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| Forest                | Legal Right to Harvest | Harvesting company within forest reserve | Peninsular Malaysia  
- Records of gazettement of Permanent Reserve Forests (PRF);  
- Records of classification of PRFs;  
- Concessionaire agreement, and  
- Licence To Take Forest Produce as well as other relevant permits as applicable like:  
  - Entry permits  
  - Road permits  
  - Use permits  
  - Records of aboriginal reserves  
  - Records of aboriginal areas |  
Sabah  
- Sustainable Forest Management Licence Agreement  
- Long term timber licence agreement  
- All relevant customary native rights decisions of the Civil Courts  
Sarawak  
- Forest Timber Licence  
- Grants, leases, native customary right and native communal reserves  
- Decisions of the Civil Courts pertaining to legal or customary tenure or use rights |  
Evidence of licences, permits and other documents granting rights to harvest, extract or otherwise exploit timber in the forest |

| Forest                | Legal Right to Harvest | Harvesting company outside of forest reserve | Peninsular Malaysia  
- Approval or harvesting licence from forestry authorities |  
Sabah  
- Approval or harvesting licence from forestry authorities  
- Form 2(b) licence for alienated land  
- Form 1 licence |  
Sarawak  
- OT Licence |  
Availability of documentation of legal status in the case of land that is not in the permanent reserved forest or forest management areas and is subject to clearing for a non-forest use. |
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| Forest               | Legal Right to Harvest | Harvesting company within forest reserve | These documents should be held and approved:  
Peninsular Malaysia  
• Forest Management Plan  
• Record of monitoring by Forestry Dept.  
• Record of demarcated boundaries  
• EIA  
• Record of mitigating measures taken  
Sabah  
• Harvesting plan  
• Manual on Forest Management Planning  
• Record of monitoring by Forestry Dept.  
• Record of demarcated boundaries  
• Forest Management Plan  
• EIA  
• Comprehensive harvesting plan  
Sarawak  
• Procedures for identifying and demarcating sensitive areas  
• Detailed Harvesting Plan  
• Record of monitoring by Forestry Dept.  
• Record of demarcated boundaries  
• Forest Management Plan  
• Timber Licence  
| The forestry management plan documents have been prepared in accordance with the rules and standards prescribed by the forest administration and clearly demonstrate the implementation of guidelines and/or procedures to identify and demarcate sensitive areas for the protection of soil and water, watercourses and wetlands. |
| Forest               | Legal Right to Harvest | Harvesting company within forest reserve | These documents should be held and approved:  
Peninsular Malaysia  
• Records of timber products, species and quantity harvested under licence  
• Quarterly reports on areas harvested  
• Compliance report  
Sabah  
• Daily felling record  
• Quarterly progress report  
• Compliance Report  
• Compartment Record Book  
• Sustainable Forest Management Licence Agreement  
Sarawak  
• Data on the quantity and species of timbers harvested within the forest management area  
• Enumeration Data  
• Compliance report  
| Minimum harvestable diameters are respected during harvesting operations, harvested timber species are duly authorised by the forest management plan, and quantity of residual stands is maintained, taking cognizance of their sustainability in the long term according to the regulatory requirements, licence conditions and appropriate guidelines. |
| Forest               | Legal Right to Harvest | Harvesting company within forest reserve | These documents should be held and approved:  
Peninsular Malaysia  
• Results of post-felling inventories  
• Records of silvicultural treatments  
• Analysis of change of forest stand/species composition versus the pre-felling inventories  
Sabah  
• Post-harvest Inventory  
• Closing Inspection Report  
• Records of silvicultural treatments  
• Permanent Sample Plot Records  
• Sustainable Forest Management Licence Agreement  
Sarawak  
• Forest Management Plan  
<p>| Demonstrate the implementation of management guidelines to assess post-harvest natural regeneration, and measures to supplement regeneration, where necessary. |</p>
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<tr>
<td>Forest</td>
<td>Payment of Taxes and Royalties</td>
<td>Forest managers and harvesting companies</td>
