



Terms of Reference:

Project Title: Malaysian Working Group (MWG) on the FSC Policy on Conversion

1. Introduction

FSC is developing a holistic Policy on Conversion to guide the review and revision of relevant FSC Principles and Criteria and to advise the national forest stewardship standard developers in creating the corresponding indicators. In addition, the policy will provide overall rules to the Policy on Association and other elements of the normative framework which regulate conversion.

During FSC Malaysia's 10th Standards Development Group (SDG) meeting in June 2017, the SDG discussed potential next steps in engaging with FSC's then Motion 12 Working Group (M12WG). During public consultations on the draft Malaysian National Forest Stewardship Standard (NFSS), Malaysian stakeholders decided to accept Criteria 6.9 and 6.10 as is in the draft Malaysian NFSS, but would like to:

- Voice concern to FSC that many Malaysian forestry operations will not be eligible for FSC certification.
- Voice support for FSC's Policy on Conversion Working Group
- Form a **Malaysian Working Group (MWG)** to monitor, provide feedback and proactively engage with FSC's Policy on Conversion Working Group.

As part of this strategy, FSC Malaysia and the SDG engaged Grassroots Consulting to represent Malaysian stakeholders' interests in the FSC Motion 7 discussion during the FSC General Assembly in Vancouver held in October 2017. Upon reporting back to FSC Malaysia, Grassroots also recommended that a Malaysian WG be established to proactively engage with FSC's working group.

2. Objectives and Justification for MWG

The purpose of this national working group is to bring the discussion on forest conversion and compensation for past conversion in terms of a) restoration and/or conservation for environmental values, and b) restitution for socio-economic values, to an elevated level nationally and subsequently feed this information to FSC's Policy on Conversion Working Group. While the SDG's purpose is to promote FSC certification in Malaysia, the larger purpose is to bring an end to the loss of our country's forest estate and instill a new paradigm for Malaysian forestry.

Inputs from the MCRWG will be channeled to FSC's Working Group through:

- A member on the working group, and/or
- FSC's consultative forum for the policy on conversion

Mandate of the Motion 7 (GA2017)

The membership recognizes the strategic importance of addressing the issues around conversion of natural forest-related ecosystems to plantations and the need for alignment of the diverse ways in which conversion is treated in different parts of the FSC normative framework.

The membership requests that FSC puts in place a mechanism, building upon previous work, which will develop a holistic policy and appropriate treatment at Principle, Criterion and Indicator levels with guidance to national Standards Development Groups, considering compensation for past conversion, in terms of:

- a. restoration and/or conservation for environmental values; and*
- b. restitution for socio-economic values.*

Developing the FSC Policy on Conversion shall comply with the rules and regulations established in FSC-PRO-01-001 V3-1 ('Development and Revision of FSC Normative Documents').

3. Scope of the Policy on Conversion

The Policy on Conversion sets overall rules for the conversion of natural forest related ecosystems to plantations or other land uses. It aligns the diverse ways in which conversion is treated in different parts of the FSC normative framework.

Key policy areas of the Policy on Conversion:

A) HOLISTIC POLICY:

3.1 1994 cut-off date: To retain, remove or change the rules to address past conversion.

3.2 Principles for compensation on past conversion, in terms of:



- a) Restoration and/or conservation of environmental values
 - b) Restitution of socio-economic values
- 3.3 Concept of acceptable conversion as defined under current FSC rules.

B) SCOPE OF COMPENSATORY MECHANISM

3.4 Forms of compensation (for example, restoration or conservation outside the forest management unit, hierarchy or compensation measures, global fund for restoration).

C) ALIGNMENT NEEDS FOR THE FSC NORMATIVE FRAMEWORK, including:

3.5 FSC Principles & Criteria, International Generic Indicators, National Forest Stewardship Standards, Policy for Association and Controlled Wood.

4. Goals

The goal of the MCRWG is to support the M7WG in developing mechanisms to translate policy into operational practice by channeling the inputs of Malaysian stakeholders to the M7WG.

5. Activities

FSC Malaysia will initiate and lead the convening and coordination of the MCRWG from November 2018 to the estimated completion date of the FSC Policy on Conversion Working Group in May 2020.

a. Set up of the WG

A WG of 6 members will be established as requested by our SDG.

The board of FSC Malaysia will appoint WG members based on a call for candidates. Appointed WG members are expected to adhere to the rules and regulations of this Terms of Reference and are expected to volunteer sufficient time to thoroughly fulfil their duties.

WG members will sign a service and confidentiality agreement with FSC Malaysia upon confirming their participation.

