

**THIRTEEN STAKEHOLDER CONSULTATION ON
MALAYSIA-EU FLEGT VPA
[4th Sabah FLEGT Stakeholder Consultation Meeting
Report]**

June 23rd, 2014

By Nicholas Fong, Lydia Ayog, Leanne Hong

Report produced under Project MY031001

**Advancing a legal and sustainable global timber trade through the EU FLEGT action
plan**

September 2014

1.0 Introduction

The Sabah's Forest Law Enforcement, Governance and Trade (FLEGT) Stakeholder Consultation meeting was held on 23rd June 2014 at Le Meridien Hotel, Kota Kinabalu, Sabah and attended by 87 participants from various target groups. The objectives of the meeting are:

1. To update stakeholders on the latest development of Sabah Timber Legality assurance System (TLAS).
2. To discuss the Sabah TLAS documents that was reviewed and commented by the Joint Expert Meeting members in May 2014.
3. To discuss the outcome of the Compliance audit for Principles 5 & 6.

This report summarizes the presentations and the related discussions held during the stakeholder consultation meeting.

2.0 Workshop Agenda

Time	Programme	Moderator / Facilitator
9.00 – 9.50 am	Registration	
10.00 – 10.15 pm	Welcoming Remarks by the Deputy Director of Sabah Forestry Department	Mr. Frederick Kugan
10.15 – 12.30 pm	Update on the latest development of Sabah's TLAS and discussion on the Sabah TLAS documents	Mr. Roslan Junaidi
12.30 – 2.00 pm	Lunch	
2.00 – 3.00 pm	Presentation on the outcome of the Compliance Audit (Principle 5 & 6)	Mr. Roslan Junaidi
3.00 – 3.15 pm	Tea Break	
3.15 – 5.00 pm	Q & A	Mr Roslan Junaidi & Mr. Andurus Abi
END OF PROGRAMME		

3.0 Session Summaries

The meeting started with Mr. Frederick Kugan, the Deputy Director of Sabah Forestry Department (SFD), giving the opening remarks. He welcomed members of the meeting coming from various government agencies, international organizations (NGOs) and timber industry. He thanked PROTEM Secretariat for being the relevant authority to share their time and highlight the latest updates. In his opening remarks, he briefed on

the agenda of the consultation meeting which was to obtain the progress on the latest development of Sabah TLAS and discussion on the Sabah TLAS documents. The important aspect was to ensure the credibility of Sabah TLAS as a robust and transparent legality mechanism in Sabah. This is an area for continuous improvement to enhance the existing system which has various background and demands. He said that the revised Sabah TLAS is 95% in line with the European Union Timber Regulation (EUTR) while the remainder will be addressed in the future. The purpose of the stakeholders' consultation was to ensure the system is applicable and heading towards meeting compliance. In his conclusion, he hoped that the participants would benefit from the consultation particularly updates shared by PROTEM Secretariat and report on the outcome of Principle 5 and 6 presented by SFD.

Update on Malaysia – European Union (EU) FLEGT Voluntary Partnership Agreement (VPA) negotiations by PROTEM Secretariat

Mdm. Loke Sim Wah, the Coordinator of the PROTEM Secretariat gave the latest development on Malaysia-EU FLEGT VPA negotiation while clarifying the operation of FLEGT licensing scheme and timber from Sarawak during which the discussion with the (Malaysian) Ministry had been intensified. In the latest round of negotiation, a specialized pre-technical discussion was held on 14th May 2014 with the foresters, Forestry Departments of Sabah and Peninsular Malaysia and the EU to brief them on the control of timber supply chain and data management. The discussion was held with the intention to assist the EU and Malaysia as well as the forestry experts to conclude the negotiation and the development of TLAS.

The Sixth Joint Expert Meeting (JEM-6) was held from 15th to 16th May 2014 to finalize the TLAS and its related issues based on certain conditions and to follow-up with the outstanding issues after the discussion. The official Malaysia-EU Technical Working Group (TWG-11) meeting was held on 20th to 21st May 2014 which was represented by the Ministry of Plantation Industries and Commodities (MPIC) together with the EU Delegation; the discussion focused on the draft of the VPA legal text and the outstanding issues brought up during the JEM-6. On 22nd May 2014, the EU Delegation organized a public information session to share the development of VPA negotiation between Malaysia and the EU with the Malaysian Stakeholders.

