

## 'RESPONSE TO NOTICE OF OBJECTION'

Response of the Timber Procurement Assessment Committee (TPAC) to the Notice of objection which was filed by Greenpeace et. al. against TPAC's final judgement of the Malaysian Timber Certification System (MTCS)

22 October 2010

### **INTRODUCTION**

- On 9 April 2010 the Timber Procurement Assessment Committee (TPAC) –
  hereinafter referred to as 'the Committee' received a notice of objection to its
  Final Judgement on the Malaysian Timber Certification Scheme (MTCS). The
  notice of objection was filed by Mr A.H.J. van den Biesen, an attorney of
  Amsterdam, on behalf of the following five Dutch civil society organisations:
  Stichting Greenpeace, Stichting Nederlands Centrum voor Inheemse Volken
  (Netherlands Centre for Indigenous Peoples, NCIV), ICCO (the Dutch Interchurch
  Organisation for Development Cooperation), Vereniging Milieudefensie (Friends of
  the Earth Netherlands), and Wereld Natuur Fonds (WWF Netherlands),
  hereinafter referred to as the 'Objectors'.
- 2. The Committee's User Manual offers **stakeholders** the opportunity to file an objection to a final judgement of the Committee. The Committee acknowledges that the five Objectors are all stakeholders in this procedure.
- 3. The Committee's **'Final Judgement'** on the MTCS, made public on 3 March 2010, was that the MTCS conforms to the Dutch Procurement Criteria. The MTCS achieved a score of 2 (the highest score) for thirteen principles; a score of 1<sup>1</sup> for three principles; and the Committee judged one Principle to be 'not-relevant'<sup>2</sup>.
- 4. The Committee was set up in 2007 at the request of the Minister of Housing, Spatial Planning and the Environment (VROM).<sup>3</sup> 'The Committee' is one of the five Committee of Experts of the independent foundation SMK (Stichting Milieukeur). It is the Committee's task to assess whether certification systems for timber meet the Dutch Procurement Criteria for Timber in the context of the Dutch

<sup>&</sup>lt;sup>1</sup> SFM Principle 2 – Interests of Stakeholders; SFM Principle 4 – Biodiversity and CoC Principle 3 – Logo and Labels.

<sup>&</sup>lt;sup>2</sup> SFM Principle 9 – Group certification

<sup>&</sup>lt;sup>3</sup> Letter from the Ministry of Housing, Spatial Planning and the Environment to SMK

<sup>&</sup>quot;Sustainable Forestry Assessment Committee", 1 November 2007.



- Government's Sustainable Procurement Policy. The Procurement Criteria were adopted by the Minister in June 2008 after consulting the Dutch stakeholders.
- 5. The Committee expresses its appreciation for the time and energy devoted by MTCC to the assessment of the MTCS certification system and the ensuing objection procedure and thanks MTCC for the information it has provided. The Committee also expresses its appreciation for the efforts made by the Objectors to substantiate their objections, as evident from by the extensive annexes to their notice of objection.
- 6. The assessment of the Committee is limited to those MTCS standards that are endorsed by **PEFC International**. This implies that the judgement of the Committee only pertains to timber products that are coming from forests that are certified against the MTCS MC&I(2002) and are eligible to carry the PEFC logo.

