

Validation Report Terengganu  
Date: 27/02/09

The Board of Experts declares that it has validated the MTCC certificate for the FMU of Terengganu including Chain of Custody, against the criteria as laid down in the Keurhout Protocol for the Validation of Sustainable Forest Management, version August 31st, 2007:



This report may only be issued integrally

The following documents have been included in the validation:

- National Steering Committee, 2004. Malaysian Criteria & Indicators for Forest Management Certification (MC&I-2002).
- MTCC, 2004. Requirements for Chain of Custody Certification
- MTCC, 2004. Procedures in MTCC Timber Certification Scheme
- MTCC, 2004. Format of Assessment Report MC&I-2002

Other materials integrated in the validation:

- MTCC, 2008. Public Summary of Assessment of Terengganu FMU for Forest Management Certification against the requirements of MC&I (2002)
- MTCC, 2008. Certificate for Forest Management FMC 003 dd 30/06/2008
- [www.mtcc.com.my](http://www.mtcc.com.my)
- SGS-M, 2007. Report on Assessment of Terengganu FMU for Forest Management Certification.
- SGS-M, 2008. Report on Verification of Terengganu FMU for Forest Management Certification.
- DSM, 2006. Accreditation certificates of SGS-M for ISO Guide 62
- DSM, 2007. Accreditation certificates of SGS-M for ISO Guide 66

Next to the documents mentioned above various other documents of the MTCC System are relevant and have been taken into account in this validation as well as information provided in response to questions of Keurhout.

**GLOSSARY**

BoE	Keurhout Board of Experts
CAR	Corrective Action Request
CBD	Convention on Biodiversity
CITES	Convention on International Trade in Endangered Species
CB	Certification Body
CoC	Chain of Custody
DSM	Department of Standards, Malaysia
EIA	Environmental Impact Assessment
EMS	Environmental Management System
EN	European Norm
FFD	Federal Forestry Department
FMU	Forest Management Unit
FSC	Forest Stewardship Council
GIS	Geographic Information Systems
ha	hectare
ILO	International Labour Organization
ISO	International Standards Organization
KH	Keurhout
KH-SFM	Keurhout Protocol for the Validation of Sustainable Forest Management
MA	Main Audit
MC&I	Malaysian Criteria and Indicators for Forest Management
MTCC	Malaysian Timber Certification System
NC	Non-Conformity
NGO	Non-Governmental Organization
NTFP	Non-Timber Forest Products
NTTA	Netherlands Timber Trade Association
PEFC	Programme for the Endorsement of Forest Certification Schemes
RCOC	CoC standard of MTCC
RPS	Removal Pass System
SFD	State Forestry Department (of Terengganu)
SFM	Sustainable Forest Management
SIRIM-QAS	SIRIM-QAS International (CB)
SIA	Social Impact Assessment
SMS	Selective Management System
TER	Terengganu
TTS	Tree Tagging System
UNCCC	United Nations Conference on Climate Change
UNFF	United Nations Forum on Forests
VA	Verification Audit

## 1) Validation process

In February 2009 Keurhout (KH) undertook a validation of a MTCC certificate that had been issued against the new MTCC standard for forest management (MC&I-2002). The validation was implemented against the *Keurhout Protocol for the Validation of Sustainable Forest Management (KH-SFM, version August 31<sup>st</sup>, 2007)*, which is based on the Minimum Requirements for SFM, as established in 1996 by the Dutch Government and which has been further developed since 2004 by the Netherlands Timber Trade Association (NTTA). The validation concerns the Permanent Reserved Forest (PRF) of the State Terengganu on Peninsular Malaysia and covers the Sustainable Forest Management (SFM) of a FMU of 545,817 ha. Of the PRF 526,905 ha are classified as dry inland forest; 13,757 ha are peatswamp forest and 1,295 ha are coastal mangroves. Of the total 383,121 ha is production forest; this includes 3,860 ha of forest plantations. The rest (162,696 ha) is classified as protection forest. This does not include the National Park (Taman Negara) of 77,507 ha. The chain of custody (CoC) in the forest is included.