Progress seemed to have been made for concluding VPA and finalizing the TLAS. In the product scope, Malaysia listed 11 products covering the entire exports to the EU. Decisions were needed on a few issues including the annex on product scope especially regarding furniture, pulp and paper as well as the licensing and data management for the secondary processing mills. The industry representatives from Peninsular Malaysia suggested that the furniture to be excluded from the product scope whilst the industry representatives from Sabah wanted to include pulp and paper into the product scope. The

industries also voiced their views where they have issues complying with the TLAS's requirements especially on the licensing requirement of Forestry Department. Currently, the Ministry is planning to discuss the related issues with the EU to request for flexibilities especially on the status of land issue. These few issues required policy adjustment which is still in discussion with the EU. PROTEM Secretariat is currently working with the EU on the Terms of Reference (ToR) for the independent assessment which is required under the VPA to determine the operational date of the TLAS after the VPA is signed. With the TLAS developed and as agreed at the TWG-11, some internal procedures will need to be developed for the implementation of the TLAS. These procedures are to deal with non-compliances, complaints and input from stakeholders, coordination of information or implementing agencies for FLEGT licensing.

Sarawak has adopted a phased approach in the implementation of the TLAS. Sarawak would implement its TLAS at a later stage which is to be decided by Sarawak. Upon signing the VPA and pending on the implementation of TLAS in Sarawak, timber from Sarawak entering into Peninsular Malaysia and/or Sabah will not be included into FLEGT-Licensed timber consignment to the EU. Hence, procedures in the form of a TLAS table are developed to ensure that timber from Sarawak will not be included into the consignments to the EU. However, the procedures will not restrict Sarawak timber from entering into Peninsular Malaysia or Sabah. When the VPA is signed, all timber products (Annex I on Product Scope) from Malaysia to EU will have to be FLEGT-licensed.

Compliance Audit of Principle 5 and 6 by Sabah Forestry Department

Mr. Roslan Junaidi, Head of FLEGT Unit from SFD updated the meeting on the amendment of Principles 1 to 4 in the Sabah TLAS. Based on the observation of Nature, Environment, People Consultation (NEPCon), three Principles were involved: Principles 1, 2 and 4. Under Principle 1 (Right to harvest), there were three criteria involved which are Tables 2, 3 and 7. Other than that, Table 9 and Table 16 falls under Principle 2 and Principle 4, respectively, were also involved. Altogether, there were five tables involved based on the changes recommended by NEPCon. The new elements were highlighted in green in the documents given during the consultation.

He further presented on the compliance audit for Principles 5 and 6 based on the outputs of Global Forestry Services' Sdn. Bhd. (GFS). GFS was appointed as the 3rd party assessor to develop the checklist for Principles 1 to 4 and to conduct the TLAS audit based on the developed checklist. The audit covered four rounds of audit for 16 Sustainable Forest License Management Agreement (SFMLA) Long Term License (LTL) areas from May 2009 to May 2011 and it was extended to cover eight more SFMLA/LTL areas for two rounds of audit from June 2011 to September 2011. Although the EU-funded project was completed in 2011, the third party auditing for

Principles 1 to 4 was conducted continuously from 2012 till now. The third party auditing was extended to cover Principles 5 & 6. In 2013, with funding from WWF- Malaysia, NEPCon was appointed to develop the audit checklist for Principles 5 and 6 based on the Sabah TLAS, which included the revision of audit checklist for Principles 1 to 4. Compliance auditing was conducted by GFS and monitored by SFD based on the checklist developed by NEPCon. The audit, funded by Malaysian Timber Council (MTC), took place from 10th March 2014 to 4th April 2014. The audited companies were selected by Sabah Timber Industries Association (STIA) and SFD which comprises 13 companies from Sandakan, Tawau and Kota Kinabalu.

Among the 13 companies audited, only six demonstrated compliance with the Principles 5 and 6 of Sabah TLAS standard with no major gaps observed. GFS identified three critical under Principle 5 with 19 major and 21 minor non-compliances. These criteria were: i) Issuance/ renewal/ upgrading of mill licence and conditions of operations; ii) Log input and output, and iii) Worker safety and health. Worker safety and health had the highest major and minor non-compliances as compared to the other criteria. Under Principle 6, there were five major and two minor non-compliances identified which involved two criteria, namely export regulations and timber from Sarawak. The remaining seven companies had to rectify the major gaps identified and will be followed by a close out visit by the FLEGT unit of SFD.

Assessment of the adequacy of the audit checklist for Principle 5 and 6 by Sabah Forestry Department

It had been stated that there were overlapping in indicators under various criteria. GFS recommended a few amendments for the indicators of Principles 5 and 6. The recommendations are as follows:

Principles 5:

Indicator	Description	Recommendation by GFS
5.1.2	Organisation shall comply with mill licence conditions including submission of monthly Mill Production Returns and maintenance of Log Arrival Book (for mills processing logs).	Amend to “the organization shall comply with mill license conditions”
5.2.3	Organisation shall ensure that logs arrival have been recorded in Log Arrival Book (date of entry, volume and log numbers).	No changes

