

COMING TOGETHER TO CONSERVE MALAYSIA'S BIODIVERSITY

The private sector is increasingly mobilising to finance biodiversity conservation and there are certainly instances of private capital making a positive difference. Good government policies grounded in science and that respect the rights of indigenous communities, however, need to always be front and centre.

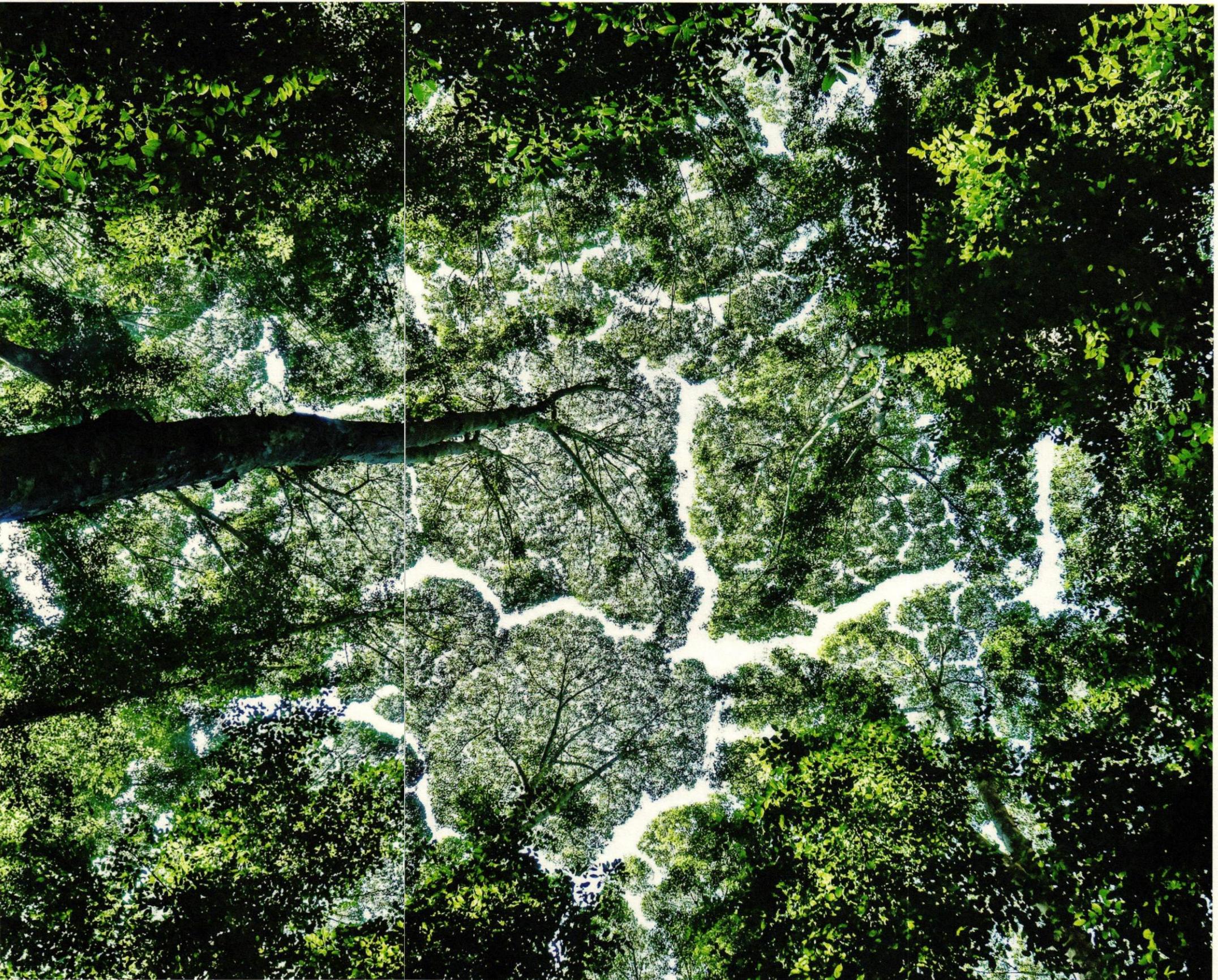
BY SREEREMA BANOO

One of 12 mega biodiverse countries in the world, Malaysia is home to an estimated 15,000 species of vascular plants, of which nearly 30% are endemic. With only 0.2% of the world's landmass, Malaysia has 306 species of mammals, 742 species of birds, 242 species of amphibians, 567 species of reptiles, more than 449 species of freshwater fish, over 500 species of marine fish and more than 150,000 species of invertebrates.

