MINISTRY OF NATURAL RESOURCES
AND ENVIRONMENTAL SUSTAINABILITY

MALAYSIA FOREST
FUND

Forest
CONSERVATION
CERTIFICATE
PROTOCOL

Forest Conservation Certificate Protocol

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DEFINITIONS

DEFINITIONS

Applicant: Any Eligible Participant that submits a formal application to MFF to participate in any FCC Project.

Applicant VB: Any VB that submits a formal application to MFF to be recognized as Approved VB.

Application: Application is a process where Applicant(s) submitted proposal to MFF together with necessary information and documentation in line with FCC's requirements. The details of process are described in Section 4 herein.

Approved VB: Any Applicant VB that has successfully approved by MFF and has signed a VB Agreement.

Biodiversity: In alignment with the International Law, refers to the variability among living organisms from all sources including, inter alia, terrestrial, marine, and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species, and of ecosystems.

Cancún Safeguards: Refers to the safeguards developed under the UNFCCC in Paragraph 2 of Appendix I to decision 1/CP.16 ("Cancún Agreement"). The summary of Cancún Safeguards as attached in Annex B: Safeguards.

Completion Report: A report to be submitted by the Proponent to MFF upon the completion of all activities in respect of the FCC Project which shall include the narrative description of a summary of activities, as further outlined in Section 5.3 herein.

Conservation Agreement: A definitive agreement between MFF and Participants for the implementation of FCC Project.

Customary Law: Traditional or Customary Laws are the set of legal rules that constitute the traditions of a community or population. Customary Law currently coexists with the statutory statutory Law.

Disbursement Request Form: A form to be filled out by the Proponent and to be sent to MFF for the purpose of requesting the disbursement of Funds, as further outlined in Section 5.3 herein.

Donor: Refers to local or international entities such as companies, businesses, societies or individual(s) subject to eligibility as outlined in Section 1.4 herein.

Ecosystem Services: The benefits people obtain from ecosystems. These include but are not limited to:

(a) provisioning services such as food, forest products, and water;
(b) regulating services such as regulation of floods, drought, land degradation, air quality, climate and disease;
(c) supporting services such as soil formation and nutrient cycling;
(d) and cultural services and cultural values such as recreational, spiritual, religious and other non-material benefits.

Eligible Participant: Any Participant(s) prescribed and listed in Section 1.4 herein.

Forest Conservation Certificate (FCC): Shall have the meaning as prescribed in Section 1.3 herein.

FCC Account: A separate banking account for the purpose of receiving Funds from Donors and distributing funds to Proponents for the sole purpose of implementing FCC Projects. This account shall be kept separate from any other MFF's banking accounts.

FCC Project: As specified in the Conservation Agreement.

FCC Protocol: A document ("this Document") that outlines the principal rulings, guidelines, and procedures of the FCC, which shall be read together with all the relevant Terms of Reference.

Forest: The usage of the term Forest in this Document shall be consistent with the most recent definition used by the Malaysian Government in reporting to the UNFCCC and in line with Food and Agriculture Organization (FAO) definition.

Funds: The funds contributed by the Donor, to be managed by MFF, and subsequently to be disbursed to the Proponent for the purpose of implementing the FCC Project.

Indigenous People: The usage of this term in this Document shall have its ordinary meaning.

Land Tenure Rights System: The land tenure system in each jurisdiction comprises the set of possible bases under which land may be used. It may include:

a) Formal or statutory land tenure system. This refers to the legislation and state institutions that govern rights to land and natural resources within the borders of a State;
b) Customary land tenure system. A series of rules established by custom which define the rights of access for persons in a specific social group to natural resources.

Legal framework: This is comprised primarily of national policies, laws, and regulations (PLRs) relevant to the implementation of the safeguards. Programs and plans contribute to the implementation of the safeguards but rely on the recognition and compliance of the PLRs.

Local Communities: Refers to communities that have a long association with, and depend on, the lands and waters that they have traditionally lived on or used, within the project boundaries which includes "forest dependent communities." Sometimes these communities are also referred to as "traditional communities." Aborigines (Peninsular Malaysia) and Native Communities (Sabah and Sarawak) are included in this definition.

Ministry: Refers to the Ministry responsible for the oversight of MFF.

Participant: Any Applicant who has successfully met the requirements completed the necessary documentation, and subsequently received a formal acceptance of their application from MFF.

Preliminary Consultation: Upon submission of an Application, each Applicant shall undergo a preliminary consultation process organized based on the characteristics and information of the proposing entity and the basic elements of the project, which shall be completed by the Applicant without the need for intermediaries. MFF does not recognize, indicate, or accredit consultants (individuals or legal entities) as intermediaries to facilitate, expedite or approve projects.

Progress Report: A report to be submitted by the Proponent together with the Disbursement Request Form to MFF for the purpose of requesting the disbursement of Funds, as outlined further below at Section 5.3 herein.

Proponent: Any individual, group, organization, or entity that is responsible for the development, implementation, monitoring and reporting of an FCC Project subject to eligibility as defined in Section 1.4 herein.

Project Record: All the necessary documentation and reports required by MFF for the purpose of implementing any FCC Project, including but not limited to Registration Form, Progress Report, Disbursement Request Form, and Verification Report.

REDD Plus Activities: Refers to those included in Paragraph 70 of Decision 1/CP.16 and Paragraph 73 of Decision 1/CP.16 as follows:

i. Reducing emissions from deforestation
ii. Reducing emissions from forest degradation
iii. Enhancement of forest carbon stocks
iv. Conservation of carbon stocks
v. Sustainable management of forests

Reference Period: The period, prior to the FCC Project implementation, for which the condition at site shall be assessed. In this Document the Reference Period is a minimum of three (3) years prior to the Start Date.

Registry: Registry is the central repository for all information and documentation relating to FCC projects which include Registered Project names, descriptions, objectives, timelines, stakeholders, and other relevant information aims to help stakeholders and the general public to have a clear overview of ongoing and past projects, facilitating better coordination and decision-making.

Registered Project: Any project that has successfully passed and completed the necessary evaluation under all the processes of validation and approval as per Section 4.2 herein.

Registration Form: A form to be filled by any Donor for the purpose of contributing to any FCC Project.

Reporting Period: FCC Monitoring Reports shall be submitted to the MFF within a timeframe of at least twelve (12) months that corresponds to a full calendar year.

RFF Advisory Committee (RFFAC): RFFAC comprises of technical and scientific experts responsible to:

(a) Advise on Protocols Development – Provide expert advice on matters relating to the development of protocols and its associated activities including modalities and review of technical requirements of protocols;

(b) Evaluation of project proposals against this Document – Parallel to overseeing the development of this Document, The RFFAC is also responsible for the evaluation of project proposals and ensuring that these projects adhere to the criteria and guidelines as set by this Document;
(c) Periodic Update of the Protocols – Provide expert advice on future streamlining and updating of the RFF protocols to ensure its relevancy and addressing emerging domestic and global concerns; and
(d) Evaluation of carbon emission reductions and/or enhancements – RFFAC is responsible for the evaluation of carbon emission reductions and enhancements including but not limited to calculations of carbon per hectare as well as the amount of deforestation avoided.

Terms of Reference: Terms of Reference shall mean a document underlining the purpose and responsibilities of a certain committee and/or verification body necessary for the implementation of an FCC Project. This document shall also lay out all the necessary processes and procedures necessary for the execution of their specific purposes. For the purpose of FCC, there shall be the following Terms of Reference to be referred to and applied across the whole stretch of an FCC Project:
(a) Application, Validation, Approval and Registration
(b) Financial Input, Monitoring, Reporting and Disbursement
(c) Verification and Certification

Start Date: As specified in the Conservation Agreement.

VB Agreement: An agreement between MFF and Applicant VB to be approved VB.

Verification Report: A report to be submitted by Approved VBs to MFF.

ACRONYMS

CSR	Corporate Social Responsibility
ESG	Environmental, Social and Governance
FAO	Food and Agriculture Organization
FCC	Forest Conservation Certificate
FCO	Forest Carbon Offset
FPIC	Free, Prior and Informed Consent
FSC	Forest Stewardship Council
GHG	Greenhouse Gas
GIS	Geographic Information System
MC&I SFM	Malaysia Criteria and Indicators for Sustainable Forest Management
MFF	Malaysia Forest Fund
NDC	Nationally Determined Contribution
NGB	National Governing Body
NGO	Non-Governmental Organization
PA	Protected Area
PC	Preliminary Consultation
PEFC	Programme for the Endorsement of Forest Certification
PFE	Permanent Forest Estate
PRF	Permanent Reserved Forest
RFF	REDD Plus Finance Framework
RFFAC	REDD Plus Finance Framework Advisory Committee
REDD Plus	Reducing Emission from Deforestation and Forest Degradation and the role of conservation, sustainable management of forest, and enhancement of carbon stocks in developing countries.
RM	Ringgit Malaysia
SDGs	Sustainable Development Goals
SFM	Sustainable Forest Management
TPA	Totally Protected Area
tCO2e	Tonne Carbon Dioxide equivalent
UNFCCC	United Nations Framework Convention on Climate Change
VB	Verification Body

1. INTRODUCTION

2. ELIGIBLE PROGRAMS ACTIVITIES & INDICATORS

3. FOREST CONSERVATION CERTIFICATE CYCLE

4. APPLICATION, VALIDATION, APPROVAL AND REGISTRATION

5. FINANCIAL INPUT, MONITORING, REPORTING & DISBURSEMENT

6. VERIFICATION & CERTIFICATION

7. ACCOUNTABILITY, TRANSPARENCY & DISCLOSURE

1. INTRODUCTION

1.1. National REDD Plus Strategy

In line with the requirements for REDD Plus under the United Nations Framework Convention on Climate Change (UNFCCC) to conserve forest sinks and Biodiversity, Malaysia developed its National REDD Plus Strategy in 2017. The National REDD Plus Strategy is consistent with and builds upon existing relevant national and state policies and is a core component of Malaysia's Nationally Determined Contribution (NDC), submitted in 2015 and updated in July 2021, and shall support its national goal to be net zero emissions by 2050.

The National REDD Plus Strategy aims to provide the policy framework and is a key tool in meeting the government's stated goal of maintaining fifty percent (50%) forest cover, achieving the NDC pledge under the Paris Agreement for the period 2020-2030, achieving its national policy on Biological Diversity (2016-2025), and various forest policies. Successful implementation of the National REDD Plus Strategy shall overcome the drivers of deforestation and forest degradation, conserve Biodiversity, and strengthen Malaysia's resilience to climate change.

The National REDD Plus Strategy contains three (3) major elements:

(i) Building alignment between Federal and State governments in climate change, biodiversity, and forest policies.
(ii) Activities to reduce emissions from deforestation, enhance carbon stocks, and conserve biological resources.
(iii) Development of a sustainable financing mechanism.

1.2. REDD Plus Finance Framework (RFF)

REDD Plus Finance Framework (RFF) was developed as a finance mechanism to incentivize activities that help keep forests standing. It is designed to use funds for non-carbon benefits as well as for carbon credits. This shall help deliver other environmental and socio-economic benefits in addition to the climate benefits. The RFF shall in the long term contribute towards sustainable land use systems in the country.

The framework shall promote consistency and synergies in the implementation of climate change, forest and Biodiversity related policies between Federal and State levels.; It also aims to unite diverse stakeholders, encompassing not only Federal and State governments but also other relevant entities such as individual forest owners, the private sectors and NGOs . The RFF is a policy framework designed to provide positive incentive approach to these stakeholders, and consists of two (2) main components:

(i) Forest Conservation Certificate (FCC)
(ii) Forest Carbon Offset (FCO)

MALAYSIA FOREST FUND (Company No.: 202101022808 (1423108-T) (MFF), an agency under the ministry of Natural Resources and Environmental Sustainability (NRES) formerly known as ministry of Energy and Natural Resources (KeTSA). Established on 30th of June, 2021 and entrusted -with the implementation of RFF, MFF is governed by a Board of Trustees, whose members consist of well-known policy makers, industry players and non-governmental organization (NGO).

This Document is formulated to outline the principal rulings, guidelines and procedures related to FCC.

1.3. Forest Conservation Certificate (FCC)

FCC is a non-market instrument designed to meet domestic demand for improved and sustainable conservation of forest ecosystems, and for multiple benefits generated from the maintenance or enhancement of these ecosystems.

This Document is designed to recognize, verify, and reward Participants for the implementation of best practices, known to contribute to these desired outcomes through the issuance of FCC.