The KH-SFM Protocol consists of four parts. Part I is the Validation procedure, the other parts are normative documents regarding SFM (Part II), CoC (Part III) and Certification Bodies (Part IV). The requirements are structured in the form of Criteria with Indicators grouped under various Principles. All Criteria of the standards contained in Parts II to IV are being assessed. Indicators serve as practical parameters to assess compliance with Criteria. Compliance with all Criteria leads to a positive decision on the validation of the certificate.

In October 2008 the KH Board of Experts (BoE) received a request from a representation of KH-participants to validate the recently issued forest management certificate for Terengganu (TER). In February 2009 a validation study took place which included a desk study of relevant documents and several communications with MTCC.

Through the desk study a detailed comparison was made between MTCC documents and the requirements of KH-SYS. As well the performance of the FMU was assessed. Additional questions were asked concerning some aspects that needed more clarity.

## 2) MTCC

MTCC is the national certification scheme of Malaysia, which was established in 1999 and became operational in 2001. The basic document is: "MTCC, 2004. Procedures in MTCC Timber Certification Scheme" This document is complemented by the latest standards for forest management (MC&I-2002) and Chain of Custody (RCOC) and some other additions.

The MC&I-2002 were developed by the National Steering Committee in coordination with stakeholders in Peninsular Malaysia, Sabah and Sarawak. The structure is based on the principles and criteria of the Forest Stewardship Council (FSC); at indicator level there are some adjustments to national or regional conditions.

MTCC comprises all the issues required for forest certification: requirements for forest management, CoC, and the accreditation and quality of external auditing. MTCC is member of the PEFC Council and is actively working towards endorsement by PEFC International.

### Organisation of MTCC

The MTCC system is run by the Malaysian Timber Certification Council (MTCC), which plays the role of National Governing Body, and registers Certification Bodies (CB's) to implement assessments of FMU's or CoC's against its respective standards. For forest management assessments MTCC normally also involves two independent peer reviewers. The Board of Trustees of MTCC has established a Certification Committee that is responsible for registration of assessor companies, registration of peer reviewers and decision on applications. The Board appoints a Managing Director, who handles day-to-day management of the system with his staff. The operational office is in Kuala Lumpur. In view of its planned

application for endorsement by PEFC International, MTCC announced that from April 1st 2007 it would only register CB's which have been accredited by the National Accreditation Institution DSM (Department of Standards, Malaysia) under ISO Guide 62, ISO Guide 65 and/or ISO Guide 66 for certification of ISO 9001 and/or ISO 14001. Actually DSM is developing specific accreditation lines for SFM and CoC, which will be used in near future. To further strengthen the acceptance of the MTCC scheme in the international market, MTCC developed a new institutional arrangement, whereby the accredited CB's are directly responsible for the certification decisions. This new arrangement has become functional since July 1st 2008.

### Forest management

Forest Management Units (FMU's) in Peninsular Malaysia are defined at the level of Permanent Reserved Forests (PRFs). Such PRFs are managed by the State Forestry Department (SFD) and normally consist of forests at different locations. For the PRFs, a pre-harvest 10% inventory is conducted to determine the optimum cutting limits to be prescribed based on a selective management system (SMS). Subsequently, a 100% Tree Tagging System (TTS) is carried out to tag all harvestable trees in a given licensed harvest area, based on the prescribed cutting limits. The FMU's do not include the other two categories of forests that may occur in the State: "forest on stateland" (normally conversion forest) and "forest on alienated land" (forest managed and owned by third parties). Accordingly timber from these two categories cannot be included as certified timber. Forest management is managed and planned, in accordance with the requirements of the National Forestry Act (1984), through 10-year forest management plans (FMP's) and annual operational plans. For dry inland forest the Selective Management System is applied (30 year rotation).

