



**PUBLIC SUMMARY
SURVEILLANCE 1 (4th CYCLE) ON
SEGALIUD LOKAN FOREST MANAGEMENT UNIT
FOR FOREST MANAGEMENT CERTIFICATION**

**Certificate Number: FMC 0001
Date of First Certification: 3rd December 2009
Audit Date: 22nd – 25th October 2019
Date of Public Summary: 9th April 2020**

Certification Body:

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EXECUTIVE SUMMARY

This surveillance 1 audit on the Segaliud Lokan Forest Management Unit (hereafter referred as the Segaliud Lokan FMU) was conducted on **22 – 25 October 2019** to assess the continued compliance of the overall forest management system of the Segaliud Lokan FMU against the requirements of the *Malaysian Criteria and Indicators for Forest Management Certification (Natural Forest)* [MC&I (Natural Forest)] using the verifiers stipulated for Sabah. The scope of this surveillance 1 audit was limited to the forest management system and practices on the natural forest within the Segaliud Lokan FMU.

This surveillance 1 audit was conducted by a 3 -member team comprising Hj.Roslee Jamaludin (Lead Auditor), Ismail Adnan Abdul Malek (Auditor), and Mohd Annas Amin Hj. Omar (Auditor).

Based on the findings of this surveillance 1 audit, it was found that Segaliud Lokan FMU had continued to comply with the requirements of the MC&I (Natural Forest). This surveillance 1 audit had resulted in the issuance of 1 (one) and 3 (three) major and minor Non Conformity Reports (NCRs) respectively. In addition, 1 (one) Opportunity for Improvements (OFI) was raised.

This public summary contains the general information on the Segaliud Lokan FMU, the findings of the surveillance 1 audit, NCRs raised as well as the decision on the continued certification of the FMU.

1.0 INTRODUCTIONS

1.1 Name of FMU

Segaliud Lokan Forest Management Unit

1.2 Contact Person and Address

Name : Peter Tiong Siew Kwong
Designation : Operational Manager
Address : KTS Plantation Sdn. Bhd. Mile 46,
Sandakan – Telupid Highway
90009 Sandakan Sabah Malaysia.
Phone # : 089-271601/2/ 013-8608131/ 019-892639 / 012-8856659 (Ms Marylyn)
Fax # : 089-271600
E-mail : ktsplantation@gmail.com

1.3 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).

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

The FMU is being managed 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 2019 to 2028 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's main goal as per FMP 2019-2028 is to ensure that the timber resources will be maintained on a sustainable yield basis, with a commitment to protecting the natural resources and biological diversity of the natural forest through the implementation of best practices of forest management attainable.

A map of the FMU showing the significant features of the forest is attached in **Attachment 1**.

1.4 Date First Certified

3rd December 2009

1.5 Location of the FMU

The FMU is located between latitudes 5° 20' N and 5° 40' N, and longitudes 117° 25' E and 117° 40' E.

1.6 Forest Management System

The FMU had followed the principles of sustainable forest management (SFM) and the requirements of the Licence Agreement of the Sabah State government. A Forest Management Plan (FMP) 2019 to 2028 was presented during this audit.

1.7 Annual Allowable Cut/Annual Harvest under the Forest Management Plan

Based on “*Third Forest Management Plan 1st Revision Segaliud-Lokan Forest Reserve, FMU 19 (B)(2019- 2028,*”), the AAC was established at 18.55m³/ha for estimated yield with gross annual harvestable area 2500ha at growth of harvestable tree 1.95m³/ha/year, and estimated AAC was set at 46,375m³.

1.8 Environmental and Socioeconomic Context

The EIA report was produced in August 2001 and a revised EIA for the FMU was conducted and submitted for approval in September 2012. This EIA report was approved on 1 March 2013 and the contract to monitor the area with the Environment Protection Department was also signed on the same date.

Third Forest Management Plan 2019 – 2028 Segaliud Lokan Forest Reserves FMU 19(b) under Chapter 8, Para 8.10.3 had documented indigenous people’s rights and customary use rights, including a “Land dispute settlement process flowchart “as shown in Figure 8.5 and Figure 8.6: “Grievance resolution for community flowchart” in the FMP. The FMU had continued to respect the rights of the indigenous peoples as outlined in the United Nations Declaration on Rights of Indigenous Peoples (UNDRIP), 2007.

The FMU also generates job opportunity with qualified local community given preference as plantation workers and for contract works. The FMU mainly produce logs which feed into the local wood-based industry. Presently there is no production on minor forest products, but its collection is permitted for the local community.

There was no record on the use of traditional forest-related knowledge and practices of indigenous peoples in management systems in forest operations.

2.0 AUDIT PROCESS

2.1 Audit Dates

22nd – 25th October 2019 (12 man-days)

2.2 Audit Team

Hj.Roslee Jamaludin (Lead Auditor)
Ismail Adnan Abdul Malek (Forester)
Mohd Annas Amin Hj. Omar (Forester)

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

2.3 Standard Used

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

2.4 Stakeholder Consultations

A one-month stakeholder consultation was conducted in September 2019 to solicit feedback from stakeholders on the compliance of the Segaliud Lokan FMU against the requirements of the MC&I (Natural Forest). The comments by the stakeholders and responses by the audit team are shown in **Attachment 3**.