#### **OVERVIEW**

- 7. The notice of objection comprises 32 paragraphs. To substantiate their arguments, the Objectors included the following five **annexes** to their notice of objection:
  - i. 'Rubbery certification', including the annex 'Cases by state';
  - ii. 'The views and experience of indigenous communities with the MTCS';
  - iii. A response to TPAC's assessment at the level of the individual criteria;
  - iv. 'WWF Statement', 30 January 2002;
  - v. 'WWF letter', 13 August 2009.
- 8. In this 'Response to Notice of Objection' the Committee responds to each of the objections raised in the notice of objection. Where appropriate, the Committee has included a reference to the relevant paragraph of the notice of objection, for example (NoO#8).
- 9. On the basis of the information furnished by the two parties in the objection procedure, the Committee has revised the **Assessment Matrix** of the MTCS. This revised matrix is attached as an annex to this 'Response to Notice of Objection'. The following criteria have been given a different score compared to the Final Judgement of March 2010: 2.1; 2.3; 2.4; 4.1 and 8.4 on Sustainable Forest Management (SFM) and 3.1 and 3.2 of the Development, Application and Management of certification systems (DAM). For a number of other criteria the explanatory note of the Committee included in the matrix has been revised or elaborated.
- 10. Some of the **system documents** which are referred to in the Assessment Matrix of March have been revised recently. The references in the matrix have been



adjusted accordingly. These adjustments have not led to changes in the scores of individual criteria.

# RESPONSE TO THE OBJECTORS' GENERAL AND SUBSTANTIVE CONSIDERATIONS

- 11. The Committee acknowledges that **tropical forests** are shrinking worldwide and that this has major consequences for the ecological, social and economic aspects of sustainable forestry. (NoO#6)
- 12. The Objectors argue that the Committee should apply the **reverse burden of proof** principle by requiring the MTCS to prove that any objections raised by the
  Objectors are unfounded. The Committee rejects this reversal of the burden of
  proof. The Committee emphasises that the Objectors have raised objections to
  the <u>Final Judgement of the Committee</u>, and that it is therefore up to the
  Committee, not the certification system, to reply to any objections to that
  judgement and to the Objectors to substantiate their claims. In this process, the
  Committee informs MTCC and may call upon the system for further clarification.
  (NoO#7)
- 13. The Objectors claim that the Committee has examined MTCS's **independence from the Malaysian government** insufficiently and should therefore, in the
  absence of a properly documented and substantiated positive assessment on this
  point, not have reached a positive decision on the MTCS. The Committee stresses
  the point that the Dutch Procurement Criteria, drawn up in consultation with the
  Dutch stakeholders and adopted by the Minister of Housing, Spatial Planning and
  the Environment, do not require a certification system to be independent of the
  government in question. The Dutch Procurement Criteria do require a system to
  have its own legal status; the MTCS meets this requirement. (NoO#8)
- 14. The Committee will now address each of the individual arguments with respect to the MTCS's (lack of) independence as presented in paragraph 8 of the notice of objection.
  - i. Surreptitious adjustments to the scope of the public standard and surreptitious reversal of public system procedures. The Committee informs the Objectors that according to its information the Interim Guidance Interpretation C6.10 of the MC&I(2002) of April 2010 was not issued surreptitiously. MTCC organised two meetings in September 2009 that were attended by various parties, including WWF Malaysia and the Malaysian Nature Society (MNS). The aim of these meetings was to provide greater clarity on the interpretation of C6.10 for the period prior to completion of the review of the MC&I (2002). On the basis of the feedback



received at the meetings an interim guidance document was produced which was circulated to the participants along with the minutes of those meetings. The *Guidance* was also published on the MTCS website. Although it is therefore clear that there was nothing surreptitious about the issuance of the *Guidance*, the Committee does take the view that the MTCS should have a protocol for the production of this type of guidelines.

ii. Poor public support.

The Committee is of the opinion that public support for the MTCS leaves something to be desired. Especially the lack of representation of a number of important grassroots Orang Asli organisations such as JOAS is regarded by the Committee as a serious drawback. At the same time, the Committee considers it appropriate to mention that MTCC has tried on more than one occasion to win broader public support for its activities by repeatedly inviting the participation of civil society organisations, for example with respect to the review of the MC&I (2002). Many of the Orang Asli organisations decided not to accept those invitations, but BRIMAS, IDEAL and SADIA did participate in a recent regional consultation for Sarawak. The Committee must also note that the level of support among environmental organisations for the MTCS is much broader than the Objectors suggest: both WWF Malaysia and the Malaysian Nature Society (MNS) are represented on the MTCS Standards Review Committee.

iii. Unreliable certification results.