### Certification process

Accredited CB's conduct registration audits that include document review, interview with staff and field visits to check on compliance with the requirements of the standard. All criteria are checked. After the audit a draft assessment report is made, which is forwarded to the responsible State Forestry Department, that can provide its comments with respect to possible non-conformities identified in the draft report. After that, the draft with comments of the forest manager are presented to the independent peer reviewers. Finally, based on its findings and the feed-back of the forest manager and the peer reviewers the CB produces a final report, with certification recommendation, which is presented to the MTCC Certification Committee. In line with the recommendation of the CB a certificate is issued or not. Certificates are granted for five years.

Annual surveillance audits are carried out to monitor compliance with SFM requirements at the FMU level. Such audits use the same standard and approach, but may pay special attention on specific issues, based on possible weaknesses identified in the previous audit. Results of audits are being fed back into the management of FMU's and the long-term FMP, which is revised every 5 years. The MTCC system manager organises regular meetings with the registered CB's to assure common interpretation of requirements.

In case a FMU is not granted a certificate during the main audit (MA), due to the issuance of one or more Major Corrective Action Requests (CAR's), it may request a verification audit (VA) when the necessary adjustments have been made. In such audits all criteria will be dealt with and special attention will be given to earlier identified Major and minor CAR issues.

### Certification process of Terengganu FMU

The MA of Terengganu FMU against the MC&I-2002 took place in September 2006 and resulted in the issuance of 2 Major and 12 minor CAR's. SGS-M conducted a VA in March 2008 during which all the Major CARs and 9 minor CAR's were closed-out; 3 minor CAR's were maintained and 1 new minor CAR were established. As a result the CB recommended Terengganu FMU to be issued a certificate against the MC&I 2002. The MTCC Certification Committee followed this recommendation and issued the certificate on 30/06/2008.

### **3) Results of the validation**

The certificate has been assessed against the three normative documents of the Keurhout SFM validation process.

The summary of the findings of the Board of Experts is presented below. Under each Principle (P) the assessment of the related Criteria is briefly summarized. This summary is captured in an overall validation per Principle with the following indication:

OK = Satisfactorily addressed

OK - = Minor deficiency

- = Major deficiency

Validation Part II a: Requirements regarding the forest management system.

P 1 OK	The organisation responsible for the management of the forest shall act according to the law.
<p>Three criteria come under this principle.            The criteria regard legal entity, registration, the right to harvest and royalties and fees. The Malaysian legislative system in combination with the requirement of legal conformity with all relevant laws and regulations covers these criteria sufficiently.  <i>The FMU is managed by the SFD. The CB checked on legal use rights, land claims, legally prescribed fees and tax payment records, awareness on local laws and relevant international agreements and found these to be in order.</i>  <i>According to the CB the FMU is complying with all relevant laws and regulations.</i></p>	
P 2 OK-	The organisation responsible for the management of the forest shall have an adequate forest management system.
<p>Seven criteria come under this principle.            Criteria regarding a responsible management body, a clear forest management unit, complying with (international) legislation, adequate management plan, and qualified personnel <i>are considered to be fulfilled satisfactorily. The management body shows its commitment to long term objectives.</i>  <b>New minor CAR TER-015</b> was raised during the VA as evidence of an encroachment was observed, which had resulted in the felling of 5 balau trees and production of planks on the spot. Compliance is <b>to be verified</b> during the next surveillance audit.  <b>Major CAR TER-011</b> (issued during the MA for the lack of a current FMP for the period 2006-2015) was <b>closed-out</b> during the VA, because a final draft FMP had been completed. The plan includes a description of the resource and social, environmental and financial management aspects, among others.            The last criterion 2.7 “The management body operates a <b>forest management system</b>, according to ISO 9001 or ISO 14001 or based on a comparable systematic approach” is split up in 4 sub-criteria, which consider the planning part, the monitoring of operational aspects, the impact of operations and the feed back of the results into the planning.  <i>Although in general these are satisfactorily covered at FMU level, monitoring of ecological impact of forest operations needs to be improved.</i></p>	

Conclusion:

Based on the above observations, requirement Part II.a is considered not to be sufficiently met.

