FOREST MANAGEMENT AND STUMP-TO-FOREST GATE CHAIN-OF-CUSTODY SURVEILLANCE EVALUATION REPORT

Kumpulan Pengurusan Kayu Kayan Terengganu (KPKKT) SDN. BERHAD
SCS-FM/COC-000108N
Jalan Kalsium, Bukit Besi,
23200 Dungun, Terengganu Darul Iman,
Malaysia
www.kpkkt.com.my

<table>
<thead>
<tr>
<th>CERTIFIED</th>
<th>EXPIRATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>04/21/08</td>
<td>04/21/17</td>
</tr>
</tbody>
</table>

DATE OF FIELD AUDIT
28-30 December 2015

DATE OF LAST UPDATE
03 March 2016

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Forest Management Certification
+1.510.452.8000
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Foreword

Cycle in annual surveillance audits

<table>
<thead>
<tr>
<th>1st annual audit</th>
<th>2nd annual audit</th>
<th>3rd annual audit</th>
<th>4th annual audit</th>
</tr>
</thead>
</table>

Name of Forest Management Enterprise (FME) and abbreviation used in this report:

Kumpulan Pengurusan Kayu Kayan Terengganu (KPKKT) SDN. BERHAD

All certificates issued by SCS under the aegis of the Forest Stewardship Council (FSC) require annual audits to ascertain ongoing conformance with the requirements and standards of certification. A public summary of the initial evaluation is available on the FSC Certificate Database [http://info.fsc.org/](http://info.fsc.org/).

Pursuant to FSC and SCS guidelines, annual / surveillance audits are not intended to comprehensively examine the full scope of the certified forest operations, as the cost of a full-scope audit would be prohibitive and it is not mandated by FSC audit protocols. Rather, annual audits are comprised of three main components:

- A focused assessment of the status of any outstanding conditions or Corrective Action Requests (CARs; see discussion in section 4.0 for those CARs and their disposition as a result of this annual audit);
- Follow-up inquiry into any issues that may have arisen since the award of certification or prior to this audit; and
- As necessary given the breadth of coverage associated with the first two components, an additional focus on selected topics or issues, the selection of which is not known to the certificate holder prior to the audit.

Organization of the Report

This report of the results of our evaluation is divided into two sections. Section A provides the public summary and background information that is required by the Forest Stewardship Council. This section is made available to the general public and is intended to provide an overview of the evaluation process, the management programs and policies applied to the forest, and the results of the evaluation. Section A will be posted on the FSC Certificate Database ([http://info.fsc.org/](http://info.fsc.org/)) no less than 90 days after completion of the on-site audit. Section B contains more detailed results and information for the use by the FME.
# Forest Management & Stump-to-Forest Gate Chain-of-Custody Surveillance Evaluation Report | Public

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SECTION A – PUBLIC SUMMARY

1. General Information

1.1 Annual Audit Team

<table>
<thead>
<tr>
<th>Auditor Name</th>
<th>Dr. Samsudin Musa</th>
<th>Auditor role:</th>
<th>Lead Auditor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qualifications:</td>
<td>Current the Head of Natural Forest Program at the Forest Research Institute Malaysia (FRIM) which he began serving from 1997. He graduated in 1984 with a B. Sc. (Forestry) and obtained a Ph. D from the University Kebangsaan Malaysia in 2011. From 1993 to 1997 he was the Forest Inventory Officer at the Forestry Department Headquarters, Peninsular Malaysia. Prior to that he was the Head of the Inventory Unit of the ASEAN Institute of Forest Management in Kuala Lumpur from 1987 to 1993. He had also spent 4 years in the Forestry Department Headquarters as a Forest Management Officer. He was involved with Forest Management/Chain-Of-Custody Certification training conducted from 1996 to 2014. He was involved in the forest management audits under MTCC MC&amp; I for Kelantan, Kedah, Negeri Sembilan and Perak FMUs as well as some FMU’s in Sabah. He has also conducted FSC certification for KPKKT in Terengganu and Pesama FMU’s in Terengganu</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1.2 Total Time Spent on Evaluation

| A. Number of days spent on-site assessing the applicant: | 3 |
| B. Number of auditors participating in on-site evaluation: | 1 |
| C. Additional days spent on preparation, stakeholder consultation, and post-site follow-up: | 1 |
| D. Total number of person days used in evaluation: | 5 |

1.3 Standards Employed

1.3.1. Applicable FSC-Accredited Standards

1.3.2. SCS Interim FSC Standards

<table>
<thead>
<tr>
<th>Title</th>
<th>Version</th>
<th>Date of Finalization</th>
</tr>
</thead>
<tbody>
<tr>
<td>SCS-FCP Interim Standard for Forest Management Certification in Malaysia Under the Forest Stewardship Council</td>
<td>Version 5.0</td>
<td>August 2014</td>
</tr>
</tbody>
</table>

This SCS Interim Standard was developed by modifying SCS’ Generic Interim Standard to reflect forest management in the region and by incorporating relevant components of the Draft Regional / National Standard and comments from stakeholders. More than one month prior to the start of the field evaluation, the SCS Draft Interim Standard for the country / region was sent out for comment to stakeholders identified by FSC International, SCS, the forest managers under evaluation, and the National Initiative. A copy of the standard is available at www.scsglobalservices.com/certification-standards-and-program-documents or upon request from SCS Global Services (www.SCSglobalServices.com).
2 Annual Audit Dates and Activities

2.1 Annual Audit Itinerary and Activities

<table>
<thead>
<tr>
<th>Date</th>
<th>FMU / Location / sites visited</th>
<th>Activities / notes</th>
</tr>
</thead>
</table>
| 28 December 2015   | KPKKT Head Office, K. Terengganu Durian Mas | Opening Meeting  
Document Review  
Consultation with Local Community – Village Committee Head Besul |
| December 29, 2015  | Compartment 7 Besul FR               | Inspection of Active Logging area  
Inspection of harvesting plan and relevant records on site  
Inspections of Workers Quarters  
Consultation with forest workers |
|                    | Jengai FRgz                        | Visit Growth and Yield plot  
Visit HCV Watershed in Compt 52 Jengai FR  
Visit Nursery Jengai FR  
COC at Checking Station in Durian MAS |
| December 30, 2015  | KPKKT Head Office, K. Terengganu | Preparation of Report  
Consultation with FME forest managers and other staff  
Document Review  
Closing Meeting |