2.5 Audit Process

The audit was conducted primarily to evaluate the level of continued compliance of the Segaliud Lokan FMU's current documentation and field practices in forest management with the detailed of the standard of performances (SOPs) listed in the 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, local community 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 FMU's overall compliance with the indicator and decided whether to issue a major or minor NCR or an OFI which is defined as follows:

- (i) a major NCR is a non-compliance with the requirements of the MC&I (Natural Forest);
- (ii) a minor NCR is a deviation or a lapse in complying with the requirements of the MC&I (Natural Forest); and
- (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 (Natural Forest) but without sufficient objective evidence to support a non-conformance.

Consultations was held with the local community in Kampung Balat, as well as contractors and workers operating in the FMU. The audit team had also held meetings with the officers of Sandakan District Forest Office, Sabah Forestry Department, Labour Department, Staff of KTS Plantation Office in Sandakan and Clinical staff in the FMU.

The coverage of this surveillance 1 audit is as shown in the surveillance 1 Audit Plan in **Attachment 4**.

The KTS Plantation Sdn Bhd had sent a corrective action plan to the audit team to address the major and minor NCRs which the audit team had reviewed and accepted them. The audit team had prepared an interim surveillance 1 audit report and sent it to the KTS Plantation Sdn Bhd for comment. A second draft surveillance 1 audit report which had incorporated the comments received from the KTS Plantation Sdn Bhd was then prepared.

3.0 SUMMARY OF AUDIT FINDINGS

Based on the findings of this surveillance 1 audit, it was found that the KTS Plantation Sdn Bhd had continued to manage the Segaliud Lokan FMU in compliance with most of the requirements of the MC&I (Natural Forest). This surveillance 1 had resulted in the issuance of 1 major, 3 minor NCRs and 1 OFIs. The details on the NCRs/OFIs raised are shown in **Attachment 5**.

The audit team had reviewed, accepted, and verified the corrective actions taken by the KTS Plantation Sdn Bhd to address the 1 major NCR raised during this surveillance 1 audit. The audit team was satisfied that the corrective action had been effectively implemented and had therefore closed out this major NCR. The audit team had also reviewed and accepted the KTS Plantation Sdn Bhd proposed corrective actions to address the 3 minor NCRs. However, these corrective actions shall be verified by the audit team during the next audit.

The audit team had also verified on the corrective actions taken by the KTS Plantation Sdn Bhd to address the 3 Minor NCRs and 1 OFIs which were raised during the previous audit. The responses

made by the audit team leader on these corrective actions and on the final status of the NCRs and OFIs are as in **Attachment 6**.

On indigenous peoples' rights, the FMU's management is a member of Deramakot FR's Social Forestry Committee which provides mechanism to resolve any conflicts and grievances. However, since the FMU is under the 96 year-management (License Agreement JP (SLK) 125/93 (CO), 1 May 1993) there was no record of conflicts and grievances between parties involved concerning legal and customary rights within the FMU.

Within the FMU it was noted that there were only 2,138 ha of plantation already established as part of the trials for the plantation establishment before 1 July 2012. The industrial tree planting areas has been increased to 37,420 ha compared to 22,238 ha during the last audit; these areas were only for restoration planting in degraded sites and areas with very poor forest cover was carried out. The management was done under Natural Forest Management system.

As the major NCR raised during this surveillance 1 audit had been closed out, the audit team had therefore recommended that the Certificate for Forest Management be awarded to the Segaliud Lokan FMU be maintained.

The summary on the findings of the surveillance 1 audit on the Segaliud Lokan FMU against the requirements of the MC&I (Natural Forest) are as follows:

Principle	Strengths	Weaknesses
<p>Principle 1 Compliance with Laws and Principles</p>	<p>The Segaliud-Lokan FMU's forest management practices had continued to comply with all applicable laws of Malaysia and respect international treaties and agreements to which Malaysia is a signatory. 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>Consultation with the District Forest Officer of Sandakan indicated that no compounds were issued until the date of this audit for 2019. The forest offences were recorded in the complaint file.</p> <p>Current list of all legally prescribed fees, royalties, taxes, and other charges was sighted. Records of payment, including on royalty, logging license, permits, deposit and monthly financial reports were kept, and receipts verified.</p> <p>The forest managers had demonstrated awareness of international agreements.</p> <p>There was no conflict between the Principles and Criteria with laws and regulations. The forest managers demonstrated willingness to participate in resolution of such conflicts if they were to arise.</p>	<p>However, the record of employment and insurance for contractors's employees was not available. Review of employment record for Contractor's workers (Tiong & Sons) found that no evidence of the following:</p> <ol style="list-style-type: none"> 1. Employment contract containing terms of service 2. Insurance coverage 3. Salary slips 4. Certificate of identity 5. Copies of work permit/passport <p>Therefore, a Major NCR for Indicator 1.1.1 was raised.</p>

