



Stage in Supply Chain	Lacey Act Component	Applicable Laws	Documents to Check	Notes to Remember
Forest	Legal Right to Harvest	Harvesting company within forest reserve	<p>Peninsular Malaysia</p> <ul style="list-style-type: none"> • Records of gazettment 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: <ul style="list-style-type: none"> • Entry permits • Road permits • Use permits • Records of aboriginal reserves • Records of aboriginal areas <p>Sabah</p> <ul style="list-style-type: none"> • Sustainable Forest Management Licence Agreement • Long term timber licence agreement • All relevant customary native rights decisions of the Civil Courts <p>Sarawak</p> <ul style="list-style-type: none"> • 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	<p>Peninsular Malaysia</p> <ul style="list-style-type: none"> • Approval or harvesting licence from forestry authorities <p>Sabah</p> <ul style="list-style-type: none"> • Approval or harvesting licence from forestry authorities • Form 2(b) licence for alienated land • Form 1 licence <p>Sarawak</p> <ul style="list-style-type: none"> • 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	<p>These documents should be held and approved:</p> <p>Peninsular Malaysia</p> <ul style="list-style-type: none"> • Records of timber products, species and quantity harvested under licence • Quarterly reports on areas harvested • Compliance report <p>Sabah</p> <ul style="list-style-type: none"> • Daily felling record • Quarterly progress report • Compliance Report • Compartment Record Book • Sustainable Forest Management Licence Agreement <p>Sarawak</p> <ul style="list-style-type: none"> • 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	<p>These documents should be held and approved:</p> <p>Peninsular Malaysia</p> <ul style="list-style-type: none"> • Results of post-felling inventories • Records of silvicultural treatments • Analysis of change of forest stand/species composition versus the pre-felling inventories <p>Sabah</p> <ul style="list-style-type: none"> • Post-harvest Inventory • Closing Inspection Report • Records of silvicultural treatments • Permanent Sample Plot Records • Sustainable Forest Management Licence Agreement <p>Sarawak</p> <ul style="list-style-type: none"> • Forest Management Plan 	Demonstrate the implementation of management guidelines to assess post-harvest natural regeneration, and measures to supplement regeneration, where necessary.

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Forest	Payment of Taxes and Royalties	Forest managers and harvesting companies	<p>Peninsular Malaysia, Sabah and Sarawak Record of payment of required fees, royalties, taxes and other charges.</p> <p>Peninsular Malaysia</p> <ul style="list-style-type: none"> • Records of payments for legally prescribed fees, royalties, taxes and other charges <p>Sabah</p> <ul style="list-style-type: none"> • 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 <p>Sarawak</p> <ul style="list-style-type: none"> • 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 	The company must pay all required fees, royalties, taxes and other charges before logging activities.
Forest	Not Applicable	Forest manager / harvesting company	<p>Check that the company maintains or strengthens socioeconomic welfare of local communities/indigenous people in accordance with the laws and regulations. Seek confirmation that:</p> <ul style="list-style-type: none"> • The company identified legal and customary rights of local communities in the forest management unit. 	These are additional requirements for compliance with the Draft EU “Due Diligence Regulation”
Transport	Legality of Imported Timber	Transporters	<p>Peninsular Malaysia, Sabah and Sarawak</p> <ul style="list-style-type: none"> • Import licence • Customs Import Declaration Form 1 • Removal pass 	The company must have valid official documents for imported logs
Transport	Legality of Imported Timber	Transporters	<p>Peninsular Malaysia</p> <ul style="list-style-type: none"> • Import licence issued by MTIB for logs • Removal pass (for logs) from FD • Customs Department K1 form • Customs Department K3 form (within Malaysia) <p>Sabah</p> <ul style="list-style-type: none"> • 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) <p>Sarawak</p> <ul style="list-style-type: none"> • Import licence (JK 69) • Removal pass from STDC • Customs Department K1 form • Customs Department K3 form (within Malaysia) 	Import procedures and licences for timber and timber products have to be in accordance with laws
Transport	Legality of Imported Timber	Transporters	<p>Peninsular Malaysia, Sabah, Sarawak</p> <ul style="list-style-type: none"> • Directive from the Minister of Primary Industries 2002 and 2003 • Customs prohibitive list 	Import ban on logs and large square scantlings (LLS) from Indonesia.

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Transport	Legality of Possession and Transport	Transporters	<p>The following documents should be held and approved:</p> <p>Peninsular Malaysia, Sabah and Sarawak</p> <ul style="list-style-type: none"> • 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	<p>All carriers should be able to present the following:</p> <p>Peninsular Malaysia</p> <ul style="list-style-type: none"> • Removal pass/permits • Log tags or identification as appropriate • Hammer marks <p>Sabah</p> <ul style="list-style-type: none"> • Timber Disposal Permit • Log tags or identification as appropriate • Hammer marks • Removal Pass • Export Declaration Form <p>Sarawak</p> <ul style="list-style-type: none"> • 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	<p>Peninsular Malaysia, Sabah and Sarawak</p> <ul style="list-style-type: none"> • 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	<p>All Sarawak producers are limited in their exports of logs and must be able to demonstrate:</p> <ul style="list-style-type: none"> • 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 	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	<p>Peninsular Malaysia</p> <ul style="list-style-type: none"> • 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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Processing	Legality of Processing	All timber processors	<p>Sabah</p> <ul style="list-style-type: none"> • Receipts and bill of sale • Monthly Production Return • Log input book <p>Sarawak</p> <ul style="list-style-type: none"> • 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	<p>Check that the company complies with the laws and regulations on its employees' and workers' rights and welfare</p> <p>Seek confirmation that:</p> <ul style="list-style-type: none"> • 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	<p>All exporters should be able to present the following:</p> <p>Peninsular Malaysia, Sabah and Sarawak</p> <ul style="list-style-type: none"> • Certificate of Registration (Form 9)- Register with the Companies Commission of Malaysia (Suruhanjaya Syarikat Malaysia) <p>Peninsular Malaysia</p> <ul style="list-style-type: none"> • Licence according to product and company type with Forestry Department • Register with the MTIB <p>Sabah</p> <ul style="list-style-type: none"> • Licence according to product and company type with MTIB • Forestry Department licence <p>Sarawak</p> <ul style="list-style-type: none"> • Sarawak Timber Industry Development Corporation (STIDC) export licence for timber or timber products • CITES permit 	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.

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Export	Legality of Sale and Export	Exporting company	<p>All exporters should be able to present the following:</p> <p>Peninsular Malaysia</p> <ul style="list-style-type: none"> • 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 <p>Sabah</p> <ul style="list-style-type: none"> • 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 <p>Sarawak</p> <ul style="list-style-type: none"> • 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.