This Document sets out the requirements of the Ministry for the quantification, monitoring, and reporting of forest conservation attributes, non-carbon benefits, demonstration of implementation of the Cancún Safeguards, and verification, registration, and issuance of FCC certificates.

1.4. Eligible Participants

Participation in the FCC is open to:

(i) Proponent
- (a) Federal government/ Ministries and related agencies;
- (b) State governments and agencies;
- (c) land owners or entities with a clear legal title to the land or public land; and
- (d) non-government or private entities with written approval from the state government allowing them to apply for and hold a certificate under the FCC for conservation activities on the specified area of public land.

(ii) Donor
- (a) Local or international entities* such as companies, businesses, societies or individual(s).

Participant shall agree to be listed on the publicly available Registry, which is a central repository for all information and documentation relating to RFF.

*Donor is required to provide business registration documents, company profile, business particulars and submit a registration of interest as prescribed in **Sections 5 herein** and the ***Terms of Reference: Financial Input, Monitoring, Reporting, and Disbursement,*** as attached hereto.

1.5. Features

(i) The FCC is not intended to generate carbon credit, though carbon benefits can be one of the outputs resulting from REDD Plus Activities that are expected to result from successful implementation of REDD Plus Activities.

(ii) The FCC shall include Ecosystem Services by recognizing Biodiversity or conservation indices (e.g., size and quality of protected areas or forest cover) as part of the formula to reward investments and to incentivize conservation actions such as the expansion of protected areas (national parks, wildlife reserves, etc.).

(iii) Verification of non-carbon benefits is a core feature of the FCC. All Proponents shall report a set of mandatory indicators based on the eligible programs, activities and indicators as listed in Section 2.3 herein, to provide transparency.

(iv) The FCC includes all institutional arrangements and involves a wide array of factors and entities focused on governance, project design and implementation, validation, verification, and registration. The methodology for determining the eligibility of proposed activities and the issuance of the FCC is contained in this Document .

(v) The FCC is denominated in hectares of forests conserved and successful implementation of identified and approved activities, not in tCO2e and therefore cannot be used to meet any quantified GHG mitigation obligations, targets, pledges, or other commitments of any parties.

2. ELIGIBLE PROGRAMS ACTIVITIES & INDICATORS

2.1. Eligible Programs and Activities

All programs/activities as listed in Section 2.3 herein or other activities supporting conservation and sustainable forest management including those covered under the scope of REDD Plus, as defined by UNFCCC decisions embodied under the Warsaw Framework for REDD Plus as well as the National REDD Plus Strategy, are eligible under the FCC.

2.2. Indicators Information

A Proponent shall provide information regarding output indicators relevant to the selected programs/ activities in its proposal. Subsequently, the Proponent is required to provide status update / achievement of the selected indicators during the monitoring period.

2.3. List of Eligible Program, Activities, and Indicators

A Proponent may implement **any one (1) or combination of activities or all activities** in its proposal, **as part of a coherent strategy**. An Applicant may also propose additional activities with justification to be considered by the RFFAC for review.

PROGRAM	ELIGIBLE ACTIVITIES	REQUIRED INDICATORS
1. Protection or conservation of existing forest	1.1 Development, implementation, and review of the forest management plan of the project area.	1.1.1 Land area and activities implemented within the designated area.
		1.1.2 Forest Management Plan and Implementation report of the designated area Forest Management Review Report & Update
	1.2 Implementation of tree planting, silviculture, and enrichment activities	1.2.1 Land area and periodic report on activities implemented within the designated area.
	1.3 Assessment of carbon stock and sequestration rate including determination of baseline and projection.	1.3.1 Carbon baseline assessment report and/or Carbon sequestration projection
	1.4 Determination of carrying capacity and/or Ecosystem Services, and/or undertaking Biodiversity assessment.	1.4.1 Capacity determination report and species inventory report.
	1.5 Enforcement work to prevent poaching and illegal removals of forest products and other unauthorized activities in project areas.	1.5.1 Progress Report based on Enforcement schedule/ requirement

PROGRAM	ELIGIBLE ACTIVITIES	REQUIRED INDICATORS
2. Increase the area of Permanent Reserved Forests (PRF) or Permanent Forest Estate (PFE) or Protected Area (PA) or Totally Protected Area (TPA)	2.1 Update forest area information including spatial data.	2.1.1 Annual forest area report
	2.2 Identify, propose, demarcate and gazettement of new PRF/PFE/ PA/TPA.	2.2.1 Document related to gazettement activities
	2.3 Classification and/or gazettement of new protected areas within or from PRF/PFE, wildlife reserves, and sensitive and vulnerable ecosystems such as wetlands and peat lands.	2.3.1 Document related to classification and/or gazettement activities
3. Restore the ecosystem integrity and function of degraded forest	3.1 Enhancement of capacity in undertaking intelligence and enforcement operations including prosecution for the protection of forest ecosystem.	3.1.1 Progress Report based on enforcement schedule/ requirement
	3.2 Develop indices as a measure of ecosystem health and integrity of project area.	3.2.1 Publication and implementation of integrity management plan and biodiversity inventory 3.2.2 Periodic report of planned activities
	3.3 Restoration activities for degraded forest such as tree planting, silviculture, and enrichment activities.	3.3.1 Periodic report of planned activities and Monitoring Report of planted trees/saplings
	3.4 Assessment of carbon stock and sequestration rate including determination of baseline and/or projection in degraded forest.	3.4.1 Carbon baseline assessment report and/or 3.4.2 Carbon sequestration projection
	3.5 Conservation activities for improvement of biodiversity, keystone species, endangered and endemic species.	3.5.1 Periodic report of planned activities 3.5.2 Report on protected biodiversity, keystone species, endangered and endemic species
4. Aggregate and reconnect fragmented forests.	4.1 Identification and proposition of area for aggregation and reconnection of fragmented forest.	4.1.1 Potential area for aggregation and reconnection identified. 4.1.2 Secure land tenure for the identified potential areas, where possible.
	4.2 Development of management plans for ecological corridors to reconnect the fragmented forests.	4.2.1 Publication and implementation of management plan 4.2.2 Periodic report of planned activities.

PROGRAM	ELIGIBLE ACTIVITIES	REQUIRED INDICATORS
	4.3 Enhancement of ecological corridors for fragmented forests.	4.3.1 Publication and implementation of integrity management plan and Biodiversity inventory and/or 4.3.2 Periodic report of planned activities.
5. Community engagement and participation	5.1 Implementation of capacity building, outreach, training, and knowledge sharing programs to Local Communities and Indigenous People.	5.1.1 Plan of training programs and/or 5.1.2 Activity report
	5.2 Engagement of Indigenous People and Local Communities in forest conservation activities.	5.2.1 Implementation of Joint activities and ensuring participation of Local Communities 5.2.2 Periodic report of planned activities.
	5.3 Enhancing livelihoods of Indigenous People and Local Communities.	5.3.1 Implementation of enhancement of livelihoods activities 5.3.2 Periodic report of implemented activities.
6. Encourage Sustainable Forest Management practices	6.1 Support for activities to enhance Sustainable Forest Management practices.	6.1.1 Implementation of SFM activities
	6.2 Support for activities related to timber certification	6.2.1 Reporting and documentation of activities implemented

2.4. Additional Benefits

FCC acknowledges the contribution of programs/activities listed in Section 2.3 herein towards generating benefits to the Biodiversity, community, and climate. Proponent are encouraged to report additional benefit(s) listed below in their proposals:

CATEGORIES	AREAS		INDICATORS	
1. Biodiversity Indicators:				
	1.1	Protect and monitor wildlife	1.1.1	Demonstrate through record on wildlife protected and monitored
	1.2	Protect keystone species	1.2.1	Demonstrate through record on keystone species protected
	1.3	Protect endangered or threatened species	1.3.1	Demonstrate through record on endangered or threatened species protected
	1.4	Protect endemic species	1.4.1	Demonstrate through record on endemic species protected
	1.5	Prevention of poaching & illegal wildlife trade	1.5.1	Demonstrate that activity contributing to decrease in number of poaching & illegal wildlife trade
	1.6	Protect water catchment areas	1.6.1	Demonstrate that the project area includes site of environmentally sensitive areas/ habitat and water catchment areas
	1.7	Combating bio-piracy under the Access to Biology Resources and Benefit Sharing Act 2017 (Act 795)	1.7.1	Demonstrate through record on activities (including but not limited to enforcement, monitoring, etc.) that reduce or combat bio-piracy under the Access to Biology Resources and Benefit Sharing Act 2017 (Act 795).
	1.8	Enhancement of livelihoods	1.8.1	Demonstrate that the project generates short-term and long-term net positive well-being to communities. The assessment of impacts shall include changes in well-being due to project activities and an evaluation of the impacts by the affected community members.
	1.9	Other biodiversity benefits	1.9.1	Any other Biodiversity benefits (please describe)

CATEGORIES	AREAS		INDICATORS	
2. Socio-Economic Indicators:				
	2.1	Preservation of traditional livelihoods and culture	2.1.1	Demonstrate how the project has contribute to traditional livelihoods and culture using specific and defendable assumptions.
	2.2	Protection of culturally and/or historically significant sites	2.2.1	Demonstrate how the project has contribute to culturally and/ or historically significant sites using specific and defendable assumptions.
	2.3	Increased income generation (non-timber forest products/ non-deforestation)	2.3.1	Demonstrate how the project has contribute to income generation (non-timber forest products/non-deforestation) using specific and defendable assumptions.
	2.4	Diversification of employment opportunities	2.4.1	Demonstrate how the project has contribute to diversification employment opportunities using specific and defendable assumptions.
	2.5	Sustainable use of forests	2.5.1	Demonstrate how the project has contribute to sustainable use of forests using specific and defendable assumptions.
	2.6	Long-term community access to forest resources	2.6.1	Demonstrate how the project has contributed to long-term community access to forest resources using specific and defendable assumptions.
	2.7	Enhanced food security	2.7.1	Demonstrate how the project has contributed to enhance food security using specific and defendable assumptions.
	2.8	Enhanced access to clean water	2.8.1	Demonstrate how the project has contribute to enhance access to clean water using specific and defendable assumptions.
	2.9	Promote green tourism	2.9.1	Demonstrate how the project has contribute to promote green tourism using specific and defendable assumptions.
	2.10	Other socio-economic benefits	2.10.1	Demonstrate how the project has contributed to other socio-economic benefits using specific and defendable assumptions.

CATEGORIES	AREAS		INDICATORS	
3. Sustainable Development Goals (SDGs) Indicators:				
SDG13 – Climate Change	3.1	Target 13.1 – Strengthen resilience and adaptive capacity to climate related hazards and natural disasters.	3.1.1	Reduce threats that leads to emission from forest degradation including but not limited to encroachment, forest fire, illegal logging
	3.2	Target 13.2 – Integrate climate change measures into strategies and planning.	3.2.1	Produce any climate change related measures/activities within the project
	3.3	Target 13.3 – Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning	3.3.1	Report on education/awareness activities
SDG15 – Life on Land	3.4	Target 15.1 - conserve and restore terrestrial and freshwater ecosystems.	3.4.1	Demonstrate activities contributing to conservation and restoration of terrestrial and freshwater ecosystems using specific and defendable assumptions.
	3.5	Target 15.2 - reduce deforestation and restore degraded forests.	3.5.1	Demonstrate activities contributing to reduction of deforestation and restoration of degraded forests using specific and defendable assumptions.
	3.6	Target 15.5 - protect biodiversity and natural habitats.	3.6.1	Demonstrate activities contributing to protecting biodiversity and natural habitats using specific and defendable assumptions.
	3.7	Target 15.7 - eliminate poaching and trafficking of protected species.	3.7.1	Demonstrate activities contributing to eliminate poaching and trafficking of protected species using specific and defendable assumptions.
	3.8	Target 15.8 - prevent invasive alien species on land and in water ecosystems.	3.8.1	Demonstrate activities contributing to prevent invasive alien species on land and in water ecosystems using specific and defendable assumptions.
	3.9	Target 15.A - increase financial resources to conserve and sustainably use ecosystem and biodiversity.	3.9.1	Demonstrate activities contributing to increase financial resources to conserve and sustainably use ecosystem and biodiversity using specific and defendable assumptions.
	3.10	Target 15.B - finance and incentivize sustainable forest management	3.10.1	Demonstrate activities contributing to finance and incentivize sustainable forest management using specific and defendable assumptions.

2.5. Requirements

(i) Each Applicant shall submit a proposal containing information on output indicators as stated in Section 2.2 herein and additional benefits as stated in Section 2.4 herein, using the template provided in Annex A: Project Template and provide supporting document as required.

