

1.1 PURPOSE

The Subsidiary Guidelines on Registration of Forest Carbon Offset (FCO) Projects serve to outline the essential prerequisites for registering FCO projects. These Guidelines are designed to be followed by all project proponents seeking to register projects under the FCO program.

1.2 SCOPE AND APPLICABILITY

- 1.2.1 The Subsidiary Guidelines on Registration of FCO Projects, along with all clauses within this document and those referenced herein, are mandatory for all project proponents participating in the FCO Program to adhere to.
- 1.2.2 Malaysia Forest Fund (MFF) retains the authority to issue updates, modifications, clarifications or corrections to the Guidelines, which will be made available in the MFF Registry. Project proponents must stay current with these updates and incorporate them as needed for their projects by regularly checking the rule updates section in the MFF Registry.
- 1.2.3 Stakeholders may suggest updates, edits, changes or additions to the Guidelines by sending an email to MFF at corporate@myforestfund.com.my. MFF reserves the right to accept or reject such requests at its discretion.
- 1.2.4 Project proponents are integral to the FCO Program and have the following key responsibilities:
 - (a) Project design: Project proponent is responsible for structuring a comprehensive project plan, inclusive of objectives, methodologies and expected outcomes, aligned with MFF sustainability and environmental impact standards.
 - (b) Stakeholder engagement: Engaging with local communities and stakeholders through consultations to ensure transparent communication, equitable benefits sharing and minimal adverse impacts on affected parties.
 - (c) Documentation and reporting: Providing essential documents such as the Project Information Note (PIN) and the Project Design Document (PDD), maintaining accurate records and submitting regular monitoring reports to ensure project compliance and transparency.
 - (d) Validation and Verification facilitation: Coordinating third-party validation and verification processes to validate project credibility and address any issues or recommended improvements.
 - (e) Project Implementation and Monitoring: Executing projects according to plan, managing resources efficiently, and monitoring progress to meet FCO program requirements.
 - (f) Certification and Forest Carbon Unit (FCU) issuance: Working towards certification from MFF, including accurate tracking and transparent listing of carbon credits in the MFF registry.
 - (g) Registration role: Ensuring successful project registration under the FCO program by meeting all documentation and regulatory requirements.
 - (h) Legal rights engagement: Collaborating with land owners to obtain necessary legal approvals and clearances for project activities at designated sites.

1.3 REGISTRATION REQUIREMENTS

- 1.3.1 In the registration process, a project proponent submits a Project Information Note (PIN) for preliminary assessment. Upon PIN approval, the project is listed in the MFF Registry.

Following the listing of the project in the MFF Registry after PIN approval, the project shall undergo a **public comment period of thirty (30) calendar days**. During this period, stakeholders and members of the public are invited to review and provide comments on the proposed project. The project proponent must ensure that all feedback received is documented and duly addressed, in line with the requirements prescribed under Section 1.7 on Stakeholder Consultation & Free, Prior and Informed Consent (FPIC). Subsequently, a PDD is submitted for evaluation. Validated by a VVB is followed, and successful validation leads to project registration. Certified projects must provide monitoring reports and any requests for FCU issuance, with verification required at a maximum of 5 years during the project's crediting period.

- 1.3.2 The PIN, in accordance with the form provided by MFF, must include details of the:
- (a) name of the project proponent;
 - (b) project name;
 - (c) project location; and
 - (d) high level overview of the project concept.
- 1.3.3 MFF will evaluate project registration based on the submitted documents and materials **within sixty (60) business days** of application receipt, provided all required information is complete.
- 1.3.4 The official registration date of an FCO project is the date when it is approved by the Board of Trustees.
- 1.3.5 If the Board of Trustees requires clarification, comments, or prescribes conditions for project implementation, MFF will notify the project proponent for necessary action. Failure of the project proponent to respond to requests within the specified time frame may result in MFF proposing project cancellation to the Board of Trustees.
- 1.3.6 MFF will notify the project proponent of FCO project registration approval within five (5) business days after Board approval.
- 1.3.7 If the Board does not approve project registration, MFF will inform the project proponent within five (5) business days, allowing for an appeal to the Board within thirty (30) business days notification.
- 1.3.8 Upon project registration, MFF will assign a project identification number in accordance with the [Subsidiary Guidelines on Certification and Issuance of Forest Carbon Offset Projects](#).
- 1.3.9 The PDD, aligned [with the Guidelines for Forest Carbon Offset Program](#) must be validated by VVB before project registration submission to MFF.
- 1.3.10 When submitting a PDD to MFF in accordance to the form provided by MFF, key information must include:
- (a) **Project Description**, offering an overview of the FCO project, detailing objectives, location, activities, and project proponent;
 - (b) **Baseline Scenario**, representing the business-as-usual emissions trajectory without the project including calculation of emissions or sequestration, and assessment of forest conditions. Further guidance on establishing baseline scenario is outlined in Subsidiary Guidelines 3.0: Subsidiary Guidelines on Integrity Assessment Criteria and Requirements;