The Objectors are of the opinion that the following matters - mentioned in chapter 3 and 4 of Annex I 'Rubbery certification' - decrease the reliability of MTCS certification results:

- 1. Rubberwood statements made by MTCC;
- 2. Strong involvement of the federal government;
- 3. Limited and instable NGO involvement;
- 4. Too large size of FMUs;
- 5. MTCC instructions on how to interpret C6.10 on conversion.
- Ad 1) Based on the exchange the Committee has had with MTCC, the Committee trusts that further confusing statements on rubberwood will not be made by MTCC.
- Ad 2) See paragraph 13.
- Ad 3) See paragraph 14ii.
- Ad 4) The Committee is of the opinion that the size of FMUs in itself is no reason to doubt certification results.
- Ad 5) See paragraph 14i.
- 15. The Objectors claim that the Committee's Final Judgement of 3 March 2010 takes insufficient account of the **Malaysian National Forestry Act** 1984. In response, the Committee emphasises that its primary task is to assess certification systems; the assessment of the conformity of certification systems with the legislative and regulatory framework is not a component of this primary task.



Nonetheless, the relevant part of the Forestry Act has been examined by the Committee (see paragraph 16). Specific elements of the Malaysian National Forestry Act 1984 will be discussed later in this document. (NoO#9)

- 16. The Objectors argue that the Committee has failed to conduct an inquiry into MTCS's practices locally, in the Malaysian forests. There are several grounds for not performing **field research**. Firstly, the Committee assesses third party certification systems; the Dutch Timber Procurement Assessment System (TPAS) is not a certification system in itself. Third party certification implies that an independent certification body carries out audits based on the principles and criteria of a certification system. The certification body decides whether or not to issue a certificate and is in turn, audited by an independent accreditation body. Third party certification inherently gives assurance that forest management meets the principles and criteria of a certification system. There is no specific reason to assume that this is not the case in Malaysia. Secondly, the Committee has developed other means to gather information on the functioning of a certification system in practice. An on-line stakeholder forum provides stakeholders with the opportunity to share their knowledge on, and experiences with, a certification system with the Committee. Another way to gather field information is to study audit reports. Based on these considerations the Ministry of Housing, Spatial Planning and the Environment provides no funding for field studies by the Committee. (NoO#10)
- 17. The Committee is aware that several **civil society organisations** have withdrawn their support for the MTCS in the course of time. That is why the Committee has made inquiries to learn the reason why those organisations have withdrawn their support. For the views expressed by the Orang Asli organisations, the Committee refers to paragraph 26 through 28 of this 'Response to Notice of Objection'. (NoO#11)
- 18. The Objectors claim that the Committee has disregarded the reports by the Malaysian **Auditor General** in its assessment of the MTCS. According to the Objectors these reports show that:
  - the gazettement of areas by the government is lagging behind earlier commitments;
  - ii. the degazettement of protection forest is insufficiently compensated by the government;
  - iii. there is cause for concern about the conversion of forest into plantations;
  - iv. many plantation projects are developed without Environmental Impact Assessments (EIAs);
  - v. forest managers respond inadequately to illegal deforestation.

    The Objectors are of the opinion that these aspects should have prompted the Committee to arrive at a negative Final Judgement on the MTCS. The Committee thanks the Objectors for this information. The Committee does however point out



that the investigations by the Auditor General of Malaysia were not focussed on compliance with MTCS criteria. (NoO#14)