Principle	Strengths	Weaknesses
	<p>The FMU is legally protected by the license agreement between the KTSP and the Sabah FD (License Agreement for Timber, Tree Plantation and Wood Processing Plant for KTS Plantation Sdn Bhd (1993- 2089).</p> <p>Policy statements (Forest & Environmental Management Policy) were displayed in strategic places in compliance with MC&I requirement. These statements were also found in the Third <i>Forest Management Plan (2019-2028) Segaliud-Lokan Forest Reserve, FMU 19 (b)</i>, and were displayed in the FMU website.</p>	
<p>Principle 2 Tenure and Use Rights and Responsibilities</p>	<p>The License Agreement of JP(SLK) 125/93 (CO) dated 1st May 1993 issued to KTS Plantation (KTSP) by the State (Sabah Forestry Department) had given the right to KTSP to manage the Segaliud-Lokan FMU for 96 years (1993 to 2089).</p> <p>Relevant documentations of legal or customary tenure or use rights of local communities. The revised Forest Management Plan had documented indigenous people's rights and customary use rights, including a native dispute settlement mechanism. The Plan together with other relevant documents (such as Forest Enactment, 1968 – SQAS/MS/30-27a Issue 1 Rev 0 Page 9 of 27 Part V Section 41, Land Ordinance, 1930 (Sabah Cap. 68), Native Court Enactment, 1992's Native Courts and Native Courts Ordinance (Sabah Cap 86)) were available at the Segaliud Lokan camp.</p>	<p>Consultation with community members of Kg Balat found that, the community had not been informed of Segaliud Lokan FMU management decision regarding the latter's request for donation of boat to ferry school children across Sg Kinabatangan (raised during previous CFC meeting). Therefore, a Minor NCR for Indicator 2.3.1 was raised.</p>
<p>Principle 3 Indigenous People's Rights</p>	<p>The manager of the FMU acknowledged the indigenous peoples' right as stated in their FMP, including the recognition of Native Court apart from state Ordinance.</p> <p>Since there is no indigenous community settlement within the FMU, the closest being Kg Balat, the issues of indigenous peoples including the right of managing their own land do not arise.</p> <p>The FMU is guided by the documents Evaluation of High Conservation Value Forest (HCVF) in Segaliud Lokan Forest</p>	<p>There were no negative findings</p>

Principle	Strengths	Weaknesses
	<p>Reserve” (2015 version) and Compliance Report 2016 (#KTSP/SFD/CR/Vol2016) for identifying sites of cultural, ecological or religious significance to indigenous people. There is no such site of importance that has been identified to date within the FMU area.</p> <p>There was no record on the use of traditional forest-related knowledge and practices of indigenous peoples as related to FMU management. Similarly, there is no record of compensation for the use of traditional forest-related knowledge and practices for the local community. As stated earlier (Criterion 2.3) adequate mechanism exists for such claims if needed.</p>	
<p>Principle 4 Community Relations and Workers’ Rights</p>	<p>The FMU had provided training for their staff as documented in Training Reports. Local communities were given opportunity for employment/contract by the FMU as emphasized in The Third FMP (2019-2028) Segaliud Lokan Forest Reserve, FMU 19 (b).</p> <p>A Safety Office who had completed health and safety training which organized by NIOSH in 2013 has been appointed to be responsible for the safety and health issues.</p> <p>The assessment report titled ‘Social Impact Assessment KTS Plantation – FMU 19B Segaliud-Lokan Forest Reserve’ dated June 2018 was presented for verification. The assessment has included the social impact analysis under chapter 3 and proposed Mitigation under Chapter 4.</p> <p>The EIA studies had indicated that there were no indigenous and local communities living within the FMU.</p> <p>Legal document relating to prevention of loss or damage affecting community customary rights, property, resources, or their livelihoods were available at the office at Segaliud Lokan Base Camp for audit. There were no records of such loss or damage to the local community. Appropriate mechanisms were already in place (e.g., Social Forestry Committee) to address grievances if necessary.</p>	<p>1. During site inspection at Tiong & Sons workshop (Contractor for the FMU) and Clinic it was found that:</p> <ol style="list-style-type: none"> a. 15 mineral water bottles were filled with lubricant oil and were not labelled. b. The Schedule SW 305 and SW 410, SW 404 were not labelled with the date of first generated. <p>Therefore, a Minor NCR for Indicator 4.2.5 was raised.</p> <p>2. Review of workers grievance record/form (for house repair request) found that no acknowledgement (from repairer and complainant) on the completion of repair (conflict resolution) that had been implemented. Therefore, a Minor NCR for Indicator 4.3.4 was raised</p>