- (c) **Additionality Evidence**, demonstrating that the project results in additional carbon emissions reduction, removal or avoidance going beyond business-as-usual activities;
- (d) **Monitoring Plan**, outlining procedures for measuring and verifying the project's carbon sequestration and emissions reductions, including data parameters, measurement frequency, and accuracy methods;
- (e) **Stakeholder Consultation**, detailing engagement with stakeholders, such as local communities and indigenous peoples, and addressing their concerns;
- (f) **Sustainable Development Goals (SDGs) Contributions**, showcasing the projects alignment with United Nations Sustainable Development Goals and their associated targets and indicators at the national level;
- (g) **Safeguards Requirement**, ensuring project alignment with the Cancún Safeguards and national legislation while showing adherence to safeguards at the national level;
- (h) **No-net harm**, demonstrating how the project mitigates negative environmental and social impacts, and implement measures to prevent harm (do-no-net harm). Projects meeting this criterion receive E^{Label} and S^{Label} at registration and issuance;
 - (i) **E^{Label}** if FCO projects demonstrate compliance with the applicable legal environmental requirements as well as conform to the best practices of the sector and cause no harm to the environment.
 - (ii) **S^{Label}** if FCO projects demonstrate compliance with the applicable legal requirements and mandatory social rights as well as conform to the best practices of the sector and cause no harm to society.
- (i) **Additional Integrity and Markets Labels** – the FCO is designed to enable project to meet International Objectives. FCO project may include supplemental integrity labels as follows¹:-
 - (i) FCO Projects and FCUs which contribute to **two (2) or more SDGs** will receive **SDG++^{Label}** at the time of registration and/or at the time of issuance, that indicates the project's contribution to the SDGs.
 - (ii) Project proponents seeking to transfer FCUs from FCO projects through Article 6 of Paris Agreement are required to follow the National Arrangement. FCO projects and FCUs which meet the requirements for **Article 6.2** Eligibility of Projects and Issuance will receive Corresponding Adjustment, **CA^{Label}** at the time of registration and/or at the time of issuance, indicating that the FCUs generated from the project are Article 6.2 Eligible Emissions Units.

1.3.11 The provisions under Clause 1.3.11 (f), (g) and (h) in these guidelines are prescribed in the [*Subsidiary Guidelines on Sustainable and Safeguards Compliance for FCO Projects*](#).

1.3.12 The project start date must adhere to the following requirement for commencement:

(i) ¹ It is noted that the FCO program is intending to attain recognition and eligibility for CORSIA and the CCP label under ICVCM. Further guidance for such labels will be incorporated into these Guidelines once the FCO has gained approval under each respective programme.

- (a) Project proponent must apply for project registration within three (3) years from project start date, unless specified otherwise in the applicable methodologies;
- (b) Project proponent must implement the project within three (3) years from the registration date;
- (c) the project needs to undergo validation within five (5) to eight (8) years from the project start date unless specified otherwise in the applicable methodologies.

1.3.13 Any adjustments to the project start date must be in accordance with Section 1.9.

1.3.14 The requirements for validation and verification are outlined in the [*Subsidiary Guidelines on Validation and Verification of Forest Carbon Offset Projects*](#).