- 19. The Committee notes that two aspects mentioned by the Auditor General affect on the compliance of the MTCS with the Dutch Procurement Criteria: the environmental impact assessments and the gazettement of protection forest. Based on the recent MTCS audit reports the Committee observes that environmental impact assessments are primarily performed by MTCS certified forest managers within the framework of a formal EIA at state/FMU level. Only in exceptional cases an EIA is performed on landscape level. It is unlikely that such an EIA is sufficiently detailed to provide the necessary and required information to be able to protect objects of high ecological value as is required by the Dutch Procurement Criteria. A second observation concerns the fact that objects of high ecological value and representative areas of forest ecosystems are protected in MTCS certified FMUs primarily through gazettement of PRF area as 'protection forests' such as 'virgin jungle reserves' and 'water catchment forests'. As the Auditor General has concluded that the gazettement of protection forests is (seriously) lagging behind in at least five MTCS states: Perak, Terengganu, Kedah, Negeri Sembilan and Johor it is uncertain whether a sufficient basis for the required protection is available. Based on this information the Committee concludes that TPAS criterion 4.1 is partially addressed.
- 20. The Objectors pay considerable attention to the issue of conversion. The MTCS Criterion 6.10 defines three exceptions which together render conversion possible. Conversion is accepted if it:
  - a. entails a very limited portion of the forest management unit; and
  - b. does not occur on high conservation value forest areas; and
  - c. will enable clear, substantial, additional, secure, long-term conservation benefits across the forest management unit.

Exception a) is annulled through guideline MC&I 2/2002 for certification bodies, which prescribes that FMUs shall at present not be assessed for compliance with 6.10 a). This guideline is valid until the revision of the MTCS standard has been concluded. Exception c) is weakened through the indicators 6.10.1 and 6.10.2 which do not mention 'conservation' in relation to benefits. This information was available to the Committee previous to its Final Judgement in March.

21. During the objection procedure it was clarified by MTCC that the annulment of 6.10 a) not only pertains to **conversion** which has already taken place within the FMU at the time of the audit, but also to conversion which is being *planned*. The Committee regrets that an overview of the planned conversion within certified FMUs has not been made available. The Committee therefore cannot exclude the possibility that this planned conversion is extensive, thus further underlining the conclusion made earlier by the Committee that the MTCS-certified forest areas are not secured against conversion.



- 22. This conversion is imposed by the **state governments** (the State Executive Councils, or 'State Excos'). For this reason, the Committee took the view along with MTCC that neither the certified forest manager nor the certification system could be blamed for this.
- 23. The Objectors do not accept this line of reasoning because as they contend—the National Forestry Act 1984 permits the **delegation of decision-making** powers from the State Exco to the Director of Forestry, i.e., the forest manager. What is more, the Objectors argue that the Director of Forestry can delegate these powers further to lower ranking officials. The Committee has studied the Forestry Act and has requested MTCC to comment on the possibility of delegating powers to lower levels. MTCC has assured the Committee that although such a delegation of powers is formally permitted under the Forestry Act, no such powers have in fact ever been delegated where it concerns conversion. The Committee has no reason to doubt this explanation. The reference by the Objectors to Article 5 of the State Ordinance of the State of Kelantan does not detract from this, as this Article provides that the Director of Forestry must ensure after the approval of a conversion project that the commercially exploitable timber is harvested before the area is transferred for the development of a project. (NoO#12)
- 24. The view that the certified forest manager and the certification system cannot be held accountable for conversion therefore still stands. However, this leaves unhindered that **conversion** of certified forest is in itself undesirable. MTCC shares this view with the Committee, as became clear during the hearing that was organised by the Committee at 14 September last. During this hearing MTCC indicated that for the new MC&I a cap for conversion is envisaged for all conversion taking place within certified forest, independent of the actor that has made the decision for conversion. If the conversion exceeds the cap, the certificate for the FMU is in principle withdrawn. TPAC welcomes the envisaged cap as well as the consequence if the cap is exceeded. This will truly provide certainty to procurement officers and consumers that sustainable timber is coming from sustainable forests. Taking the above reasoning into account, the Committee argues that for a cap to be both practical and meaningful, two things are needed: (1) a redefinition of the boundaries of the FMUs, leaving out effectuated and planned conversion; and (2) consequently a low percentage cap for conversion as both the effectuated and planned conversion have been excluded from the FMUs.
- 25. On the basis of the findings outlined in paragraph 19 through 24, the Committee concludes that **Principle 4** (Biodiversity) of the Dutch Procurement Criteria is inadequately addressed by the MTCS.