Indicator	Description	Recommendation by GFS
5.2.1	Organisation shall ensure that all logs transported from the mill are accompanied by a valid removal pass covering the applicable material/logs	i) Amend to: “The organization shall ensure that all logs received at the mill are accompanied by a valid removal pass and Timber Disposal Permit (as required) that physically corresponds to the material being transported based on log number, species, quality, volume and dimensions)”
5.2.5	Organisation shall ensure and document that the removal pass, invoice and log list corresponds to the logs received (species, log number, volume and dimensions).	Delete and combine with 5.2.1

Indicator	Description	Recommendation by GFS
5.3.2	Organisation shall provide adequate training on safety measures/personnel protective equipment.	Amend to: The organization shall provide and maintain records of training on safety measures, personnel equipment and health
5.3.6(A)	Organisation shall maintain records of worker’s training on safety and health showing what training was conducted, who attended and any certificates were awarded.	Delete and combine with 5.3.2

Indicator	Description	Recommendation by GFS
5.3.3	Organisation shall undertake remedial measures as directed by relevant authorities (DOSHS and FDS) following their inspection.	Overlap to 5.3.6 – amend to “The organization shall meet minimum performance requirements of training on safety measures; personal protective equipment and health”
5.3.4	Organisation shall submit appropriate report to SOCSO, DOSHS and Department of Labour in a timely manner as required.	No changes
5.3.6	Organisation shall meet minimum performance requirements as stated in their letter from DOSHS.	Delete and combine with 5.3.3

Principle 6:

Indicator	Description	Recommendation by GFS
6.1.1	Organisation shall ensure that each consignment for export has been approved by DFO and RMC	Should renumbered to 6.1.2
6.1.1 (A)	Organisation shall register with the Registrar of Companies (ROC), FDS and possess a valid trading licence and purchase contract.	Should renumbered to 6.1.1 and amend to “The organization shall register with the Registrar of Companies, SFD and possess a valid trading licence”
6.1.2	Organization shall possess a valid Annual Export Licence from the FDS.	Should renumbered to 6.1.3
6.1.3	<p>Organisation shall ensure that the export of each consignment is accompanied by relevant documents:</p> <ul style="list-style-type: none"> - Customs Export Declaration Form 2 (CD 2) - Royalty payment receipt - Invoice - Removal pass 	Should renumbered to 6.1.4 and revise to “The organization shall maintain duplicate sets of export documents that include forms approved by the Forestry Department and the Royal Malaysian Custom”

Indicator	Description	Recommendation by GFS
6.1.4	<p>Organisation shall ensure and document that the legally required physical checks has been carried out on consignments: physical checking by the issuing authorities prior to shipment as follows :</p> <ul style="list-style-type: none"> - Logs: All consignments. - Veneer, sawn timber and plywood: Random checks 	Should be renumbered to 6.1.5
6.1.5	Organisation shall ensure and document that the royalty payment receipt, invoice, Removal Pass and packing list (consignment) corresponds to the materials/logs exported (species, log numbers, volume and dimensions).	Should be renumbered to 6.1.6
6.2.1	Organisation shall register with the Registrar of Companies (ROC), FDS and possess a valid trading	This indicator duplicates of 6.1.1(A) – this indicator could be amended to reflect requirement for an import

	licence and purchase contract	licence if different from export licence
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Question and answer (Q&A) session

The first Q&A session was moderated by Mr. Andurus of SFD.

No.	Question/Comment/Suggestion	Response
1.	Dr. Rahimatsah (Sabah Environmental Trust) raised a point on the two indicators that were combined into one whereby the term “access” was no longer in place, for example, in the Indicator 5.3.2.	Mr. Andurus (SFD) agreed with the observation made by Dr. Rahimatsah. Mr. Andurus said that the meeting was held to discuss the issues raised by GFS as to whether maintain the original text or based on the recommendation given by GFS. Hence, it is important for participants to come to a consensus with regards to the issues concerned.
		Mr. Peter (NEPCon) commented that focus should be given to ensure that the activities provided are to be conducted by competent authorities in terms of providing proper training. He further said that it was important to include the word “adequate” into the sentence.
		Mr. Nasrul pointed out that it was crucial to be clear and precise with the term “adequate” as it was subjective and may cause confusion to the auditors.
		Mr. Azri (Department of Occupational Safety and Health) responded that adequacy is difficult to quantify. It is the organization’s responsibility to provide and maintain the records of training.
		With regards to the comments received, the existing sentence in the table will be maintained as agreed by the participants.
2.	Mr Nicholas asked on the time frame required for the consignment to be included with the FLEGT license. What will happen in between before the	After the VPA is signed, the FLEGT license will not be issued immediately. There will be an assessment for the readiness of the