Validation Part IIb: Requirements regarding the forest management performance.

P 1 OK	The regulatory functions of the forest shall be preserved.
<p>Four criteria.            Maintenance of soil and water quality, watershed management and erosion prevention are addressed adequately by the SFM criteria.  <b>Minor CAR TER-010</b> (issued during the MA for inadequate management prescription and implementation of waste management and handling of diesel and other liquid materials) was <b>closed-out</b>, because efficient handling of domestic and hazardous waste, including fuel storage, was observed during the verification audit.  <i>The CB confirms that the FMU complies with the related criteria.</i></p>	
P 2 OK-	The biodiversity of the various ecosystems shall be preserved.
<p>Three criteria.            The MTCC requirements imply identification of the main ecosystems and tree species. With the planning and implementation of felling and hauling procedures damage to regeneration, flora and fauna is being minimized. Measures for the High Value Conservation Forests (HVCF) are to be established and integrated in the FMP. Effects of these procedures are to be monitored.</p>	

Guidelines for identification and protection of RTE species exist. A considerable forest area (30 % of the PRF) in the PRF is designated as conservation area. These can be grouped in 11 functional classes as stipulated under the National Forestry Act. Areas classified as production forest can be harvested, while the other forest categories are for conservation and protection purposes. The latter include watersheds, areas with altitude of 1,000 m.a.s.l. and above, steep slopes, buffer zones along rivers and Virgin Jungle Reserves, among others. The functional groups have been clearly demarcated in FMU and forest district maps.

Guidelines for the identification of trees to be harvested and trees to be protected (slope limits, fruit trees, nesting trees, seed trees) are available and confirmed to be implemented. The CB indicates that the TFD has demarcated and protected the habitat of two threatened species and some trees of specific dimensions.

Hunting and fishing are prohibited; contractors and forest workers are aware of regulations on protection of species. Posters are available in logging camps. Illegal harvest of gaharu and a protected fish species is suspected; no other action was reported than informing the communities concerned about the prohibition of such harvests.

**Minor CAR TER-014** (issued during the MA for lack of assessment, identification and documentation of HCVF's) **remains outstanding**, although a conceptual description and screening protocol for the identification of HCVF's had been included in the revised FMP. There is a need for a comprehensive description, identification and mapping of the HCVF's through proper stakeholder consultation. The BoE accepts the extension of the minor CAR, on the basis of the evidence on progress found during the verification.

**Minor CAR TER-012** (issued during the MA for lack of prescription and implementation of monitoring in particular social and ecological impacts of forest operations) was **maintained** during the VA. Although monitoring of social impact had significantly improved, there was no clear progress with respect to monitoring of ecological impacts. The BoE accepts the maintenance of the minor CAR on the basis of the progress made. Further progress shall be verified during the next surveillance audit.

P 3 OK-	Adverse side effects, resulting from forest management, shall be prevented.
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One criterion.

The criterion requires social and environmental impact assessments. Such assessments are required by MTCC, and their results shall be included in management planning. Social Impact monitoring is rather new in Malaysia.

EIA's are only required by law above a certain size of the area.

**Minor CAR TER-003** (issued during the MA for lack of social impact evaluation, including consultation with stakeholders) was **closed-out** during the VA as the TFD had consistently conducted social impact evaluation and the draft FMP included a description of the social scenario, identifying (on a map) communities in the neighbourhood of the PRF.

**Minor CAR TER-006** (issued during the MA for not having carried out an EIA at FMU level to identify potential impacts and mitigation measures; only an EIA had been implemented for the FSC certification of one concession) was **maintained** during the VA. Although certain mitigation measures had been included in the draft FMP and a consultant had been contracted to implement an EIA at FMU level, the major part of the work still had to be implemented (a progress report was available). The BoE accepts the extension of this m-CAR in view of the fact that progress had been made. Compliance to be checked during the next surveillance audit.