(ii) To be considered eligible, each Proponent shall demonstrate, descriptively and provide necessary evidence and documentation to support the eligibility criteria as described in Section 1.4 herein. .

(iii) Each Applicant shall also demonstrate conformance with Cancún Safeguards related requirements, including having addressed and respected the safeguards at the scale of REDD Plus implementation applicable to the Applicant and having demonstrated consistency with national legislation and/or safeguards conformance at the national level as provided in Annex B: Safeguards.

(iv) For each FCC Project, Applicants shall attest that any activities (REDD Plus or other) conducted as part of the Participant's Forest conservation plan to achieve FCC certificates comply with applicable laws, regulations, judicial decisions, Customary Laws, and the Cancún Safeguards.

(v) Upon approval of the Application, any known instances of non-compliance or violations with laws, regulations, or other legally binding mandates directly related to the activities shall be disclosed to MFF in the Progress Report along with corrective or preventive plans or actions by the Proponent. If non-compliance or violation is determined within the Legal Framework, the Proponent shall not be eligible to receive FCC for the year in which the violation occurred.

3. FCC CYCLE

The FCC cycle comprises three (3) processes involved in the cycle, outlined as follows:

(i) Application, Validation, Approval and Registration
(ii) Financial Input, Monitoring, Reporting & Disbursement
(iii) Verification & Certification

In general, the flow chart below provides a comprehensive and well-structured summary of the FCC cycle, emphasizing the various steps, committees, and documentation involved.

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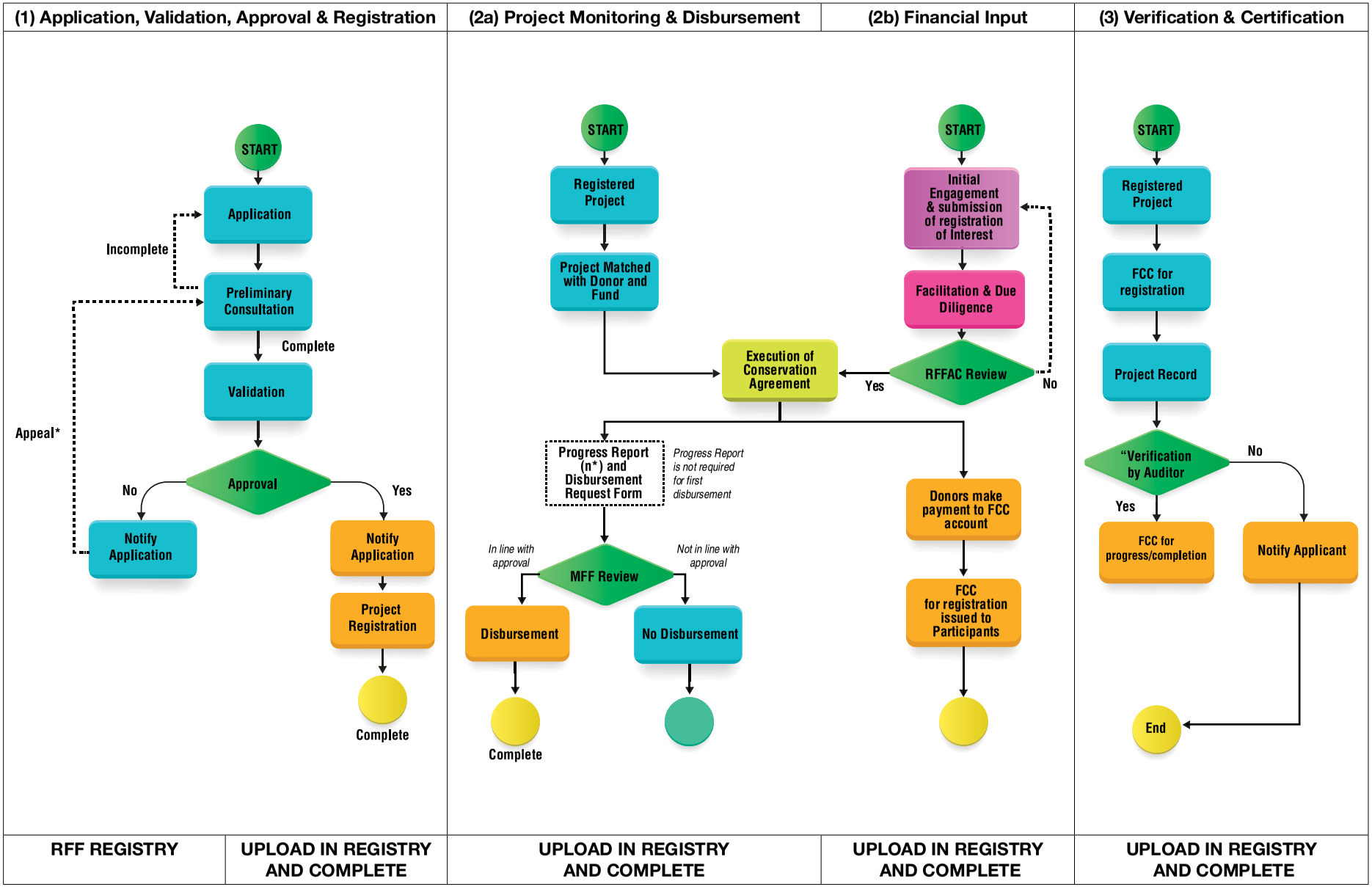
OVERVIEW OF PROCESSES UNDER THE FOREST CONSERVATION CERTIFICATE



4. APPLICATION, VALIDATION, APPROVAL AND REGISTRATION

4.1 Application - The Preliminary Consultation (PC)

Any Application shall be sent to MFF using the provided Project Template furnished in the Annex A of this Document or any form prescribed by MFF which specifies the basic characteristics of the Applicant and of the project to be supported by the FCC. MFF shall facilitate Preliminary Consultation (PC) to guide Applicant through the proposal submission process and ensure compliance with all requirements, including the completeness of documentation, technical assessment, financial assessment, and technical visit (if deemed required).

MFF does not recognize, indicate, or accredit consultants (individuals or legal entities) as intermediaries to facilitate, expedite or approve projects.

4.2 Validation, Approval and Registration

Once the PC has been concluded, the Application shall enter the validation stage, in which the Application shall be reviewed by the RFFAC to ensure that the Application is in line with the FCC guidelines and criteria, and the Applicant's ability to execute the project. Applicants shall be present to table their proposals to the RFFAC during this process.

RFFAC shall be responsible for evaluating the project based on eligibility criteria, scope, cost, timeline, and deliverables (output/outcome) of project and approval/rejection the proposal.

Upon approval by the RFFAC, the MFF shall formally notify the Applicant by issuing an acceptance of the Application and thereafter register the project under the Registry as a Registered Project. MFF is authorised to raise Funds for the Registered Project from potential Donor. Once the Donor, the Funds and the Registered Project are matched, the FCC for registration shall be issued upon execution of the Conservation Agreement by the Participants.

In the event of rejection, Applicants are allowed to submit an appeal. Note that an appeal is not merely a reconsideration of the initial Application; rather, it must include new information not previously included in the initial Application to warrant a re-review of the Application.

4.3 Timeline for -Application

Applicant may submit the Application at any time. MFF shall acknowledge receipt of the same.

4.4 Project Period

The period for each Registered Project shall be defined in the Conservation Agreement.

The detailed process is described in ***Term of Reference: Application, Validation, Approval and Registration***, as attached hereto.

5. FINANCIAL INPUT, MONITORING, REPORTING & DISBURSEMENT

5.1 Financial Input and Fund Raising

Funds are secured from voluntary contributions by the Donors. Fundraising for the FCC is linked to:

(i) activities to be implemented within the scope of FCC.
(ii) the quantifiable and measurable output/ outcome of conservation efforts, in accordance with this Document; and
(iii) Donor's intended Corporate Social Responsibility (CSR), Environment, Social and Governance (ESG) or Sustainable Development Goals (SDG) objectives.

Upon the execution of the Conservation Agreement, the FCC for registration shall be issued that recognize the Participants in the FCC Project. **These FCC certificates are nominal, non-transferable and do not generate rights for carbon credits of any nature**.

A five percent (5%) management fee will be charged and payable to MFF for every transaction of Funds.

5.2 Tax Incentive

The FCC has been given approval on the 27th of March 2023 by the Ministry of Finance (MOF) to provide tax incentives to Donors for their contributions to the FCC Project, under *Dana Program Pembangunan Teknologi Hijau dan Pemuliharaan Alam Sekitar*.

Under this provision, Donors that make contributions to forests through the FCC can enjoy a tax incentive in the form of tax deductions of up to ten percent (10%) of aggregate income. This approval is valid from 1st of January 2023 to 31st of December 2027, and is limited to a maximum cumulative amount of RM55 million in allowable tax deductions.

Contributions in this context refers solely to cash contributions of RM1,000 and above, and is subject to provisions as stipulated in subsection 44(11C) of the Income Tax Act 1967. Pursuant to the terms and conditions of the tax incentive as approved by MOF, if Funds have been received and the project activities are unable to be implemented, the remaining Funds must be channelled to any organization or institution that has been approved to provide tax incentives under subsection 44(11C) of the Income Tax Act 1967 by the Inland Revenue Board (LHDN).

5.3 Monitoring, Reporting & Disbursement

Following execution of the Conservation Agreement, the Proponent is required to monitor and report on the activities implemented at site. Disbursement shall be made based on FCC Project progress as agreed in the Conservation Agreement. The Proponent is required to submit:

(i) **Progress Report** to reflect physical progress of the FCC Project that summarizes the ongoing performance of the Proponent including a summary of activities conducted, data collected and quantified for the activities, documentation that supports the delivery of selected indicators and utilization of Funds over the Reporting Period which shall include the following:

   (a) Certification period dates;
   (b) Reporting Period start, to date progress and completion date;
   (c) Summary of REDD Plus and conservation management activities;
   (d) Financial report detailing fund utilization and projection (for subsequent disbursement); and
   (e) Description of on-going conformance with the Cancún Safeguards (if applicable).

The Proponent is required to submit a Progress Report as and when disbursement is requested. The Proponent shall submit at least one (1) Progress Report within each calendar year.

(ii) **Disbursement Request Form** where each release of Funds is subject to verification by MFF for compliance with relevant contractual provisions, clauses, and supported by the Progress Report.

(iii) **Completion Report** is to be submitted upon completion of all activities in respect of the FCC Project which shall include the narrative description of a summary of activities conducted, data collected and quantified for the activities, documentation that supports the delivery of selected indicators, utilization of Funds and lessons learned over the Reporting Period.

The detailed process is described in ***Term of Reference: Financial Input, Monitoring, Reporting and Disbursement***, as attached hereto.

6. VERIFICATION & CERTIFICATION

6.1. Verification by VB

Verification is the assessment of the project by an Approved VB that requires the use of a uniform set of criteria to evaluate the information presented by the Proponent. The purpose is to establish whether the information provided by the Proponent is trustworthy and reliable before any relevant FCC certificates can be issued.

6.2. Registration and approval of VB

The Approved VB shall be identified and appointed by Proponent to audit and verify the approved projects for the following process in Section 6.3 (ii) herein. MFF shall maintain a list of Approved VBs in the Registry. Proponent is responsible for contracting VB from the FCC Approved VB list. All cost related to verification shall be included as part of the project cost.

The VB applying to be recognised as an Approved VB, conducting verification services under MFF shall:

(i) be a legal entity, such as a company, business or society, within Malaysia;
(ii) agree to be listed on the publicly available on the Registry, which is a central repository for all information and documentation relating to RFF projects which may include the VB's identification data and/or other data as required; and
(iii) have a valid accreditation of at least one (1) of the following:

  (a) accreditation certificate issued by the Department of Standards Malaysia ("STANDARDS MALAYSIA"), issued against the MS ISO/ IEC 17021-1 Conformity Assessment – *Requirements for Bodies Providing Audit and Certification of Management Systems* and the scope of the accreditation shall include the Malaysian Criteria and Indicators for Sustainable Forest Management (MC&I SFM);
  (b) have a valid accreditation under ISO 14065 for *General Principles and Requirements for Bodies Validating and Verifying Environmental Information*;
  (c) have a valid accreditation under ISO 14066 for Environmental information for *Competence Requirements for Teams Validating and Verifying Environmental Information*;
  (d) have a valid accreditation as a Certifying Body for sustainable forest management audits under the Forest Stewardship Council (FSC) or Program for the Endorsement of Forest Certification (PEFC).