1.3.16 The FCO Program enables project proponents to target and achieve one or more of the verified outcomes as outlined below:

- (i) project proponent must demonstrate and elaborate in the PDD that the project activities are aimed to reduce, remove, or avoid GHG emissions;
- (ii) projects shall be developed on a conservative business-as-usual baseline scenario and implement emissions reductions/removal/avoidance activities that are additional, measurable, real, permanent, without double counting and do not cause, or must have measures in place to prevent negative impacts (do-no-net harm).
- (iii) outcomes and feedback received from stakeholder consultation meetings and public hearings by project proponents must be documented and submitted along with the registration application;
- (iv) the project must support at least one (1) SDGs; for projects intended for International Objectives, at least two (2) SDGs;
- (v) the project proponents must elaborate in the PDD on the estimations for the potential amount of GHG reduction, removal or avoidance to be achieved by the project activities;
- (vi) all projects must be validated by VVBs registered with MFF and approved by the Board of Trustees;
- (vii) the projects should apply measurement and reporting methods in accordance with the requirements pursuant to these Guidelines (provided in [*Subsidiary Guidelines on FCO methodologies*](#)).
- (viii) Project proponents intending to utilize carbon credits for International Objectives under Article 6 of Paris Agreement must comply with the National Arrangement.

1.4 DOCUMENT REQUIRED FOR REGISTRATION OF FCO PROJECT

1.4.1 The registration process involves two stages:

- (a) **Project Pipeline Listing** – A Project Information Note (PIN) containing high level overview of the project concept is submitted at the initial stage of the project for initial review and approval.
- (b) **Project Registration** – A PDD which delves into the detailed technical and operational aspects of the project is submitted at project registration phase for review and approval.

1.4.2 The Project Pipeline Listing requires the following documents for submission:

- (a) A completed Project Information Note (PIN);
- (b) Evidence of a contract with the Validation & Verification Body (VVB), in accordance with the requirements as prescribed in these Guidelines (provided in [*Subsidiary Guidelines on Validation and Verification of Forest Carbon Offset Projects*](#))

1.4.3 The Project Registration requires the following documents for submission,:

- (a) a validated PDD by a VVB, with reference to [Subsidiary Guidelines on Validation and Verification of Forest Carbon Offset Projects](#);
- (b) a Validation Report from a VVB as per the guidelines of these Guidelines; (provided in the [Subsidiary Guidelines on Validation and Verification of Forest Carbon Offset Projects](#));
- (c) a valid registration certificate or documentation of entity/entities establishment;
- (d) documented Free, Prior and Informed Consent (FPIC) records from stakeholders, with reference to these Guidelines; (provided in the [Subsidiary Guidelines on Project Requirement of Forest Carbon Offset Projects](#));
- (e) written approval or agreement with land owner;
- (f) Sustainable Development Assessment and a Do-No-Net-Harm Assessment Reports with measures to prevent negative impacts as per these Guidelines (provided in the [Subsidiary Guidelines on Sustainable Development Goals and Safeguards Compliance](#)); and
- (g) any storage devices containing all project information if applicant is submitting documents via post or at MFF office.

1.4.4 Notwithstanding the documents outlined in paragraph 1.4.3 a project proponent intending to utilize carbon credits for International Objectives under Article 6 of Paris Agreement must comply with the National Arrangement.

1.4.5 Applications that fail to meet the requirements will not proceed to the registration review by the Board of Trustees.

1.5 AUTHORIZATION

1.5.1 In line with decisions agreed under the United Nations Framework Convention on Climate Change Conference of Parties, any carbon credits intended for use as Internationally Transferred Mitigation Outcomes (ITMOs) to contribute to achieving the Nationally Determined Contributions (NDCs) of Party countries under Article 6.2 of the Paris Agreement or for other international mitigation purposes (OIMP), such as CORSIA, must receive Authorization from the host Party.

1.5.2 Project proponents intending to utilize carbon credits for International Objectives under Article 6.2 of Paris Agreement must comply with the National Arrangement.

1.5.3 Authorisation process is in accordance with the requirement and due process prescribed by the **Designated National Authority** for the Article 6.2 implementation in Malaysia.

1.6 DO-NO-NET-HARM ASSESSMENT

1.6.1 Project proponents are responsible for ensuring that their projects do not cause adverse environmental and/or social impacts. It is essential to have measures in place to prevent negative impacts (do-no-net harm) during both project development and implementation. These measures must be integrated into the project scope.

1.6.2 Prior to commencing any FCO project, project proponents must conduct a thorough Do-No-Net-Harm Assessment. This assessment aims to analyse, identify, and evaluate the potential adverse environmental, social, and economic impacts that the project may entail.

