

SABAH CLIMATE CHANGE AND CARBON GOVERNANCE ENACTMENT 2025

ARRANGEMENT OF SECTIONS

PART I

PRELIMINARY

Section

1. Short title and commencement
2. Interpretation
3. Compliance with other laws

PART II

ESTABLISHMENT OF SABAH CLIMATE CHANGE ACTION COUNCIL

4. Sabah Climate Change Action Council
5. Secretary
6. Functions and powers of the Council
7. Duration of office and eligibility for reappointment
8. Disqualification from membership
9. Calling of meeting, quorum, voting, procedure and minutes
10. Presiding at meetings of Council
11. Council may establish committee
12. Disclosure of interest
13. Council may appoint advisors
14. Power of Council to delegate

PART III

ESTABLISHMENT OF CLIMATE REGISTRY AND INVENTORY CENTRE

15. Director
16. Functions and powers of the Director
17. Power of Director to delegate
18. Sabah Climate Register
19. Sabah Climate Inventory
20. Access to Register or Inventory

PART IV
ESTABLISHMENT OF SABAH CLIMATE FUND

Section

21. Sabah Climate Fund

PART V
ENGAGEMENT WITH NATIVE COMMUNITY

22. Engagement with native community in carbon activities

PART VI
REQUIREMENT TO CARRY OUT CARBON ACTIVITY

23. Carbon rights in Sabah
24. Application for a permit
25. Requirement for a certificate of registration of carbon rights
26. Application for certificate of registration of carbon rights
27. Rights conferred under registered certificate of registration of carbon rights
28. Voluntary cancellation of certificate of registration of carbon rights
29. Cancellation of certificate of registration of carbon rights
30. Transfer of certificate of registration of carbon rights

PART VII
CARBON CREDITS

31. Generating carbon credit
32. Dealings of carbon credit
33. Levies on carbon credit
34. Annual royalty on carbon credit

PART VIII
REPORT OF GREENHOUSE GAS EMISSIONS

35. Preparation of carbon budget
36. Alteration of carbon budget

Section

37. Obligations to report level of greenhouse gas emissions
38. Requirement for greenhouse gas emission reduction
39. Director may require additional information
40. Preparation of an adaptation and mitigation plan

PART IX
ENFORCEMENT

41. Authorized officers
42. Authority card
43. Power of investigation
44. Power to enter premises and inspect, *etc.*, documents, record, *etc.*
45. Search and seizure with warrant
46. Search and seizure without warrant
47. Forfeiture or release of document, record, *etc.*, seized
48. Cost of holding any document, record, *etc.*, seized
49. No cost or damages arising from seizure to be recoverable
50. Power to require attendance of person acquainted with case
51. Access to recorded information or computerized data, *etc.*
52. Obstruction
53. Authorized officer may seek assistance

PART X
GENERAL

54. Publication of report
55. Directions of the Minister
56. Power to issue directives, guidelines, *etc.*
57. Appeal to the Minister
58. General penalty
59. Protection against suits and legal proceedings
60. Prosecution
61. Offences committed by body corporate
62. Giving or making false information or statement
63. Compounding of offences

Section

- 64. Power to exempt
- 65. Power to make regulations
- 66. Transitional

Sabah Lawnet

STATE OF SABAH

I assent,

TUN DATUK SERI PANGLIMA (DR.) MUSA
BIN HAJI AMAN,
Yang di-Pertua Negeri.

31 JULY, 2025.

No. 8 of 2025

An Enactment to provide for the establishment of the Sabah Climate Change Action Council and the Climate Registry and Inventory Centre, and for matters relating to climate change, including the preparation of adaptation and mitigation plans, the regulation of carbon activities and greenhouse gas emissions reporting, the vesting of carbon rights in the Government, the governance of carbon activities and carbon rights, and for matters connected therewith.

WHEREAS environment is not listed under any of the legislative lists in the Ninth Schedule of the Federal Constitution and therefore is a residual matter by virtue of Article 77 thereof;

AND WHEREAS land, forests and water are subject matters under List II (State List) in the Ninth Schedule of the Federal Constitution;

NOW THEREFORE, IT IS ENACTED by the Legislature of the State of Sabah as follows:

PART I

PRELIMINARY

Short title and commencement

1. (1) This Enactment may be cited as the Sabah Climate Change and Carbon Governance Enactment 2025.