	FLEGT license can be fully operational?	FLEGT license and a date will be given. Due diligence is currently being carried out based on the TLAS that has been developed. The MYTLAS license will be used as a due diligence process to comply with the FLEGT VPA negotiation.
3.	Dr. Freezailah (Malaysia Timber Council) commented that Malaysia should model after the neighbouring Indonesia whereby they have signed the VPA and they are currently using the SVLK license in the process to determine the data of issuance. It is only a matter of transition period.	
4.	Who classified the non-compliances into major or minor? Is it by the auditor themselves?	In the GFS audit reports, the classification of major and minor was decided by the auditor.
5.	Dr. Freezailah informed the meeting that Malaysia had engaged with the EU with regards to major and minor non-compliances. Are you satisfied with the classification into major and minor non-compliance as the EU is not comfortable with the approach?	Mr. Peter clarified that the EU has not given any clear guidance on what to focus in terms of the impact of legal compliance. We proposed to use the approach of major and minor in the Sabah TLAS looking into non-compliance and there needs to have some kinds of threshold.
6.	Dr. Freezailah added that the full report would not be published on the website but the summary of public report will be available.	Mr. Frederick (Sabah Forestry Department) clarified that only Public Summary will be available.
7.	Mr. Dick Anning (Carl Runnow) asked about what had EU suggested instead of major and minor compliance?	Dr. Freezailah answered that it is very much based on the forestry certification. They are still discussing with the EU. They are aware of that this is an evolving process as legality verification is very new and unprecedented. There will be a series of consultation to be held and the necessary amendments will be made to improve the TLAS both in terms of substance and wording. The beginning is important because they will establish a legal-binding baseline.
8.	Dr. Freezailah was optimistic with what he had seen during the consultation with the participation of the stakeholders in	

	the implementation of TLAS. He was grateful for the support from NGOs and EU for facilitating the process to develop a credible and robust system that is acceptable not only by EU but others in the market as well.	
9.	Who do you consider as the worldwide international body that will underpin the Sabah TLAS certificate for the time being?	Mr. Frederick replied that they will proceed with the third party auditing to support the process. They have selected GFS as they had been there throughout the whole process of Sabah TLAS since the beginning, and based on previous reports, it has shown equity in terms of assessment.
10.	In terms of requirement and ToR of third party auditor, it is required to ensure that they are independent, competent, ISO certified and accredited to standards in Malaysia. Otherwise, the findings will not be accountable.	
11.	Mdm. Aimi (European Forest Institute) clarified on the matter of the interim arrangement saying that it would not be the EU to demonstrate flexibility but the operator as it is stated clearly that due diligence is incumbent with the operators who are importing the timber.	

The second Q&A session focused on Principles 5 and 6 based on GFS's recommendation followed by other related matters.

▪ **Indicator 5.1.2**

No.	Question/Comment/Suggestion	Response
1.	The participants agreed to maintain the original content.	

▪ **Indicator 5.2.1**

No.	Question/Comment/Suggestion	Response
1.	It was agreed to rephrase the following sentence: “The organization shall ensure that all logs received at or transported out from the mill are accompanied by a valid removal pass and Timber Disposal Permit (as required) that	

	physically corresponds to the materials being transported based on log number, species, quality, volume and dimensions)”. <ul style="list-style-type: none"> ▪ Indicator 5.3.6 (A) 	
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No.	Question/Comment/Suggestion	Response
1.	The original content will be maintained and renumbered to 5.3.7.	

- **Indicator 5.3.3**

No.	Question/Comment/Suggestion	Response
1.	Maintain the original content.	

- **Indicator 5.3.6**

No.	Question/Comment/Suggestion	Response
1.	Maintain the original content.	

- **Indicator 6.1.1**

No.	Question/Comment/Suggestion	Response
1.	Maintain the original content	
2.	Mr. Nicholas highlighted that the acronym for Sabah Forestry Department should be consistent in the table which was FDS.	

- **Indicator 6.1.1 (A)**

No.	Question/Comment/Suggestion	Response
1.	Accepting the proposal by GFS, Mr. Andurus stated that the purchase contract could be revisited later on. It is not part of the registration requirement as it is only required for the actual declaration for consignment basic as one of the supporting document.	

- **Indicator 6.1.2**

No.	Question/Comment/Suggestion	Response
1.	It was agreed to accept the proposal by GFS which is to be renumbered to 6.1.3.	

- **Indicator 6.1.3**

No.	Question/Comment/Suggestion	Response
1.	The content will be maintained and renumbered to 6.1.4.	

- **Indicator 6.1.4**

No.	Question/Comment/Suggestion	Response
1.	The content will be renumbered to 6.1.5.	

- **Indicator 6.1.5**

No.	Question/Comment/Suggestion	Response
1.	The content will be maintained and renumbered to 6.1.6.	

- **Indicator 6.2.1**

No.	Question/Comment/Suggestion	Response
1.	The participants agreed to accept the proposal.	