1.6.3 Project proponents are required as part of the PDD development and in project implementation, to propose and execute appropriate mitigation measures in the project

activities to reduce and mitigate the identified negative impacts. The findings of the assessment and the mitigation strategies must be documented in the PDD and included in the project documentation for validation and verification purposes.

- 1.6.4 It is imperative to adhere to local, national, and international regulations and requirements throughout the project lifecycle to ensure compliance and mitigate adverse impacts effectively.

1.7 STAKEHOLDER CONSULTATION & FREE, PRIOR AND INFORMED CONSENT (FPIC)

- 1.7.1 Project proponents should conduct stakeholder consultations before project commencement to gather feedbacks and address concerns from stakeholders. This stakeholder engagement should continue throughout the project lifecycle. Project proponents are required to document how any stakeholders concerns are addressed in the stakeholder consultation reports, which are a mandatory part of the project registration requirements.

- 1.7.2 The project proponent must identify and invite all relevant stakeholders, including those as listed below (as appropriate) for consultations and comments:

- (a) Indigenous Peoples and Local Communities (IPLCs);
- (b) Stakeholders with land-tenure rights within or adjacent to the project;
- (c) Local policy makers and representatives of local authorities;
- (d) Local non-governmental organisations (NGOs); and
- (e) Representative from Malaysia Forest Fund.

- 1.7.3 The Stakeholder Consultation process must comprise at least two stages: a mandatory **in-person meeting** for direct stakeholders engagement and a **stakeholder feedback period** lasting a minimum of one month to allow sufficient time for all stakeholders to provide meaningful input.

- 1.7.4 Project proponent should identify **IPLCs** with rights to land and resources in the project area(s) to ensure their involvement in the **Free, Prior, and Informed Consent (FPIC)** process. This approach fosters equitable participation and upholds their rights.

- 1.7.5 In the event of project amendments or extensions, project proponents must notify stakeholders about the changes. Comments received and project actions in response to these comments should be reviewed by the VVB during the validation process.

1.8 ADDITIONAL INTEGRITY AND MARKET LABELS

- 1.8.1 Project aimed for International Objectives must incorporate the achievement of at least two (2) sustainable development goals, along with supplemental integrity label(s) in their project design. While the inclusion of supplementary label(s) is optional, once included by the proponent, monitoring and reporting of such activities are compulsory.

- 1.8.2 Guidelines on the requirements for integrity and market labels are outlined in the [Subsidiary Guidelines on Sustainable Development Goals and Safeguards Compliance](#).

1.9 AMENDMENT OF PROJECT DETAILS

- 1.9.1 If a project proponent makes changes to project details post- registration that impacts the estimated GHG reduction levels from the FCO project, the project proponent must inform MFF before requesting carbon credit certification, specifically in the following instances:
- (a) if the estimated GHG reduction changes by 60,000 tonnes of carbon dioxide equivalent per year or more than fifteen percent from the figures outlined in the PDD, whichever is lower;
 - (b) if new types of project activities are introduced or additional FCO Methodologies are applied beyond those specified in the PDD; or
 - (c) in cases specified by the Board of Trustees.
- 1.9.2 Notification made under Paragraph 1.9.1 must be provided in writing to MFF, supported by the necessary forms and evidence.
- 1.9.3 Any application for the amendment shall be accompanied by:
- (a) a revised application letter to amend details of implementation after registration;
 - (b) an updated PDD validated by a VVB;
 - (c) a Validation Report from a VVB specifically for the FCO project which altered project details post-registration;
 - (d) a Sustainable Development Assessment Report and Do-No-Net-Harm Assessment Report;
 - (e) Co-Benefit Report for international FCO;
 - (f) any storage device containing all project information if documents are submitted through post or in-person to the MFF office.
- 1.9.4 The project proponent is responsible for updating the details in the PDD ensuring its accuracy and have the revised PDD validated by a VVB in alignment with the guidelines for validation and verification of FCO projects. The provisions under Paragraph 20 and 22 of the [Guidelines for Forest Carbon Offset Program](#) and Clause 1.3 in these Guidelines shall be applicable in consideration for approval of the changes to the details of FCO project.
- 1.9.5 If a different type of project activity is introduced to the FCO project, the project proponent must conduct a stakeholder consultation as per the requirements specified in [Subsidiary Guidelines on Project Requirement of Forest Carbon Offset Projects](#). Stakeholders should be informed about the project details and provided with opportunities to offer feedback through various communication channels.
- 1.9.6 The outcome of the consultation must be documented and submitted with the application for amendment. MFF is obligated to make the documents and evidence publicly available in the MFF Registry for a minimum of thirty (30). This allows for public comments to be received before the registration of an FCO project is considered.
- 1.9.7 Project proponents may request to change the project start date, with the approval of the Board of Trustees.
- 1.9.8 The new start date must not be later than two (2) years from the date of submission of the PIN.
- 1.9.9 Delaying the project start date by up to one (1) year or bringing forward the project start date shall not require any review and/or change to the selection or application of methodologies and standardized baselines.