Principle	Strengths	Weaknesses
<p>Principle 5 Benefits From the Forest</p>	<p>Annual Work Plan 2019 and the Compliance Report 2018 KTS Plantation Sdn. Bhd. (ref: P/FD/1904/L07 dated 15/4/2019 submitted to the Forestry Department and was approved on 25/4/2019. The budgets include, all the activities conducted within the FMU, including costs of training, restoration planting, silvicultural treatment and environmental protection.</p> <p>No minor forest produce (NTFP) extracted, however the local community was allowed access for their domestic consumption. Local processing of timber was encouraged through preferential royalty rates (circular letter (Pekelling Pengarah) FD 37/2013 starting on January 2014) in accordance with the gazetted Royalty Structure and Rates for logs in Sabah.</p> <p>Reduced impact logging techniques were implemented in accordance with the RIL Operation Guidebook: Code of Practices for Forest Harvesting in Sabah 1999 and the Comprehensive Harvesting Plans (CHP).</p> <p>The harvesting minimized wastage of forest resources through the adoption of cutting limits, tree tagging, directional felling. A training program for 2019 was conducted on RIL related skills. RIL course was conducted on 10 May 2019 attended by 29 workers.</p> <p>The FMU was operating only to produce logs. The log production that contains a mix of different species provided some diversification of forest resources.</p> <p>Sensitive areas demarcated, mapped, and marked for soil and water protection in the field including riparian buffer belts and slopes above 25 degrees. There was no forest site classified as watershed within the concession. Timber resources and stand environment were sustained through the implementation of the Comprehensive Harvesting Plan (CHP) which includes tree tagging, roading and RIL practice. Use of old but usable roads and skid trails was maximized.</p> <p>The FMU also has maintained and enhance the forest resources by</p>	<p>There were no negative findings</p>

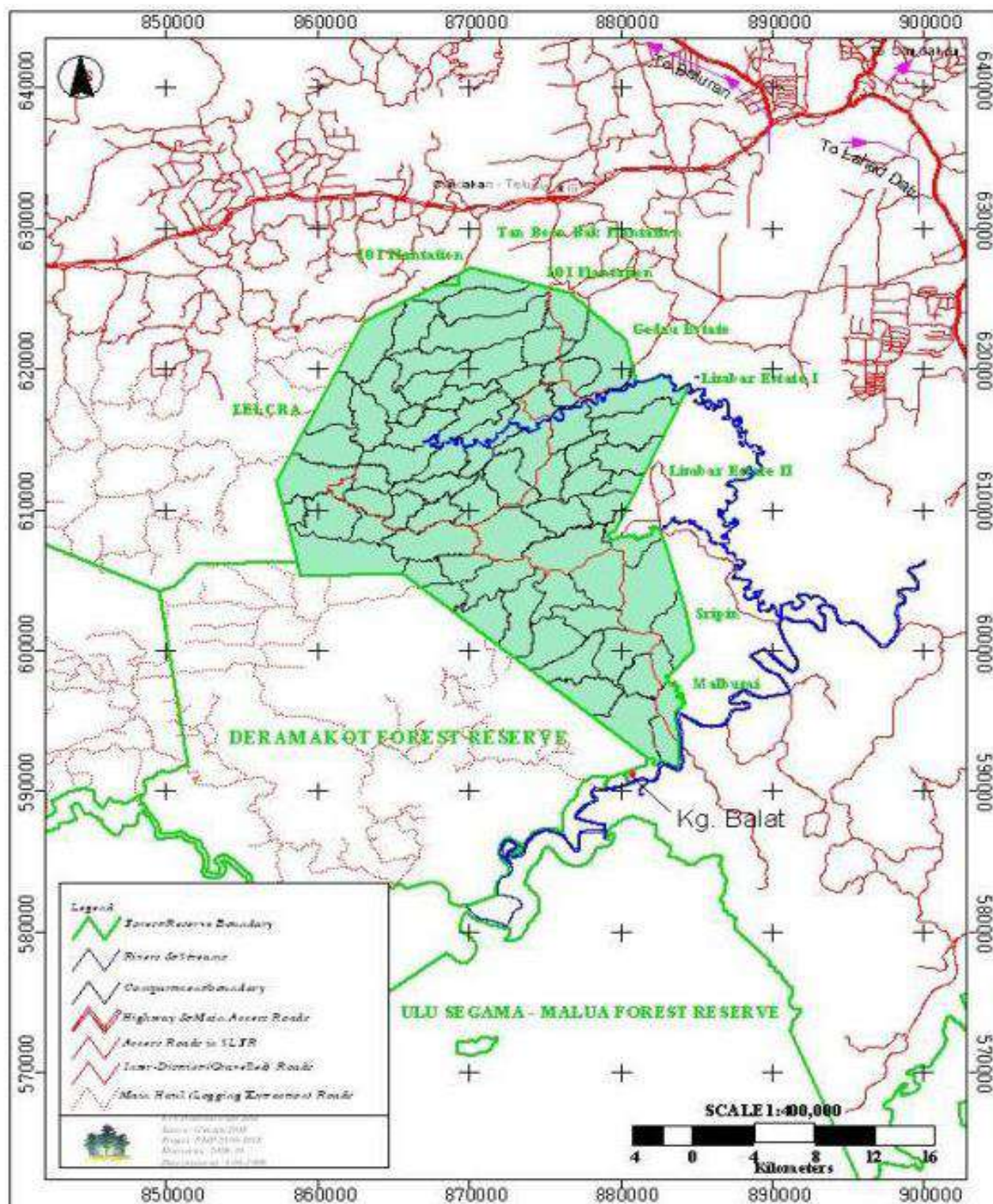
Principle	Strengths	Weaknesses
	<p>conducting forest rehabilitation or enrichment planting with high growth rate local tree species for year 2018 at Compartment 14, 19 (post-harvest area) and 25 in High Production Corridor area with Mahogany (<i>Swietenia macrophylla</i>), Hopea odorata, Laran (<i>Neolamarckia cadamba</i>), Binuang (<i>Octomeles sumatrana</i>) and Bakang (<i>Nauclea subdita</i>).</p> <p>Based on the <i>The Third Forest Management Plan 1st Revision Segaliud-Lokan Forest Reserve, FMU 19 (B)(2019- 2028,</i>) the AAC was established at 18.55m³/ha for estimated yield with gross annual harvestable area 2500ha at growth of harvestable tree 1.95m³/ha/year, and estimated AAC was set at 46,375m³.</p>	
<p>Principle 6 Environmental Impact</p>	<p>The revised EIA (2012) for the FMU was approved on 1 March 2013 and sighted during the audit. The document also included potential impacts of adjacent oil palm estates on the FMU. The establishment of wildlife corridors with neighbouring forest reserves was also suggested. Recommendations on strategies to mitigate the impacts of forest management were incorporated into the revised Third Forest Management Plan, 2019-2028.</p> <p>Guidelines on ERT species were incorporated in the revised Environmental Impact Assessment (EIA) Report (2012) and the revised Third Forest Management Plan, 2019-2028. The awareness of endangered, rare, and threatened species among workers was established through notices and posters at gate house and camp area.</p> <p>The FMU is secured through enforcement of no hunting policy, signage, security gates, monthly boundary patrols and aerial monitoring (some years).</p> <p>The impacts of harvesting, pre-harvesting and post harvesting were assessed using data from sample plots. Inventories determined trees to be felled (listed and mapped in the CHP) and retained for regeneration. Postharvest regeneration treatments were conducted where</p>	<p>There were no negative findings</p>