2.2 Evaluation of Management Systems

SCS deploys interdisciplinary teams with expertise in forestry, social sciences, natural resource economics, and other relevant fields to assess an FME’s conformance to FSC standards and policies. Evaluation methods include document and record review, implementing sampling strategies to visit a broad number of forest cover and harvest prescription types, observation of implementation of management plans and policies in the field, and stakeholder analysis. When there is more than one team member, team members may review parts of the standards based on their background and expertise. On the final day of an evaluation, team members convene to deliberate the findings of the assessment jointly. This involves an analysis of all relevant field observations, stakeholder comments, and reviewed documents and records. Where consensus between team members cannot be achieved due to lack of evidence, conflicting evidence or differences of interpretation of the standards, the team is instructed to report these in the certification decision section and/or in observations.
3. Changes in Management Practices

There were no significant changes in the management that affect the FME’s conformance to the FSC standards and policies.

4. Results of the Evaluation

4.1 Existing Corrective Action Requests and Observations

<table>
<thead>
<tr>
<th>Finding Number: 1/2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Select one:</strong></td>
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<tr>
<td><strong>FMU CAR/OBS issued to</strong> (when more than one FMU):</td>
</tr>
<tr>
<td><strong>Deadline</strong></td>
</tr>
<tr>
<td>□ Pre-condition to certification</td>
</tr>
<tr>
<td>□ 3 months from Issuance of Final Report</td>
</tr>
<tr>
<td>□ Next audit (surveillance or re-evaluation)</td>
</tr>
<tr>
<td>□ Other deadline (specify):</td>
</tr>
<tr>
<td><strong>FSC Indicator:</strong></td>
</tr>
<tr>
<td>4.4.4</td>
</tr>
<tr>
<td><strong>Non-Conformity</strong> <em>(or Background/Justification in the case of Observations):</em></td>
</tr>
<tr>
<td>The FME had demonstrated characteristics as a good neighbor within the local context but its contribution to local development was limited to ad hoc basis.</td>
</tr>
<tr>
<td><strong>Corrective Action Request</strong> <em>(or Observation):</em></td>
</tr>
<tr>
<td>The FME shall in addition to ad hoc contribution identify opportunities for contributing to local development objectives based on consultations with local communities.</td>
</tr>
</tbody>
</table>
**FME response (including any evidence submitted)**

1. Efforts to identify opportunities for contribution to local development objectives have been going-on for years at KPKKT on a continuous basis, which has been incorporated as part and parcel of KPKKT’s corporate social responsibility programmes and activities. This is done through regular consultations with the relevant stakeholders including the local authorities & development agencies such as the Dungun District Office, KETENGAH (Central Terengganu Development Authority), Police Department (Bukit Besi Branch), Education Department, FELDA (Federal Land Development Authority), TDM Plantations Berhad, and Dungun Health Department, etc. In this context our CSR activities had to be done in such a way as not to duplicate or usurp the ongoing socio-economic & development programmes of the agencies or political bodies concerned. The fact of the matter is that there has been no shortage of agencies and NGOs wanting to conduct their social cum development programmes in rural parts of Terengganu such as this, which would inevitably involve KPKKT in one way or other, so much so that the local residents are simply spoilt for choices. Under the circumstance KPKKT’s position is one in which we acknowledge and respect the concern and good intentions of the agencies/bodies mentioned and we endeavour to contribute and work closely in close coordination with them without appearing to interfere into, or dominate, or lord over their main duties, responsibilities and agenda.

2. Recent developments in the country’s economic landscape have significantly affected KPKKT causing a spike in operations cost due to government’s imposition of GST (Goods and Services tax) which affects KPKKT’s cash-flow and limits its ability to conduct CSR programmes for the local villagers. Accordingly, for GST purposes whenever a company provides free goods such as hampers for customers, annual dinner, door gifts and lucky draws, or uniforms, either in cash or in kind, to employees, customers and other third parties, those provisions and goods are deemed supplies which are liable for output taxes, i.e. subject to an equivalent minimum threshold of RM500.00 per person per year. Under the circumstance KPKKT was compelled to re-visit and review its policy as regard its future CSR programmes in relation to its financial capabilities and future revenues. This issue has been alluded to by KPKKT chairman YB Dato Hj Rozi Bin Mamat in his address to representatives from 9 villages who attended the opening ceremony of KPKKT’s guesthouse at Bukit Besi on November 23rd, 2015. During this event, YB Hj Rozi handed over KPKKT’s contributions to the village representatives to help alleviate the villagers’ sufferings during last year’s flood.

**Following documents were presented**

(i) Speech by KPKKT Chairman, YB Dato Hj Rozi Bin Mamat at KPKKT’s Guesthouse inauguration on 23 Nov. 2015.
(ii) Photos of the CSR event on Nov. 23rd, 2015.

**SCS review**

In addition to the above response, consultation with Head of the Besol Lama Village Management Committee indicated that the FME has been a good neighbour and had provided various assistance and job opportunities to the villagers which are neighbouring the FME.
### Finding Number: 2/2015

<table>
<thead>
<tr>
<th>FMU CAR/OBS issued to (when more than one FMU):</th>
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<tbody>
<tr>
<td>Deadline</td>
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<tr>
<td>☐ Pre-condition to certification</td>
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<tr>
<td>☐ 3 months from Issuance of Final Report</td>
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<tr>
<td>☒ Next audit (surveillance or re-evaluation)</td>
</tr>
<tr>
<td>☐ Other deadline (specify):</td>
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<thead>
<tr>
<th>FSC Indicator(s): 5.3.1</th>
</tr>
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</table>

**Non-Conformity:** During the inspection of active logging site in Compartment 33 Jengai Forest Reserve, it was observed that there were significant amount of logging waste consisting of logs. Although some of the logs left are from road construction some are also from felling damage. Harvesting operations should minimize logging waste.