The tropical rainforests of Malaysia, having evolved over 130 million years, make up the core of biodiversity in the country. Sabah and Sarawak combined host the richest rainforests in the world with a high diversity of dipterocarps, comprising 291 species, or 75% of the family. Apart from tree species, the forests are also the habitats of the animal life found in the forests, from birds to mammals, reptiles and a myriad of insects as well as other smaller organisms.

Malaysia's forests play an important role in maintaining the ecological balance in the

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environment, helping to prevent natural disasters such as floods and landslides.

However, in the last two decades, the country has witnessed a loss in its tree cover. Citing statistics provided by Global Forest Watch, KPMG Malaysia director of sustainability advisory services Zaidatul Zurita points out that from 2001 to 2021, Malaysia lost 8.67 million hectares of tree cover, equivalent to a 29% decrease in tree cover since 2000, and 4.97Gt of CO₂e emissions.

CO₂e or carbon dioxide equivalent is a metric used to compare the emissions of various greenhouse gases on the basis of their global warming potential by converting amounts of other gases to the equivalent amount of carbon dioxide with the same global warming potential.

Deforestation and forest fragmentation (the process of breaking up continuous habitats, thus disrupting the expansive roaming areas for large mammals) as a result of the conversion of forested land to agriculture, the construction of roads and rapid urbanisation have negatively impacted Malaysia's biodiversity.

The Forest Research Institute of Malaysia's (FRIM) most recent assessments of Peninsular Malaysia's plants, compiled in the Malaysia Red List 2021, found close to 30% of the taxa assessed as being threatened. FRIM Forest Biodiversity Division director Dr Lillian Chua, who led the assessment, says that of the 1,292 taxa assessed, 77 are critically endangered and of these, 29 are endemic to Peninsular Malaysia, with 17 taxa only known from one location.

It is sobering news for the state of our wildlife too. In 2019, the Sumatran rhino became extinct following the death of its last captive individual, and where 3,000 wild tigers once roamed the country's forests in the 1950s, today fewer than 150 remain. Forest fragmentation led to 2,000 wildlife species, including Malayan tapirs, sun bears and elephants, being recorded as roadkill from 2015 to 2019.

As a signatory to the Convention on Biological Diversity (CBD), successive Malaysian governments have reiterated the importance of conserving the country's biodiversity. Following the 10th Conference of Parties in Nagoya in 2010, parties to the CBD agreed to formulate their



▲ Cho tagging his newly planted dipterocarp

respective national biodiversity strategies and action plans, aligned to the Strategic Plan for Biodiversity 2010-2020 (Global Aichi Targets). In Malaysia, this led to the formulation of the National Policy on Biological Diversity 2016-2025 – a national blueprint for biodiversity management in the country.

One of the policy targets is to increase terrestrial protected areas from 13.8% of the total land area in 2015 to 20% by 2025. And to address habitat fragmentation, the government launched national projects to establish ecological connectivity. For instance, under the Central Forest Spine (CFS) initiative in Peninsular Malaysia, 28,032.63ha of the ecological corridor have been gazetted as permanent reserve forests.

PRIVATE CAPITAL IN BIODIVERSITY CONSERVATION

In the private sector, issues related to biodiversity conservation and nature loss are gaining traction. WWF-Malaysia chairman Tan Sri Abdul Wahid Omar says that besides the push by Bank Negara Malaysia, the Securities Commission Malaysia and Bursa Malaysia for businesses to embrace sustainability, there is "encouraging chatter" from groups such as Climate Governance Malaysia (CGM) and CEO Action Network, who say company directors are

recognising that they must make judgements around the climate crisis.

"These company directors understand that these judgements will position them on the right or wrong side of climate history," he adds.

Jason Khaw Soon Hoe, a CGM council member and one of its biodiversity experts, says the organisation has thrown a spotlight on conservation projects in Malaysia through webinars and its Hornbill Award, which in 2021 focused on conservation. "We encourage companies to recognise and understand how the natural world and natural resources directly and indirectly affect their business operations and the activities that their businesses depend on."