No.	Question/Comment/Suggestion	Response
1.	If a company is exporting and importing at the same time, do they have to fill in both documents?	Yes.
2.	Mr. Bruno asked about the movement of logs that are transported to the mill and moved to another location especially for logs that are not being processed where it should be recorded in the mill data.	<p>The received logs and logs had to be included for transporting out from the mill. There is another request to put the requirement in the table to record the movement of processed timber.</p> <p>Mr. Stephen from STIA clarified that this is a standard practice and SOP for each sawmill where it is recorded in the invoice.</p> <p>Based on our experience, it didn't happen that often. If it happens, it would be dealt with based on the procedure of transporting logs from one place to another and accompanied with removal pass.</p> <p>The concern of Mr. Bruno is</p>

		covered under the element of transportation which falls under mill. Mdm. Aimi added that it is related to data reconciliation which is very difficult to reconcile the input with output based on the complaints by the industry.
3.	For cases when a company encounters major non-compliance, is there an SOP on how SFD deals with this? What is the time frame given for them to close the gaps?	Based on the findings, it depends on what sort of findings reported as certain issues can be closed immediately. For bigger issues of SOP, it would be addressed in phased approach in which we will work with relevant agencies.
4.	Mr. Bruno informed the meeting that Sabah is heading towards the right direction as compared to other countries where they already have their TLAS. On the credibility of TLAS and third party verification, it is up to the market to decide its credibility.	
5.	Mr. Nicholas asked about the updates regarding the additional field verifiers which were discussed in the previous consultation	Mr. Frederick replied that it will be addressed in phased approach as it has been consulted at the national level with PROTEM.

4.0 Concluding Remarks

Mr. Frederick briefly discussed the next step which is to complete the assessment of Principles 1 to 4 and the department is still waiting for financial support from the Ministry to carry out the audit within this year. It is important to provide support on the necessary mechanism to enhance the implementation of Sabah TLAS. He hoped that the existing system would be accepted by the EU market as well as other markets. SFD will collaborate with Food and Agriculture Organization (FAO) to conduct capacity building programme and also looking forward to work with several other parties on communication to ensure the accepted system is credible.

In addition, Mdm. Loke deliberated on the preparation of TLAS implementation whereby they will need to set up internal procedures through the Implementing Agency Coordination Committee (IACC) on how to manage the non-compliances. They will also develop a proper channel for stakeholders to express their views and complaints to the Ministry and how to coordinate among the implementing agencies. She further said that

they are in the midst of establishing internal procedures to prepare for the implementation of TLAS once the VPA is signed. The Ministry with various government agencies of Sabah and Sarawak will work together towards the conclusion of the negotiation. Once the VPA is signed, the Joint Implementation Committee (JIC) will commission an independent assessment to look at the readiness of Malaysia and EU in the implementation of FLEGT license system. Based on the independent assessment, the JIC will determine the operational date of FLEGT license scheme. It will then take about a year for the FLEGT licenses to be issued.

Mdm. Loke stressed on the necessity to classify some non-compliances into minor or major so it would not cause any confusion to the industry when it comes to the implementation of TLAS. The industry expressed their concern over the data reconciliation whereby it is difficult to implement and it should only focus on making sure that there is no illegal activity. Mdm. Aimi gave her personal opinion on the issue raised on Sarawak for not going on board with the other regions. Sarawak must give an assurance to the EU that they would follow the given timeline so that the EU could help Malaysia to go through the process. She further added that it is important to have a good communication for Sabah to market their TLAS system to the importers.

Mr. Andurus thanked everyone for their participation and cooperation in the consultation. With no other matters arising, the meeting ended at 4.00 p.m.

Participant List

**SABAH'S FLEGT CONSULTATION MEETING
23rd JUNE 2014
LE MERIDIAN HOTEL, KOTA KINABALU**

SFMLA/LTL Holder

NO.	NAME	DESIGNATION	ORGANIZATION
1.	Badrul Hisam Kumut	The Group Manager	Rakyat Berjaya Sdn Bhd
2.	Khenneth Garon	Forest Officer	Rakyat Berjaya Sdn Bhd
3.	Thaijuddin Jeman	Regional Manager	Forestry Division Tawau, Rakyat Berjaya Sdn Bhd
4.	Salim Hj. Mat Rahim	Regional Manager	Forestry Division Tawau, Rakyat Berjaya Sdn Bhd
5.	Philip Ho	-	Bornion Timber Sdn Bhd
6.	Cik Marylyn Jonalius	Environmental Officer	KTS Plantation Sdn Bhd
7.	En. Sainih @ Sheen bt. Sakani	Executive Forester	Lagenda Aktif Sdn Bhd
8.	En. Wong Yin Chun	-	Lebihasil Sdn Bhd
9.	En. Albert Ikau Ganing	Senior Forest Manager	Maxland Sdn Bhd
10.	En. Cliff AK Edison W.Sibat	Senior Forest Officer (Planing)	Maxland Sdn Bhd
11.	Ho Khoy Lim	-	Sabah Forest industries Sdn Bhd
12.	En. Edward Chia	-	Top Quantum Sdn Bhd & First Greenworld Sdn Bhd
13.	William Joseph Jomu	FMU Manager	Timberwell Berhad
14.	Francie Goh	GM-Tree Plantation	Sabah Softwood Berhad
15.	Jenny Yeng	Training Officer	Yayasan Sabah