**Corrective Action Request:** Harvesting operations should actively reduce and avoid waste and residual stand damage.

**FME response**  
*(including any evidence submitted)*

To avoid the repetition of such mistake, the following initiatives had been taken and implemented in an attempt to increase awareness and competence so as to curtail such wastefulness from recurring:

1. Tree fellers and KPKKT staff were sent to attend a Chainsaw Handling and Operating Course on September 7th 2015, organised by JPNT/ITTO.
2. KPKKT together with Pesama Timber Corporation Sdn Bhd organised a Reduced Impact Logging (RIL) Course on September 8th 2015 in Cherul Forest Concession (CFC) for staff and contractors of both companies.
3. Selected staff were sent to the Basic Course on the Handling and Operation of Wheeled Heavy Vehicles and Machines on Sept 27th - October 1st, 2015, organised by PLPT/JPNT.
4. A course on Reduced Impact Logging (RIL) was conducted by KPKKT on 27 April – 3 May 2015 at 51A H.S. P. Raja (S)
5. A Research Project on Harvesting in Sensitive Area: On the Application of Logfisher Technology in Reduced Impact Logging in Compt. 51A PRS: An Evaluation of Impacts on Residual Stands, Soils & Water was conducted by KPKKT since January 2015 until November 2015. Still continue until next year.

Letter, Brochures & Attendance Lists of relevant courses were presented.

**SCS review**  
During the inspection of an active logging site in Compartment 7 Besul Forest Reserve, Dungun, it was found that there were still some logging waste in form of logs that has not been removed from the site.

**This observation is raised to a Minor CAR**
### Finding Number: 3/2015

**Select one:**
- [ ] Major CAR
- [ ] Minor CAR
- [x] Observation

**Non-Conformity:** Logging operations are being monitored by FMU as well as the Terengganu Forestry Department. Monthly reports on the impacts of the logging operations are being prepared by the Department with the assistance of the field staff of the FMU. A closing report is prepared by the Department once logging operations is completed to assess the impacts. Copies of such reports are not available at the FMU to assist in monitoring of logging operations.

**Corrective Action Request:** Records of monthly and closing reports of logging operations within the FMU should be kept by the FMU for monitoring purposes.

**FME response (including any evidence submitted):**
- Appropriate actions had been taken to request for copies of the said report from JPNT.
- Copy of KPKKT’s letter to JPNT requesting for copies of Closing Reports were presented.

**SCS review:**
- Copies of the closing report were available and properly documented.

**Status of CAR:**
- [x] Closed
- [ ] Upgraded to Major
- [ ] Other decision (refer to description above)

### Finding Number: 4/2015

**Select one:**
- [ ] Major CAR
- [x] Minor CAR
- [ ] Observation

**Non-Conformity (or Background/ Justification in the case of Observations):**
Areas of critical habitats for listed species documented in the FMP has been delineated and protected. There were no management practices to conserve these habitats and recorded on maps.
Corrective Action Request (or Observation):
Management practices shall be established for areas of critical habitats for listed species. Such information shall be recorded on maps.

FME response (including any evidence submitted)
KPKKT accords appropriate treatment on critical habitats for wildlife in accordance with the requirements and directives of the authorities concerned namely the Wildlife and National Parks Department and the Forestry Department in full compliance with the laws and management practices and specifications governing the protection of such resources as well as the RIL protocols. As such there is no question of KPKKT not observing and protecting critical habitats. This has been addressed in “DTC Forest Management Plan” as well as our “HCVF Management Plan for DTC” documents.

HCVF Management Plan for DTC (update 2015) had been finalised and deliberated with third parties consisting of representatives from Terengganu FD, WWF-Malaysia and an independent consultant on 15th November 2015. Location plans of each HCVF and critical habitats were accordingly marked on maps.

Critical habitats continue to be protected through KPKKT’s strict adherence to RIL specifications as laid out by JPNT, such as delineation of buffer zones/ strips, tree-marking, directional felling, identification and setting aside of salt-licks (when found), proper alignment of forest roads and skid trails and protection of water bodies and streams, etc. These measures remain part and parcel of KPKKT’s and its contractors’ daily routines.

Following documents were presented
(i) HCVF Management Plan for DTC
(ii) Map showing areas where wildlife habitats were surveyed

SCS review
The documents were available and adequate to address the non-compliance raised.

Status of CAR:
[X] Closed

Select one:
☐ Major CAR  [X] Minor CAR  ☐ Observation

FMU CAR/OBS issued to (when more than one FMU):
Deadline
[X] 3 months from Issuance of Final Report

Finding Number: 5/2015

FSC Indicator(s): 6.3.6

Non-Conformity: A core requirement under the Selective Management System that is being implemented in the FMU is to ensure that the composition of species is maintained. The proportion of dipterocarps before and after felling operations should be maintained. It was found that the assessment of species composition before and after felling is not adequate.
Corrective Action Request: Impacts of forest harvesting on species composition shall be assessed to ensure that harvesting enhance or restore natural forest composition.

FME response (including any evidence submitted)

The SMS had been specifically designed to optimise the management objectives of economic and efficient harvesting, sustainability of the forest and minimum forest development cost under prevailing conditions (Mok 1992). It is a flexible system as it allows the determination of the most appropriate cutting regime based on the analysis of Pre-F forest inventory data, taking into consideration the need to leave behind sufficient stocking of intermediate-sized trees, an economic cut, and in maintaining the species composition of the residual forest stand. In order to enhance the next cut with a greater proportion of dipterocarp species than the non-dipterocarp species the cutting limit prescribed for the dipterocarps should be higher than that for the non-dipterocarps for any cutting block or compartment (Pakhriazad et al. 2004)). Such strategic decisions are made by the Forestry Department (JPNT) upon considering the results of calculations made at JPNT itself, on data collected during Pre-F Inventories conducted on the compartment concerned. JPNT also considers a host of other factors such as the general forest resource scenario in the state, forest types, markets, topography, species representation and future species composition, logging technology, etc.

As such, a forestry firm like KPKKT has absolutely no control whatsoever over the choice of minimum cutting limit regimes and the future species composition and mix in the residual forest. Even so, KPKKT has always practised prudence and never breached the dictates of JPNT on this issue, while at the same time KPKKT adheres very closely to the RIL specifications and to avoid from incurring unnecessary damage and wastage of the resource.

However a recent finding from a total of 2,075.87ha of timber stands of Besul Tambahan PRF has revealed some very interesting picture of the forest subjected to SMS dictates. All of the five forest compartments were found to have volume stockings which were either comparable or exceeded that of the virgin stand, approx. 30 years after selective logging. The table below summarises the findings in which the volumes of dipterocarp species after logging admittedly fell short as compared to that in virgin stand, a situation which could be rectified over time.