P 4 OK	The timber production capacity of the forest shall be preserved.
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Four criteria.

Criteria regarding the maintenance of management data, preservation of natural regeneration capacity and implementation of appropriate harvesting systems are well covered. Also minimizing harvesting damage to the residual stand, seedlings and soil is required.

In general the CB considered these elements to be complied with properly.

The Selective Management System is applied, including pre- and post felling inventories. The number of good residual trees of commercial species with diameter of 30 cm and above exceeded the required minimum (32 trees/ha). The CB indicates that the FMU has developed Virgin Jungle Reserves and confirms the application of minimum diameter cutting limits, protection of mother trees and the establishment of buffer zones. RIL procedures are generally applied correctly. The CB confirms that TFD applies the national guideline on the volume requirements for secondary forest (<61 m<sup>3</sup>/ha). A memo was issued by the MB to implement the decision of the National Forestry Council to limit the harvest in primary forest to 85 m<sup>3</sup>/ha also in TER.

**Minor CAR TER-008** (issued during the MA for lack of post-felling inventory in the KPKKT concession since 2000) was **closed-out** during the VA as the KPKKT had started to implement post-F inventories.

**Minor CAR TER-005** was established as the justification of the annual volume removed was not clearly established for Terengganu conditions, but based on a national average growth, due to lack of records from permanent sample plots (PSP's). During the verification audit this CAR was **closed out**, as the results of 8 PSP's had been analysed and indicated that the harvest rate used was within the sustainability level.

Guidelines for RIL are available and enforced through the license agreements with contractors. During the MA the CB **observed** that these were not systematically applied and that no efforts were made to minimize waste. During the VA the CB observed that contractors had made the necessary efforts to maximize harvest and minimize wastages during harvest operations.

**Major CAR TER-009** (issued during the MA due to poor road construction and poor soil erosion control measures) was **closed-out**, because during the VA visits to at least 5 logging areas showed that proper machineries (excavators, graders) were used for road construction and slopes, drainage, cross drains with silt bars were properly made, Skid trails were constructed with minimal blading and replanted after harvest, as part of a rehabilitation programme.

P 5  
OK- The production capacity of non-timber forest products (NTFPs) shall be preserved.

Three criteria.

Criteria refer to the maintenance of data on NTFP's, local processing of NTFP's and support to the development of the local economy.

*The National Forest Policy stimulates diversification. The export of logs is prohibited; the production of value added timber products for the export market is stimulated.*

*Records on harvest of NTFP's are limited to information on royalties received. The BoE considers that proper records of management and harvest of NTFP's shall be maintained and that it is necessary to determine the sustainable harvest levels of the most important NTFP's. It is recommended that the next surveillance audit verifies this issue,*

**Minor CAR TER-004** was issued during the MA as rattan, gaharu and birds nests were harvested for subsistence use and commercialization. However, although royalties were collected, no licences had been issued (except for birds nests) and the sustainability of harvest was not determined.

During the VA the minor CAR was **closed out**, as no permits had been issued for NTFP collection and information on the availability of NTFP's (gathered through the Fourth National Forest Inventory) had been included in the draft FMP. However, the BoE considers that this criterion has not yet been sufficiently complied with. The not issuing of permits is considered adequate as long as no information is available on NTFP presence and sustainable harvest levels. It is however evident that a more active approach needs to be applied, taking into consideration the request of communities to harvest NTFP's. It is recommended that the next surveillance audit verifies the progress.

P 6  
OK The participation of the local population shall be ensured.

Three criteria

Criteria refer to the consultation of stakeholders, opportunities for profit sharing and the respect for rights of various stakeholders.