6.3. Scope and Certification

The MFF shall issue FCC certificates to Participants and update their FCC status in the Registry through the following processes:

(i) FCC for registration – upon signing of a Conservation Agreement between MFF and the Participants.

(ii) FCC for progress/completion – upon independent verification by the VB of the following:

  (a) The activities proposed were implemented;
  (b) The Proponent has complied with the monitoring, disbursement, and reporting requirements; and
  (c) The anticipated results (indicators) were achieved.

The verification by Approved VB for the FCC for progress or completion shall be conducted annually and the validity of this certificate shall be one (1) year.

The detailed process is described in ***Term of Reference: Verification and Certification***, as attached hereto.

7. ACCOUNTABILITY, TRANSPARENCY & DISCLOSURE

7.1. Registry Requirements

To ensure transparency of the FCC cycle, all relevant information related to application, approval, project status, validation, verification, and disbursement shall be made available in the Registry. This includes:

(i) Applications received
(ii) Projects approved (Registered Projects)
(iii) The progress and results of the verification and certification
(iv) All information on disbursement and project progress

The Registry, which shall be publicly accessible, shall contain, but not limited to Participants information, the project, the project's conformity to Cancun Safeguards, location of the project, project activities, documentation, verification reports, records of serialized certificate issuance, certificate cancellation, and transfer data.

Any public entity relevant community or group, including Indigenous Peoples and Local Communities may submit comments and/or feedback to MFF on any project at any time. Comment(s) received shall be published in the Project Record on the Registry, and where necessary the Participants shall be responsible for addressing the comments.

7.2. Complaints, Grievances, and Dispute

Any complaints relating to the project shall be managed according to the ***Complaints, Grievance and Disputes Procedure*** as attached hereto.

7.3. Report by MFF

(i) Annual Report

(a) MFF shall maintain a separate financial statement of accounts and is required to produce annual financial statements in accordance to accounting standards approved or issued by Malaysian Accounting Standards Board (MASB). The financial statement is to be reviewed and approved by the MFF Board of Trustees. The financial statement is subject to audit by third party auditors appointed by MFF Board of Trustees.

(b) MFF shall need to publish an annual report that reflects the insights from project level reporting. The annual report is reviewed and approved by the MFF Board of Trustees.

(ii) Independent evaluation report

(a) Independent evaluation shall also be conducted to assess the effectiveness of the Fund's projects and whether the application of the Funds adhere to the guidelines set by the RFFAC and shall be made publicly available.

(This part of the document is intentionally left blank)

ANNEX

PROJECT NAME:
DATE:

1. Primary Contact Information

ORGANIZATION	:	
ADDRESS	:	
CONTACT PERSON	:	
EMAIL ADDRESS	:	
TELEPHONE	:	

2. Program Partners

(Please list below any organizations and individuals who have or shall assist in preparing the FCC documentation (if any) including additional government agencies, non- governmental organizations (NGOs), and/or additional technical consultants)

ORGANIZATION 1	:	
ADDRESS	:	
CONTACT PERSON	:	
EMAIL ADDRESS	:	
TELEPHONE	:	

ORGANIZATION 2	:	
ADDRESS	:	
CONTACT PERSON	:	
EMAIL ADDRESS	:	
TELEPHONE	:	

3. Eligibility

(Describe how the applicant meets each of the eligibility criteria outlined in Section 1.4 of FCC Protocol. Supporting evidence is expected to be provided including legal document to support legal title)

4. Certification Period Dates:

(Anticipated dates for the initial certification period and a minimum of three (3)-years historical Reference Period, if applicable).

REFERENCE PERIOD		CERTIFICATION PERIOD	
mm/dd/yyyy Start: …….	mm/dd/yyyy End: …….	mm/dd/yyyy Start: …….	mm/dd/yyyy End: …….

5. Project Area:

(Please provide a description of the proposed project area and percentage of forests covered by the accounting area).

TOTAL	PERCENTAGE (%) OF STATE FOREST COVERED/STATE PRF
……..	……..

(a) Description of Proposed Area:
(Provide details of the proposed areas, ownership/legal right, supporting document to support legal right on land (250 to 500 words)

(b) Current State Assessment
(Provide condition, level of degradation, drivers of deforestation, the need for forest gazettement, previous works (if any) (250 to 500 words))

(c) Georeferenced geographic information system (GIS) shapefiles:
- *Observation from GIS information/file*
- *Comparison* data between previous HS and current project implementation

6. Proposed Program and Output Indicators

(Applicant to provide details of proposed program, activities, indicators in line with Section 2.3 of the FCC Protocol)

PROGRAM	ELIGIBLE ACTIVITIES	REQUIRED INDICATORS	OUTPUT INDICATORS

7. Record of Consultation

(Provide a summary of the consultations done with stakeholders in preparation for the submission of this concept document, including public comments on indicators and methodologies to be used. Explain how the recommendations from consultations were considered. This should also include records of Free, Prior, and Informed Consent (FPIC) from communities – if applicable.)

Consultation records:

No.	Parties Engaged	Description	Date
1.			
2.			
3.			
4.			
5.			

8. Disclosures about participation in other REDD PLUS crediting or payment-for performance programs and/or REDD PLUS Project(s) within the proposed area regardless of ownership

9. Project Milestones

PROJECT MILESTONES: **(Based on detailed activities*)**		
Detailed Activities	**Start Date**	**Completion Date**
TOTAL PROJECT PERIOD:	[ ] Months/Years	

10. Financial requirement

PROJECT COST:				
Programs/Activities	**Detailed breakdown of Cost (RM)**			**Total (RM)**
	Detailed Items	**Price per Unit**	**Quantity**	
TOTAL				

1. Cancún Safeguard A

Actions are complementary or consistent with the objectives of national forest programs and relevant international conventions and agreements.

THEME 1.1 Consistency with the objectives of national forest programs

Indicator	Description
Structural Indicator:	Domestic Legal Framework or policy (or national REDD Plus strategy or action plan) for REDD Plus actions is clearly defined and designed in consistency with national and if applicable, subnational, forest policies/programs.
Process Indicator	Public institutions have made use of mandates, procedures, and resources to ensure REDD Plus actions are designed and implemented in consistency with the broader legal or policy framework of the forest sector, and inconsistencies are identified and resolved
Outcome Indicator	Design and implementation of REDD Plus actions have been consistent with or complemented the objectives of the national and if applicable, subnational, forest policies/programs.

THEME 1.2 Consistency with the objectives of relevant international conventions and agreements

Indicator	Description
Structural Indicator:	Domestic and if applicable, subnational, Legal Framework or policy (or national REDD Plus strategy or action plan) for REDD Plus actions recognize and promote the application of ratified relevant international conventions and agreements in the context of design and implementation of REDD Plus actions
Process Indicator	Public institutions have made use of mandates, procedures, and resources to design and implement REDD Plus actions that recognize and promote the application of ratified relevant international conventions and agreements.
Outcome Indicator	Design and implementation of REDD Plus actions have been consistent with or has complemented the objectives of identified, ratified and relevant international conventions and agreements.

2. Cancún Safeguard B

Transparent and effective national forest governance structures, considering national legislation and sovereignty.

THEME 2.1 Respect, protect, and fulfill the right of access to information.

Indicator	Description
Structural Indicator:	Participants have in place a Legal Framework, policies and/or programs for accessing information related to REDD Plus actions in accordance with international human rights standards, and these are anchored in relevant conventions/agreements and/or domestic and if applicable, subnational, Legal Framework.
Process Indicator	Public institutions have made use of mandates, procedures, and resources for accessing information related to REDD Plus actions in line with relevant ratified international conventions and agreements and/or domestic and if applicable, subnational, Legal Framework, policies, and programs for accessing information.
Outcome Indicator	The public has been aware of and exercised the right to seek and receive official information on REDD Plus actions, as well as on how safeguards have been addressed and respected.

THEME 2.2 Promote transparency and prevent corruption, including through the promotion of anti-corruption measures.

Indicator	Description
Structural Indicator:	Participants have in place anti-corruption measures and measures to promote transparency reflecting the principles of rule of law, proper management of public affairs and public property, integrity, transparency, and accountability, and these are anchored in relevant ratified international conventions/ agreements and/or domestic and if applicable, subnational, Legal Framework.
Process Indicator	Public institutions have made use of mandates, procedures, and resources to apply anti-corruption measures and measures to promote transparency in the implementation of REDD Plus actions and the distribution of REDD Plus benefits, according to relevant ratified international conventions, agreements, and/or domestic and if applicable, subnational, Legal Frameworks; the measures should reflect principles of the rule of law, proper management of public affairs and public property, integrity, transparency, and accountability.
Outcome Indicator	The distribution of REDD Plus benefits related to the implementation of the REDD Plus results-based actions have been carried out in a fair, transparent, and accountable manner, as per relevant ratified international conventions, agreements, and/or domestic and if applicable, subnational, Legal Framework.

THEME 2.3 Respect, protect, and fulfill Land Tenure Rights System.

Indicator	Description
Structural Indicator:	Participants have in place a Legal Framework, policies or programs for the recognition, inventorying, mapping, and security of customary and statutory land and resource tenure rights where REDD Plus actions are implemented, and these are anchored in relevant ratified international conventions/agreements and/or domestic and if applicable, subnational, Legal Framework.
Process Indicator	Public institutions have made use of mandates, procedures, and resources to recognize, inventory, map, and secure statutory and customary rights to lands and resources relevant to the implementation of REDD Plus actions in line with relevant ratified international conventions, agreements, and/or domestic and if applicable, subnational, Legal Framework.
Outcome Indicator	Stakeholders had access to, use of, and control over land and resources in line with relevant ratified international conventions, agreements, and/or domestic and if applicable, subnational, Legal Framework.

THEME 2.4 Respect, protect, and fulfill access to justice.

Indicator	Description
Structural Indicator:	Participants have in place procedures for guaranteeing nondiscriminatory and non-cost prohibitive access to dispute resolution mechanisms at all relevant levels, and these are anchored in relevant ratified international conventions/ agreements and/or domestic and if applicable, subnational, Legal Framework.
Process Indicator	Public institutions have made use of mandates, procedures, and resources to facilitate access to dispute resolution mechanisms for stakeholders involved in the implementation of REDD Plus actions including judicial and/or administrative procedures for legal redress, which, inter alia, provide access for Indigenous Peoples, Local Communities, or equivalent stakeholders with a recognized legal interest.
Outcome Indicator	Resolved disputes, competing claims, and effective recourse and remedies have been provided when there was a violation of rights, grievance, dispute, or claim related to the implementation of REDD Plus actions.

3. Cancún Safeguard C

Respect for the knowledge and rights of Indigenous Peoples and members of Local Communities by considering relevant international obligations, national circumstances, and laws, and noting that the United Nations General Assembly has adopted the United Nations Declaration on the Rights of Indigenous Peoples.

THEME 3.1 Identify Indigenous Peoples and Local Communities, or equivalent.

Indicator	Description
Structural Indicator:	Participants have in place a Legal Framework, policies or procedures for the identification or self-identification of Indigenous Peoples and Local Communities, or equivalent, and for the respect of their rights, and these are anchored in relevant ratified international conventions/agreements and/or domestic and if applicable, subnational, Legal Framework.
Process Indicator	Public institutions have made use of mandates, procedures, and resources to respect the rights of the Indigenous Peoples and Local Communities, or equivalent in the design and implementation of REDD Plus actions, according to relevant ratified international conventions, agreements, and/or domestic and if applicable, subnational, Legal Framework.
Outcome Indicator	Indigenous Peoples and Local Communities, or equivalent, have been identified and their respective rights have been respected in the design and implementation of REDD Plus actions.

THEME 3.2 Respect and protect traditional knowledge.

Indicator	Description
Structural Indicator:	Relevant ratified international conventions/agreements, and/or domestic and if applicable, subnational, Legal Framework define, and provide guidance for respecting and protecting Indigenous People's knowledge and/or Local Communities' knowledge.
Process Indicator	Public institutions have made use of mandates, procedures, and resources to respect and protect Indigenous Peoples and/or Local Communities' traditional knowledge in the implementation of REDD Plus actions, in line with relevant ratified international conventions, agreements, and/or domestic and if applicable, subnational, Legal Framework.
Outcome Indicator	Traditional knowledge of Indigenous Peoples and/or Local Communities, or equivalent, has been respected and protected in the design and implementation of REDD Plus actions where permission for its use has been granted.

THEME 3.3 Respect, protect, and fulfill rights of Indigenous Peoples and/or Local Communities, or equivalent.