- 26. Prior to its Final Judgement on the MTCS of 3 March 2010, the Committee received contradictory information concerning the extent to which rights of indigenous peoples are recognised and respected in MTCS-certified forests. On the one hand, the MTCS standard contains a number of stringent criteria relating to the rights of Malaysia's indigenous peoples, the Orang Asli. On the other hand, the key organisations representing the interests of the Orang Asli dissociated themselves from the MTCS time and again and reported rights violations in MTCS-certified forests. On the basis of this contradictory information the Committee concluded that Principle 2 'the interests of stakeholders'- was 'partially addressed'.
- 27. The notice of objection of April 2010 sets forth objections concerning the indigenous peoples in MTCS certified forests. This prompted the Committee to also study the recent MTCS/PEFC audit reports, which were previously not available. From these reports it emerges that there is a fundamental difference in interpretation of customary rights between the Committee on the one hand and MTCS certified forest managers and certification bodies on the other. The Committee interprets customary rights as resulting from and/or based on traditional use. The forest managers and certification bodies limit the customary rights primarily to formal rights that have been granted to indigenous communities by the state. This difference in interpretation implies that rights resulting from and/or based on traditional use (RTUs) are not recognised in MTCS certified forests, but are rather considered a favour to indigenous communities. In the practice of MTCS certification this means that:
  - i. RTUs relating to 'subsistence use' are respected;
  - ii. RTUs related to 'commercial use' are in most FMUs limited through a licensing system. The necessity for a licence as well as the stipulation that the licence is valid for a maximum of one year and can be renewed for a maximum of six months at a time, can be a barrier for indigenous peoples. (It is unknown to the Committee whether the necessity to pay a royalty constitutes an additional barrier).
  - iii. RTUs relating to 'control over forest management' are considered not applicable in MTCS certified forests as indigenous communities have not been granted the formal right to control forest management activities for protection of their traditional uses in PRF. (NoO#13)
- 28. In addition, the Committee has found that forest managers do not make detailed **maps** available to the public and that several audit reports mention that the assessment of social impacts, which is important for the inventory of RTUs, was insufficient or its findings were insufficiently implemented.
- 29. On the basis of the findings outlined in paragraph 26 through 28, the Committee concludes that **Principle 2** (Interests of stakeholders) of the Dutch Procurement Criteria is inadequately addressed by the MTCS. (NoO#13)



30. In Annex I of the notice of objection, Objectors have raised concern on the sustainability of the **production capacity** of MTCS-certified forests. After hearing both objectors and MTCC, the Committee sees no cause to alter its earlier judgement. Although the Selective Management System (SMS), which is applied throughout Malaysia, may result in the degradation forest in individual cases, the system and the requirements of the MTCS offer sufficient scope for corrective measures where necessary, such as an extension of the rotation cycle if regeneration has proved to be inadequate.