*There are 3 Orang Asli communities in Terengganu, all of which are located outside the FMU.*

*Nonetheless customary rights of indigenous people are respected, as far as it concerns own consumption (e.g. rattan, gaharu, timber, herbs). Commercial use requires issuance of permits.*

*The CB confirms that adequate dispute resolution mechanisms are in place and that workers rights are respected.*

*The criterion on profit sharing is not considered applicable in the Malaysian context. The population will profit indirectly of improved management of the natural resources; it is not considered appropriate to request direct profit sharing from e.g. harvest revenues.*

**Minor CAR TER-013** (issued during the MA for not making available a summary of the FMP) was **closed-out** during the VA as the FMP summary was made available and placed on TFD's website.

P 7  
OK The social and economic well being of the local population and employees shall be ensured.

Four criteria.

The criteria concern job opportunities for local population, working conditions, training, health and safety provisions and knowledge and respect of legislative instruments and regulations.

All these requirements are adequately addressed by the MTCC requirements.

*In general the CB confirmed compliance with the requirements. Local people are employed in forest operations by the TFD and logging contractors. Working conditions, training and safety issues are well taken care of. The types of work contracted to local people included road construction, tree*

tagging, felling, machine operating. Local communities visited by the auditors were satisfied with the opportunities given to participate in training (use of herbal plants, sustainable use of forest resources, importance of forest products to communities).

The CB observed that logging equipment is maintained in proper and safe working conditions.

Maintenance records are well kept by the TFD and some major concession holders.

Appropriate arrangements, such as conflict resolution procedures, are in place for staff and contract workers. TFD staff are members of CUEPACS, which is responsible of collective bargaining for civil servants. Forest workers are employed in accordance to legal provisions and free to negotiate with their employers. Discussion with forest workers showed that they are able to discuss and resolve grievances with their contractors.

**Minor CAR TER-001** (issued during the MA for lack of awareness of contractors to comply with health and safety requirements of contract workers) was **closed-out** as evidence was found that contractors and forest workers had been briefed, posters on health and safety were displayed and a H&S Committee for forest workers had been installed by the TFD. Forest workers in the field were confirmed to use personal protection equipment (PPE).

**Minor CAR TER-010** (issued during the MA for lack of guidelines for and inadequate implementation of waste management, handling of diesel and other hazardous materials) was **closed-out** as guidelines were documented and implemented and areas around logging camps were observed to be free of inorganic waste.

**Minor CAR TER-002** (issued during the MA for lack of maintenance of records on occupational safety and health of forest workers) was **closed-out** as accident records were maintained by contractors and forwarded to the TFD.

P 8 OK	Socio-cultural forest functions and utilisation by indigenous and other people living in and around the forest shall be respected.
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Four criteria.

Criteria refer to respecting of traditional land-use rights, knowledge and respect for traditional NTFP-use and for areas of religious or cultural importance and maintenance of aesthetic value.

Except for aesthetic value, all these elements are sufficiently addressed by the MTCC requirements.

*The criterion on aesthetic value is not considered opportune in the Malaysian context.*

*The CB confirms that legal or customary land-use rights are respected, as far as it concerns own consumption (e.g. rattan, gaharu, timber, herbs). Commercial use requires issuance of permits, but no permits were issued over the last years. There is no commercial use of traditional knowledge or practices. Appropriate mechanisms to resolve disputes are in place, but no disputes of substantial magnitude were detected. One community had asked TFD to protect their water sources in the FMU. As a result the TFD cancelled an approved logging license.*

*There are no sites of special cultural, religious or economic value to the Orang Asli communities within the FMU; this was confirmed by interviews with these communities.*

P 9 OK	Negative social impacts caused by forest exploitation shall be reduced.
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Two criteria.

The criteria concern compensation for damaged property and related laws and mechanisms.

*Malaysian legislation regulates damage claims and compensation. Appropriate mechanisms are available and known. The CB confirmed that adequate mechanisms are in place. There are no cases of grievances reported.*

Conclusion:

Based on the above observations, requirement Part II.b is not considered to be sufficiently met.