(2) This Enactment comes into operation on a date to be appointed by the Minister by notification in the Gazette. [*Not yet in force*]

Interpretation

2. In this Enactment, unless the context otherwise requires —

“adaptation and mitigation plan” means a plan prepared under section 40;

“approved standards” means any standard used in carbon activity or greenhouse gas emission reporting as may be approved by the Minister;

“budget period” means the period specified in a carbon budget;

“carbon activity” means any activity, project or group of activities that results in the reduction or removal of greenhouse gas emissions which is verified in accordance with an approved standard;

“carbon budget” means the carbon budget prepared by the Council under section 35;

“carbon credit” means a tradeable instrument, that results from a carbon activity, which is issued by a government or an independent certification body;

“carbon rights” means the legal right to the quantified reduction, removal, sequestration or storage of greenhouse gas emissions derived from carbon activities within Sabah, as recognised or registered under this Enactment;

“carbon sinks” means any natural or artificial reservoir that absorbs or removes greenhouse gases from the atmosphere, and in its natural form, carbon sinks are made up of the oceans, wetlands, forests, rocks and soil;

“carbon stock” means the quantity of carbon stored in biomass, soil, dead organic matter or other carbon sinks at a given time;

“Centre” means the Climate Registry and Inventory Centre established under section 15;

“Council” means the Sabah Climate Change Action Council established under section 4;

“Director” means the Director of the Climate Registry and Inventory Centre;

“feasibility study” means any study to determine the viability or potential of carrying out a carbon activity for the purposes of section 24;

“Fund” means the Sabah Climate Fund established under section 21;

“greenhouse gas” means any carbon dioxide, methane, nitrous oxide, hydrofluorocarbon, perfluorocarbon, sulphur hexafluoride and any other substance recognised as greenhouse gas by the United Nations Framework Convention on Climate Change;

“greenhouse gas emission” means the release of greenhouse gas into the atmosphere;

“Inventory” means the Sabah Climate Inventory kept and maintained under section 19;

“land” has the same meaning assigned to it under section 4 of the Land Ordinance [Cap. 68];

“Minister” means the Minister charged with the responsibility for matters relating to natural resources;

“owner” has the same meaning assigned to it under section 4 of the Land Ordinance;

“premises” includes any house, building, hut, shed, structure, platform, plant, warehouse, container, conveyance and land whether or not enclosed or built upon;

“Register” means the Sabah Climate Register kept and maintained under section 18; and

“this Enactment” includes any subsidiary legislation made under this Enactment.

Compliance with other laws

3. This Enactment shall not exempt any person from the obligation to comply with any other applicable laws.

PART II

ESTABLISHMENT OF SABAH CLIMATE CHANGE ACTION COUNCIL

Sabah Climate Change Action Council

4. (1) There shall be established for the purpose of this Enactment a body by the name of the Sabah Climate Change Action Council.

(2) The Council shall consist of the following members:

- (a) the State Secretary, who shall be the Chairman;
- (b) the State Attorney-General or his alternate representative;
- (c) the Permanent Secretary of Ministry of Finance or his alternate representative;
- (d) the Permanent Secretary of Ministry of Agriculture, Fisheries and Food Industry or his alternate representative;
- (e) the Permanent Secretary of Ministry of Local Government and Housing or his alternate representative;
- (f) the Permanent Secretary of Ministry of Public Works or his alternate representative;
- (g) the Permanent Secretary of Ministry of Tourism, Culture and Environment or his alternate representative;

- (h) the Permanent Secretary of Ministry of Industrial Development and Entrepreneurship or his alternate representative;
- (i) the Permanent Secretary of Ministry of Science, Technology and Innovation or his alternate representative;
- (j) the Chief Conservator of Forests or his alternate representative;
- (k) the Director of Department of Lands and Surveys or his alternate representative;
- (l) the Director of State Economic Planning Unit or his alternate representative;
- (m) the Director of Environment Protection Department or his alternate representative;
- (n) the Secretary of Natural Resources or his alternate representative;
- (o) the Secretary of State Home Affairs and Research or his alternate representative; and
- (p) not more than five other members who shall be appointed by the Minister, and possess the requisite experience and expertise, and have demonstrated capability and professionalism in matters relating to climate change, environmental governance or sustainable development.