Principle	Strengths	Weaknesses
	<p>necessary. These were verified through the relevant documents sighted – The Closing Inspection Report and PSP records of selected compartments. Annual Work Plan and Comprehensive Harvesting Plan considered the need for protecting biological corridors. Buffer zones were also established around salt licks or wallows, linked to existing buffers, for wildlife conservation.</p> <p>Policy on environmentally friendly non-chemical methods of pest management titled 'Forest & Environmental Management Policy' was made available at camp office during this audit.</p> <p>All scheduled wastes at the FMU main workshop such as used fluorescent tube (SW109), used filter (SW410), spent oil (SW305), contaminated containers (SW409) and used batteries (SW102) were collected by registered contractor Legenda Bumimas Sdn Bhd on 10/7/2019 as verified through consignment note for scheduled wastes.</p> <p>There was no application of biological control agents in the FMU.</p> <p>Under the initial ITP condition exotic fast growing species would be employed to generate forest cover together with local species. The exotics are more resilient and suitable to much degraded sites. Over time however, more local species are used in regenerating post-harvest natural forest stands while exotic species are mainly confined to degraded sites.</p> <p>The industrial plantation area within the FMU was verified at 37,420 ha as compared to 22,238 ha recorded in the last audit. This is still within the 5% limit for conversion from natural forest. The plantation was mainly confined to degraded sites and areas with very poor forest cover.</p>	
<p>Principle 7 Management Plan</p>	<p>The revised Third Forest Management Plan Segaliud Lokan Forest Reserve, FMU 19 (b), 2019-2028 presented during this surveillance audit included all the particulars specified under the Criterion.</p> <p>Periodic review of the management plan will be implemented periodically.</p>	<p>Training plan for 2019 has covered relevant operations except for Awareness of MC & I am briefing and PSP establishment training. Therefore, an OFI for Indicator 7.3.1 was raised.</p>

Principle	Strengths	Weaknesses
	<p>A training program for 2019 had been developed and training activities were conducted.</p> <p>The public summary of the management plan could be viewed from the FMU's web page at http://www.segaliudlokan.com/executive-summary-forest-management-plan/</p>	
<p>Principle 8 Monitoring and Assessment</p>	<p>Forest managers of Segaliud-Lokan FMU had complied with the regulatory monitoring procedures in accordance with relevant federal and state guidelines of the Forestry Departments and other relevant agencies.</p> <p>PSPs to monitor growth and yield of harvested forests were established and data collated on various indicators given in the Criterion 8.2.</p> <p>Site inspection at the stumping site and relevant documents were checked at the log pond. The documents verified were selected internal Delivery Notes, Block Scaling Log Register Book and Daily Hauling Report Block, copies of Disposal Permits for Round Logs and the Removal Passes Form IV. SOP on tree tagging/tree marking. In addition, the Comprehensive Harvesting Plan was verified. Log movements were verified from the Daily Felling and Extraction Form or Comprehensive Tree Harvesting Report for SKT B (B1 & B7), Log records tallied between stumping sites and log record book at the log pond.</p> <p>The Third Forest Management Plan Segaliud-Lokan Forest Reserve, FMU 19 (b), 2019-2028 presented during this audit and had incorporated results of monitoring as per indicator 8.2.1 (a)-I.</p> <p>A summary of the results of monitoring indicators as listed in Criterion 8.2 was made available to the public at http://www.segaliudlokan.com/monitoring/</p>	<p>There were no negative findings</p>
<p>Principle 9 Maintenance of High Conservation Values</p>	<p>Information on the HCVFs at Segaliud-Lokan FMU had been updated in the report titled 'Evaluation of High Conservation Value Forest (HCVF), Segaliud-Lokan Forest Reserve (FMU 19B): 2018 Revision'. Maps of location of</p>	<p>There were no negative findings</p>