### **RESPONSE TO THE OBJECTORS' PROCEDURAL CONSIDERATIONS**

- 31. The Objectors state that the assessment by the Committee has far-reaching consequences considering that not only the interests of the certification system MTCS are at issue, but also global interests (such as the environment and biodiversity) and local interests (such as the rights of the Orang Asli). They also argue that those global and local interests outweigh the interests of the system in several respects. The Committee acknowledges that various (major) interests are at stake when assessing a certification system. The Committee agrees with the Objectors that in this context global and local interests are in no way inferior to the interests of the certification system. That is the reason why it offers stakeholders the opportunity to share their knowledge of a certification system with the Committee in an on-line stakeholder forum during an indicated period of time. The Committee reports in a transparent manner how account has been taken of the information of the forum in its Final Judgement. In addition, SMK offers stakeholders the opportunity to object to the final judgement of the Committee and, if necessary, to lodge an appeal. The Committee is one of SMK's Committees of Experts; the procedures and working practices of the Committee are laid down in SMK's constitution and standing orders, including the 'Standing Orders for the Timber Procurement Assessment Committee' and the 'Complaints, Objections and Appeals Regulations'. The Committee is therefore of the opinion that in this way due and proper account is taken of the various interests affected by the assessment of a certification system. (NoO#15, #16 and #18)
- 32. The Objectors refer to the letter from **JOAS** dated 19 October 2009, in which this organisation informed the Committee in general terms about flaws and shortcomings in the functioning of the MTCS, in particular in relation to the rights of the indigenous peoples. Subsequently, they invited the Committee to do its own investigations in Malaysia on the functioning of the MTCS on this point. The Committee reiterates that the Ministry of Housing, Spatial Planning and the Environment provides no funding for field studies by the Committee. This should be kept in mind in relation to paragraph 3.7 'additional information gathering' of the User Manual (April 2009). Instead of doing field research, the Committee



- made other efforts to investigate the claims made by JOAS. It should be noted that a substantiation of the claims has not been given by JOAS or NCIV. NoO#16)
- 33. The Objectors argue that TPAC's assessment procedure does not do justice to the principle of audi alteram partem (hearing both sides of the argument) because stakeholders have not been given an opportunity to express their views on the information provided by MTCC at each stage of the assessment procedure. Although the Committee understands the Objectors' wish to be involved in all stages of the procedure, it rejects the allegation that it did not apply the above mentioned principle. And although the Committee did not receive the input from both sides at every stage of the procedure, the views of both sides were amply heard during the procedure. The Committee is of the opinion that its assessment procedure as described in paragraph 31 and in the TPAC User Manual is sufficiently balanced. It wants to add that a balanced procedure does not require that both parties are consulted in an equally frequent way. (NoO#19, #20 and #21).
- 34. The Objectors claim that the Committee has failed to gain a good understanding of 1) the legal relationships in Malaysia, 2) the actual situation in Malaysia, 3) the views of the local population, and 4) the views of civil society organisations. For point 1) the Committee refers to paragraphs 15 and 23, for point 2) it refers to paragraph 16 and 32 for points 3) and 4) it refers to paragraphs 31 through 33 of this 'Response to Notice of Objection'. (NoO#22)
- 35. The Objectors argue that the Committee's **Assessment Matrix** insufficiently substantiates the score per Principle. The Committee wants to note that it has been a deliberate choice to keep the explanatory notes in the matrix concise. Nonetheless, the Committee will take this point into account and look into the possibilities of giving more elaborate explanations in future assessment matrices (NoO#23)
- 36. Paragraph 24 of the notice of objection describes the Committee's **assessment method** as one of 'four cumulative steps'. The Committee wishes to emphasize that its scoring system does not consist of steps but of four equivalent *conditions*. (NoO#24)
- 37. The Objectors argue that the applied **assessment method**, especially concerning the weighting of individual criteria, lacks transparency. The Committee wishes to underline that the Dutch Timber Procurement Assessment System (TPAS) is not a certification system in itself; but is a so-called metasystem aiming at the assessment of a wide variety of certification systems on behalf of the Dutch Procurement Policy. This has implications for the structure of an assessment method. Starting from this, the Committee would like to clarify some elements of its assessment method. The assessment method involves an



assessment at the two levels: principles and criteria. The final judgement is first and foremost based on the scores at the level of the principles. At this level, TPAC's judgement is a mechanical process, the main rule being that a score of 0 on any of the principles leads to the final judgement "not conforming". The scoring of the individual criteria is mainly to underpin the scoring at the level of the principles and to enhance the transparency of the score of each individual principle. The different criteria residing under one principle indeed do not have the same weight in this process. The weights differ depending on a) the importance of the criteria; b) the number of criteria residing under the principle; and c) the relevance of criteria for the certification system which is being assessed (type of forest, climate, legislation). This implies that the step from the scoring of the criteria to the scoring of the principles can indeed not be mechanical.