<td>Peninsular Malaysia, Sabah and Sarawak Record of payment of required fees, royalties, taxes and other charges. Peninsular Malaysia • Records of payments for legally prescribed fees, royalties, taxes and other charges Sabah • Gazetted royalty structure and rates • Performance bond for Sustainable Forest Management Licence Agreement • Community forest cess fund • Royalty based on species group • Occupational permit • Machinery registration fee • Rehabilitation fund Sarawak • Royalty bills under Fourth Schedule of the Forest Timber Licence • Liquidated damage under Fifth Schedule of Forest Timber Licence • Fees for licence and permit under Second Schedule of Wild Life Rules</td>
<td>The company must pay all required fees, royalties, taxes and other charges before logging activities.</td>
</tr>
<tr>
<td>Forest</td>
<td>Not Applicable</td>
<td>Forest manager / harvesting company</td>
<td>Check that the company maintains or strengthens socioeconomic welfare of local communities/indigenous people in accordance with the laws and regulations. Seek confirmation that: • The company identified legal and customary rights of local communities in the forest management unit.</td>
<td>These are additional requirements for compliance with the Draft EU “Due Diligence Regulation”</td>
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<tr>
<td>Transport</td>
<td>Legality of Imported Timber</td>
<td>Transporters</td>
<td>Peninsular Malaysia, Sabah and Sarawak • Import licence • Customs Import Declaration Form 1 • Removal pass</td>
<td>The company must have valid official documents for imported logs</td>
</tr>
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<td>Transport</td>
<td>Legality of Imported Timber</td>
<td>Transporters</td>
<td>Peninsular Malaysia • Import licence issued by MTIB for logs • Removal pass (for logs) from FD • Customs Department K1 form • Customs Department K3 form (within Malaysia) Sabah • MTIB import permit • Receipt from FD export and import inspection fee • Removal pass (for logs) from FD • Customs Department K1 form • Customs Department K3 form (within Malaysia) Sarawak • Import licence (JK 69) • Removal pass from STIDC • Customs Department K1 form • Customs Department K3 form (within Malaysia)</td>
<td>Import procedures and licences for timber and timber products have to be in accordance with laws</td>
</tr>
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<td>Transport</td>
<td>Legality of Imported Timber</td>
<td>Transporters</td>
<td>Peninsular Malaysia, Sabah, Sarawak • Directive from the Minister of Primary Industries 2002 and 2003 • Customs prohibitive list</td>
<td>Import ban on logs and large square scantlings (LLS) from Indonesia.</td>
</tr>
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| Transport             | Legality of Possession and Transport | Transporters | The following documents should be held and approved:  
- Peninsular Malaysia, Sabah and Sarawak  
  - Certificate of incorporation of company  
  - Ministry of transport licence for commercial vehicles  
  - Forestry Departments records | Company must be registered as a business entity and lorries and other transport vehicles must be also registered with relevant agencies / authorities as appropriate |
| Transport             | Legality of Possession and Transport | Transporters | All carriers should be able to present the following:  
- Peninsular Malaysia  
  - Removal pass/permits  
  - Log tags or identification as appropriate  
  - Hammer marks  
- Sabah  
  - Timber Disposal Permit  
  - Log tags or identification as appropriate  
  - Hammer marks  
  - Removal Pass  
  - Export Declaration Form  
- Sarawak  
  - Removal pass  
  - Log tags or identification as appropriate  
  - Hammer marks | Stumps of harvested trees are hammer marked or paint marked according to regulatory requirements. Billets of timber in forest yards are marked according to the rules in force so that they can be easily traced. Log transportation documents are filled in prior to departure from the harvesting site and are kept by the carriers during the whole transportation route. |
| Processing            | Legality of Processing | All timber processors | Peninsular Malaysia, Sabah and Sarawak  
  - Certificate of Incorporation of Company  
  - Registration with MTIB and STIDC as appropriate | The timber processing company is legally registered in accordance with the laws |
| Processing            | Legality of Processing | All timber processors in Sarawak | All Sarawak producers are limited in their exports of logs and must be able to demonstrate:  