Principle	Strengths	Weaknesses
	<p>all HCV sites were also presented.</p> <p>Presently, four sites remained as HCVFs in Segaliud-Lokan FMU. The FMU had consulted with stakeholders on HCVFs in 2015 as verified through the official letter to the Wildlife Department and Sabah Forestry Department dated 2 February 2015. Most recently, HCVF consultation was carried out during the Community Forestry Committee (CFC) meetings with local communities from 12 Mac 2019.</p> <p>The FMU has stated measures to demarcate, maintain and/or enhance the four HCVF areas in The Third Forest Management Plan Segaliud-Lokan Forest Reserve, FMU 19 (b), 2019-2028 in the Section 3.4 'High Conservation Value Forest (Pg 48). The specific measures to maintain and enhance the conservation attributes of the HCVF sites were identified in the updated Evaluation of High Conservation Value Forest (HCVF) Segaluid Lokan Forest Reserve (FMU 19B) 2018 Revision..</p> <p>The updated summary was also uploaded onto the website http://www.segaliudlokan.com/hcvf/.</p> <p>The FMU has established a monitoring procedure to assess the effectiveness of measures in the management of the HCVFs titled 'Standard Operating Procedures HCVF Management' with date of effective on 1st June 2015. Four HCVF areas were verified through documentation during audit.</p>	

Map of Segaliud Lokan FMU



Experiences and Qualifications of Audit Team Members

Audit Team	Role/Area of MC&I Requirement	Qualification and Experience
Hj Roslee Jamaludin	Assessment Team Leader / Forester	<p>Academic Qualification: B.Sc. of Forestry (Forest Management), University Putra Malaysia. Diploma of Forestry, Mara Institute of Technology, Malaysia.</p> <p>Work Experience: 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&I for forest certification. Was a member of MAJURUS, was appointed as an Internal Auditor for the MC&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. Currently as an Auditor at the Food, Agriculture and Forestry Section (FAF), SIRIM QAS International Sdn Bhd, since 2017. Involved in conducting assessments on forest management certification MC&I (Natural Forest) & MC&I (Plantations).</p> <p>Attended training programmes:</p> <ul style="list-style-type: none"> • Auditor Training Course on Malaysian Criteria and Indicators for Forest Management Certification [MC&I (Natural Forest)] & [MC&I (Plantations)] organised by MTCC, 9 – 10 July 2015 • EMS 14001: 2004 Lead Assessor Training Course organised by SIRIM Training Services Sdn Bhd, 23 Nov. – 27 Nov. 2015. • Briefing on RSPO Principle & Criteria (HCV) organised by SIRIM QAS (Food, Agri & Forestry Section) 21 August 2015. • Workshop on Auditing Technique for FMC (2) organised by SIRIM QAS (Food, Agri & Forestry Section) 26 Jan 2016. • Forest Management Certification (FMC) Workshop 2017 organised by SIRIM (Food, Agr. & Forestry Section) 08 – 09 May 2017 • ‘Forest Management Certification (FMC) Workshop’ for 2017 organised by SIRIM (Food, Agr. & Forestry Section) 28 & 29 November 2017. • FMC Workshop for 2018 organised by SIRIM (Food, Agr. & Forestry) 22 November 2018 • COC Workshop 2018 organised by SIRIM 26 November 2018 • Auditor Training Course on PEFC Chain of Custody Certification organized by MTCC on 19th -20th December 2018.
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 & 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&I (Natural Forest) & MC&I (Plantations).</p> <p>Training / Research Areas:</p> <p>Attended and pass the following training programmes:</p> <ul style="list-style-type: none"> • Lead Auditor Course on MC& I (Natural Forest) and MC&I (Forest Plantation V2) (SIRIM QAS Sdn. Bhd), 9th-10th July 2015. • EMS 14001: 2004 Lead Auditor Course organized by SIRIM Training Services Sdn Bhd, 23rd-27th Nov 2015. • Training on Auditing Techniques (SIRIM QAS Int. Sdn. Bhd), 26th January 2016. • RSPO Lead Auditor Training organized by Wild Asia Sdn Bhd, 10th – 14th October 2016
Mohd Annas Amin bin Haji Omar	Assessment Team Member/ Forester	Academic Qualification: <i>Diploma in Forestry, UPM</i> <i>B. Sc. In Forestry, UPM</i> <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"> • Program of MTCS Training Course (MC&I) in Kuantan (9-12 July 2018) • Lead Auditor ISO 9001, ISO 14001 & ISO 45001 Exemplar Global Certified (13-18 August 2018)