"Businesses can no longer operate in isolation and pass on the responsibility of care to other stakeholders in the value chain, including regulators, suppliers and customers. Companies will have to understand that forests are complex ecosystems that support life on earth, including that of humans."

Over the years, one of the most ubiquitous expressions of interest towards the environment has been tree-planting initiatives – a familiar feature of many corporate social responsibility (CSR) programmes.

In Malaysia, the 100 Million Trees Planting Campaign (2021-2025) was launched to support the country's green agenda. Tax deductions – 7% for individuals and 10% of the total annual aggregate income for companies – are available for those who contribute to the campaign.

Increasingly, private sector contributions to environmental conservation, biodiversity protection and sustainability efforts have moved beyond CSR activities to longer-term conservation programmes.

For FRIM, which collaborates with the private sector in biodiversity and forest conservation, this is a positive move. Its forestry biotechnology division director Dr Mohd Zaki Abdullah says a few financial institutions have approached FRIM to collaborate on longer-term CSR projects. This would entail sponsorship for reforestation and rehabilitation of forests.

"FRIM will provide the space and the seedlings, and prepare the data, and these sponsorship projects can take place within existing research stations such as in Bidor, Perak and Setiu, Terengganu, which are more problematic," he adds. FRIM Research Station Bidor is the world's only Tin Tailings Afforestation Centre (see story on page 64) while in Setiu, FRIM's

research encompasses the reforestation of fast-growing species on sandy or BRIS (Beach Ridges Interspersed with Swales) soils.

With the Tropical Rainforest Conservation & Research Centre (TRCRC), Zurich Malaysia is providing a RM2.4 million grant to establish two 1.5ha Tropical Rainforest Living Collection (TRLC) parcels in Merisuli, in Lahad Datu, Sabah. The TRLC at Merisuli is a conservation site established in 2014 by TRCRC through a collaboration with the Sabah Forestry Department, covering 224ha within the Ulu Segama-Malua Sustainable Forest Management Project. Zurich Malaysia's grant over three years will be used to reforest, conserve and maintain the site where the TRCRC team is working, says country head Junior Cho.

"The Living Collection plots enable the team to focus on ERT (endangered, rare and threatened) dipterocarp tree species, whereby the seeds from mother trees are collected from various areas, then germinated and planted in these plots. Our collaboration with TRCRC isn't just the sponsoring of tree planting programmes ... it is to support the conservation efforts to save ERT species like dipterocarps from extinction, which are the backbone of our local tropical rainforest ecosystem, supporting a myriad of life forms," he adds, pointing that such initiatives also enable sustainable livelihoods for the local communities.

Zurich Malaysia's collaboration in Merisuli was inspired by Zurich Group's collaboration with Instituto Terra to plant a million trees in Brazil's Atlantic Forest. "With most of the land now designated as one of Brazil's private natural heritage reserves, native animals are returning. The area is home to 172 bird species, of which six are endangered, and 33 mammals, with seven at risk of extinction.

"These include jaguars, which were in danger of dying out due to the destruction of their habitat. Locally, in Malaysia, the TRCRC team recently observed an increase in the presence of wildlife, including herds of pygmy elephants, which had not visited the Merisuli site for years," says Cho.

A MEANINGFUL RESPONSE AND NOT JUST GREENWASHING

When it comes to environmental sustainability, Abdul Wahid says it is about the transformation

of business models, markets and, ultimately, the global economy.

"We need a new economic and financial architecture, which means changing the 'rules of the game' so that we move away from a global economy based on the pursuit of indefinite production and consumption responsible for climate and ecosystem breakdown. Nature's services must be properly valued and environmental externalities properly disclosed, priced and built into financial markets," he adds, noting that net zero commitments from Corporate Malaysia is encouraging.

"Plantation and timber companies, for example, can also deliver on commitments by protecting nature and natural systems in the landscapes and jurisdictions in which they operate or from which they source commodities like timber or palm oil, by using tools and approaches such as the Accountability Framework and by investing in nature-based solutions to minimise environmental impacts, stop land conversion and deforestation, and increase supply chain resilience."

