

EXECUTIVE SUMMARY

KPKKT is committed in ensuring that its forestry operations do not adversely affect the socio-economic well-being of relevant stakeholders, particularly the local communities. Towards that end, the company desires to identify the major social impacts arising from its harvesting operations and determine mitigation measures to manage those impacts. This Social Impacts Assessment Report has been prepared as an expression of that commitment while at the same time as an attempt to fulfill the requirements of forest management certification standards of the Forest Stewardship Council and Malaysian Criteria and Indicators.

The Company is in the second phase of managing its forest concession of about 130 000 ha comprising Dungun Timber Complex (DTC) and Cerul Timber Concession using a 25 year cutting cycle. It has been given an annual coupe of about 2000 hectares.

The 108 900 ha DTC forest concession is bounded by several communities who traditionally depend on income from agricultural crops to support their life. Apart from being farmers, they also work with government departments and private companies, such as timber-based companies. Rivers are important natural resource to these communities because they supply them with fish and recreational opportunities.

This report was prepared by surveying samples of population in seven villages surrounding DTC forest concession as well as logging contractors' workers, workers and staffs of KPKKT, and PESAMA and PESAKA production workers. Other supporting data and information were obtained from various reports of relevant government agencies as well as from KPKKT. Informal consultations were held with officers of KPKKT and representatives of local communities to gather pertinent socio-economic information and issues.

The survey identified several social issues broadly defined as those issues which impinge on the society be at the individual, family or community levels. Issues for KPKKT staffs and workers, loggers and wood factory workers are very much at individual or family level whereas those for the local peoples are at community level.

The various issues together with their mitigation measures are shown in the following table.

NO	ECONOMIC AND SOCIAL IMPACTS	MITIGATION MEASURES
1.	<u>Employment and Income</u> High income dependency of KPKKT, logging and wood factory workers on their job income. Their socio-economic welfare is affected by the security of job tenure which, in turn, is influenced by KPKKT forestry operations.	i. KPKKT will give early signals to their workers as well as the employers of logging and wood factory workers should there be changes in policies affecting the job tenure of the various groups of workers. ii. As far as their workers are concerned, KPKKT will look into the possibility of establishing a fund, if there is none, to financially support the workers who may

		laid off due to some changes in company's policies.
2.	<p><u>Health and Safety</u></p> <p>Occurrence of accidents and occupational diseases among KPKKT and logging contractors' workers was low. This finding is further supported by accident records kept in KPKKT's office.</p> <p>The low incidence of recorded occupational diseases may be due to low level of awareness on the issue. Workers may not aware that they are suffering from such diseases.</p>	<p>i. KPKKT will continuously urge its workers and the management of the logging companies to take prudent safety measures. Regular briefing sessions may be carried out for the purpose. Constant checks have to be made on the conditions of the personal protective equipment (PPE). Faulty or worn PPE should be replaced.</p> <p>ii. KPKKT will have programmes to create or enhance awareness among its workers and loggers on occupational diseases. It should liaise with the Department of Occupational Health and Safety for this purpose.</p>
3.	<p><u>River Water Quality</u></p> <p>It is almost unavoidable that harvesting operations cause deterioration to river water quality. In order to minimize the impacts, various guidelines have been established involving the timing of logging, the machinery used, distance of logging from water bodies, etc.</p>	<p>i. KPKKT will ensure that the loggers adhere strictly to the various harvesting guidelines produced by the Forestry Department.</p> <p>ii. In addition, they must regularly monitor the harvesting operations to ensure that those guidelines are followed and those violating the guidelines are punished.</p> <p>iii. KPKKT will also regularly take measurements of water quality at various predetermined locations.</p> <p>iv. KPKKT will liaise with the proper authority to verify the water quality and advise the local communities accordingly should there be severe deterioration in the water quality</p>
4.	<p><u>Wildlife and Damage to Crops</u></p> <p>KPKKT logging operations are partly responsible for the destruction of wildlife habitat, including elephants, and this has driven them to the crops planted by the local communities in search for food and in the process cause damage to the crops.</p>	<p>i. KPKKT will consult with PERHILITAN and other relevant authorities, like research institutes, to get advice on ways to manage the elephants prior to logging operations.</p> <p>ii. KPKKT will communicate with local communities informing them of upcoming logging operations so that certain pro-active measures could be taken to prevent encroachment by elephants into their plantations.</p> <p>iii. KPKKT will consider giving some token in lieu of compensations to the affected people whose crops are destroyed by elephants.</p>
5.	<p><u>Road Damage</u></p> <p>Roads deterioration could be due to a combination of factors, like heavy loads, high trips frequency and heavy truck traffic.</p>	<p>i. KPKKT will urge the logging companies to remind their drivers to adhere to the allowed speed limits and weight limits.</p> <p>ii. KPKKT will seek clarification on the responsibility for road maintenance</p> <p>iii. KPKKT will facilitate traffic assessment exercises conducted by the relevant government authorities</p> <p>iv. KPKKT will communicate with the local communities on issues related to road</p>

		construction and maintenance
6.	Hunting and Poaching These are under the authority of PERHILITAN	i. KPKKT will notify PERHILITAN on the incidence of poaching should it receive complaints from their workers or the local communities.
7.	<u>Road Safety</u> Drivers driving problems, such as excessive speed, and conditions of vehicles contribute to traffic accidents.	i. KPKKT will urge the logging companies to have their trucks to undergo regular trucks inspection. ii. KPKKT will facilitate initiatives to create or enhance drivers' awareness on communities' socio-economic needs, politics and culture.
8.	<u>Job opportunities</u> Local people may not know when job opportunities are available and how to apply for the jobs.	i. KPKKT will facilitate the logging companies to look for potential employees from the local population by providing information on employment. Information on sources of employment will be distributed to the communities or posted on community notice boards. ii. KPKKT will urge the logging companies to give preferential recruitment to communities which are adversely affected by floods, elephants' damage and the like.
9.	<u>Non-timber Forest Products</u>	No mitigation measures are recommended
10.	<u>Recreational Opportunities</u>	Cross-reference with issues 1 and 5
11.	<u>Social Issues</u>	No mitigation measures are recommended

Several mechanisms will be instituted to monitor the social impacts identified in this report:

- i. Appointment of liaison officer to coordinate efforts to in handling social issues
- ii. Effectively continue consultative discussions with relevant stakeholders, including government agencies
- iii. Regularly monitor river water quality, roads, logging trucks and continue to advice local communities accordingly
- iv. Organize regular dialogues with leaders of local communities

The success of KPKKT in handling the various social impacts depends on many factors, including the participation and help from relevant government departments, research institutions, the logging contractors and its own staffs and workers. The commitments of the company to mitigate the impacts must be shared by the relevant parties through strong determination and efforts.