Secretary

5. There shall be a secretary to the Council who shall be the Director of the Centre.

Functions and powers of the Council

6. (1) The Council shall have the following functions:
- (a) to advise the Government on all matters relating to climate change and carbon governance;
 - (b) to formulate and coordinate policies, strategies and action plans relating to climate change;
 - (c) to prepare an adaptation and mitigation plan;
 - (d) to oversee the implementation of climate-related laws, programmes, and initiatives within Sabah;
 - (e) to supervise the Centre;
 - (f) to coordinate Sabah's climate-related reporting and provide inputs to the Federal Government in relation to Malaysia's national climate change obligations;
 - (g) to promote and facilitate research, education, public awareness and capacity building on climate change and carbon governance within Sabah;

- (h) to issue a permit to conduct a feasibility study;
- (i) to collaborate with relevant stakeholders, including public authorities, private entities, non-governmental organisations, academic institutions and community representatives on matters necessary and expedient under this Enactment;
- (j) to prepare a carbon budget for Sabah; and
- (k) to carry out any other functions as it deems fit to enable it to perform its functions effectively or which are incidental to the performance of its functions.

(2) The Council shall have the power to do all things expedient or reasonably necessary for or incidental to the performance of its functions.

Duration of office and eligibility for reappointment

7. Every appointed member of the Council shall, unless he sooner resigns or his appointment is revoked, hold office for a term not exceeding three years and shall be eligible for reappointment.

Disqualification from membership

8. (1) The following persons shall be disqualified from being appointed as a member, or if he is a member he shall cease to be a member:

- (a) a person who is of unsound mind or otherwise incapable of performing his duties;
- (b) a person who is prohibited from being a director of a company under the provisions of any written law relating to companies;
- (c) a person who has been convicted of any offence involving fraud, dishonesty or moral turpitude; or
- (d) a person who is a bankrupt or who has made an arrangement with his creditors.

(2) An appointed member of the Council shall be deemed to have vacated the office —

- (a) upon his death;
- (b) upon his resignation;
- (c) upon his failure to attend three consecutive meetings of the Council without the permission from the Minister; or
- (d) if he becomes disqualified under subsection (1),

and a new member shall be appointed in his place for the unexpired period of his term in accordance with the provision of this Enactment.

Calling of meeting, quorum, voting, procedure and minutes

9. (1) The Council shall meet once during every four months of the year and shall, in addition, meet as and when convened by the Chairman or as may be deemed necessary by the Chairman, with the advice of the Minister.

(2) Eleven members shall be a quorum at any meeting of the Council of which two of such members are members appointed under paragraph 4(2)(p).

(3) All matters to be decided by the Council shall be decided by the votes of the majority of the members present and voting at the meeting.

(4) If on any question to be determined by the Council there is an equality of votes, the Chairman or if the Chairman is absent the presiding member shall have a casting vote in addition to his deliberative vote.

(5) Subject to this Enactment, the Council shall determine its own procedure.

(6) The Council shall cause minutes of all its meetings to be maintained and kept in the proper form.

(7) The Minister may invite or request a person, who is not a member of the Council, to attend any meeting of the Council for the purpose of advising it on a matter under discussion but the person so attending has no right to vote at the meeting.

Presiding at meetings of Council

10. (1) The Chairman of the Council shall preside at all meetings of the Council.

(2) If, owing to absence or inability to act due to illness or any other cause, the Chairman of the Council is unable to preside at any meeting the members present shall elect one of their number to preside at the meeting.

(3) No business shall be transacted at any meeting of the Council in the absence of the Chairman until a member has been elected to preside over that meeting.

Council may establish committee

11. (1) The Council may establish any committee as it considers necessary or expedient to assist the Council in the performance of its functions or in the exercise of its powers.

(2) Members of a committee may be appointed from amongst the members of the Council or such other person as the Council thinks fit.