<table>
<thead>
<tr>
<th>Compart-ment</th>
<th>Area (ha)</th>
<th>Status Before Logging</th>
<th>Total Standing Volume, m3/ha</th>
<th>Vol. Dip m3/ha</th>
<th>Vol Non Dipt m3/ha</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>400.0</td>
<td>Virgin</td>
<td>96.94</td>
<td>52.15</td>
<td>44.79</td>
</tr>
<tr>
<td>1</td>
<td>495.0</td>
<td>2nd Growth SMS</td>
<td>95.40</td>
<td>27.28</td>
<td>68.11</td>
</tr>
<tr>
<td>2</td>
<td>309.9</td>
<td>2nd Growth SMS</td>
<td>96.46</td>
<td>27.59</td>
<td>68.87</td>
</tr>
<tr>
<td>3</td>
<td>188.0</td>
<td>2nd Growth SMS</td>
<td>94.68</td>
<td>27.08</td>
<td>67.60</td>
</tr>
<tr>
<td>5</td>
<td>476.0</td>
<td>2nd Growth SMS</td>
<td>99.36</td>
<td>28.42</td>
<td>70.94</td>
</tr>
<tr>
<td>6</td>
<td>207.0</td>
<td>2nd Growth SMS</td>
<td>91.47</td>
<td>26.16</td>
<td>65.31</td>
</tr>
</tbody>
</table>

Under the circumstance, given the limitation under which KPKKT works as regards the choice of minimum DBH cutting limits and the future species mix, KPKKT has stepped up its monitoring activities through a series of Permanent Sample Plots (PSP) which monitors not only the growth and yields of the residual stands but also
the changes in demographic composition over time. This is in special regard to the
rates of mortality and recruitment of trees by species and size classes, succession
process, the dominant and co-dominant structures of the stands as well as the
movement of trees from one size class over to the next, over time. Based on
these data, it would be possible to institute a series of silvicultural intervention/ TSI
in those PSPs which would favour the dipterocarps.

Ref.

SCS review
The clarification provided gave some examples of selected compartments
compared with another virgin stands only in terms of total volume. The SMS
stocking standards indicated that several criteria should be fulfilled in the residual
stand which includes maintaining species mix and having sufficient advanced
healthy residual commercial trees. This information could be obtained by
comparing the pre-felling and post-felling inventories. There is a need to know if
the residual stand is able to fully recover within the cutting cycle as expected under
the SMS.

The minimum cutting limit is determined by the State Forestry Department based
on a pre-filling inventory. It is part of the Selective Management System being
implemented in all production forests within the State.

While the efforts mentioned above were found to be still inadequate to fully
address the non-compliance raised (which was to assess impacts of harvesting on
changes in species and restore natural forest composition), changes to the
harvesting regimes would require review and approval from the State Forestry
Department. Since this is outside of the FME’s control, the Minor CAR is retained.

Status of CAR:
☐ Closed
☐ Upgraded to Major
☒ Other decision (refer to description above)

Finding Number: 6/2015
Select one: ☐ Major CAR ☒ Minor CAR ☐ Observation

FMU CAR/OBS issued to (when more than one FMU):
Deadline
☐ Pre-condition to certification
☐ 3 months from Issuance of Final Report
☒ Next audit (surveillance or re-evaluation)
☐ Other deadline (specify):

FSC Indicator(s): 6.3.8
Non-Conformity: During the inspection of the active logging site in Compartment 33 Jengai Forest
Reserve, it was found that one mother trees was damaged and not reported. An observation was given in
the last audit on damaged mother and protected trees
**Corrective Action Request:** Additional efforts shall be implemented to prevent mother trees from being damaged.

**FME response (including any evidence submitted):** An updated SOP on the protection of mother trees has been prepared to be implemented and followed by all future tree fellers and contractors working within DTC. KPKKT’s circular letters with updated SOP on the protection of mother trees were presented.

**SCS review:** The circulars were available and inspection of the active logging site in Compartment 7 Besul Forest Reserve found that all mother trees were still in good condition and records were adequately maintained.

**Status of CAR:**

- **Closed**
- Upgraded to Major
- *Other decision (refer to description above)*

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**Finding Number: 7/2015**

<table>
<thead>
<tr>
<th>Select one:</th>
<th>Major CAR</th>
<th>Minor CAR</th>
<th>Observation</th>
</tr>
</thead>
</table>

**FMU CAR/OBS issued to** (when more than one FMU):

- **Deadline**
  - Pre-condition to certification
  - 3 months from Issuance of Final Report
  - Next audit (surveillance or re-evaluation)
  - Other deadline (specify):

**FSC Indicator(s):** 6.3.11

**Non-Conformity:** The inspection active logging site in Compartment 33 Jengai Forest Reserve showed that the maintenance of logging roads had resulted in much earthworks. The earth has been pushed down slope up till the watercourses. It was found that measures taken to prevent loose soil from entering the river was inadequate.

**Corrective Action Request:** Loose earth heaped close to waterways shall be cleared to prevent soil from being washed into the waterways during heavy rains.

**FME response (including any evidence submitted):** Works to move and clear the soil had been carried out to prevent soil erosion into waterways. Photos showing the earthwork concerned were presented.

**SCS review:** Inspection of the active logging site in Compartment 7 Besul Forest Reserve found that roads were adequately maintained and loose earth was not heaped along waterways. Riparian buffers were also well protected.

**Status of CAR:**

- **Closed**
- Upgraded to Major
- *Other decision (refer to description above)*

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**Finding Number: 8/2015**

<table>
<thead>
<tr>
<th>Select one:</th>
<th>Major CAR</th>
<th>Minor CAR</th>
<th>Observation</th>
</tr>
</thead>
</table>

**FMU CAR/OBS issued to** (when more than one FMU):
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<tr>
<th>Deadline</th>
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<tbody>
<tr>
<td>☑ Pre-condition to certification</td>
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<tr>
<td>☑ 3 months from Issuance of Final Report</td>
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<tr>
<td>☑ Next audit (surveillance or re-evaluation)</td>
</tr>
<tr>
<td>☑ Other deadline (specify):</td>
</tr>
</tbody>
</table>

**FSC Indicator(s):** 6.5.8

**Non-Conformity:** The inspection active logging site in Compartment 33 Jengai Forest Reserve showed that riparian buffers has been marked on the ground and protected. No felling of trees occurred within the riparian buffers. However some trees were felled into the riparian buffers as wood debris were found in the riparian buffer.