38. The Committee finds its **assessment method** with broad principles and specific criteria very practical and with sufficient discrimination power. However, the Committee is open to investigate at a later stage whether still improvements can be made, aiming at an increase of the transparency while upholding the flexibility which is necessary for the assessment of differing certification systems.

### **CONCLUSIONS**

- 39. The Committee concludes that there is a fundamental difference in interpretation of **customary rights** between the Committee on the one hand and MTCS certified forest managers and certification bodies on the other. The Committee interprets customary rights as resulting from and/or based on traditional use. The forest managers and certification bodies limit the customary rights primarily to formal rights that have been granted to indigenous communities by the state. This difference in interpretation implies that rights resulting from and/or based on traditional use are not recognised in MTCS certified forests, and are therefore not at all times respected. This has led the Committee to conclude that Principle 2 (Interests of Stakeholders) of the Dutch Procurement Criteria is inadequately addressed by the MTCS.
- 40. Concerning Principle 4 (Biodiversity) of the Dutch Procurement Criteria, the Committee concludes that the protection of **objects of high ecological value** is not sufficiently taken care of within MTCS certified FMUs because environmental impact assessments are performed primarily on state level and because gazettement of protection forests is lagging behind in (at least) five MTCS states.
- 41. The TPAS criterion on **conversion** is inadequately addressed by the MTCS, this conclusion was already drawn by the Committee in Final Judgement of March.

  The in principle robust MTCS Criterion 6.10 is seriously weakened through its



indicators and through an annulment of 6.10 a) which states that conversion is only permitted if it entails a very limited portion of the forest management unit (FMU). During the objection procedure the Committee learned that this annulment of 6.10 a) not only pertains to conversion which has already been effectuated, but also to conversion which is *planned* within the FMU. The Committee regrets that an overview of planned conversion within MTCS certified FMUs has not been made available. The Committee therefore cannot exclude the possibility that the planned conversion is extensive. The Committee argues that MTCS certified forest would greatly benefit from a low percentage cap for conversion and a redefinition of the boundaries of the FMUs, leaving out effectuated and planned conversion. The Committee concludes that based on its findings concerning the protection of objects of high ecological value and conversion, Principle 4 (Biodiversity) of the Dutch Procurement Criteria is inadequately addressed by the MTCS.

- 42. The overall conclusion is therefore that the Malaysian certification system MTCS which is endorsed by PEFC International is 'not conforming to the Dutch Procurement Criteria'.
- 43. Notwithstanding the judgement, the Committee brings forward that the MTCS has accomplished **remarkable improvements** within its organisation and the 4 million MTCS certified forests in Malaysia. MTCS therefore meets a significant number of the Dutch criteria. The Committee is convinced that the MTCS has a vital role to play in the improvement of sustainable forestry in Malaysia.
- 44. The Committee trusts that this 'Response to the notice of objection' adequately addresses the points raised in the **notice of objection** filed by Stichting Greenpeace, Stichting Nederlands Centrum voor Inheemse Volken (Netherlands Centre for Indigenous Peoples, NCIV), ICCO (the Dutch Interchurch Organisation for Development Cooperation), Vereniging Milieudefensie (Friends of the Earth Netherlands), and Wereld Natuur Fonds (WWF Netherlands).
- 45. Under the SMK 'Complaints, Objections and Appeals Regulations' (*Reglement klacht, bezwaar en beroep*) the parties i.e., the organisation responsible for administering the certification system and the Objectors can lodge an **appeal** against the decision set out above within six weeks of the date of the decision.