

2.0 Opening remarks by the Chairman

- 2.1 The Chairman (Deputy Director of Sabah Forestry Department, Mr. Frederick Kugan),welcomed all attendees to the stakeholders consultation meeting namely the Protem Secretariat Tn Hj Nazir, Mr. David from PERKESO, Mr. Nicholas Fong from WWF Malaysia, Mr. Chew Lye Teng from EFI, IACC members, STIA members, Government Agencies, NGOs and SFD Officers.
- 2.2 The Chairman highlighted the objectives of the consultation meeting as below:
 - 2.2.1 To provide an update on the progress and development of the Sabah TLAS to the stakeholders
 - 2.2.2 To discuss the proposed amendment to Principle 1 to Principle 4 Criteria in the Sabah TLAS in order to improve the Chain of Custody requirement,
 - 2.2.3 To inform all stakeholders on “Sabah TLAS Compliant stamp and DOSH requirements in the timber industry.
- 2.3 All points of discussion during the consultation will be documented and uploaded in the website to make it more visible for all STIA members, exporters and importers all over the world.
- 2.4 The latest development in Sabah TLAS which requires the implementation of the Chain of Custody(CoC) mandatory is part of the Sabah Forestry Department’s efforts to address improvements that are required in the Sabah TLAS system. He informed that STIA had submitted an appeal that the industry’s requirement for the CoC implementation be implemented in ‘phase approach’. However the Third Party Audit who have issued a “Minor” for non-compliance of the CoC requirement has given one year to the affected companies to address the gap. He opined that the time given is more than enough to address the gap and not to downgrade decision that had been made during the last stakeholders consultation meeting which agreed that the COC requirement be adopted.
- 2.5 The FLEGT Unit of SFD have been issuing Sabah TLAS Compliance Certificate (STLAS-CC) which has recently been certified in accordance with the requirements of the management system standards ISO 90001:2008 system by Bureau Veritas Certification Body. The auditing process is a system to improve the TLAS standard and to address common correction action requests (CAR) or gaps e.g. Safety and Health.

- 2.6 The Sabah TLAS auditing covered all areas including rubber plantation areas irrespective of source including alienated lands which still can be addressed under the Sabah TLAS.
- 2.7 An awareness survey on the CoC requirement in the Sabah TLAS was conducted and the awareness level only showed 59% for all respondents. The awareness level of Exporters to the EU was 81% while non-EU markets exporters was 48%.

3.0 Briefing by the Head of FLEGT Unit, Mr Roslan Junaidi

Mr. Roslan presented the summary and results of the Sabah TLAS audit conducted in 2015 and 2016 followed by the number of Sabah TLAS Certificate of Compliance (STCC) issued to the recipients in 2015 and 2016 as follows:

3.1 Results of the Summary of Gaps & Observations (2015) for Principle 1-6

3.1.1 The total of Major gaps found: 108

3.1.2 The total of Minor gaps found: 269

3.1.3 The total of Observations found: 120

3.1.4 The gap with the highest Minor raised under Principle 5 is the Mill Operations with a total of 182 gaps.

3.1.5 The Criteria with the highest Major gaps for Principle 1-4 are Criteria 2.1.3 (ECR) and 2.6.10 (Workers Safety).

3.1.6 The most common Criteria with Major gaps for Principle 1-4 are Criteria 2.1.3, 2.6.1 and 2.6.10.

3.1.7 The Criteria with the highest Major Gaps for Principle 5-6 is Criteria 5.3.6 (not registered with DOSH).

3.1.8 The most common Criteria with Major gaps for Principle 5-6 are Criteria 5.3.3, 5.3.6, 5.3.7 and 5.3.8.

3.2 Number of Sabah TLAS Certificate of Compliance (STCC) Recipients in 2015

3.2.1 Principle 1-4: 31 recipients

3.2.2 Principle 5-6: 110 recipients

3.3 Number of Sabah TLAS Certificate Compliance (TLAS-CC) Recipients from January - August 2016

3.3.1 Principles 1-4: 35 recipients

3.3.2 Principle 5-6: 85 recipients

3.3.3 Overall, the total number of TLAS-CC recipients for Principle 1-6 is 120 recipients.

The full power-point presentation: As per **Annex 2**.