- Receipts and bill of sale  
- Report of analysis of records of logs royalty assessed for local processing  
- Report of analysis of removal pass | Sarawak has a log reservation quota of 60% log production in the State has to be processed within the State which is monitored by Harwood. Harwood issues an Endorsement Clearance Certificate after inspection of the quota logs at base camps, final log ponds, transit points and licensed mills. |
| Processing            | Legality of Processing | All timber processors | Peninsular Malaysia  
  - Receipts and bill of sales  
  - Report of analysis of records of sawmills (Shuttle Return No. IV)  
  - Report of analysis of records of plywood mills (Shuttle Return No. V)  
  - Report of analysis of records of moulding mills through Shuttle Return No. VII  
  - Log input book | Timber volume entering the plant and timber products out from the plant should be recorded according to official procedures. |
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</table>
| Processing            | Legality of Processing | All timber processors | Sabah  
  - Receipts and bill of sale  
  - Monthly Production Return  
  - Log input book  
Sarawak  
  - Receipts and bill of sale  
  - Report of analysis of records of logs  
  - Royalty assessed for local processing  
  - Report of analysis of records of removal pass  
  - Report of analysis of records of installed capacity of wood-based industries as indicated in their licences  
  - Log input book  
| Timber volume entering the plant and timber products out from the plant should be recorded according to official procedures. |
| Processing            | Not Applicable       | Processor       | Check that the company complies with the laws and regulations on its employees' and workers' rights and welfare  
Seek confirmation that:  
  - The company meets all applicable employment laws  
  - The company is compliant with all regulations covering health and safety of employees and their families  
| These are additional requirements for compliance with the Draft EU “Due Diligence Regulation” |
| Export                | Legality of Sale and Export | Exporting company | All exporters should be able to present the following:  
Peninsular Malaysia, Sabah and Sarawak  
  - Certificate of Registration (Form 9)- Register with the Companies Commission of Malaysia (Suruhanjaya Syarikat Malaysia)  
Peninsular Malaysia  
  - Licence according to product and company type with Forestry Department  
  - Register with the MTIB  
Sabah  
  - Licence according to product and company type with MTIB  
  - Forestry Department licence  
Sarawak  
  - Sarawak Timber Industry Development Corporation (STIDC) export licence for timber or timber products  
  - CITES permit  
<p>| The company must be legally registered in accordance with the laws and all timber exporters, suppliers, processors, graders and jetty operators have to be registered with the relevant agencies. |</p>
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| Export                | Legality of Sale and Export | Exporting company | All exporters should be able to present the following:  
Peninsular Malaysia  
- Records of cess account in MTIB for log, sawn timber, plywood, moulding, veneer, particleboard/chipboard and block board  
- Timber export licence issued by MTIB  
- Customs Department K2 form  
Sabah  
- Records of cess account in MTIB for log, sawn timber, plywood, moulding, veneer, particleboard/chipboard and block board  
- Timber export licence issued by MTIB  
- Custom Department K2 Form  
- Invoices  
- State Royalty Fees  
Sarawak  
- Harwood Export Clearance Certificate approved document for export of logs  
- STIDC Export licence  
- Wildlife permits  
- CITES licence  
- Licence on Sepetir by the Forest Department  
- Customs Department K2 form | Export procedures and licences for timber and timber products have to be in accordance with relevant laws. |
| Export                | Payment of Fees and Royalties | Exporting company | The import and export company should demonstrate payments of any Export Taxes that are liable. | All taxes linked to the exportation and importation of forest products are paid on time. |

This document is for educational and informational purposes only and is not intended and should not be construed as legal advice. Persons seeking legal advice on compliance with the Lacey Act or any other law, regulation, or requirement should consult with a qualified legal professional.