Indicator	Description
Structural Indicator:	Participants have in place Legal Framework, policies, or programs to respect, protect and fulfill human rights of Indigenous Peoples and Local Communities, or equivalent, in conformity with Customary Law, institutions, and practices as applicable and these are anchored in relevant ratified international conventions/ agreements and/or domestic and if applicable, subnational, Legal Framework.
Process Indicator	Public institutions have made use of mandates, procedures, and resources to respect, protect, and fulfil rights of Indigenous Peoples and Local Communities, or equivalent throughout the implementation of the REDD Plus actions, according to relevant ratified international conventions, agreements, and/or domestic and if applicable, subnational, legal framework.
Outcome Indicator	Rights of Indigenous Peoples and Local Communities, or equivalent, have been identified and respected, protected and fulfilled in the design and implementation of REDD Plus actions.

4. Cancún Safeguard D

The full and effective participation of relevant stakeholders—in particular Indigenous Peoples and Local Communities—in actions referred to in paragraphs 70 and 72 of decision 1/CP16.

THEME 4.1. Respect, protect, and fulfill the right of all relevant stakeholders to participate fully and effectively in the design and implementation of REDD Plus actions.

Indicator	Description
Structural Indicator:	Participants have in place Legal Frameworks, policies or programs to respect, protect and fulfill the right of all relevant stakeholders to participate fully and effectively, including timely access and culturally appropriate information prior to consultations, and these are anchored in relevant ratified international conventions/agreements and/or domestic and if applicable, subnational, Legal Framework.; access is established to recourse mechanisms to ensure the participation process is respected.
Process Indicator	Public institutions have made use of mandates, procedures, and resources to respect, protect, and fulfill the right to full, effective, and timely participation in the design and implementation of REDD Plus actions, as indicated in relevant ratified international conventions, agreements, and/or domestic and if applicable, subnational, Legal Framework.
Outcome Indicator	Relevant stakeholders have participated fully, effectively, and timely in the design and implementation of REDD Plus actions.

THEME 4.2. Promote adequate participatory procedures for the meaningful participation of Indigenous Peoples and Local Communities, or equivalent.

Indicator	Description
Structural Indicator:	Relevant ratified international conventions, agreements, and/or domestic Legal Framework recognizes, respects, and protects the respective rights to participation of Indigenous Peoples and Local Communities, or equivalent, through their respective decision- making structures and processes,2 which requires appropriate procedures take place in a climate of mutual trust.
Process Indicator	Public institutions have made use of mandates, procedures, and resources to promote the meaningful participation of Indigenous Peoples and Local Communities, or equivalent in the design, implementation, and periodic assessments of REDD Plus actions, according to their respective rights and decision-making structures and processes and to the relevant ratified international conventions, agreements, and/or domestic and if applicable, subnational, Legal Framework.
Outcome Indicator	Design, implementation, and periodic assessments of REDD Plus
	actions were, where relevant, undertaken with the participation of Indigenous Peoples and/or Local Communities, or equivalent, including if applicable through Free, Prior and Informed Consent (FPIC), in accordance with relevant international and/or domestic and if applicable, subnational, Legal Framework, and in accordance with their respective rights and decision-making structures and processes.

If the institutions consulted are not considered representative by the people they claim to represent, the consultation may have no legitimacy. “If an appropriate consultation process is not developed with the indigenous and tribal institutions or organizations that are truly representative of the communities affected, the resulting consultations shall not comply with the requirements of the Convention” (ILO Governing Body, 282nd session, 2001, GB.282/14/2).

5. Cancún Safeguard E

That actions are consistent with the conservation of natural forests and biological diversity, ensuring that the actions referred to in paragraph 70 of decision 1/CP16 are not used for the conversion of natural forests, but are instead used to incentivize the protection and conservation of natural forests and their Ecosystem Services, and to enhance other social and environmental benefits.

THEME 5.1 Non-conversion of natural forests.

Indicator	Description
Structural Indicator:	Relevant domestic Legal Framework, policies and programs consistently define the term natural forests, distinguishing them from plantations, describe the process for mapping the spatial distribution of natural forests, and policies or procedures are in place prohibiting the conversion of natural forests as part of REDD Plus actions.
Process Indicator	Public institutions have made use of mandates, procedures, and resources to ensure the design and implementation of REDD Plus actions considers information of spatial distribution of natural forests and avoids the conversion of these forests, in line with relevant ratified international conventions, agreements, and/or domestic and if applicable, subnational, Legal Framework, policies and programs.
Outcome Indicator	REDD Plus actions were designed and implemented avoiding the conversion of natural forests to plantations or other land uses.

THEME 5.2 Protect natural forests, biological diversity, and Ecosystem Services.

Indicator	Description
Structural Indicator:	Relevant ratified international conventions, agreements, and/or domestic Legal Framework or policies identify priorities for the protection and conservation of natural forest areas, Biodiversity, and Ecosystem Services, to which REDD Plus actions could contribute.
Process Indicator	Public institutions have made use of mandates, procedures, and resources to protect and avoid adverse impacts on natural forest areas, Biodiversity, and Ecosystem Services in the design and implementation of REDD Plus actions, according to relevant ratified international conventions, agreements, and/or domestic Legal Frameworks, policies, and programs.
Outcome Indicator	REDD Plus actions have promoted the protection of natural forest areas, Biodiversity, and Ecosystem Services.

THEME 5.3 Enhancement of social and environmental benefits.

Indicator	Description
Structural Indicator:	Relevant ratified international conventions, agreements, and/or domestic Legal Framework, policies and programs regulate the assessment of potential social and environmental benefits of REDD Plus actions.
Process Indicator	Public institutions have made use of mandates, procedures, and resources to assess social and environmental benefits of REDD Plus actions and to promote the enhancement of these benefits in the implementation of these actions, according to relevant ratified international conventions, agreements, and/or domestic and if applicable, subnational, Legal Frameworks, policies and programs.
Outcome Indicator	REDD Plus actions have contributed to enhancing social and environmental benefits.

6. Cancún Safeguard F

Actions to address the risks of reversals.

THEME 6.1 The risk of reversals is integrated in the design, prioritization, implementation, and periodic assessments of REDD PLUS policies and measures.

Indicator	Description
Process Indicator	Public institutions have identified and integrated measures to address the risk of reversals in the design, prioritization, implementation, and periodic assessments of REDD Plus actions.

No structure or outcome indicators have been developed for Safeguard F as these issues are broadly addressed by requirements in other sections of the FCC Protocol.

7. Cancún Safeguard G

Actions to reduce displacement of emissions.

THEME 7.1 The risk of displacement of emissions is integrated into the design, prioritization, implementation, and periodic assessments of REDD PLUS policies and measures.

Indicator	Description
Process Indicator	Public institutions have identified and integrated measures to address the risk of displacement of emissions in the design, prioritization, implementation, and periodic assessments of REDD Plus actions

No structure or outcome indicators have been developed for Safeguard G as these issues are broadly addressed by requirements in other sections of the FCC Protocol.

TERMS OF REFERENCE:

APPLICATION, VALIDATION, APPROVAL AND REGISTRATION FOR FOREST CONSERVATION CERTIFICATE – TOR AVAR 2023-1

1.0. PURPOSE

1.0. This document serves as the principal ruling and reference on the application, validation, approval and registration but not limited to all the relevant, processes, and policies based on best practices that guide and govern the Forest Conservation Certificate (FCC) in line with principles that are practical, effective, and consistent.

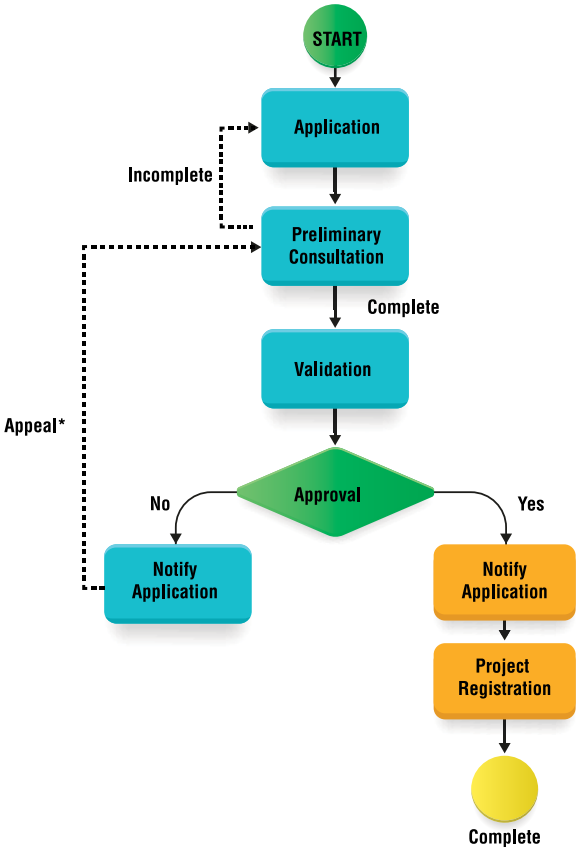
2.0. APPLICATION, VALIDATION, APPROVAL AND REGISTRATION

2.1 Application process involves the Applicant submitting a proposal to MFF together with necessary information and documentation in line with FCC's requirements. The processes are described in **Section 4 of the FCC Protocol** and includes:

(i) Preliminary Consultation (PC) by MFF;
(ii) Review and approval by RFFAC; and
(iii) Registration by MFF.

2.2 All Applications shall be in line with the eligibility criteria, programs, activities and indicators as described in **Section 2 of the FCC Protocol**.

3.3. The process flow for the application, validation, approval, and registration is as follows:

Process Flow	Description
	1. Interested Applicants shall submit their Application using the Project Template provided in Annex A of the FCC Protocol. 2. MFF shall facilitate the submission process through the Preliminary Consultation. 3. RFFAC shall evaluate project proposals against the criteria and guidelines as set by FCC Protocols. 4. Applicants shall be required to present their proposal to the RFFAC. RFFAC shall then review, deliberate and approve or reject all project proposals. 5. The decision by RFFAC shall be communicated by MFF to the Applicants, and 6. approved projects shall be registered by MFF in the Registry.

4.0. PRELIMINARY CONSULTATION (PC) BY MFF

4.1. Any Application shall be made and submitted in accordance with the Project Template furnished in the Annex A of the FCC Protocol or any form prescribed by MFF. The submitted Application shall demonstrate the current state assessment of the proposed project area which entails immediate risks and the conceived indicators (**Section 2.3 of the FCC Protocol**) and additional benefits (**Section 2.4 of the FCC Protocol**) of the said activities. Applicants must also provide record of consultations leading up to the preparation and submission of the Application, this includes record of Free, Prior and Informed Consent (FPIC), where applicable.

4.2. MFF shall facilitate PC to guide Applicant through the submission process and brief the Applicant on the documentation assessment (completeness of documentation), and technical assessment including, but not limited to land tenure, financial requirements, activities, technical visit, where necessary. An Application shall be considered complete if the required documentations are submitted in accordance with FCC's eligible program and activities.

4.3. As part of the submission process, MFF does not recognize, indicate, or accredit consultants (individuals or legal entities) as intermediaries to facilitate, expedite or approve projects.

5.0. VALIDATION AND APPROVAL BY THE RFFAC

5.1. All complete Applications shall then enter the documentation validation, alignment of the request for financial support with the FCC guidelines and criteria, the adequacy of the project and the Applicant's ability to execute the project.

5.2. Applicant shall be present and table their proposal to the RFFAC at the validation stage.

5.3. The RFFAC is responsible for the evaluation of project proposals and ensuring that these projects adhere to the criteria and guidelines as set by the FCC Protocols and assessment by MFF through PC. This forms the basis of RFFAC responsibilities and scope within the following key areas:

(i) Review eligibility of activities of proposed projects under specified programs as outlined in the FCC Protocols;
(ii) Review the appropriate activities and proposed baseline;
(iii) Review the monitoring indicators as required by FCC;
(iv) Ensuring that the project period is within the constrain as indicated in the FCC Protocols; and
(v) Approve, reject, or consider appeal any proposed projects under specified programs as outlined in the FCC Protocols;
(i) Review and approve changes to the original scope and cost of the project; and
(ii) Review and determine the recommendations and comments made by the MFF regarding suspension/termination for any non-compliance and/or dispute.