**Corrective Action Request:** Trees shall not be felled into riparian buffers and wood debris within the riparian buffers should be removed.

**FME response (including any evidence submitted):**

The said wood debris had been accordingly removed from the affected riparian buffers.

Photos showing the clearing work being done were available

**SCS review**

Inspection of the active logging site in Compartment 7 Besul Forest Reserve found that riparian buffers were well protected and wood debris from logging operation were not found in the waterways.

**Status of CAR:**

| ☑ Closed |
| ☑ Upgraded to Major |
| ☑ Other decision (refer to description above) |

---

**Finding Number:** 9/2015

**Select one:**

- ☑ Major CAR
- ☑ Minor CAR
- ☑ Observation

**FMU CAR/OBS issued to (when more than one FMU):**

<table>
<thead>
<tr>
<th>Deadline</th>
</tr>
</thead>
<tbody>
<tr>
<td>☑ Pre-condition to certification</td>
</tr>
<tr>
<td>☑ 3-months from Issuance of Final Report</td>
</tr>
<tr>
<td>☑ Next audit (surveillance or re-evaluation)</td>
</tr>
<tr>
<td>☑ Other deadline (specify):</td>
</tr>
</tbody>
</table>

**FSC Indicator:** 6.7.1

**Non-Conformity (or Background/ Justification in the case of Observations):**

Fuel containers and used engine oil stored at the logging camp of Lieu Sin Sze in Compartment 33 Jengai Forest Reserve were not appropriately labeled in accordance to Environmental Quality Act (Scheduled Wastes). Appropriate containment was not provided.

**Corrective Action Request (or Observation):**

Schedule waste shall be appropriately labelled in accordance to Environmental Quality Act (Scheduled Wastes). Containment shall also be provided to prevent any seepage into the ground.

**FME response (including any evidence submitted):**

Marking of the said fuel containers using appropriate label using code “SW 305” was completed. Associated written instructions were also made to the contractor and staff concerned in order to avoid future recurrence of such mistake.

Photos of relevant containers and KPKKT’s circular letter on the subject were available.
### Finding Number: 10/2015

**Select one:**  
- [ ] Major CAR  
- [ ] Minor CAR  
- [X] Observation

**FMU CAR/OBS issued to** (when more than one FMU):

<table>
<thead>
<tr>
<th>Deadline</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Pre-condition to certification</td>
</tr>
<tr>
<td>- 3 months from Issuance of Final Report</td>
</tr>
<tr>
<td>- Next audit (surveillance or re-evaluation)</td>
</tr>
<tr>
<td>- Other deadline (specify):</td>
</tr>
</tbody>
</table>

**FSC Indicator(s):** 8.2.1

**Non-Conformity:** Permanent sample plots (PSP) have been established to monitor growth and stand dynamics. During the inspection of PSP 88 in Compartment 17 Besul FR, it was found that the signboard has been damaged. For some trees, tags are worn out or are missing, and paint mark at the point of diameter measurements have faded. This may result in imprecise measurements of diameter in periodic measurements.

**Corrective Action Request:** PSP’s should be maintained regularly and trees should tagged and clearly numbered. The paint marks for the point of diameter measurements should also be clearly marked.

**FME response (including any evidence submitted):** Appropriate actions have been taken to maintain PSP 88 by changing the signboard and posts and improving tree tags. These activities will be continued and extended to other PSPs.

KPKKT has also appointed a forestry consultant to establish 18 more new growth and yield monitoring permanent sample plots in DTC area.

Appointment letter was presented.

**SCS review**

An inspection of the same PSP 88 in Compartment 17 Besul FR indicated that a signboard was available. However, the identification tags and numbering was still inadequate (the numbers on the tags were either unclear or tags were still missing). Checks on the data indicated anomalies in species and diameter measurements. The point of measurement was not clearly marked and subsequently anomalies in the measurements in comparison with previous measurements were detected. This observation is upgraded to a Minor CAR.

**Status of CAR:**

- [ ] Closed  
- [X] Upgraded to Minor  
- [ ] Other decision (refer to description above)

### Finding Number: 11/2015

**Select one:**  
- [ ] Major CAR  
- [ ] Minor CAR  
- [X] Observation

**FMU CAR/OBS issued to** (when more than one FMU):
### Forest Management & Stump-to-Forest Gate Chain-of-Custody Surveillance Evaluation Report | Public

<table>
<thead>
<tr>
<th>Deadline</th>
<th>Pre-condition to certification</th>
<th>3 months from Issuance of Final Report</th>
<th>Next audit (surveillance or re-evaluation)</th>
<th>Other deadline (specify):</th>
</tr>
</thead>
</table>

**FSC Indicator(s): 8.2.4**

**Non-Conformity:** Information on social and environmental conditions (Forms A-D) within the FMU has been acquired by the Terengganu Forestry Department on areas opened for logging on a regular basis. The staff of the FMU is involved in the collection of the information but the information is kept by the Department. A copy of the information is not kept by the FMU for monitoring purposes.

**Corrective Action Request:** Records of information on social and environmental conditions within the FMU should be kept by the FMU for monitoring purposes.

**FME response (including any evidence submitted):**
An official letter has been sent by KPKKT to JPNT to request for the said data and information.

KPKKT’s letter to JPNT on the subject was presented.

**SCS review:**
The FME’s request was available and copies of the monitoring forms of JPONT conducted within the FME concession were available. In addition monitoring data conducted by the FME was also available.

**Status of CAR:**
- 
  - Closed
  - Upgraded to Major
  - *Other decision (refer to description above)*

---

### Finding Number: 12/2015

**Select one:**
- [ ] Major CAR
- [X] Minor CAR
- [ ] Observation

**FMU CAR/OBS issued to (when more than one FMU):**

<table>
<thead>
<tr>
<th>Deadline</th>
<th>Pre-condition to certification</th>
<th>3 months from Issuance of Final Report</th>
<th>Next audit (surveillance or re-evaluation)</th>
<th>Other deadline (specify):</th>
</tr>
</thead>
</table>

**FSC Indicator:** 9.4.1

**Non-Conformity (or Background/Justification in the case of Observations):**
Measurable effectiveness indicators had not been developed in the HCVF section of the management plan.