Government Agencies & FLEGT

NO.	NAME	DESIGNATION	ORGANIZATION
1.	Dato'Freezailah Che Yeom	Chairman	Malaysian Timber Certification Council
2.	Chai Kam Ching	Senior Executive	Malaysian Timber Council
3.	Aimi Lee	Program Coordinator – FLEGT Asia	European Forest Institute
4.	Loke Sim Wah	Coordinator	PROTEM Secretariat for Malaysia – EU FLEGT VPA

5.	Azry Simbaku	Pen. Pemelihara Hutan	Jabatan Keselamatan dan Kesihatan Pekerjaan (DOSH)
6.	Ummi Ainul Hafizah Mohd Ismail Ali	Asst. Director Sabah Region	Malaysian Timber Industries Board
7.	Emie Syarina Norizan	Executive	PROTEM Secretariat
8.	Ching De Vern	Executive	MTC

SFD Attendance

NO.	NAME	DESIGNATION/DEVISION
1.	En. Frederick Kugan	Timbalan Pengarah (Forest Sector Planning)
2.	En. Albert M. Radin	Timbalan Pengarah (Forest Management Enterprise)
3.	Werfred Jilimin	Ketua Bahagian Siasatan, Penguatkuasaan & Pendakwaan
4.	Peter Mourice Lidadun	Ketua Bahagian Siasatan, Penguatkuasaan & Pendakwaan
5.	En. Mashor Mohd. Jaini	Ketua Bahagian Pengurusan Hutan Lestari
6.	En. Andurus Abi	Ketua Bahagian Ekonomi, Industri & Statistik
7.	En. Roslan Junaidi	Ketua Unit Flegt
8.	Oliver L. Madani	Pegawai MCEE Sandakan
9.	Injiqsin Bin Usip	Pegawai MCEE Keningau
10.	Pins Primuz	Pegawai MCEE Kudat
11.	Zainudin Jimbun	Pagawai MCEE Tawau
12.	Fadzul Yahya	Pegawai Perhutanan Daerah Sandakan
13.	Mokran Ingkat	Pegawai Perhutanan Daerah Tawau
14.	Bonoventure Ob Henry Ladsou	Pegawai Perhutanan Daerah Sook
15.	Roslan Abdillah	Pegawai Perhutanan Daerah Kota Kinabalu
16.	En. Hassan Baharum	Pegawai Hal Ehwal Ekonomi, Bahagian Eis
17.	En. Alister Lazarus Radin	Unit Teknikal & Perdagangan, Eis
18.	En. Solvister Tiongin	FLEGT Officer/SFM
19.	En. Narbert Nasly	FLEGT Officer/SFM
20.	Pn. Hamidah Bujing	FLEGT Officer/SFM
21.	Harry F. Look	DFO Tawau
22.	Jaleha Mohamad	SFD,HQ
23.	Joannayandaman	SFD
24.	Johnny Insu	SFD
25.	Jarimala @ Sanja Salasim	SFD
26.	Osman Saibul	SFD
29	Hj Abu Bakar Bin Abd Hamid	SFD

NGO

NO.	NAME	DESIGNATION	ORGANIZATION
1.	Han Kwai Hin	Senior manager	WWF Malaysia (Sabah)
2.	Nicholas Fong	FLEGT Coordinator	WWF Malaysia (Sabah)
3.	Lydia Ayog	FLEGT Assistant	WWF Malaysia (Sabah)
4.	Christian Schriver	Regional Manager	NEPcon
5.	Peter Fieldberg		NEPcon
6.	Bruno Cammaert	Forestry Officers	EU-FAO FLEGT Support Programme
7.	Dr. Rahimatsah	-	Sabah Environmental Trust
8.	E.O Icofod	Consultant	Chemsain Consultant Sdn Bhd
9.	T.Nakaminomi		Yuasa Lomrer