Validation Part III: Requirements regarding the chain of custody

P 1 OK	The timber shall be traced and monitored from the moment of felling through all its possible stages of processing and transport up to the moment of being imported in the EU.
<p>Five criteria.</p> <p>The main issues is: parties in the CoC have a certified management system according to ISO norms. Criteria refer to valid registration and licences, internal management systems, availability of well documented procedures in the forest and through processing, establishment of certified %'s and mixing with timber from legal origin sources. This implies the registration and documentation of production, processing, storage, transport and sales and the distinguishing between certified and non-certified timber products. In case of mixed products the certified products should at least be mixed with timber(products) from legal origin.</p> <p><i>Due to the fact that this validation concerns the CoC-part of the forest management and the timber flow to the Forest Checking Station only, the requirements on processing of timber and mixing with timber from legal sources are not considered relevant in this context. These elements are covered by Malaysian legislation and the RCOC standard of MTCC.</i></p> <p><i>The Malaysian legislative system requires and enforces registration and valid licenses. The MTCC standard requires compliance with all relevant laws and regulations. It also requires forest managers to enable monitoring and certification organizations to trace each forest product from its origin. The application of the Removal Pass System is required by law and controlled by SFD and special FFD control units. The application of the Tree Tagging System was verified by the CB and found to be in order. Auditors also checked information of RP's with those of TTR's and administration at Forest Checking Stations, which were found to be in order. Generally full compliance according to the CB.</i></p>	

Conclusion:

Based on the above observations, requirement Part III is considered to be fully met.

Validation Part IV: Requirements regarding the certifying body

P 1 OK	The certification body shall be able to demonstrate that it is capable of assessing forest management and the management system and/or the Chain of Custody.
<p>Seven criteria.</p> <p>The first three criteria concern the expertise and independence of the CB. These criteria are implicitly met as MTCC requires CB's to be adequately accredited by the national accreditation body DSM.</p> <p>The following four criteria refer to the assessment scheme. They address audit procedures including the identification of relevant legislation and existing (customary) rights and requirements for the audit report. All these requirements are covered through the accreditation by a national accreditation body.</p> <p><i>SGS-M is accredited by DSM for ISO Guide 62 and ISO Guide 66.</i></p>	

Conclusion:

Based on the above observations, requirement Part IV is considered to be fully met.

## Summary of Principles with deficiencies

Part	OK	OK -	--
II a	P 1	P 2	
II b	P 1; 4; 6; 7; 8; 9	P 2; 3; 5	
III	P 1		
IV	P 1		

**Overall conclusion:**

In general it is observed that all three normative parts of the Keurhout Protocol are being sufficiently covered by the requirements of the MTCC system in the context of the Malaysian legislation and forest management guidelines. In practice the CB has identified several issues that need to be strengthened, for which minor CAR's were established.

The BoE **accepts** the MTCC certificate for Terengganu as described in the studied documents without further conditions, to the Keurhout Sustainable system, but will critically follow developments on the closing out of the established minor CAR's.

*And further:*

*Keurhout considers it the responsibility of MTCC to provide Keurhout with full copies of annual surveillance audit reports, related to the FMU.*

*MTCC shall inform Keurhout at least one month in advance on any changes of its standards as well as of changes in relevant legislation and/or regulations.*

*MTCC shall inform Keurhout immediately in case of suspension or termination of the certificate.*

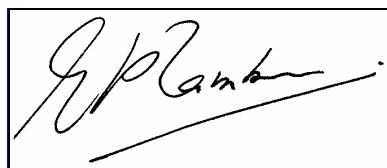
*Failure to do so may result in suspension or termination of the admission to the Keurhout Sustainable system.*

Date: February 27<sup>th</sup>, 2009

Signed:

Ir. E.P. Zambon

Prof. C.J. Jepma



(Secretary)



(Chairman)