**Corrective Action Request (or Observation):**
Measurable effectiveness indicators for protecting, maintaining and enhancing HCVF attributes shall be developed.

**FME response (including any evidence submitted):**
A set of “measurable effectiveness indicators” for protecting, maintaining and enhancing HCVF attributes within the two HCVFs have been developed and can be found in the latest update of KPKKT’s HCVF Management Plan for DTC.

An extract from the HCVF Management Plan showing “measurable effectiveness indicators” was presented.

**SCS review:**
The measurable effectiveness indicators” have been developed and a management plan and work plan to collect data were also developed.
4.2.1 New Corrective Action Requests and Observations

There were no major CARs issued during this surveillance audit. However a total of 4 minor CARs and 2 Observations have been raised. Two of the minor CARs comprised of observations from the previous Recertification Audit in 2014 that were upgraded to minor CARs and one minor car was retained from the previous audit. Thus in this audit one minor CAR and two Observations were raised.

Finding Number: 1A/2015

Select one: ☐ Major CAR ☒ Minor CAR ☐ Observation

FMU CAR/OBS issued to (when more than one FMU):

Deadline
☐ Pre-condition to certification
☒ 3 months from Issuance of Final Report
☒ Next audit (surveillance or re-evaluation)
☐ Other deadline (specify):

FSC Indicator(s): 5.3.1

Non-Conformity: During the inspection of the active logging site in Compartment 7 Besul Forest Reserve, Dungun, it was found that there was some logging waste in form of logs that has not been removed from the site. In the previous audit similar non-compliance was found where an observation 1/2015 was issued. Since some logging waste was still found in this audit, this indicator is upgraded to a Minor CAR

Corrective Action Request: Harvesting operations shall actively reduce and avoid waste and residual stand damage.

FME response (including any evidence submitted)

SCS review

Status of CAR:
☐ Closed
☐ Upgraded to Minor
☐ Other decision (refer to description above)

Finding Number: 2A/2015

Select one: ☐ Major CAR ☒ Minor CAR ☐ Observation

FMU CAR/OBS issued to (when more than one FMU):

Deadline
☐ Pre-condition to certification
☐ 3 months from Issuance of Final Report
☒ Next audit (surveillance or re-evaluation)
☐ Other deadline (specify):

FSC Indicator(s): 6.3.6

Non-Conformity: A core requirement under the Selective Management System (SMS) that is being
implemented in the FMU is to ensure that the composition of species is maintained after forest harvesting. The proportion of dipterocarps before and after felling operations should be maintained. It was found that the assessment to ascertain changes in species composition before and after felling was not adequate.

A minor CAR was issued in the previous audit on this indicator. The FME had undertaken some literature review and provided some clarification on this aspect. The efforts were found to be still inadequate to fully address the noncompliance raised which is to assess impacts of harvesting on changes in species and restore natural forest composition. As such the previous Minor CAR issued could not be closed.

**Corrective Action Request:** Impacts of forest harvesting on species composition shall be assessed to ensure that harvesting enhance or restore natural forest composition.

<table>
<thead>
<tr>
<th>FME response (including any evidence submitted)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SCS review</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Status of CAR:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closed</td>
</tr>
<tr>
<td>Upgraded to Major</td>
</tr>
<tr>
<td>Other decision (refer to description above)</td>
</tr>
</tbody>
</table>

---

**Finding Number:** 3A/2015

### Select one:
- Major CAR
- Minor CAR
- Observation

**FMU CAR/OBS issued to** (when more than one FMU):

<table>
<thead>
<tr>
<th>Deadline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-condition to certification</td>
</tr>
<tr>
<td>3 months from Issuance of Final Report</td>
</tr>
<tr>
<td><strong>Next audit (surveillance or re-evaluation)</strong></td>
</tr>
<tr>
<td>Other deadline (specify):</td>
</tr>
</tbody>
</table>

**FSC Indicator(s):** 6.5.6

**Non-Conformity:** Inspection of the active logging site in Compartment 7 Besul Forest Reserve indicated the construction off cross drains were not adequate. Existing cross drains were found to be clogged. The culverts used must be in accordance and to the RIL guidelines and in steep areas more cross drains shall be constructed.

**Corrective Action Request:** The construction of roads should fully comply with the RIL guidelines and road specifications.

<table>
<thead>
<tr>
<th>FME response (including any evidence submitted)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SCS review</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Status of CAR:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closed</td>
</tr>
<tr>
<td>Upgraded to Major</td>
</tr>
<tr>
<td>Other decision (refer to description above)</td>
</tr>
</tbody>
</table>
### Finding Number: 4A/2015

**Select one:**  
- [ ] Major CAR  
- [x] Minor CAR  
- [ ] Observation

**FMU CAR/OBS issued to** (when more than one FMU):

- [ ] Pre-condition to certification  
- [ ] 3 months from Issuance of Final Report  
- [x] Next audit (surveillance or re-evaluation)  
- [ ] Other deadline (specify):

**FSC Indicator(s):** 7.3.4

**Non-Conformity:** Consultation with logging operators during the inspection of the active logging site in Compartment 7 Besul Forest Reserve indicated that their understanding of the RIL guidelines in terms of specifications for the construction of roads and skid trails were inadequate in that logging contractors were unsure of maximum allowable slope and maximum width of skid trails.

**Corrective Action Request:** The competence and knowledge of logging operators in the implementation of the RIL guidelines and road specifications as indicated in the FMP shall be enhanced.

**FME response**  
*(including any evidence submitted)*

**SCS review**  

**Status of CAR:**  
- [ ] Closed  
- [ ] Upgraded to Major  
- [ ] Other decision (refer to description above)

### Finding Number: 5A/2015

**Select one:**  
- [ ] Major CAR  
- [x] Minor CAR  
- [ ] Observation

**FMU CAR/OBS issued to** (when more than one FMU):

- [ ] Pre-condition to certification  
- [ ] 3 months from Issuance of Final Report  
- [x] Next audit (surveillance or re-evaluation)  
- [ ] Other deadline (specify):

**FSC Indicator(s):** 8.2.1

**Non-Conformity:** During the previous audit, an Observation 10/2015 was issued because the inspection of PSP 88 in Compartment 17 Besul FR indicated that the signboard had been damaged and for some trees, tags are worn out or are missing, and paint mark at the point of diameter measurements have faded. This could result in imprecise measurements of diameter in periodic measurements.

