 8.2.1</b></p> <p><b>NCR #: MRS 02/2017 – SA2</b></p>	<p><b>Minor</b></p>	<p><b>Requirement :</b> Indicator 8.2.1 - Forest managers shall gather the relevant information, appropriate to the scale and intensity of the forest management operations, needed to monitor the items (a) to (e) listed in Criterion 8.2.</p> <p><b>Finding :</b></p> <ol style="list-style-type: none"> <li>1. Method on establishing PSPs plot in the NFM area could affected the accuracy results of growth and yield.</li> <li>2. Inventory of sapling was not accordance to standard procedure</li> </ol> <p><b>Objective evidence :</b></p> <ol style="list-style-type: none"> <li>1. As refer to SOP Permanent Sample Plot (Operation), auditor has found that</li> </ol>	<p><b>Root cause:</b></p> <p>Most of the PSP plot located in non-operation area, therefore buffer is not required. However, buffer will be consider in the revised SOP to standardize the procedure.</p> <p><b>Corrective action:</b></p> <p>To improve the PSP SOP with the following amendment:</p>	<p><b>Evidence of implementation:</b></p> <p>Audit team has verified the new design of study plot called Pair-Permanent Sample Plot (PPSP).</p> <p>Field verifications included plot dimension, species identification, measurements, marking and correct data entry into provided forms</p>

		<p>position of PSPs for ATP02 and ATP04 were at the edge of harvesting area (50 m from road side).</p> <p>2. Counted of sapling as verified in the 'Sapling Count and Silviculture Information Form-SF19' was 5.0 cm and below. However, the SOP stated the counted sapling shall be taller than 1.35 m but less 3 cm.</p>	<p>1. To establish a 50 m buffer from the edge of harvesting area.</p> <p>2. Sapling defined as tree smaller than 5 cm DBH but more than 50 cm height.</p>	<p>whether in accordance to specifications in the SOP.</p> <p><b>Status: Closed.</b></p>
<p><b>Indicator 9.4.1</b></p> <p><b>NCR #: MRS 03/2017 – SA2</b></p>	<p><b>Minor</b></p>	<p><b>Requirement : Indicator 9.4.1 - 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 HCVFs in the FMU</b></p> <p><b>Finding :</b> SOP HCVF was not updated with all identified HCVF area in the FMU, monitoring practices, and latest revision of monitoring form.</p> <p><b>Objective evidence :</b></p> <p>i. Toluh waterfall was not stated in the SOP</p> <p>ii. Distance of boundary mark for all HCVFs area also not mentioned.</p> <p>iii. As per SOP, monitoring shall be conducted middle of the year. However, actual monitoring for all HCVFs were conducted on 24 October 2017 and 20 November 2017.</p> <p>iv. The monitoring form (SF17) in the SOP also was not updated with current version 'SPF17 2017 rev 2'</p>	<p><b>Root cause:</b> SOP is not updated. Need to assign PIC to review the SOP.</p> <p><b>Corrective action:</b></p> <p>1) To revise and update the SOP annually.</p> <p>2) To monitor the implementation of SOP by PIC.</p>	<p><b>Evidence of implementation:</b> HCVF monitoring procedures had been sighted in the SOP titled "HCVF Management' (KTSP/SOP/446/14) for Segaliud-Lokan FMU. The SOP is intended to assess the effectiveness of the measures in the management of the HCVFs. The SOP HCVF was also updated with inclusion of latest monitoring SF17 form. The following updates were sighted as well: Distance of boundary buffer mark (30m) for all HCVFs area was mentioned. As per SOP, HCVF monitoring were conducted once a year.</p> <p>Verified HCVF monitoring forms (Form SF17) compiled in the "Evaluation of HCVF for Segaliud-Lokan Forest Reserve 2018 Revision" report, evidenced that all four (4) HCVF sites at Segaliud-Lokan had been monitored in 2018.</p> <p><b>Status: Closed.</b></p>