- (3) The Council shall appoint the chairman of the committee established under this section.
- (4) A member of the committee shall hold office for such term as the Council may specify in his letter of appointment and shall be eligible for reappointment.
- (5) The Council may, at any time, revoke the appointment of any member of a committee who is not a member of the Council.
- (6) A member of the committee who is not a member of the Council may, at any time, resign by giving a notice in writing to the chairman of the committee.
- (7) The committee shall be subjected to and act in accordance with any direction given by the Council.
- (8) The committee shall meet as often as may be necessary at such times and places as may be determined by the chairman of the committee.
- (9) The committee may determine its own procedure.
- (10) The committee may invite any other person to attend any meeting of the committee for the purpose of advising the committee on the matter under discussion, but such person is not entitled to vote at the meeting.
- (11) The members of the committee or any person invited under subsection (10) to attend any meeting of the committee may be paid such allowances as may be determined by the Council.
- (12) The committee shall cause minutes of all its meetings to be maintained and kept in proper form, and copies of the minutes shall be submitted by the committee to the Council as soon as practicable.

Disclosure of interest

12. (1) Any member of the Council or a committee having directly or indirectly any interest in relation to any matter under discussion by the Council or the committee shall disclose to the Council or the committee, as the case may be, the fact of his interest and the nature of that interest.

(2) A disclosure of interest under subsection (1) shall be recorded in the minutes of the meeting of the Council or the committee, as the case may be.

(3) Upon disclosure under subsection (1), the member —

- (a) shall not take part in or to be present during any discussion or decision of the Council or the committee; and
- (b) shall be disregarded for the purpose of constituting a quorum of the meeting of the Council or the committee,

relating to the matter.

(4) A member of the Council or the committee who contravenes subsection (1) commits an offence and shall, upon conviction, be liable to a fine not exceeding thirty thousand ringgit or to imprisonment for a term not exceeding two years or to both.

(5) No act or proceeding of the Council or the committee shall be invalidated on the ground that any member of the Council or the committee has contravened this section.

Council may appoint advisors

13. (1) The Council may appoint any person with the requisite experience, expertise or knowledge in matters relating to the implementation of this Enactment, and may establish a panel of advisors or consultants to provide advice to the Council on the performance of its functions or the exercise of its powers under this Enactment.

(2) There may be paid to —

(a) the person appointed; or

(b) the advisor or consultant appointed as a member of a panel established,

under subsection (1) such remuneration as may be determined by the Minister.

Power of Council to delegate

14. (1) The Council may, in writing, delegate any of its functions or powers subject to such conditions, limitations or restriction as it thinks fit, to the Chairman of the Council, Director or any committee established under this Enactment, and such person or committee to whom the functions or powers is delegated shall perform the functions or powers in the same manner and with the same effect as if the functions or powers had been conferred on him under this Enactment.

(2) A person purporting to act pursuant to a delegation made under this section shall, in the absence of proof to the contrary, be presumed to be acting in accordance with the terms of the delegation.

(3) A delegation made under this section may at any time be revoked by the Council.

(4) A delegation made under this section shall not preclude the Council itself from carrying out the delegated functions or powers.

PART III

ESTABLISHMENT OF CLIMATE REGISTRY AND INVENTORY CENTRE

Director

15. (1) There shall be appointed a Director of the Climate Registry and Inventory Centre from amongst the members of the State public service.

(2) There shall be appointed such number of officers, from amongst the members of the State public service, as may be necessary or expedient to assist the Director in the performance of his functions or in the exercise of his powers under this Enactment.

(3) A person appointed under subsection (2) shall be subjected to the direction, control and supervision of the Minister.