The WG is accountable to FSC Malaysia. WG members are expected to consult with their colleagues/stakeholders to ensure a wide range of views are sought.



b. Working language

The working language of the WG is English. All drafts for public consultation, as well as other documents, will be in English. Documents may also be translated into other languages if requested by the WG and depending on resource availability.

c. Work plan and time commitment

The expected starting date for the working group is January 2019, with an estimated completion in May 2020.

Candidates shall be willing and able to attend in-person meetings, and join online conference calls.

In addition to 2-3 in-person meetings, the WG will conduct much of its work via e-mail or similar means of electronic communications. (e.g. Go-to Meeting conference), and through one-on-one calls with the coordinator, if required.

d. Building upon previous work, the WG members shall:

- Work together throughout the process, discussing and interacting with each other as a group;
- Develop a Malaysian case study on operational practicality of implementing compensation in terms of:
 - i. Restoration and/or conservation for environmental values; and
 - ii. Restitution for socio-economic values.
- Provide input to the development or revision of the normative document in accordance with its Terms of Reference

6. Expenses and Remuneration

FSC is a not-for-profit membership organization with limited funding. Participation in the WG takes place on a voluntary, non-paid basis. FSC Malaysia will cover reasonable travel and accommodation expenses related to the work plan upon submission of the respective invoices and receipts, and if expenses are agreed upon in advance.

7. Operating Rules

In order for the WG to meet and deliberate, there must be quorum (see Glossary).

All six WG members must participate in each point of decision-making. If any of the member(s) is not present for a decision, then a provisional decision may be made, subject to participation by the absent member(s). Quorum is required for any provisional decisions.

The WG members shall strive and make every effort possible to take decisions by consensus (see Glossary), which may be based on voting if full consensus cannot be reached. In voting based consensus, quorum is required and at least 4 votes in favor, including at least one supportive vote per chamber.

If full consensus cannot be achieved, outstanding concerns shall be documented and presented to the FSC Malaysia Board of Directors in the final report that accompanies the document presented for decision.

The Coordinator, Steering Committee members, facilitator, drafter and any other supportive personnel shall not participate in any decision-making.

8. Set up of project

FSC Malaysia will be responsible for the overall commissioning and coordination of the working group. An external facilitator may be engaged to coordinate and document MCRWG meetings.

Working group members must be Malaysian stakeholders. FSC membership is not required to be a working group member.

A member of the WG will be elected as the chairperson to act as a contact point. The chairperson will bring together the shared concerns, suggestions and recommendations of the WG members and share them with the other actors involved in the project.

The steering committee will include the chairperson of FSC Malaysia, the chairperson of the WG and a technical person. The steering committee will provide oversight on all phases of the WG process. The steering committee will also ensure that the process complies with the terms of reference, the work plan, documented procedures, agreed budgets and estimated timelines.



Both the chairperson of the WG and the technical person must be FSC members.

9. Confidentiality and conflict of interest

WG members shall sign a confidentiality and non-disclosure agreement with FSC Malaysia at the beginning of their work. Per default, non-attributable content of discussions and papers prepared by or presented to the WG is not considered confidential, unless otherwise specified.

The WG operates according to Chatham House Rules (see Glossary). So, while members of the WG have full authority to share the non-confidential substance of discussions and papers, they shall not report or attribute neither the comments of individuals nor their affiliations outside of meetings, whether conducted face to face or virtual.

Members are expected to declare any conflicts of interest, where they arise. This will cause the person(s) to be excused from the discussion and to abstain from participating in decision-making.



Annex 1: Glossary

For the purpose of this document, the terms and definitions given in *FSC-STD-01-002 FSC Glossary of Terms*, and the following apply:

Chatham House Rule: "When a meeting, or part thereof, is held under the Chatham House Rule, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed". The Chatham House Rule has the aim to encourage openness and the sharing of information at meetings.

Consensus: general agreement, characterized by the absence of sustained opposition to substantial issues by any important part of the concerned interests. Reflecting FSC AC statutes, consensus may be voting based (as in FSC General Assemblies). In such case, a quorum is required for decision making and at least four out of six working group members have to be supportive for the proposal.

NOTE: Consensus should be the result of a process seeking to take into account the views of interested parties, particularly those directly affected, and to reconcile and conflicting arguments. It need not imply unanimity (adapted from ISO/IEC Guide 2:2004)

Policy: a documented principle. The objective of every FSC Policy shall be to further the mission of FSC in line with the aims and aspirations of its members, and taking equal account of the concerns and interests of the three FSC chambers, and its 'northern' and 'southern' membership.

Quorum: In order for the WG to meet and deliberate, there must be quorum, defined as the presence of at least 4 WG members including one representative of each chamber.