Sime Darby Plantation Bhd, for example, has a goal of achieving net zero emissions across its entire value chain by 2050. Chief sustainability officer Rashyd Redza Anwarudin points out that the journey began back in 2014 with the

commitment to no deforestation, "which then culminated in us taking a leadership role to drive deforestation out of our supply chain in 2019".

KPMG's Zaidatul says that when developing nature-based solutions, consideration must be given not only to tree-planting but also to the ecosystem in its entirety and how it can benefit from such schemes. "Besides, it is not a given that everything planted becomes a nature-based solution that contributes to biodiversity — for example, planting trees that are not from the region and are toxic to local animals would not generate biodiversity benefits," she points out.

This is especially true for reforestation and afforestation schemes where the wrong species is selected, as is the case with the eucalyptus, which is one of the most widely cultivated forest trees in the world.

In Kenya, for example, concerns were raised about the high water consumption of eucalyptus trees, which in 2009 led the country's environment minister to order the uprooting of eucalyptus trees from wetlands and ban their planting along rivers and watersheds.

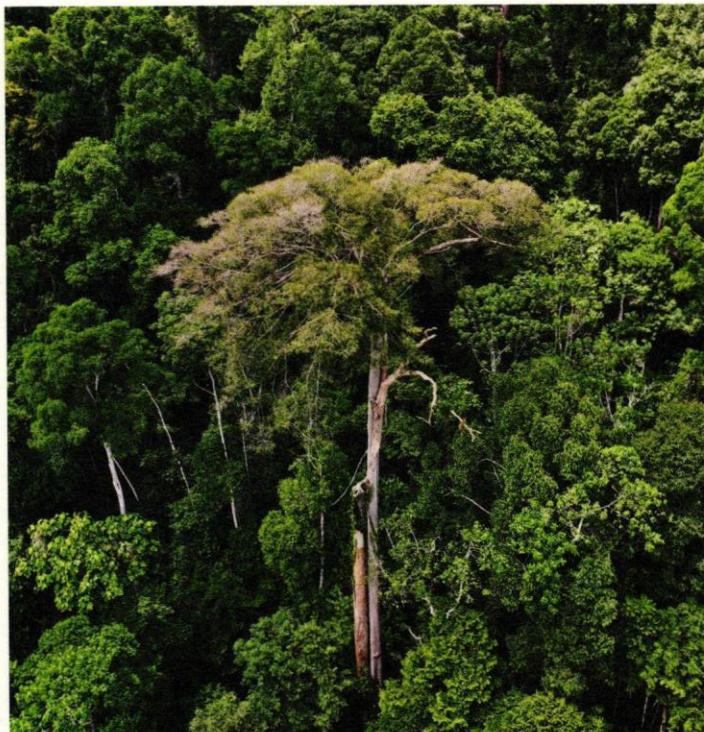
Having collaborated with the private sector on many biodiversity conservation projects, FRIM's Chua says, "meaningful conservation is not about reaching KPIs (key performance indicators)". For instance, on the topic of restoration of isolated forest fragments, it is more than just a conversation about the number of trees to be planted, which she acknowledges is the way it is going, but rather about extending the areas already restored to ensure that plants already planted survive.

Sahabat Alam Malaysia (SAM) president Meenakshi Raman says companies embarking on sustainability initiatives related to conservation must ensure they are able to fully understand the implications of the relevant existing policies and laws, including their weaknesses, in respect of the protection of land, forests, the environment and community rights. It is difficult for an effective initiative or policy to be developed without a full understanding of such facts.

"Their climate solutions must be real solutions that are grounded in real science and respect for indigenous community rights. If a company pays someone else to do conservation in another area while continuing business as usual or even expanding their business, this is regarded as greenwashing," she says.

With ESG and terms like sustainable finance fast dominating the sustainability discourse,

▼ One of the HCV areas within Jawala's licensed concession in Sabah



JAWALA



Meenakshi is wary of these being another form of greenwashing. "One critical question that we find ourselves asking is: to what extent will the ESG criteria be effective in helping financial institutions scrutinise destructive projects such as mega reclamation projects that will destroy the pristine ecosystem and affect the people, especially the local fisherfolk?"

"The damage once done can never be mitigated and will have a residual impact on the ecosystem. We are wary that this kind of destructive project, once approved by the state government, can be easily rebranded into an ESG-aligned investment by just incorporating some ESG elements into the project design. This will not only defeat the purpose of ESG but will also risk ESG bringing more greenwashing and harm than good," she says.