Surveillance 1 Audit Plan

DAY	TIME	PROGRAM		
		AUDITOR 1 (Hj.Roslee)	AUDITOR 2 (Mohd.Annas)	AUDITOR 3 (Ismail Adnan)
Day 0 Monday (21/10/2019)		<ul style="list-style-type: none"> All Auditors – Travel from Kuala Lumpur to Sandakan (MH2710; 11:00 – 14:00) All auditors travel to Segaliud Lokan Base Camp Briefing by Audit Team Leader on the surveillance 1 audit plan 		
Day 1 Tuesday (22/10/2019)	8.30 am – 12.00 pm 2.00 – 5.00 pm	<ul style="list-style-type: none"> Opening Meeting with representatives of FMU Briefing session by Forest Manager of the FMU on progress of forest activities Q&A Session Evaluation of changes to the management of the FMU Check on progress of planned activities aimed at enhancing the operation system to achieve improvement in overall performance Check on complaints, stakeholder comments and follow-up actions with Government agencies and NGOs Check on verification for closing NCRs raised during the previous audit Evaluate on procedures for internal audit Evaluate on management review system Interview with workers representative 		
		Documentation and records review <ul style="list-style-type: none"> Principle 1 – Compliance with Laws and Principles Principle 5– Benefits from the forest Principle 7 – Management Plan Principle 4 – Community Relations and Worker’s Right (Indicator 4.2.) 	Documentation and records review <ul style="list-style-type: none"> Principle 6 – Environmental Impact Principle 8 – Monitoring and Assessment Principle 9– Maintenance of High Conservation Value Forests 	Documentation and records review <ul style="list-style-type: none"> Principle 2 – Tenure and Use Rights and Responsibilities Principle 3 – Indigenous Peoples’ Right Principle 4 – Community Relations and Worker’s Right
		<ul style="list-style-type: none"> Review of Day 1 Findings by Audit Team Leader 		
Day 2 Wednesday (23/10/2019)	8.00 am – 5.00 pm	Site visit <ul style="list-style-type: none"> Inspection of Post harvest area (cpt 10) Pre harvest (Cpt9) Protection area / riparian buffer Restoration planting sites (Cpt 14) High Production Corridor (HPC) (Cpt 14) 	Site visit <ul style="list-style-type: none"> Inspection of active area (Cpt 6) External Boundaries inspection Interview with workers (local and foreign workers). Protection area (Cpt 6) CoC 	Site visit & consultations <ul style="list-style-type: none"> District Forest Officer (DFO) Sandakan Labour Department, Sandakan, Sabah Forestry Department (SFD) & Wildlife Department. KTS Office in Sandakan Clinic

		<ul style="list-style-type: none"> Review of Day 2 Findings by Audit Team Leader 		
Day 3 Thursday (24/10/2019)	8.00 am – 5.00 pm	<ul style="list-style-type: none"> HCVFs area (nepenthes)(Cpt 49) Workshop Nursery 	<ul style="list-style-type: none"> PSP plots (Cpt 10) HCVFs-Salt Lick (Cpt59) 	<ul style="list-style-type: none"> Kg. Balat
		<ul style="list-style-type: none"> Review of Day 3 Findings by Audit Team Leader 		
Day 4 Friday (25/10/2019)	8.00 am – 12.00 pm	<ul style="list-style-type: none"> Documentation and records review 		
	2.00 – 3.00 pm	<ul style="list-style-type: none"> Preparation of audit report and finding 		
	3.00 – 5.00 pm	<ul style="list-style-type: none"> Closing Meeting and presentation of findings of audit and discussion on follow-up activities 		
	5.30 pm	<ul style="list-style-type: none"> Travel to Sandakan. Stay at Four Points Hotel, Sandakan 		
Saturday (26/10/2019)		<ul style="list-style-type: none"> Travel from Sandakan to Kuala Lumpur (MH2711; 14:10 – 16:55) 		

Details on NCRs and OFIs Raised During this Surveillance 1 (2019) Audit and Corrective Actions Taken

P & C Indicator	Specification Major/Minor/OFI	Detail Non-conformances	Corrective Action Taken
<p>Indicator 4.2.5</p> <p>NCR RJ01/2019</p>	<p>Minor</p>	<p>Requirement: Indicator 4.2.5 – Demarcation of hazardous areas and provision of guidelines for storage and handling of hazardous materials</p> <p>Finding: Guidelines for storage and handling of hazardous material not followed</p> <p>Objective evidence: During site inspection at Tiong & Sons workshop (Contractor for the FMU) and Clinic it was found that:</p> <ol style="list-style-type: none"> 1. 15 mineral water bottles were filled with lubricant oil and were not labelled. 2. The Schedule SW 305 and SW 410, SW 404 were not labelled with the date of first generated. 	<p>Root cause: Lack of awareness on the guidelines for storage and handling of hazardous material.</p> <p>Corrective action plan:</p> <ol style="list-style-type: none"> 1. To conduct briefing on guidelines for storage and handling of hazardous material. 2. To provide labelling for schedule waste generated at contractor camp and clinic. 3. To include inventory system for contractor
<p>Indicator 2.3.1</p> <p>NCR IAM 02/2019</p>	<p>Minor</p>	<p>Requirement: Indicator 2.3.1 – Availability of appropriate mechanisms to resolve disputes over tenure and use rights.</p> <p>Finding: Stakeholder has not been informed of the FMU decision on request/conflict resolution.</p> <p>Objective evidence: During consultation with community members of Kg Balat found that, the community had not been informed of Segaliud Lokan FMU management decision regarding the latter's request for donation of boat to ferry school children across Sg Kinabatangan (raised during previous CFC meeting)</p>	<p>Root cause: Conflict resolution mechanism not being implemented.</p> <p>Corrective action plan: To implement the conflict resolution mechanism.</p>
<p>Indicator 4.3.4</p> <p>NCR IAM 03/2019</p>	<p>Minor</p>	<p>Requirement: Indicator 4.3.4. Availability of appropriate procedures to address grievances raised by workers and/or their organisations and for conflict resolution.</p> <p>Finding: Evidence of resolved grievances not available</p> <p>Objective evidence: Review of workers grievance record/form (for house repair request) found that no acknowledgement (from repairer and complainant) on the completion of repair (conflict resolution) that had been implemented.</p>	<p>Root cause: Current grievance form do not include section for resolution acknowledgement</p> <p>Corrective action plan: To revise the grievance Form by including the section for acknowledgement.</p>