In this audit the same PSP 88 was re-inspected. Although a new signboard was erected, all the other issues raised in the previous audit were not fully addressed. Thus a Minor CAR was raised.

**Corrective Action Request:** PSP’s should be maintained regularly and trees should be tagged and clearly numbered. The paint marks for the point of diameter measurements should also be clearly marked.

**FME response**  
*(including any evidence submitted)*
### 5. Stakeholder Comments

In accordance with SCS protocols, consultation with key stakeholders is an integral component of the evaluation process. Stakeholder consultation takes place prior to, concurrent with, and following field evaluations. Distinct purposes of such consultation include:

- To solicit input from affected parties as to the strengths and weaknesses of the FME’s management, relative to the standard, and the nature of the interaction between the company and the surrounding communities.

- To solicit input on whether the forest management operation has consulted with stakeholders regarding identifying any high conservation value forests (HCVFs).

Principal stakeholder groups are identified based upon results from past evaluations, lists of stakeholders from the FME under evaluation, and additional stakeholder contacts from other sources (e.g., chair of the regional FSC working group). The following types of groups and individuals were determined to be principal stakeholders in this evaluation:

#### 5.1 Stakeholder Groups Consulted

<table>
<thead>
<tr>
<th>Staff of KPKKT FMU</th>
<th>Contractors and their workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local communities</td>
<td></td>
</tr>
</tbody>
</table>

Stakeholder consultation activities are organized to give participants the opportunity to provide comments according to general categories of interest based on the three FSC chambers, as well as the SCS Interim Standard, if one was used. The table below summarizes the major comments received from stakeholders and the assessment team’s response. Where a stakeholder comment has triggered a subsequent investigation during the evaluation, the corresponding follow-up action and conclusions from SCS are noted below.

#### 5.2 Summary of Stakeholder Comments and Responses from the Team, Where Applicable

- **FME has not received any stakeholder comments from interested parties as a result of stakeholder outreach activities during this annual audit.**

<table>
<thead>
<tr>
<th>Stakeholder comments</th>
<th>SCS Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic concerns</td>
<td></td>
</tr>
<tr>
<td>Social concerns</td>
<td></td>
</tr>
</tbody>
</table>
The Head of Besul Village Committee was consulted. He indicated that the village is close to the FME and that they have established good ties with the FME. The FME had also had discussions with the Village Committee and had provided assistance during mishaps such as during the floods in November 2015. Some of the village members are also working with the FME. However he indicated concerns on the social and environmental impacts of the movement of logging trucks.

The audit team noted the comments and had consulted the FME. Job opportunities provided are in line with indicator 4.1.

The FME indicated that logging trucks currently do not go through the village and regular consultation is being conducted as required under indicator 4.4.3.

### 6. Certification Decision

The certificate holder has demonstrated continued overall conformance to the applicable Forest Stewardship Council standards. The SCS annual audit team recommends that the certificate be sustained, subject to subsequent annual audits and the FME’s response to any open CARs.

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>☒</td>
<td></td>
</tr>
</tbody>
</table>

**Comments:**

### 7. Changes in Certification Scope

Any changes in the scope of the certification since the previous audit are highlighted in **yellow** in the tables below.

**Name and Contact Information**

<table>
<thead>
<tr>
<th>Organization name</th>
<th>Kumpulan Pengurusan Kayu Kayan Terengganu (KPKKT) SDN. BERHAD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contact person</td>
<td>Mr. Mohd. Hakimi b. Abu Hasan</td>
</tr>
<tr>
<td>Address</td>
<td>Jalan Kalsium, Bukit Besi, 23200 Dungun, Terengganu Darul Iman, Malaysia</td>
</tr>
<tr>
<td>Telephone</td>
<td>609-8337245</td>
</tr>
<tr>
<td>Fax</td>
<td>609-8337023</td>
</tr>
<tr>
<td>e-mail</td>
<td><a href="mailto:kimi_mi82@yahoo.com">kimi_mi82@yahoo.com</a></td>
</tr>
<tr>
<td>Website</td>
<td><a href="http://www.kpkkt.com.my">www.kpkkt.com.my</a></td>
</tr>
</tbody>
</table>

**FSC Sales Information**

<table>
<thead>
<tr>
<th>FSC Sales contact information same as above.</th>
</tr>
</thead>
<tbody>
<tr>
<td>FSC salesperson</td>
</tr>
</tbody>
</table>
Scope of Certificate

Certificate Type
- X Single FMU
- [ ] Multiple FMU
- [ ] Group

SLIMF (if applicable)
- [ ] Small SLIMF certificate
- X Low intensity SLIMF certificate
- [ ] Group SLIMF certificate

# Group Members (if applicable)

Number of FMUs in scope of certificate

Geographic location of non-SLIMF FMU(s)
- [ ] Boreal
- [ ] Temperate
- [ ] Subtropical
- X Tropical

Total forest area in scope of certificate which is:
- [ ] privately managed
- [ ] state managed
- [ ] community managed

Units: X ha or [ ] ac

Number of FMUs in scope that are:

<table>
<thead>
<tr>
<th>Area in Ha</th>
<th>FMUs</th>
</tr>
</thead>
<tbody>
<tr>
<td>less than 100</td>
<td>100 - 1000</td>
</tr>
</tbody>
</table>

| 100 - 1000 | 1 |

Total forest area in scope of certificate which is included in FMUs that:
- [ ] are less than 100 ha in area
- [ ] are between 100 ha and 1000 ha in area
- meet the eligibility criteria as low intensity SLIMF FMUs

Units: [ ] ha or [ ] ac

Division of FMUs into manageable units:

The FMU comprising of Jerangau, Jengai, Pasir Raja and Besul Forest Reserves covering 106,697 hectares. Each of the forest reserve was divided into compartments and managed individually and selectively harvested based on specific protocol as laid out under the Malaysian Selective Management System (SMS). They would be entered into production by turn according to a schedule of 30-year rotation of the SMS, taking into account the forest compartment’s “age” (i.e. years elapsed after last logging - YEAL).