PEOPLE MATTER IN THE BIODIVERSITY CONVERSATION

Abdul Wahid says the means and opportunities

▲ Zurich Group is working with Instituto Terra to reforest Brazil's Atlantic Forest

for businesses to both understand their relationship with and invest in nature are growing rapidly. "Emerging tools and approaches, like science-based targets for nature under development by the Science-Based Targets Network (SBTN) and the Taskforce on Nature-related Financial Disclosures (TNFD) framework, enable companies and financial institutions to get to grips with nature and ensure their business models and investments become nature-positive."

So, all policymakers, businesses, brands and individuals across the world need to get behind efforts to reverse nature loss. "Whether it be tree-planting or sponsorship to create forest corridors, all these efforts should be commended. They are a good start to a company's sustainability journey," he says.

"As for land licensed out for palm oil development, plantation operators should strive to identify and manage high conservation value (HCV) areas. These areas should be reported as

the private sector's contribution to conservation. The absence of private sector accountability to national reporting could be one reason why there is little desire by private companies to take up the additional requirements unless there is a mandate for them to do so."

SAM points out that while the setting aside of no planting zones in riparian and HCV areas is a standard process of law, it is also the responsibility of private corporations to not conduct their land development operations in any forested and environmentally sensitive areas.

Meenakshi says companies should not be involved in deforestation or activities that destroy ecosystems, regardless of the legal status of the areas concerned and whether they are fully protected areas.

More also needs to be done to strengthen the rights of indigenous peoples and engage them in conservation work. Meenakshi points out that the conservation of forest and biodiversity resources in Malaysia is not well integrated with the protection of local and indigenous customary land rights.

"Despite constitutional provisions that protect the people's right to life and property as well as favourable landmark judicial decisions, statutes on land, forests, natural resources and indigenous peoples in Peninsular Malaysia, Sabah and Sarawak do not have adequate provisions to ensure that the indigenous customary land rights are fully respected by state governments. None of the laws in the country, in fact, have any provisions on the free, prior and informed consent of indigenous peoples on matters that affect them," she says.

THE WAY FORWARD

Chua believes that meaningful conservation needs to support the local communities who are dependent on the forests, such as ensuring livelihoods based on sustainable harvesting of resources (for instance, handicrafts). "They can also be employed to assist the authorities, whether it is the state park, forestry department or the wildlife department in jobs that deal with patrolling, removing of snares and the restoration of areas known to be wildlife corridors," she says.



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MEENAKSHI



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CHUA

Partnerships with international organisations can lead to successful conservation outcomes. Zaidatul cites the Kulen Reforestation Project in Cambodia, a partnership between the Cambodian government and the UN Environment Programme, with funding from the Adaptation Fund. "Over the years, Kulen Forest has suffered from illegal logging that caused vast areas to be laid bare. The tree covers disappeared, and along with it, rain," she says.

The project has helped the community of about 300 people grow 100,000 seedlings, supported patrol groups in the planting of more than 250,000 trees and protected the forest's

remaining 306ha from illegal loggers. "In five years, the area saw the return of rain and reached a climate balance — a result that astonished even scientists and researchers."

Meenakshi says that with the federal government looking to diversify its conservation funding sources and incentivise state governments to protect forests and respect safeguards, including community rights to lands and natural resources, access to international climate funds is key.

Currently, matters related to land and forests are under the jurisdiction of state governments. Thus, resources from land and forests, such as timber and minerals, have become lucrative sources of revenue to states. "As a result, there is no real and adequate financial incentive for state governments to protect their forests. States also grapple with the cost of managing protected forests and other biodiversity resources," she points out.

At the national level, she recommends the strengthening of national capacities to draw up good funding proposals, provide access to climate funds and expedite efforts to gain direct access to international climate funds.

Although the private sector is increasingly visible in the funding and sponsoring of conservation projects, it is just as important for organisations to help with existing initiatives, says Zaidatul. "Most conservation efforts, especially in Malaysia, are privately driven by NGOs and corporations, who may generally lack funding, particularly during the initial stages."

So, support is needed, not just monetary but also support to ensure the areas remain green areas, she adds. ♡