<p>Indicator 1.1.1</p> <p>NCR IAM 01/2019</p>	<p>Major</p>	<p>Requirement: 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>Finding: Record of employment and insurance for contractors’s employees not available.</p> <p>Review of employment record for Contractor’s workers (Tiong & Sons) found that no evidence of the following:</p> <ol style="list-style-type: none"> 1. Employment contract containing terms of service 2. Insurance coverage 3. Salary slips 4. Certificate of identity 5. Copies of work permit/passport 	<p>Root cause:</p> <p>All record of employment and insurance not provided by contractor.</p> <p>Corrective action plan:</p> <p>To request and maintain the records of employment and insurance from contractor.</p>
<p>Indicator 7.3.1</p>	<p>OFI</p>	<p><u>Availability of facilities and programs for training of forest workers for proper implementation of the forest management plan</u></p> <p>i) Training plan for 2019 has covered relevant operations except for Awareness of MC & I briefing and PSP establishment training.</p>	<p>Not required</p>

Corrective Actions Taken and Final Status on NCRs and OFIs Raised During Previous Audit (2018)

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>Requirement: 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"> 2.2.4 Drainage – RIL Operation Guide Book, March 2009 <p>Finding: Installed culvert not effective to reduce direct surface water flow into the water course</p> <p>Objective evidence: Installed culvert at Block 1, Compartment 27 was not effective to reduce soil erosion:</p> <ol style="list-style-type: none"> 1) No retaining wall to minimize direct flow of surface water into water source. 2) Sumps or silt traps were not constructed to prevent siltation. 	<p>Root cause: Understanding on requirements of RIL on drainage to bulldozer operator, etc.</p> <p>Corrective action plan: 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>During site inspection conducted in active harvesting area in Compartment 6, it was found that the construction of retaining wall and sumps according to specification of RIL was evident.</p> <p>Training on RIL was conducted on 10th May 2019 (29 workers)</p> <p>Status: Closed</p>
Indicator 6.6.2 NCR #: RJ 01/2018	Minor	<p>Requirement: 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>Finding: 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>Objective evidence: 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>Root cause: No person incharge to monitor CHRA recommendation</p> <p>Corrective action plan: To construct emergency shower and safety eye wash according to recommendation in CHRA report.</p> <p>To assign person in-charge to monitor CHRA recommendation</p>	<p>The emergency shower and safety eye wash were available.</p> <p>Status: Closed</p>
Indicator 6.7.1 NCR #: MRS	Major	<p>Requirement: 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>Root cause: Labelling sticker used to label SW312 and SW408 has</p>	<p>Corrective action was accepted by audit team.</p> <p>Evidence of</p>

02/2018		<p>Finding: Storage of scheduled waste did not follow requirement of Environmental Quality (Scheduled Wastes) Regulations: 1) Reg. 9 – Storage of scheduled wastes 2) Reg. 10 – Labelling of scheduled wastes</p> <p>Objective evidence: 1. Two scheduled waste drums for oil 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. 2. These containers (SW312 and SW408) were not labelled with symbol as specified in the Third Schedule 3. Container for SW408 was not covered.</p>	<p>finished and pending for labelling sticker. SW408 containers not covered according to the requirement.</p> <p>Corrective action plan: To provide labelling stickers for SW312 and SW408 with symbol as specified in 3rd schedule – 1/11/2018. To provide covered containers for SW408 – 1/11/2018</p>	<p>implementation: The FMU has labeled drums for SW312 and SW408. Information of the wastes producer was written in the labeled. Container for SW408 was covered as verified by audit team. Status: Closed.</p>
<p>Indicator 6.9.1 NCR #: MRS 03/2018</p>	<p>Minor</p>	<p>Requirement: 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>Finding: Record of monitoring and control of exotic species was not available during audit.</p> <p>Objective evidence: 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>Root cause: No monitoring and control of planted exotic species was conducted.</p> <p>Corrective action plan: To conduct monitoring for exotic species and prepare report of monitoring – 1/10/2019</p>	<p>The record Exotic species monitoring in Segaliud Lokan Forest Reserve dated 2 October 2019 on <i>Swietenia macrophylla</i>, <i>Acacia mangium</i>, <i>Hopea Odorata</i> and <i>Khaya Ivorensis</i> was available Status: Closed</p>
<p>Indicator 9.3.1</p>	<p>OFI</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>The signboard for nepenthes was constructed and maintained. Status: Closed</p>