## Details on OFIs and NCRs Raised During Surveillance 2 (2018) Audit and Corrective Actions Taken

P & C Indicator	Specification Major/Minor/ OFI	Detail Non-conformances	Corrective Action Taken	Verification by Assessor
Indicator 6.5.3  NCR #: MRS 01/2018	Minor	<p><b>Requirement</b> : Indicator 6.5.3 - Availability and implementation of guidelines for forest road lay-out and construction, including log landings and drainage requirements</p> <ul style="list-style-type: none"> <li>2.2.4 Drainage – RIL Operation Guide Book, March 2009</li> </ul> <p><b>Finding</b> : Installed culvert not effective to reduce direct surface water flow into the water course</p> <p><b>Objective evidence</b> : Installed culvert at Block 1, Compartment 27 was not effective to reduce soil erosion:</p> <ol style="list-style-type: none"> <li>1) No retaining wall to minimize direct flow of surface water into water source.</li> <li>2) Sumps or silt traps were not constructed to prevent siltation.</li> </ol>	<p><b>Root cause:</b> Understanding on requirements of RIL on drainage to bulldozer operator, etc.</p> <p><b>Corrective action plan:</b> To construct retaining wall at culvert in order to minimize direct flow of surface runoff into water source – 1/11/2018</p> <p>To construct sumps at culvert to prevent siltation – 1/11/2018</p> <p>Training on RIL to bulldozer operator, etc.</p>	<p>Corrective action was accepted by audit team.</p> <p><b>Status:</b> The implementation and effectiveness of corrective action plan will be verified during next audit</p>
Indicator 6.6.2  NCR #: RJ 01/2018	Minor	<p><b>Requirement</b> : Indicator 6.6.2 - Availability and implementation of guidelines and/or procedures on the use of chemicals in the forest approved by relevant regulatory authorities.</p> <p><b>Finding</b> : The emergency shower and safety eye wash were not provided by FMU based on the recommendation by Chemical Health Risk Assessment report (CHRA).</p> <p><b>Objective evidence:</b> During site visit to the nursery, the auditor found that emergency shower and safety eye wash were not available as recommended by the CHRA report dated 5-6 October 2016, as stated under Form F, (Para 7-Emergency and first aid procedures).</p>	<p><b>Root cause:</b> No person incharge to monitor CHRA recommendation</p> <p><b>Corrective action plan:</b> To construct emergency shower and safety eye wash according to recommendation in CHRA report.</p> <p>To assign person incharge to monitor CHRA recommendation</p>	<p>Corrective action was accepted by audit team.</p> <p><b>Status:</b> Implementation and effectiveness of the corrective action plan will be verified during next audit.</p>
Indicator 6.7.1  NCR #: MRS 02/2018	Major	<p><b>Requirement:</b> Indicator 6.7.1 – Oil, fuel, tyres, containers, liquid and solid non-organic wastes shall be disposed of in an environmentally appropriate and legal manner.</p> <p><b>Finding</b> : Storage of scheduled waste did not follow requirement of Environmental Quality (Scheduled Wastes) Regulations:</p> <ol style="list-style-type: none"> <li>1) Reg. 9 – Storage of scheduled wastes</li> <li>2) Reg. 10 – Labelling of scheduled wastes</li> </ol> <p><b>Objective evidence</b> : 1. Two scheduled waste drums for oil</p>	<p><b>Root cause:</b> Labelling sticker used to label SW312 and SW408 has finished and pending for labelling sticker.</p> <p>SW408 containers not covered according to the requirement.</p> <p><b>Corrective action plan:</b> To provide labelling</p>	<p>Corrective action was accepted by audit team.</p> <p><b>Evidence of implementation:</b> The FMU has labeled drums for SW312 and SW408.</p> <p>Information of the wastes producer was written in the labeled.</p>

		<p>interceptor (SW312) and contaminated material (SW408) were not labeled with date of first generation, name, address and telephone number of the waste generator displayed on the containers.</p> <p>2. These containers (SW312 and SW408) were not labelled with symbol as specified in the Third Schedule</p> <p>3. Container for SW408 was not covered.</p>	<p>stickers for SW312 and SW408 with symbol as specified in 3<sup>rd</sup> schedule – 1/11/2018.</p> <p>To provide covered containers for SW408 – 1/11/2018</p>	<p>Container for SW408 was covered as verified by audit team.</p> <p><b>Status: Closed.</b></p>
<p><b>Indicator 6.9.1</b></p> <p><b>NCR #: MRS 03/2018</b></p>	<p><b>Minor</b></p>	<p><b>Requirement :</b> Indicator 6.9.1 - Document, control and monitor on the use of exotic species to avoid adverse ecological impacts. Preference shall be given to native species in enrichment planting.</p> <p><b>Finding :</b> Record of monitoring and control of exotic species was not available during audit.</p> <p><b>Objective evidence :</b> The FMU has planted exotic species which are Mahogany, Khaya and Araucaria in the FMU area as verified in the 'Summary of Enrichment Planting (1996 – 2018) Segaliud-Lokan Forest Reserve (FMU19B)'. However, record of monitoring and control of the exotic species planted were not available.</p>	<p><b>Root cause:</b> No monitoring and control of planted exotic species was conducted.</p> <p><b>Corrective action plan:</b> To conduct monitoring for exotic species and prepare report of monitoring – 1/10/2019</p>	<p>Corrective action was accepted by audit team.</p> <p><b>Status: Implementation and effectiveness of the corrective action plan will be verified during next audit.</b></p>
<p><b>Indicator 9.3.1</b></p>	<p><b>OFI</b></p>	<p><u>Measures to demarcate, maintain and /or enhance the HCV attributes are documented in the forest management plan and effectively implemented.</u></p> <p>Visit to all HCVF area found that signboard were displayed and maintained. However, the damaged signboard for Nepenthes HCVF at Compartment 49 could be maintained and placed at strategic location.</p>	<p>Not required</p>	<p>Will be verify during next audit</p>