Production Forests

Timber Forest Products

<table>
<thead>
<tr>
<th>Area in Ha</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total area of production forest (i.e. forest from which timber may be harvested)</td>
<td>106,697 ha</td>
</tr>
<tr>
<td>Area of production forest classified as 'plantation'</td>
<td></td>
</tr>
<tr>
<td>Area of production forest regenerated primarily by replanting or by a combination of replanting and coppicing of the planted stems</td>
<td></td>
</tr>
</tbody>
</table>
Area of production forest regenerated primarily by natural regeneration, or by a combination of natural regeneration and coppicing of the naturally regenerated stems

<table>
<thead>
<tr>
<th>Silvicultural system(s)</th>
<th>Area under type of management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Even-aged management</td>
<td>Nil</td>
</tr>
<tr>
<td>Clearcut (clearcut size range</td>
<td>Nil</td>
</tr>
<tr>
<td>Shelterwood</td>
<td>Nil</td>
</tr>
<tr>
<td>Other:</td>
<td>Nil</td>
</tr>
<tr>
<td>Uneven-aged management</td>
<td>106,697 ha under 2nd cycle harvest</td>
</tr>
<tr>
<td>Individual tree selection</td>
<td></td>
</tr>
<tr>
<td>Group selection</td>
<td>Nil</td>
</tr>
<tr>
<td>Other:</td>
<td>Nil</td>
</tr>
</tbody>
</table>

Other (e.g. nursery, recreation area, windbreak, bamboo, silvo-pastoral system, agro-forestry system, etc.)

The sustainable rate of harvest (usually Annual Allowable Harvest or AAH where available) of commercial timber (m3 of round wood)

Non-timber Forest Products (NTFPs)

| Area of forest protected from commercial harvesting of timber and managed primarily for the production of NTFPs or services | 0 |
| Other areas managed for NTFPs or services                                                                                | 0 |
| Approximate annual commercial production of non-timber forest products included in the scope of the certificate, by product type | 0 |

Explanation of the assumptions and reference to the data source upon which AAH and NTFP harvest rates estimates are based:
The Selective Management System (SMS) works on a 30-year rotation which yields an AAH of 2,600ha.

Species in scope of joint FM/COC certificate: (Scientific / Latin Name and Common / Trade Name)
Meranti & Balau (Shorea spp.), Keruing (Dipterocarpus spp.), Kapur (Dryobalanops aromatica), Chengal (Neobalanocarpus heimii) and other species like Koompassia malaccensis (Kempas) and Palaquium spp. (Nyatoh)

FSC Product Classification

<table>
<thead>
<tr>
<th>Timber products</th>
<th>Species</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Level 1 W1 Rough wood</td>
<td>Product Level 2 W1.1 Roundwood (logs)</td>
</tr>
</tbody>
</table>

Non-Timber Forest Products

| Product Level 1                          | Product Level 2 | Product Level 3 and Species |
Conservation Areas

**Total area** of forest and non-forest land protected from commercial harvesting of timber and managed primarily for conservation objectives:

### High Conservation Value Forest / Areas

<table>
<thead>
<tr>
<th>Code</th>
<th>HCV Type</th>
<th>Description &amp; Location</th>
<th>Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>X</td>
<td>HCV1</td>
<td>Forests or areas containing globally, regionally or nationally significant concentrations of biodiversity values (e.g. endemism, endangered species, refugia). Presence of endemic species of Dipterocarpus sarawakensis.</td>
<td>65</td>
</tr>
<tr>
<td></td>
<td>HCV2</td>
<td>Forests or areas containing globally, regionally or nationally significant large landscape level forests, contained within, or containing the management unit, where viable populations of most if not all naturally occurring species exist in natural patterns of distribution and abundance.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>HCV3</td>
<td>Forests or areas that are in or contain rare, threatened or endangered ecosystems.</td>
<td></td>
</tr>
<tr>
<td>X</td>
<td>HCV4</td>
<td>Forests or areas that provide basic services of nature in critical situations (e.g. watershed protection, erosion control). Community Water Catchment Area of Compartment no. 52 Jengai PRF. Nearby residents of Pasir Raja village draw their supply of freshwater from the forest.</td>
<td>144</td>
</tr>
<tr>
<td></td>
<td>HCV5</td>
<td>Forests or areas fundamental to meeting basic needs of local communities (e.g. subsistence, health).</td>
<td></td>
</tr>
<tr>
<td></td>
<td>HCV6</td>
<td>Forests or areas critical to local communities’ traditional cultural identity (areas of cultural, ecological, economic or religious significance identified in cooperation with such local communities).</td>
<td></td>
</tr>
</tbody>
</table>

**Total Area of forest classified as ‘High Conservation Value Forest / Area’** 209.0ha

### Areas Outside of the Scope of Certification (Partial Certification and Excision)

- **X** N/A – All forestland owned or managed by the applicant is included in the scope.
- **□** Applicant owns and/or manages other FMUs not under evaluation.
- **□** Applicant wishes to excise portions of the FMU(s) under evaluation from the scope of certification.

**Explanation for exclusion of FMUs and/or excision:**
Control measures to prevent mixing of certified and non-certified product (C8.3):

Description of FMUs excluded from, or forested area excised from, the scope of certification:

<table>
<thead>
<tr>
<th>Name of FMU or Stand</th>
<th>Location (city, state, country)</th>
<th>Size (ha or ac)</th>
</tr>
</thead>
</table>

8. Annual Data Update

8.1 Social Information

<table>
<thead>
<tr>
<th>Number of forest workers (including contractors) working in forest within scope of certificate (differentiated by gender):</th>
</tr>
</thead>
<tbody>
<tr>
<td># of male workers: 71</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Number of accidents in forest work since last audit: 12</th>
<th>Serious: 0</th>
<th>Fatal: 0</th>
</tr>
</thead>
</table>

8.2 Annual Summary of Pesticide and Other Chemical Use

[X] FME does not use pesticides.

<table>
<thead>
<tr>
<th>Commercial name of pesticide / herbicide</th>
<th>Active ingredient</th>
<th>Quantity applied annually (kg or lbs)</th>
<th>Size of area treated during previous year</th>
<th>Reason for use</th>
</tr>
</thead>
</table>
