

Sabah's Segaliud Lokan Forest Reserve (SLFR) proves environmental restoration and commercial forestry can coexist, says KTS Group MD

BY MARIAH DOKSIL ON AUGUST 19, 2026, WEDNESDAY AT 4:33 PM

SABAH



Lau speaking at the Tropical Forestry 2026 (TF2026) Conference on Wednesday.

KOTA KINABALU (Aug 19): A long-term commitment to forest management, backed by stable policy, secure tenure and strong regulatory oversight, has enabled the Segaliud Lokan Forest Reserve (SLFR) to demonstrate that environmental restoration and commercial forestry can coexist, according to KTS Group of Companies managing director Dato Dr Henry Lau Lee Kong.

He said the approach adopted at SLFR was once considered unconventional, with KTS Plantation Sdn Bhd (KTSP) choosing to manage the entire reserve under Sustainable Forest Management (SFM) rather than clear degraded areas for industrial tree plantations.

“When KTSP was entrusted with FMU 19B in 1993, we did not inherit a pristine wilderness. SLFR bore the deep scars of at least four rounds of harvesting since the 1950s — a highly fragmented, heavily degraded forest ecosystem,” he said.

Lau was speaking at the Tropical Forestry 2026 (TF2026) Conference organised by Universiti Malaysia Sabah (UMS) here on Wednesday.

He said the conventional recommendation had been to convert 65 per cent of the reserve into industrial tree plantations while limiting natural forest management to the remaining intact patches.

However, KTSP opted for a unified Natural Forest Management model guided by SFM principles.

Lau said the decision to pursue enrichment planting instead of clearing the land for plantations was also driven by practical considerations, including lower costs and fewer risks associated with pests, diseases and tree performance in exotic plantations.

He said the approach involved a trade-off, with the company foregoing the immediate higher volume and income that could come from clear-felling in exchange for lower replanting and maintenance costs while retaining an economically productive and environmentally friendly natural forest in the long term.

Lau said the model, which was once dismissed by some, has since gained recognition as a viable approach to natural forest management.

“Twenty, 30 years ago, it was almost rendered as a crazy idea that nobody said it should work,” he said, adding that three foundations were critical to making the model work — a stable and consistent forest policy, a clear long-term vision supported by long-term tenure, and strong, principled leadership at the Sabah Forestry Department (SFD).

“These are not peripheral factors. These are the foundation upon which everything else is built,” he further explained.

Lau said consistent forest policy had allowed KTSP to make long-term investments in forest restoration, with its first Forest Management Plan drafted in 1998, Programme for the Endorsement of Forest Certification (PEFC) endorsement obtained in 2009, and its second 20-year harvesting rotation now underway.

He also credited the Sabah government's decision to provide long-term tenure, saying the 96-year tenure gave KTSP the time and confidence needed to undertake the generational task of restoring a degraded lowland dipterocarp forest.

“Restoring a degraded lowland dipterocarp forest is a generational undertaking. There is no five-year business plan that can accommodate it,” he said.

He said long-term investor commitment was equally important, as sustainable forest management could not be built around short-term commercial returns.

The results, he said, included an increase of about six per cent in timber yields halfway through the second rotation, which he attributed to harvesting strictly below the annual volume increment.

“Wildlife have returned. Water quality is maintained, carbon and biodiversity ecosystem services have been independently confirmed to be improving. None of this is accidental. It is the harvest of policy wisdom,” he said.

Lau also credited the SFD for playing a key role in keeping KTSP aligned with forest governance standards.

“The journey of SLFR was not a solo endeavour. At every stage — from the earliest Forest Management Plan, through our ISO 14001 certification in 2005, to our PEFC endorsement in 2009, and our continued adherence today — we operated in close partnership with the SFD,” he said.

He said frequent oversight by the department, while sometimes putting the company on “high alert”, had ultimately been important in ensuring KTSP remained on track.

Lau said the partnership with SFD and UMS had also strengthened the scientific basis of its forest management practices.



Lau (third left), Normah (second left) and Berhaman (right) in a photo call with the other invited speakers at the Tropical Forestry 2026 (TF2026) Conference.

Since 2016, KTSP has worked with the two institutions under a tripartite memorandum of understanding to conduct research into various aspects of SFM.

He said independent studies had confirmed positive impacts on carbon and biodiversity services, while research had found bird populations remained undisturbed in areas managed using Reduced Impact Logging practices.

Wildlife surveys also indicated that the active production forest supported biodiversity comparable to strictly conservation areas, he said.

SLFR now hosts a pilot tourism initiative, with 91 per cent of surveyed visitors saying they would recommend the experience to others, describing it as a unique sanctuary despite being an active production forest.

Lau also called on non-governmental organisations (NGOs) to continue scrutinising the forestry industry while recognising verifiable progress in sustainable forest management.

“We acknowledge openly that the journey toward Sustainable Forest Management in Sabah is not complete. There is still much to be done, and we welcome the scrutiny and advocacy that drives continuous improvement,” he said.

He said recognising progress could encourage more companies to invest in improving their forest management practices.

“Credit given where it is due does more good than constant criticism. It signals to companies on the fence that progress is possible, that it is rewarded, and that the effort is worth making.”

Lau said the experience at SLFR showed that long-term environmental restoration and industrial forestry could find common ground when the right policy and governance foundations were in place.

“If you are a policymaker: protect and sustain the policy environments that make long-horizon investments possible. If you are a regulator: hold the line on governance standards, for that consistency is what makes credibility. If you are in industry: understand that the most durable returns come from doing this right. And if you are in civil society: celebrate what deserves to be celebrated — and push, with fairness, for what remains to be done,” he said.

Lau was among the invited speakers who shared their insights on the second day of the conference.

Other speakers included Sabah Forestry Department deputy chief conservator of forest (planning and management) Indra Purwandita H Sujonto and Prof Sri Rahayu from Universitas Gadjah Mada, Indonesia. The session was moderated by forestry expert Assoc Prof Berhaman Ahmad.

Also present was Dean of the Faculty of Tropical Forestry, UMS, Prof Normah Awang Besar.