5.4. The decision by RFFAC shall be communicated by MFF to the Applicants.

6.0. REGISTRY REQUIREMENTS

6.1. To ensure transparency of the FCC cycle, all information related to application, approval, project status, validation, verification, and disbursement shall be made available in the Registry. This includes:

(i) Applications received
(ii) Projects approved (Registered Projects)
(iii) The progress and results of the verification and certification
(iv) All information on disbursement and project progress

The Registry, which shall be publicly accessible, shall contain, but not limited to Participants information, the project, the project's conformity to Cancun Safeguards, location of the project, project activities, documentation, and verification reports, records of serialized certificate issuance, certificate cancellation, and transfer data.

Any public entity relevant community or group, including Indigenous Peoples and Local Communities may submit comments and/or feedback to MFF on any project at any time. Comment(s) received shall be published to the project record on the Registry, and where necessary the Participants shall be responsible to address the comments.

TERMS OF REFERENCE:

FINANCIAL INPUT, MONITORING, REPORTING AND DISBURSEMENT FOR FOREST CONSERVATION CERTIFICATE – TOR FMRD 2023-1

1. PURPOSE

1.1 This document serves as the principal ruling and reference on the implementation of fund receiving, project monitoring, project reporting and disbursement processes for project operations, including but not limited to all the relevant, processes, and policies based on best practices that guide and regulate financial management of the Forest Conservation Certificate (FCC) in line with principles that are practical, effective, and consistent.

2. FINANCIAL INPUT AND FUND RAISING

2.1 With reference to Section 5 of the FCC Protocol, Funds are secured from voluntary contributions by the Donor. Fundraising for the FCC is linked to:

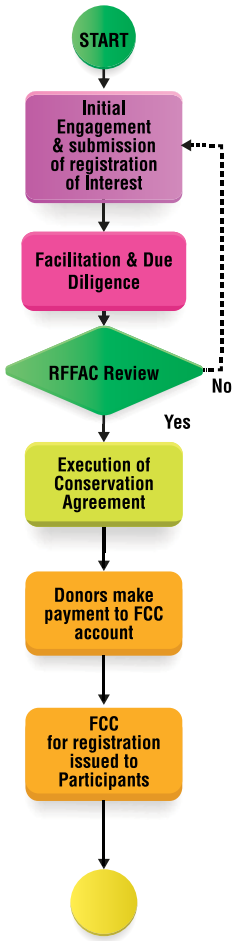
(i) activities to be implemented within the scope of FCC.
(ii) the quantifiable and measurable output/ outcome of conservation efforts, in accordance with the FCC Protocols; and
(iii) Donor's intended Corporate Social Responsibility (CSR), Environment, Social and Governance (ESG) or Sustainable Development Goals (SDG) objectives.

2.2 Upon the execution of the Conservation Agreement, the FCC for registration shall be issued that recognize the Participants in the FCC Project. **These FCC certificates are nominal, non-transferable and do not generate rights for carbon credits of any nature**.

2.3 MFF is also responsible for raising and investing funds, facilitating contracts, supporting, and monitoring projects and activities, rendering accounts, and communicating results obtained.

2.4 In line with the cabinet decision on 20th of August 2020, a five percent (5%) management fee will be charged and payable to MFF for every transaction of Fund.

2.5 The process for financial input and certification are as summarised below:

Process Flow	Description
	1. MFF shall conduct initial engagement and discuss Registered Projects with potential Donors. 2. Interested Donor shall submit a registration of interest to MFF through a Registration Form that shall outline terms and conditions including confidentiality commitments, along with necessary documents in line with requirements in Section 3 below. 3. MFF shall conduct a due diligence process on the Interested Donors and facilitate further engagement between the Participants which may include site visits, technical discussions and finalizing project requirements. 4. MFF tables the draft Conservation Agreement to the RFFAC for approval. 5. Once approved, MFF and the Participants shall sign a Conservation Agreement. 6. The Donor shall then release the necessary payment(s) to MFF via the FCC Account. MFF shall provide a receipt along with a reference number for tax deduction to the Donor. 7. Each Participant shall be awarded the FCC for registration.

3. REQUIREMENTS FOR REGISTRATION OF INTEREST OF DONORS

3.1 Observing Section 16 of the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities (AMLA) Act 2001 [Act 613], participation in the FCC program requires MFF to conduct a process of customer due diligence.

3.2 Any party that is interested to become a Donor shall submit their registration of interest through a Registration Form, along with documents that identify the following:

(a) legal identity;
(b) core activities;
(c) representative capacity of the person acting on the entity's behalf; and
(d) legal ownership.

3.3 Once registered, Donors shall make their contributions as prescribed in the Conservation Agreement. Funds shall be channelled to the FCC Account and MFF shall manage the funds in accordance with the terms as agreed in the Conservation Agreement.

4. MONITORING, REPORTING AND DISBURSEMENT

4.1 Following execution of the Conservation Agreement by the Participants, the Proponent is required to monitor and report on the activities implemented at site. Disbursement shall be made based on FCC Project progress as agreed in the Conservation Agreement. The Proponent is required to submit:

(i) Progress Report to reflect physical progress of the FCC Project that summarizes the ongoing performance of the Proponent including a summary of activities conducted, data collected and quantified for the activities, documentation that supports the delivery of selected indicators and utilization of Funds over the Reporting Period which shall include the following:

(a) Certification period dates;
(b) Reporting Period start, to date progress and completion date;
(c) Summary of REDD Plus and conservation management activities;
(d) Financial report detailing Fund utilization and projection (for subsequent disbursement); and
(e) Description of on-going conformance with the Cancún Safeguards (if applicable).

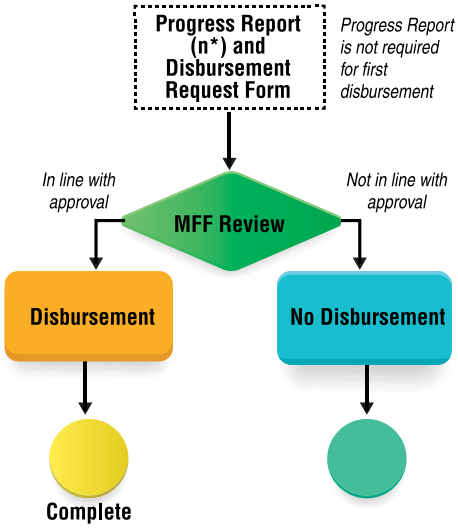
The Proponent is required to submit a Progress Report as and when disbursement is requested. The Proponent must submit at least one (1) Progress Report within each calendar year.

(ii) Disbursement Request Form where each release of Funds is subject to verification by MFF for compliance with relevant contractual provisions, clauses, and supported by the Progress Report.

(iii) Completion Report is to be submitted upon completion of all activities in respect of the FCC Project which will include the narrative description of a summary of activities conducted, data collected and quantified for the activities, documentation that supports the delivery of selected indicators, utilization of Funds and lessons learned over the Reporting Period.

4.2 The disbursement process for each FCC Project may vary based on the different requirements of the project.

4.3 The general process for fund disbursement is as summarized below:

Process Flow	Description
	1. Proponent implements the project, monitors the progress, and submits a Progress Report and a Disbursement Request Form to MFF. 2. MFF reviews the Progress Report and Disbursement Request Form. 3. If both documents are in line with the approved scope and Conservation Agreement, MFF shall made necessary disbursement to the Proponent. 4. If issues are found with either the Progress Report or the Disbursement Request Form, MFF shall seek advice from the RFFAC before deciding on whether to accept the documents and make disbursement. 5. Upon consulting with RFFAC, should MFF decide that the documents are not in line with the approved scope or the Conservation Agreement, no disbursement shall be made and the Proponent shall be requested to restart the process.

Additional Rules on Fund Disbursement:

(i) For initial disbursement (mobilization), the Proponent is required to submit a Disbursement Request Form but is not required to attach a Progress Report.

(ii) All submissions must be made to MFF.

(iii) In cases where the Proponent has contracted a different entity as an implementor, payments can be made directly to the implementor provided that such entity has been clearly identified in the proposal, and instructions of payment are clearly stated in the Disbursement Request Form.

(iv) If issues arise during review of the Progress Report and Disbursement Request Form by MFF, the matter shall be tabled to the RFFAC and RFFAC shall advise MFF on approval or rejection of the request.

5. FUND GOVERNANCE

5.1 The FCC program is managed by MFF which is also responsible for raising and investing funds, facilitating contracts, supporting, and monitoring projects and activities, rendering accounts, and communicating results obtained.

5.2 In line with the cabinet decision on 20th of August 2020, a 5% management fee will be charged to transaction of fund.

6. ELIGIBILE EXPENDITURES

6.1 The list of expenditures that are eligible for funding are as follows:

Items		Description
(a)	Administration	Not to exceed 10% of the total amount requested, eg: utilities, stationery etc.);
(b)	Project support staff	Not to exceed 30% of the total project allocation requested/approved, e.g.: Daily Part-Time Officer [PSH], Researcher, Research Assistant, General Worker);
(c)	Project Activities	May include wages, honoraria and costs for seed purchase activities, surveys, training, workshops, contract services;
(d)	Materials and equipment	May include camera traps, scientific/laboratory equipment and tools needed to carry out project activities);
(e)	Monitoring and evaluation	May include a breakdown of related costs if any, such as transportation and daily allowances related to site visits);
(f)	Publishing/ Documentation	May include providing reports, books, videos, CDs
(g)	Vehicles & Infrastructure	Costs related to procurement of vehicles and infrastructure related to the project.

Note:

(i) Proposed expenditures must be realistic and must be directly related to the effective implementation of project activities. In terms of documentation, all relevant financial records need to be kept and included as supporting documents to the Progress Report to MFF.

(ii) Any changes to the original scope and cost of the project must be tabled to and approved by the RFFAC.

(iii) Projects shall include information regarding any agreement related to all partners and co-executors. Payment to partners/co executors (if applicable) must be supported with relevant information and confirmation by the Proponent on the progress and payment to be made.

(iv) Any expenditure deemed appropriate in ensuring the success of the project may be considered with proper justification.

6.2 The list of expenditures that are not eligible for funding are as follows:

Items		Description
1.	Out-of-pocket expense payments	Out-of-pocket expense payments to public agents, such as civil servants, public employees, or any person in a public post. This restriction does not apply in the case of financing for research activities.
2.	Payment to Individuals	Payments of salaries or any type of remuneration may not be made to public agents, such as civil servants, public employees, or any person in a public post (this restriction does not apply to the payment of research specifically related to the project)
3.	Taxes	Resources cannot be applied to pay taxes that are not inherent or an integral part of financing or investments made by the project
4.	Office and quarters	Development and maintenance of offices and quarters;
5.	Academic fees and scholarships	Academic funding or scholarships.

6.3 The disbursement of funds shall be made based on the following:

Payment	Description
Initial Allocation / Mobilization Fund	(i) The amount and schedule of funding may vary depending on the activity and duration of the project as stipulated in the Conservation Agreement. In general, the first disbursement shall not exceed fifty percent (50%) of the total amount of project funds, subject to the objectives, scope of work and work plan of the approved project. (ii) Disbursements are based on project milestones as agreed by the Donor and Proponent in the Conservation Agreement.
Progress Payment	Subsequent payments are subject to the following conditions: (i) Submission of a satisfactory Progress Report and Disbursement Request Form by the Proponent to MFF; (ii) Upon satisfactory evaluation and confirmation by MFF.

7. MANAGEMENT OF FUNDS

7.1 Separate Accounts

(i) MFF shall establish and maintain a separate banking account (FCC Account) through which all donations shall be collected and distributed.

(ii) All contributions made through the FCC program must immediately be directly channelled into the FCC Account and must remain separate from MFF operations banking account.

7.2 Non-compliance, disputes, suspension, termination and redirection of funds

(i) Any non-compliance and/or disputes shall be managed on a case-to-case basis and parties shall in their best endeavour to resolve the issues amicably. Failure to resolve the issues may result in suspension and/or termination of the project. Any unresolved issues shall be tabled to RFFAC before any decision on suspension and/or termination is made.

(ii) Subsequent to suspension and/or termination of the project, MFF shall endeavour to rematch the funds received from Donors to other FCC projects or shall be treated in accordance with Section 8.5.

8. TAX INCENTIVE

8.1 The FCC has been given approval on the 27th of March 2023 by the Ministry of Finance (MOF) to provide tax incentives to Donors for their contributions to the FCC Project, under *Dana Program Pembangunan Teknologi Hijau dan Pemuliharaan Alam Sekitar*.

8.2 Under this provision, Donors that make contributions to forests through the FCC can enjoy a tax incentive in the form of tax deductions of up to ten percent (10%) of aggregate income.

8.3 This approval is valid from 1st of January 2023 to 31st of December 2027, and is limited to a maximum cumulative amount of RM55 million in allowable tax deductions.