- 1.9.10 Delaying the project start date by more than one (1) year shall require a review and possible change to the selection or application of methodologies and standardized baselines.
- 1.9.11 Any amendment to the project not specified under the [Guidelines for Forest Carbon Offset Program](#) must be communicated by the project proponent to MFF before filing a request for certification of carbon credits.

1.10 REVOCATION OF REGISTRATION

- 1.10.1 The registration of an FCO project may be revoked by the Board of Trustees if there are it reasonable grounds to believe that:
- (a) any statement within the application, relevant documents or evidence crucial to the registration is found to be contradictory or untrue, either in whole or in part;
 - (b) the project proponent fails to initiate the project within the specified timeframe outlined in these Guidelines;
 - (c) the project proponent seeks registration of the FCO project under different carbon credit standards or programs, or requests for certification of carbon credits of a project that is already certified by other carbon credit standards or programs during the same period as the FCO project;
 - (d) the project's implementation does not comply with relevant laws or regulations;
 - (e) the project's implementation causes harm to other individuals;
 - (f) the project proponent discontinues operation at the project site; or
 - (g) the project proponent submits a notification to terminate the FCO project.
- 1.10.2 Upon identifying any of the events specified in Paragraph 1.10.1, the Board of Trustees shall direct MFF to suspend the project and inform the project proponent to rectify or resolve the issue within a timeframe set by the MFF, typically within thirty (30) business days from the notification date. Failure of the project proponent to address the issue within the specified timeframe will prompt MFF to recommend to the Board of Trustees the revocation of the FCO project's registration.
- 1.10.3 Upon the Board of Trustees' decision to revoke the registration of an FCO project, the project proponent has the right to appeal this decision within thirty (30) days from receiving notice from the MFF.
- 1.10.4 The appeal made under Paragraph 1.10.3 shall follow the procedure below:
- (a) **Submit a Written Appeal:** The project proponent must submit a formal written appeal to MFF. This document should include the appellant's name, updated contact information, the grounds for the appeal, and any new evidence or information not previously submitted.
 - (b) **Review by the Technical Advisory Committee:** The Technical Advisory Committee will review the appeal, and the new evidence provided before making a recommendation.
 - (c) **Hearing or Meeting:** In some cases, there may be a hearing or meeting where the appellant is required to present their case in person or through a representative. This platform provides an avenue for the appellant to plead their case and address any questions from the Technical Advisory Committee.
 - (d) **Decision:** After reviewing the appeal, MFF will raise the findings of the Technical Advisory Committee to the Board of Trustees for a decision. The Board of Trustees may uphold the original decision, reverse it, or modify it based on the new evidence and arguments presented.

- (e) **Notification:** The appellant will be notified of the decision through MFF Registry. This notification will include the reasons for the decision and any further actions required by the project proponent if the appeal is not successful.
 - (f) **Further Appeals:** If the initial appeal is not successful, there may be further avenues for appeal, depending on the specific rules and regulations set by MFF.
- 1.10.5 The FCO project that has been revoked shall not be entitled to request certification of FCU from the project as from the date of revocation.
- 1.10.6 A project proponent whose project has been revoked by the Board of Trustees may reapply to register the FCO project. The Board of Trustees, upon receiving such reapplication, may decline to register such project, and subsequently bar the project from registration as an FCO project.
- 1.10.7 A reapplication under Paragraph 1.10.6 shall follow the initial registration procedure.

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