4.0 **Discussion on the Proposed Amendments for P1-P4 Sabah TLAS Checklist**

The discussion was facilitated by Mr. Roslan Junaidi and the decisions derived from the discussions are as follows:

4.1 Principle 2: Forest Operation (Table 10)

Agreed to amend:

- Sources of Timber: Add SL & AL (Plantations logs for export) – (Form IIB).
- Legislative reference: Add Director of Forestry Circular FD.20/2015 and Director of Forestry Circular FD.12/2015 and FD.16/2015.
- Verification Procedure: Add a new title 'Natural Forest Production' and ITP AL & SL (For Export only) including descriptions.
- Output: Add new title 'Natural Forest (AL)' and ITP AL & SL (For Export only) including descriptions.

4.2 Principle 2: Forest Operation (Table 11)

Agreed to amend:

- Criterion: Add a new sentence (or paint the serial number on all logs, with permission from the DoF) under bullets 7 and 9.
- Legislative reference: Added Director of Forestry Circular FD.20/2015, Director of Forestry Circular FD.12/2015 and FD.16/2015
- Verification procedures:

- Add a new sentence (or paint the serial number on all logs, with permission from the DoF) under ITP (PF) roman number vii and under ITP (SL/AL) roman number i. and ii.
- Under ITP (SL/AL) add a new title for roman number iii. 'Logs for Domestic Sale' and under Logs for Export, add a new description for roman number iv. Forest Ranger/Forester issues Removal Pass and records the approximate volume of timber removed.

4.3 Principle 2: Forest Operation (Table 13)

Agreed to amend:

- Criterion:
 - For ITP Logs with Royalty (PF), add new words 'or painted' under roman number i. and ii.
 - For ITP Logs with no Royalty, add 'For Domestic Processing' before (SL/AL, including rubber wood from small holders). Also add a new word 'or painted' under bullet 2.
 - Add a new title 'For ITP Logs with Royalty – For Export (SL/AL, including rubber wood from small holders) including descriptions.
- Legislative reference: Add Director of Forestry Circular FD.20/2015, Director of Forestry Circular FD.12/2015 and FD.16/2015.

4.4 Principle 3: Statutory Charges (Table 15)

Agreed to amend:

- Sources of timber: add new sentences 'for the domestic market'.
- Criterion: Add 'Forest Conservation Fees' under bullet 2.
- Legislative reference: Add Director of Forestry Circular FD.12/2015 and FD.16/2015.

The amended Tables in the TLAS Checklist are as per **Annex 3**.

5.0 **Briefing on the Requirement and Guidelines of "Sabah TLAS Compliant" Stamp on Removal Pass by the Deputy Head of FLEGT Unit, Mr. Daim Balingi**

Mr. Daim briefed the meeting on the requirements and guidelines for the implementation of the Sabah TLAS Compliant Stamp on Removal Pass as follows:

- 5.1 Sabah TLAS Compliant (P1-P4) – All licensees that have complied to the Sabah Legality Standards and have performed well in their forestry activities which are stipulated in their AWP (SFMLA/LTL Holders) will be awarded with Sabah TLAS Compliance Certificate (TLAS-CC).
- 5.2 The requirements of a CoC in Sabah TLAS (P1-P4) which was mentioned in Criteria 2.3.7: Logs from Sabah TLAS compliant forest licenced areas shall be identified on the transportation permits as appropriate.
- 5.3 The guidelines of the Sabah TLAS Compliant Stamp on Removal Pass is described in the *Dokumen: Arahan Kerja Am JPHTN-AKT 01:08:44, Panduan Mengecap “Sabah TLAS Compliant” pada helaian ‘Removal Pass’* and can be used by authorized SFD officers.

The full powerpoint presentation is as per **Annex 4**.

6.0 Briefing on the Department of Occupational Safety and Health (DOSH) Legal Requirement in the Timber Industry by SFD Qualified Safety Officer, Mr. Roslan Lalete

The full powerpoint presentation is as per **Annex 5**.