8.4 Contributions in this context refers solely to cash contributions of RM1,000 and above, and is subject to provisions as stipulated in subsection 44(11C) of the Income Tax Act 1967.

8.5 Pursuant to the terms and conditions of the tax incentive as approved by MOF, if Funds have been received and the project activities are unable to be implemented due to suspension and/or termination, the remaining Funds (less any relevant fees payable to MFF) must be channelled to any organization or institution that has been approved to provide tax incentives under subsection 44(11C) of the Income Tax Act 1967 by the Inland Revenue Board (LHDN).

TERMS OF REFERENCE:

VERIFICATION AND CERTIFICATION FOR FOREST CONSERVATION CERTIFICATE

- TOR VBC 2023-1

1.0. PURPOSE

1.1. This document serves as the principal ruling and reference on the verification bodies and certification but not limited to all the relevant processes and policies based on the best practices that guide and govern the Forest Conservation Certificate (FCC) in line with principles that are practical, effective, and consistent.

2.0. VERIFICATION BODY

2.1. General Requirements

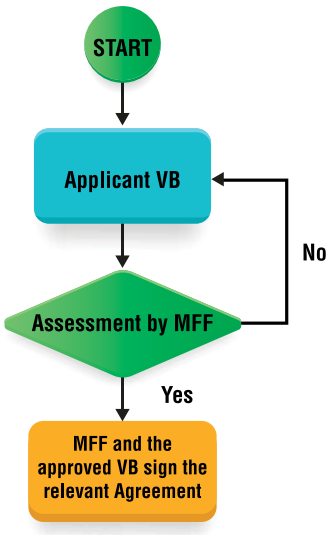
With reference to Section 6 of the FCC Protocol, The Verification Body (VB) applying to be recognised as an Approved VB, conducting verification services under MFF shall:

(i) be a legal entity, such as a company, business or society, within Malaysia;
(ii) agree to be listed on the publicly available on the RFF Registry, which is a central repository for all information and documentation relating to RFF projects which may include the VB's identification data and/or other data as required; and
(iii) have a valid accreditation of **at least one (1)** of the following:

(a) accreditation certificate issued by the Department of Standards Malaysia ("STANDARDS MALAYSIA"), issued against the MS ISO/ IEC 17021-1 Conformity assessment – *Requirements for Bodies Providing Audit and Certification of Management Systems* and the scope of the accreditation shall include the Malaysian Criteria and Indicators for Sustainable Forest Management (MC&I SFM);
(b) accreditation certificate under ISO 14065 for *General Principles and Requirements for Bodies Validating and Verifying Environmental Information*;
(c) accreditation certificate under ISO 14066 for *Environmental information for Competence Requirements for Teams Validating and Verifying Environmental Information*;
(d) accreditation certificate as a Certifying Body for sustainable forest management audits under the Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC).

2.2. Registration & Approval of VB

MFF shall maintain approved VB and the registration processes as summarized below:

Process Flow	Description
	1. Applicant VB submits a completed application form with the required documents to MFF. 2. MFF assesses the application and decides on the approval of the VB. If incomplete, MFF shall request for more information as deemed necessary. 3. If unsuccessful, the Applicant VB may re-apply for MFF to reconsider the decision. 4. Once successful, MFF and the Applicant VB sign the relevant VB Agreement which is recorded in Registry.

2.3. Obligation

The Approved VB shall:

(i) carry out FCC verification on behalf of MFF according to the scope as outlined in Section 3.0 of this document;
(ii) inform MFF, without undue delay, about any changes in its accreditation status;
(iii) provide MFF, without undue delay, information on every FCC project that the VB has verified; and
(iv) pay MFF any applicable Approved VB fees specified in Section 2.6 of this document upon receiving invoice from MFF. The amount of the fees is specified in Section 2.7, Approved VB fees can be changed by MFF Board of Trustee during the validity of the VB Agreement.

2.4. Validity of the Approved VB

MFF acknowledges that though the accreditations are subject to periodic audits, the period of validity of VB's accreditation from the relevant accreditation body may or may not have expiry date.

The validity of the Approved VB shall be subjected to the their accreditation validity period as specified in Section 2.1 (iii) of this document.

The Approved VB may be suspended by MFF if the Approved VB is suspected of violating the VB Agreement. In the event of any violation upon investigation, the Approved VB may be terminated by MFF.

2.5. Competencies

The Approved VB shall ensure that all auditors appointed shall have the knowledge and understanding of the following:

(i) General concepts of management systems, especially the environmental, and occupational safety and health management system;
(ii) Sustainable forest management (SFM) practices;
(iii) Key components of the forest management plan;
(iv) Forest management planning, implementation, monitoring and control processes;
(v) Auditing principles, methods and techniques used to evaluate the effectiveness of the forest management planning, implementation, monitoring and control processes;
(vi) All lead auditors and auditors shall have the ability to assess the application of laws, codes of practice, procedures and guidelines related to management of natural forest;
(vii) Technical experts shall have a minimum of ten (10) years work experience in forestry or in the fields related to forest management, such as environmental sciences, ecology, botany, zoology, sociology, agriculture, forest/ agriculture engineering and forest/ agriculture economics;
(viii) Lead auditors and auditors shall have a minimum of 5 years work experience in forestry or in the fields related to forest management, such as environmental sciences, ecology, botany, zoology, sociology, forest engineering and forest economics;
(ix) All materials deemed necessary by MFF for the purpose of effective implementation of any FCC project. The relevant materials shall be publicly available and may be subject to change from time to time.

2.6. Approved VB Fee

Each Approved VB shall be subject to an application fee, payable in full upon the approval of the application. The application fee shall cover the cost of the application and the review of VB agreement.

Each Approved VB shall also be subject to an annual renewal fee, where applicable, payable in full by January each year. The annual renewal fee shall cover the cost to maintain and update the account throughout the calendar year.

The applicable Approved VB fee is as follows:

Fee	Amount
a) New application	RM2,000.00
b) Renewal (annually)	RM2,000.00
c) Assessment for Auditor	RM1,200.00 per day or RM600.00 (if less than 4 hours)

2.7. Monitoring of VB Performance

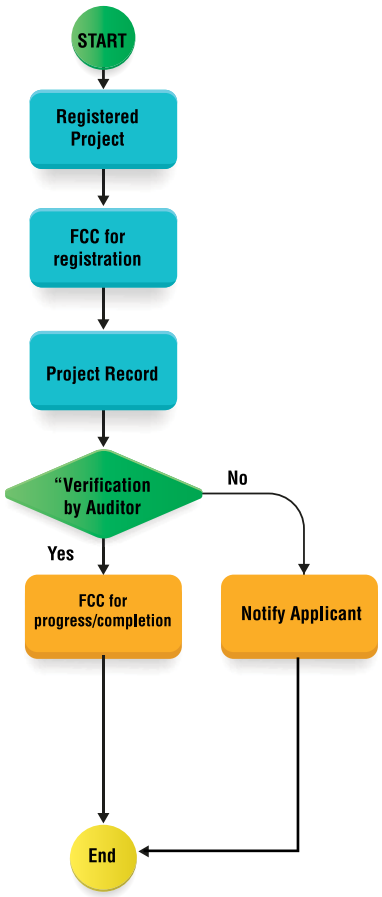
The Approved VBs shall maintain their accreditation status. MFF shall monitor the performance of the Approved VBs to ensure consistency in performance and enhance the overall program. In compliance with the FCC requirements, MFF shall conduct completeness checks on verification reports, along with associated documentation.

2.8. Level of Assurance

The verification process shall be designed and applied to provide a reasonable level of assurance to which an FCC Proponent complies with FCC. The level of assurance to be implemented on each project shall be specified in the FCC Verification Report.

2.9. Verification Process

The summary of the verification process is as follows:

Process Flow	Description
	1. Any project that has successfully passed and completed the necessary evaluation under all the processes of validation and approval per Section 4.2 of FCC Protocol shall be termed as Registered Project. 2. Registered Project shall obtain FCC for registration upon signing of the Conservation Agreement. 3. Once the activities start, Proponent shall submit Progress Report(s) to MFF, upon which the Progress Report(s) is to be included in the Registry as a Project Record. 4. The Approved VB shall verify the FCC project by evaluating the information presented by the Proponent in the Progress Report. 5. Upon verification, the Approved VB shall submit its conclusion to MFF via FCC Verification Report then the FCC status (progress/completion) shall be updated by MFF accordingly based on the successful delivery and compliance of project scope, requirements and confirmation of achievement for each indicator proposed.

2.9.1. Contracting

The Proponent shall on its own accord, contract the VBs based on the list of Approved VBs for FCC as and when required.

2.9.2. Conformance

The Approved VB is responsible for evaluating and deciding whether to approve or reject the conformances to audit findings presented or executed by the Proponent, depending on the nature of the finding. This evaluation process may involve multiple iterations, with the VB reviewing the conformances on multiple occasions. The assessment may also entail requesting supplementary evidence, seeking clarifications, asking for revised documentation, and possibly conducting a site visit.

In the event of a non-conformance by the Proponent, the Proponent shall be given the opportunity to rectify the non-conformance. The time and action to be taken to rectify the same shall be decided by MFF.

However, if the Proponent fails to rectify the non-conformance, the action shall be treated as a non-compliance, subject to non-compliance clause contained in the Conservation Agreement.

2.9.3. Report and Statement

Upon the conclusion of each verification, the Approved VB shall submit an FCC Verification Report to MFF.

3.0. SCOPE OF VERIFICATION

3.1. Scope and Certification

Verification is the assessment of the project by an Approved VB that requires the use of a uniform set of criteria to evaluate the information presented by the Proponent. The purpose is to establish whether the information provided by the Proponent is trustworthy and reliable.

An independent pool of VB shall be identified and appointed by Proponent to audit and verify the approved projects for stage (1) and (2) below. MFF shall maintain a list of Approved VB in the Registry. All cost related to verification shall be included as part of the project cost.

The FCC shall be issued and its status updated through the following processes:

(1) FCC for registration – upon signing of a Conservation Agreement between MFF and the Participants.

(2) FCC for progress/completion – upon independent verification by the VB of the following:

(a) The activities proposed were implemented;
(b) The Proponent has complied with the monitoring, disbursement, and reporting requirements; and
(c) The anticipated results (indicators) were achieved.

The verification by the Approved VB for the FCC shall be conducted annually and the validity of this certificate shall be one (1) year.

3.2. Eligible Program, Activities and Indicators

The eligible program, activities, and indicators to be verified for each FCC project are outlined in Section 2.3 and 2.4 of FCC Protocol.

4.0. REGISTRY REQUIREMENTS

4.1. To ensure transparency of the FCC cycle, all information related to application, approval, project status, validation, verification, and disbursement shall be made available in the Registry. This includes:

(i) Applications received
(ii) Projects approved (Registered Projects)
(iii) The progress and results of the verification and certification
(iv) All information on disbursement and project progress

The Registry, which shall be publicly accessible, shall contain, but not limited to Participants information, the project, the project's conformity to Cancun Safeguards, location of the project, project activities, documentation, verification reports, records of serialized certificate issuance, certificate cancellation, and transfer data.

Any public entity relevant community or group, including Indigenous Peoples and Local Communities may submit comments and/or feedback to MFF on any project at any time. Comment(s) received shall be published in the Project Record on the Registry, and where necessary the Participants shall be responsible for addressing the comments.

5.0. RECORD KEEPING

The Approved VBs are required to adhere to the record-keeping procedures and policies for retaining records per VB Agreement.

STANDARD PROCEDURE:

COMPLAINTS, GRIEVANCE, AND DISPUTES PROCEDURE

– PCGD 2023-1

1. PURPOSE

With reference to Section 7.2 of the FCC Protocol, the Grievance, Dispute, and Complaint Procedure (hereinafter referred to as "**This Procedure**") provides guidance on the processes and procedures where Malaysia Forest Fund (herein after referred to as "**MFF**") receives, reviews, and subsequently resolves all formal complaint, dispute, and/or grievance matters by all relevant parties.

This Procedure provides:

(i) a focal point for official Complaints against MFF projects and its procedures;
(ii) a clear, transparent, and impartial process to duly meet and address grievances against MFF projects and its procedures; and
(iii) a chance for MFF to take actions or initiatives that may enhance future dealings between parties.

MFF has the rights to review and amend this Procedure from time to time.