Industries

NO.	NAME	DESIGNATION/POSITION	ORGANIZATION
1.	Lau Swee Cheong	Manager	Borneo Benar Sdn Bhd
2.	Alfred Yong		Bidasari Sdn Bhd
3.	Annie Chong		Cynao Plywood Sdn Bhd
4.	Dick Anning	Environmental Manager	Carl Ronnow (M) Sdn Bhd
5.	Augusta Ng	Environmental	Carl Ronnow (M) Sdn Bhd
6.	Lau Ngee Huat		Mau Seng Timber Sdn Bhd
7.	Sudirman Bin Usman	PRO (Public Relation Officer)	Priceworth Industries Sdn Bhd
8.	Rasili Timblani		Priceworth Industries Sdn Bhd
9.	Soon Vui Lun	Manager	Serantim Sdn Bhd
10.	Tan Peng Juan	Planning & Dev. Executive	Superwood Industries Sdn bhd
11.	Suharni Binti Marzuki	Marketing	Sabajuta Industries Sdn Bhd
12.	Norlila Binti Ladiolo	Log Division	Sabajuta Industries Sdn Bhd
13.	Robert Wong Wing Keong		Tri-Seven (M) Sdn Bhd
14.	Stephen Chaw Zie Shing	Secretary General	Sabah Timber Industries Association (STIA)
15.	Thomas Chu Tat Sing	Branch Chairman	Sabah Timber Industries Association (STIA)
16.	Brenda Wong	Administrative Sec.	Sabah Timber Industries Association (STIA)
17.	Eaxie Madius	Asst. Admin. Sec.	Sabah Timber Industries Association (STIA)
18.	Yuen Sook ngan	Manager	Java Industries S/B
19.	Christopher Garside	Director	Asian Forestry Company (Sabah) Sdn bhd

20.	Thondik Venantius	Project Manager	Asian Forestry Company (Sabah) Sdn bhd
21.	Abdul Salleh Bin Hapil	Pemelihara Hutan G48	Lembaga Kemajuan Perhutanan Negeri Sabah (SAFODA)
22.	Yang Sen	Executive Director (Sales & Marketing)	Focus Lumber Berhad
23.	Tiong Chuong Shik	Manager	Tropical timber & trading (S) S/B
24.	Jessica Soon	-	Uni-Lumber Sdn Bhd
25.	Margaret Chin Sat Peng	Vice Chairman	Malaysian Trade Union Congress, Sabah Division
26.	Chua Yeong Peng	Deputy President	S.T.I.A

Photographs



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Meeting notes

Notes for Meeting with WWF-Malaysia on the Progress Activities/ Work: HOB,
FLEGT and GFTN

Sabah FLEGT TLAS Workshop

Date: 24th June 2014

Time: 9.00 a.m. – 5.00 p.m.

Venue: Le Meridien Hotel, Kota Kinabalu

1.0 Opening Remarks

The workshop started with Mr. Roslan junaidi, Head of SFD FLEGT unit giving the opening remarks. The workshop aimed to give an introduction on the Sabah TLAS to the district officers, assistant district officers, FLEGT unit officers and Monitoring, Control, Enforcement and Evaluation (MCEE) officers of Sabah Forestry Department (SFD). He highlighted that it is important for the participants to give inputs on the audit checklist revised by the third party independent auditor for improvement.

2.0 Discussion

2.1 Introduction of Principle 1 to 4 by Mr. Subari Suparlan

Mr. Subari gave an introduction on the Sabah TLAS where he explained each table of Principles 1 to 4.

No.	Question/Comment/Suggestion	Answer
1.	Mr. Johnny raised concerns on occupational safety and health.	Mr. Andurus clarified that because there were many non-compliances identified during the audit, there is a need for capacity building not only for the logging operators but also in terms of enforcement. It may take some time before the issue can be fully implemented. In a meeting with DOSH and Labour Department last week, they agreed to provide funding for capacity building and joint monitoring for the next round of audit.
2.	Table 1: In my opinion, we should make changes in the criterion for NCR which is “including right unprivileged and NCR	Noted. This will be recorded as NCR is a sensitive issue at the moment.

	land are excluded in the mix both for PF and SL” as based on the result of the court of appeal recently.	
3.	Table 3: In No. 4, add AWP in a bracket since annual verification is not required.	
4.	Table 4: There was a concern on the CSP and the responsibility where it involves NRO based on the output stated in the TLAS. It was suggested to add “/CSP” and short term license in a bracket respectively.	
5.	Table 8: Mr. Indra suggested to have the forest inventory included in table 5 so that it will be sequenced. Verification procedures – To add DFO’s personnel.	
6.	Table 9: There was an issue on the buffer zone; it was suggested to change it to protected area to make it general. Verification procedure – No.5, to add DFO’s personnel. No. 8, to add “DFO ensures licensee submitted to Wildlife department”. Responsibility – To add Sabah Wildlife Department. Output – No.2, to add market on the ground and monitored. Forest operation – To add PF in Non-RIL.	Mdm. Hamidah clarified that based on the past audit; the riparian buffer zone issue was raised because there is no guideline on the identification of riparian zone and it was advised to make it more detailed. Mr. Roslan said that it also depends on the district as the stream buffer zone may not be applicable to some districts.
7.	Table 10: Verification procedure – No.2, to add DFO’s personnel. No.3, to add another sentence which is DFO checks and to submit report to the Director.	
8.	Table 12 & 13: To keep in view	
9.	Table 16: Responsibility – SFMLA/LTL holders will be under SFD.	
10.	Table 17: To add DFO’s personnel.	

