



## FOREST & ENVIRONMENTAL MANAGEMENT POLICY

KTS Plantation Sdn Bhd is a private company awarded with a License Agreement by the State Government of Sabah to enter and manage Segaliud Lokan Forest Reserve, located in the district of Sandakan, Sabah. The company is dedicated to implementing socially accepted practices of sustainable forest resources management integrated with a sound environmental management system. The long-term intention is to achieve optimum returns from sustained utilization of rainforest timber resources by undertaking logging operations that correspond with the regeneration ability of the natural tree stands.

To ensure that the commitments are realised, we shall do the following:

- Comply with relevant laws, regulations and other applicable requirements related to forest management. Fulfills all conditions in the License Agreement and Environmental Impact Assessment Agreements.
- Operate in accordance to the approved Forest Management Plan in the spirit of sustained forest resources principles.
- Manage timber harvesting through the preparation of comprehensive harvesting plan and implementation of reduced impact logging to protect the residual tree stock, water resources and wildlife habitat, and to achieve lower soil disturbance.
- Implement forest silviculture practices to optimize natural commercial trees regeneration and implement forest enrichment planting with diverse timber portfolio to promote forest stocking in degraded areas.
- Continuously improve our forest management and environmental performances through constant monitoring and periodic review of our operational control and forest technology.
- Give employment preference to local communities to uplift their standard of living. Undertaking designed trainings to constantly enhance the skills, knowledge and competency of employees.
- Set, implement and evaluate annually our environmental objectives and targets.
- Communicate our policy to employees at all levels and make it available to the stakeholders and interested public.
- Safeguard the biological, social and physical values of Segaliud Lokan Forest Reserve and take effective enforcement measures and annual monitoring program to maintain or enhance these values.
- Avoid the use of chemical to control pests and weeds. The choice of using a chemical is based on a review of all other available options and a determination that these options are not acceptable or are not feasible. Non-chemical pest management methods are used whenever possible. All chemicals will be handled according to state and federal law.

We are committed to comply with the Malaysia Criteria and Indicators for Forest Management Certification [MC&I (Natural Forest)] and Malaysian Standard ISO14001 (2004) Environmental Management System as the parameters to measure our forest management performance and environmental performance respectively.

DATO HENRY LAU LEE KONG  
Managing Director  
May 2018