2. DEFINITION

Complaint	shall mean any formal issue brought forth by a Complainant. A Complaint can be any type of issue relating to any aspects of the development and implementation of RFF projects.
Complaint	shall mean any relevant individual(s) or organisation that lodges a formal Complaint against MFF.
Grievance Committee	shall mean a committee that comprises of at least three (3) to maximum of five (5) authoritative technical and scientific experts. The service tenure for each committee member shall be two (2) years, extendable once for an equal period. Appointees shall represent at least one (1) expertise in the following key areas: (i) Forestry & Forest Management; (ii) REDD+ Governance & Policies; (iii) Sustainable Financing; (iv) Carbon Market Regulation; (v) International and Malaysia Law and Regulation.
Grievance Records	shall mean MFF's filing system for the purpose of keeping of all documents relating to any and all grievance issues.
MFF	shall mean Malaysia Forest Fund.

3. SCOPE

This Procedure applies to Complaints relating to MFF's projects, instruments, protocols, and procedures. However, MFF shall not process any Complaint if it is relating to issues which:

(i) have been previously resolved; and/or
(ii) are outside its jurisdiction.

If the Complaint relates to issues which are outside of MFF's jurisdiction, MFF shall notify the appropriate parties for them to take the necessary action. MFF shall then no longer be responsible for any further development of the Complaint.

4. PROCESS AND PROCEDURES

Every Complaint received shall go through three (3) main stages namely the complaint, resolution, and action process . The entire flow of the procedure is deduced into a simple flow chart as shown at *Appendix I*.

4.1 Complaint

The Complainant needs to fill in the Complaint Form as shown at Appendix II and the same is to be submitted to MFF. Submission can be made via the following means:

(i) By hand
Malaysia Forest Fund
T2-L19-3, Level 19
IOI City Tower Two, Lebuh IRC, IOI Resort City, 62502, Putrajaya;

(ii) By postage
Malaysia Forest Fund
T2-L19-3, Level 19
IOI City Tower Two, Lebuh IRC, IOI Resort City, 62502, Putrajaya

(iii) By email
corporate@myforestfund.com.my; or

(iv) Through website
[https://myforestfund.com.my/]

Any Complaint submitted through any other means shall not be processed, be deemed as an invalid Complaint, and subsequently dismissed. Upon acknowledgement of the Complaint Form, MFF shall proceed with the necessary to process the Complaint.

4.2 Resolution

The Complaint shall only go through to the resolution stage once the procedures in the complaint stage as per Section 4.1 of this Procedure have been duly adhered to. These resolution procedures have a two-step approach, as follows:

No.	Step	Description
1.	Internal Resolution	The Parties shall attempt to resolve issue early. If the issue is resolved, there is no need to proceed with the Grievance Committee Review.
2.	Grievance Committee Review	Complainant has the option to opt for an external review if the outcome from Step 1 is deemed to be unsatisfactory.

Each stage of the resolution procedure shall be documented and recorded via the Case Management Form as shown at *Appendix III*.

If there is an agreement for resolution at any stage of the procedure, any agreed decision and/or action to be taken shall be conclusive and final. Subsequently, the issue shall be deemed to be resolved fully and unequivocally. The same shall be recorded in the Resolution Form as shown in *Appendix IV*.

4.2.1 STEP 1 – Internal Resolution

At this stage, the Complainant shall deal with the MFF's Management and person(s) in charge to find the best way possible to amicably settle the issue. MFF's management shall have the authority to:

(i) obtain necessary information to assess the validity of the Complaint;
(ii) resolve issues or concerns; and
(iii) inform the Complainant of the entitlement to have the issue go through a Grievance Committee if the issue or concern remains unresolved.

The onus of proving that there is valid case for the Complaint lies on the Complainant. If there not enough conclusive evidence, then MFF has the authority to dismiss the Complaint. MFF also has the right to not process any Complaint that falls under the exception mentioned at Section 3 of this Procedure .

If the Complaint is deemed to be valid, then the Complainant and MFF's management shall resume their deliberations, with their best endeavours, to settle the issue. The duration for this procedure shall not exceed forty five (45) working days from the date of receipt of the Complaint Form. In the event that no resolution can be agreed upon within the above time frame, the Complainant needs to fill in Part B of the Case Management Form signifying his desire to proceed with the Step 2 (Grievance Committee Review).

4.2.2 STEP 2 – Grievance Committee Review

If the outcome from Step 1 is deemed to be unsatisfactory, the Complainant has the option to opt for a review to be done by the Grievance Committee. MFF shall then proceed to call for the attendance of the Grievance Committee to investigate and review the Complaint.

This Grievance Committee at any given time shall comprise of at least three (3) to maximum of five (5) authoritative technical and scientific experts. The service tenure for each committee member shall be two (2) years, extendable once for an equal period. Appointees shall represent at least one (1) expertise in the following key areas:

(i) Forestry & Forest Management;
(ii) REDD+ Governance & Policies;
(iii) Sustainable Financing;
(iv) Carbon Market Regulation;
(v) International and/or Malaysia Law and Regulation.

The duration of the Grievance Committee Review shall not exceed ninety (90) working days.

4.3 Corrective and Preventive Action

At action stage, once an agreement of a resolution has been reached, the MFF undertakes to do the necessary within forteen (1)4 days from the date of Resolution Form. MFF also undertake that it shall monitor and report the action(s) taken. Once the reporting has been completed, the issue shall be deemed as settled, and MFF shall then inform the Complainant on the actions taken. The report shall then be published on MFF's official website/registry. MFF and the Complainant shall then fill in the necessary details to record that the issue has been fully and unequivocally settled.

5. RECORD KEEPING

Each stage / step of the procedure shall be documented and recorded. This is to avoid any possible misunderstandings and provide a record of what has been done in case there is a claim that grievance has been not fully resolved. The parties are entitled to:

(i) see the record of any meeting or interview they attended, in order to correct inaccuracies and to ensure that it is complete;
(ii) see and respond to a record of the relevant facts contained in the other party's statement and witness statements, if any; and
(iii) a record of how the grievance shall be resolved and the reasons for that outcome.

All documents shall be compiled in a documented file and to be kept in MFF's Grievance Records.

6. CONFIDENTIALITY

To maintain confidentiality, any access to the documents (both electronic and paper based) shall be restricted to, the MFF officer in charge and MFF's top management. Where the need arises, the documents shall also be made available to the members of the Grievance Committee.

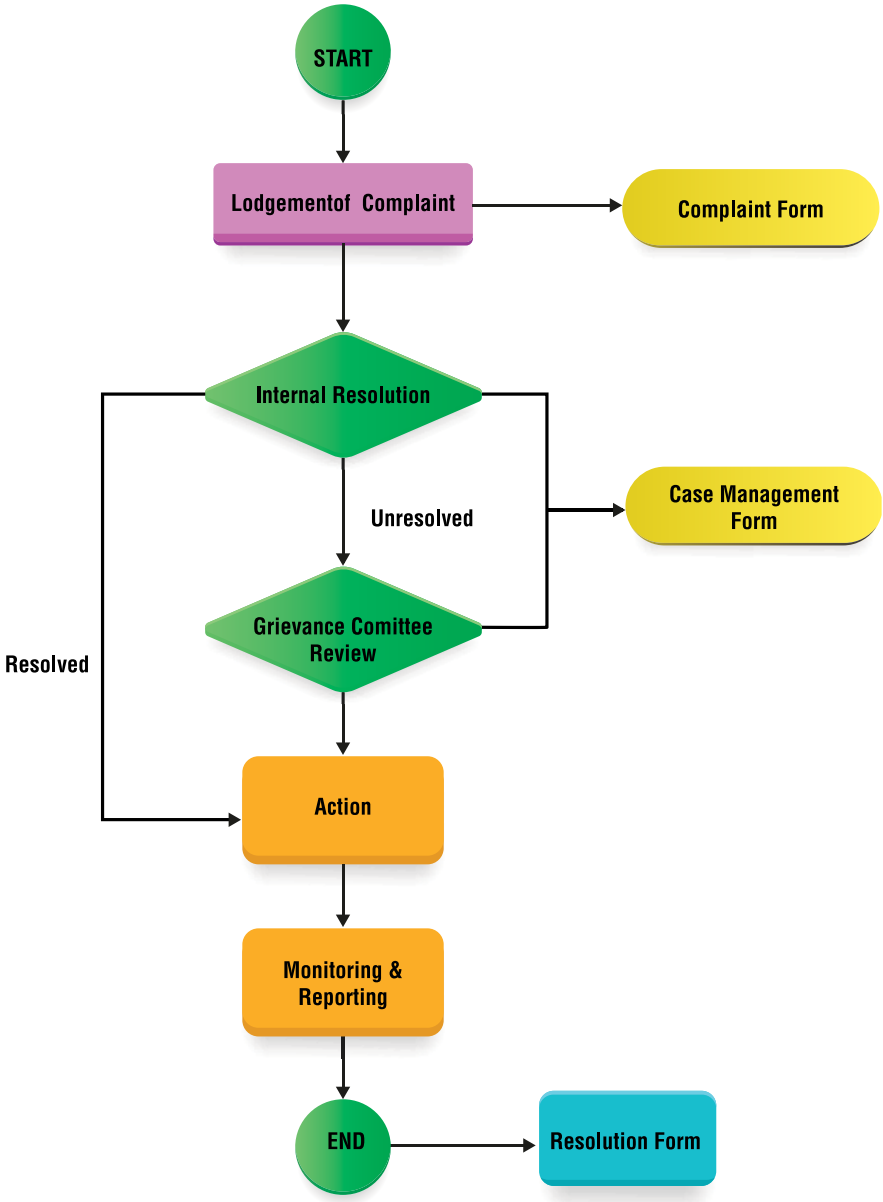
Parties from MFF are strictly prohibited from discussing the issue with any other MFF employee and/ or management who are not privy to the issue.

7. CONFLICT OF INTEREST

Any MFF personnel or members of the Grievance Committee directly involved with a Complaint shall not be directly involved in any of the decision making relating to the Complaint.

APPENDIX I

COMPLAINT, GRIEVANCE & DISPUTE PROCEDURE



Complaint Form			
Reference No. (*to be filled by MFF*):			
1.	**Complainant details**		
	Name:	:	
	Designation:	:	
	Organisation:	:	
	Address:	:	
	Contact Details		
	Email:		Phone:
2.	**Complaints details**		
	Have you lodged a complaint about this issue before? If yes, kindly state the details. Have you lodged this complaint with any other agency? If yes, kindly state details.		
3.	**Complaint summary**		
	When it happened? Where it happened? Who was involved? What happened? Please describe in detail **Attach any documentation that supports your complaint*		
4.	**Acknowledgement**		
	All the information provided above is true and correct to the best of my knowledge. _____ Name: Date:		
TO BE FILLED BY MFF			
MFF hereby acknowledge that it has received this Complaint Form, and this form has been filled in accurately by the Complainant. Officer in charge: Date:			

Case Management Form	
Reference No. (*to be filled by MFF*):	
PART I (to be filled by MFF)	
Complaint Submission	
Is the Complaint processed?	☐ Yes ☐ No If No, please state the reason(s):
Means of lodgement	☐ Email ☐ Website ☐ By Hand ☐ Postage
Date of receipt	
PART II (Internal Resolution)	
Validity	☐ Yes ☐ No If No, please state the reason(s):
First meeting	Date: Outcome:
Subsequent meeting(s) (if any)	Date: Outcome:
Is the Complainant satisfied with the outcome?	☐ Yes ☐ No If No, please state the reason(s):
Does the Complainant want to proceed with the review by the Grievance Committee	☐ Yes ☐ No
PART III (Grievance Committee Review) [if applicable]	
Grievance Committee Members Involved	
First Committee Meeting	Date: Outcome:
Subsequent Committee Meeting(s) (if any)	Date: Outcome:
Is the Issue Resolved	☐ Yes ☐ No
Agreed Preventive and/or Corrective Action	
To be filled after action	
Action taken	
Date of action	
We hereby declare that this issue has been **fully and amicably settled**, and that any further complaints regarding this issue shall not be put forth by any party save for any breach of agreed responsibilities by any party.	
Complainant: _____ Name: Date:	MFF: _____ Name: Date:

Resolution Form	
Reference No. (*to be filled by MFF*):	
Agreed Action	
Date of Action Taken	
It is hereby acknowledged that all the agreed action and/or steps have been taken to correct and/or prevent the issue that was raised by the Complainant. It is also hereby agreed that no party shall have any rights to take any action against the other against the other party regarding the same issue and action. Complainant: _____ Name: Date:	 MFF: _____ Name: Date:

FOREST CONSERVATION CERTIFICATE PROTOCOL

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