2.2 Introduction of Principles 5 to 6 by Mr. Andurus Abi

Mr. Andurus presented the Principles 5 and 6 of Sabah TLAS.

No.	Question/Comments/Suggestion	Answer
1.	Table 18: The responsibility is under the SFD as SFD is the licensing agency but it will refer to the licensing guidelines for	

	verification procedure. Verification procedures – No. 4 & 5, to add DFO’s personnel. Renewal of mill license – to add DFO’s personnel.	
2.	Table 19: This will be discussed with DOSH and DoL as this is not under the jurisdiction of SFD.	
3.	Table 20 & 21: Mr. Andurus informed the meeting that the verification procedure for export and import will be discussed once it is finalized as they are still waiting for the handover of power by MTIB.	
4.	Table 23: The timber from Sarawak will be segregated because at this juncture Sarawak is still undecided if it wants to go with the VPA. Mr. Andurus said that SFD will need the STIA’s views on the implementation procedures and it will be discussed once a new draft is ready.	

2.3 Summary of non-compliance identified during trial audit process by Mr. Solvister

Mr. Solvister presented the report of Sabah TLAS compliance audit for Principles 5 and 6. Based on the trial audit, there were some gaps identified after the license has expired, inconsistency in recording log volume in the logs arrival book and unregistered machines. Also, there were no correct figure on the sales of timber product reported in Appendix 1, and some companies did not send their appendix. The volume of logs did not tally with the current records of volume received and used in the production of sawn timber. The record of input and output were not correctly maintained for submission in Appendices 1 and 7 as the output is much larger than the input. For Table 19, some of the workers were not covered with insurance and SOCSO. He mentioned that some companies were not aware of their responsibility to register their company with DOSH. The companies also did not provide a safety guide, escape plan for emergency as well as fire extinguishers in the mill. For Table 20, it was recognized that some mills did not maintain their application form for export and some contractor mills expired. For Table 23, he stated that there was one mill in Sandakan did not inform SFD that they have mixed the source from Sarawak into a veneer product which was going to be exported to Europe.

No.	Question/Comment/Suggestion	Answer
1.	For Table 9, Mr. Andrus agreed that the AL and SL should not be combined. He advised to create a section under “criterion” where <i>b</i> should be changed to <i>c</i> while maintaining the statement. There will be non-RIL and RIL for PF which is to be completed by the HQ.	
2.	Mr. Indra suggested that the DFOs should also be invited for the next stakeholder consultation so that they could receive the updates as they were not involved in the past consultation and they may have not been informed about the updates.	We would also like to receive inputs from the DFOs for example, on short-term requirement to improve the understanding of the process at the district level.
3.	What are the benefits of the implementation of TLAS for the industry and SFD?	The benefit of TLAS would be in terms of implementation and monitoring where it will be part of our culture to consistently monitor and for the third party to monitor our achievement which is good for our image. For the industry, it is beneficial for their international market and will be less costly for them as they only have to pay for segregation.
4.	What is the level of compliance based in the TLAS audit and results?	Based on the audit performance from 2009 to 2013, it was very encouraging as it achieved 85% compliance and it has improved by 15% since it started. One of the hardest issues for the companies to comply is Principle 4 where they did not conduct consultation with the community. There is also a gap related to forest security system to protect the forest from encroachment which will need to be improved.
5.	What is the benefit of TLAS audit?	The DFOs informed the meeting that the audit had been beneficial where it gave positive impact to FMU management. It also helped the DFO to monitor the license and there was improvement in terms of sanitary management after the audit.

3.0 Outcome

The comments and suggestions will be noted and forwarded to the relevant area for their information and for rephrasing. Mr. Solvister stated that the follow up action is to close the minor gaps where some companies will be fined accordingly. Based on the implementation of IACC, it was informed that the relevant agencies will be doing a joint inspection together with SFD. DOSH will give training to the industry to close the gaps identified during the trial audit.

4.0 Any other Matters

Mr. Subari highlighted that there were many problems identified during the recent audit by the third party independent auditor where majority of the non-compliance are related to safety and health issue. Therefore, there is a need for training and capacity building for the industry and SFD's staffs to prepare themselves for the audits.

5.0 Concluding remarks

Having no other matters to be discussed, the workshop ended at 4.30 p.m.

Recorded by
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