7.0 Discussions

The discussion was facilitated by Mr. Andurus Abi. Several questions were raised during the session as follows:

No	Questions	Answers
1.	<p><u>Tn Hj Hussin Tukiman (DFO Kinabatangan)</u></p> <p>Can the DFO delegate issuance of Removal Pass to the field staffs?</p>	<p>Mr. Roslan Junaidi replied that under the normal practice, KPPM/PPM is responsible to verify the logs, whilst under the CF Circular; the DFO should be responsible to issue Removal Pass.</p> <p>Delegation to issue Removal Pass</p>

		from the DFO to KPPM/PPM however could be given subject to application and approval by the Director of Forestry.
2.	<p><u>Mr. Nicholas Fong (WWF Malaysia)</u></p> <p>a) Question to Tn Hj Nazir (PROTEM Secretariat) on the future for FLEGT in Malaysia.</p> <p>b) Question to Dr. Kevin (GFS Malaysia) i.e on seeking further explanation on the introduction of Risk Assessment.</p> <p>c) Question to Mr. Roslan Junaidi (Head of FLEGT Unit, SFD) – i.e. the request to explain further on problem regarding gaps that leads to Major for Right to Harvest? Explain</p>	<p>a) Tn. Hj. Nazir replied that the status quo of the negotiation remained (no new update), while Sarawak has been implementing their own TLAS Certification.</p> <p>b) Dr. Kevin Grace responded that the revision of CoC under P5-P6 in the export and import of materials are assessed based on the indicators/terms used to classify High Risk and Low Risk.</p> <p>c) Mr. Roslan Junaidi replied that before commencing harvesting operation, the logging areas must be officially approved by the Natural Resource Office (NRO) and thereafter a Forest Licence will be issued by the Director of Forestry (DoF). Failure to comply to this requirement will result in a Major gap.</p>
3.	<p><u>Mr. P.J. Tan (STIA)</u></p> <p>What is the 'Timeframe' for the whole industry to comply with the CoC requirement? Will there be any penalties imposed for non-compliance or will there be any grace period before full implementation? How about new players in the markets? How can they apply and qualify to participate in the Sabah TLAS CoC training? Will there be a roadmap for the CoC implementation?</p>	<p>Mr. Andurus responded that the issue of timeframe to comply with the CoC requirement had been mentioned by the Chairman earlier, that is 1 year for Minor gap issued relating to non-compliant of CoC. On future CoC training, SFD will liase with the FAO for the possibility to conduct a 2nd CoC training course. The FAO Bangkok has earlier on indicated willingness to consider to fund subject to compliance of FAO's requirements.</p>
4.	<p><u>Mr. Chew Lye Teng (Consultant of EFI)</u></p>	Information only.

	<p>Mr. Chew briefed the meeting on the purpose of his presence in the consultation meeting with consent from the Sabah Forestry Department and the task that he was undertaking for the EFI project i.e. on general information on Stock Table on FLEGT and TLAS development in Malaysia. He was personally interested to meet up with the various stakeholders groups in Sabah for the purpose of obtaining information and to get their view to meet the requirement of the project as mentioned.</p>	
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8.0 Closing Remarks by the Chairman

8.1 The discussion was adjourned and closed by Mr. Andurus Abi, on behalf of the Chairman, Mr. Frederick Kugan. He thanked everyone for their attendance and full participation in the consultation meeting especially members from the IACC, the PROTEM Secretariat, NGOs, relevant government agencies and STIA members.

8.2 Mr. Andurus in his concluding remarks amongst others highlighted the following:

8.2.1 The need for SFD and STIA to increase the level of awareness on Sabah TLAS namely amongst manufacturers who are not exporting to the EU, in view of their low level of awareness on Sabah TLAS as Sabah TLAS is a compilation of existing laws applicable to the timber industry which members of the industry should know irrespective of whether they are exporting to the EU or non-EU markets.

8.2.2 How the Sabah TLAS Compliance Certificate could be fully utilized and promoted amongst buyers in the buying countries especially Japan and P. Malaysia as a lot of efforts have been undertaken by Sabah to do continuous improvement in the implementation of Sabah TLAS on the ground, considering the fact that Japan and P. Malaysia are two biggest importers of Sabah's timber products. That will require collaborative efforts from both STIA and SFD in making the need realized. He also highlighted the need for STIA to study where Sabah's timbers exported to P.Malaysia

will end up considering the advantages that Sabah already have on timber legality.

8.2.3 There are demands from the timber industry on how rubberwood from alienated lands could be issued with TLAS-CC so that the Sabah TLAS compliant claim could be passed to the end-product. This issue will be discussed further so that SOP could be prepared based on the intended requirements.

8.2.4 The willingness of the Sabah Forestry Department through Mr. Roslan Lalete to assist the industries to coordinate safety and health training to address gaps on safety and health issues in the Sabah TLAS Audit, in collaboration with STIA and other relevant government agencies.