Functions and powers of the Director

16. (1) The Director shall have the following functions:

- (a) to administer, enforce and ensure the effective implementation of this Enactment;
- (b) to manage, maintain and secure record of all things required to be registered or recorded under the Register or Inventory;
- (c) to monitor and assess Sabah's climate performance based on collected data;
- (d) to administer the Fund;
- (e) to impose levy, royalty, fee and charges as he deems fit for giving effect to any of his functions or powers;
- (f) to issue any certificate of registration of carbon rights;
- (g) to carry out such activities in association and collaboration with other persons, including departments or agencies of the Government or the Federal Government for the improvement of carbon governance;
- (h) to exercise regulatory functions specified under this Enactment;
- (i) to prepare a report on Sabah's climate performance, including the progress of implementation of adaptation and mitigation plans; and
- (j) to undertake such other functions as may be necessary and expedient for the proper implementation of this Enactment, or as may be assigned to him by the Council.

(2) The Director shall have the power to do all things expedient or reasonably necessary for or incidental to the performance of his functions.

Power of Director to delegate

17. (1) The Director may, in writing, delegate any of his functions or powers, subject to such conditions, limitations or restrictions as he thinks fit, to any officer, and such person to whom the functions or powers are delegated shall perform the functions or powers in the same manner and with the same effect as if the functions or powers had been conferred on him under this Enactment.

(2) A person purporting to act pursuant to a delegation made under this section shall, in the absence of proof to the contrary, be presumed to be acting in accordance with the terms of the delegation.

(3) A delegation made under this section may at any time be revoked by the Director.

(4) A delegation made under this section shall not preclude the Director himself from carrying out at any time the delegated functions or powers.

Sabah Climate Register

18. (1) The Director shall keep and maintain a Register of all matters which are required to be registered under this Enactment.

(2) The Register shall contain —

- (a) accurate information and data relating to registered carbon activities within Sabah;
- (b) lifecycle records of carbon credits generated, transferred or retired under this Enactment in accordance with the approved standards and prescribed procedures;
- (c) a record of certificate of registration of carbon rights issued, cancelled or transferred; and
- (d) all such matters and particulars as may be determined by the Director, or as may be instructed by the Council.

(3) The Register shall be kept and maintained in any form and manner as may be determined by the Director.

Sabah Climate Inventory

19. (1) The Director shall keep and maintain an Inventory for all matters which are required to be entered into the Inventory under this Enactment.

- (2) The Inventory shall contain —
- (a) estimate, aggregation, record and report of greenhouse gas emissions, and removals of greenhouse gas emissions by carbon sinks;
 - (b) estimate, record and archive of carbon stock in Sabah and any changes to the carbon stock; and
 - (c) all such matters and particulars as may be determined by the Director, or as may be instructed by the Council.

(3) The Inventory shall be kept and maintained by the Director in any manner or form as may be determined by the Council.

Access to Register or Inventory

- 20.** (1) Any person may upon payment of any prescribed fee —
- (a) inspect the Register or Inventory; and
 - (b) make a copy of, or take extracts from, the Register or Inventory.
- (2) If a person requests that a copy be provided in an electronic form, the Director may provide the relevant information —
- (a) on a data processing device; or
 - (b) by way of electronic transmission.

PART IV

ESTABLISHMENT OF SABAH CLIMATE FUND

Sabah Climate Fund

- 21.** (1) A fund to be known as the Sabah Climate Fund is established and shall be administered and controlled by the Director.
- (2) The Fund shall consist of —
- (a) all or any part of levy, royalty, fees or charges imposed by or payable to the Director under this Enactment;
 - (b) such sums as may be provided by the State Legislative Assembly from time to time;

- (c) all other moneys which may in any manner become payable to the Director in respect of any matter incidental to its functions and powers;
 - (d) grants; and
 - (e) donations and contributions paid into the Fund by any statutory body, body corporate, associated or individual person.
- (3) The Fund shall be operated in accordance with the Financial Procedure Act 1957 [Act 61] and any subsidiary legislation made thereunder.
- (4) The Fund shall be expended for the purpose of —
- (a) the development, implementation and monitoring of adaptation and mitigation plans;
 - (b) the payment of the expenses of, or connected with, the administration of the Council;
 - (c) the administration, management and operation of the Centre; and
 - (d) the payment of all expenses necessary for carrying out the purpose of this Enactment.
- (5) The Minister may require a report on the statements of accounts to be submitted to him and thereafter to be published if he deems necessary.

PART V

ENGAGEMENT WITH NATIVE COMMUNITY

Engagement with native community in carbon activities

- 22.** (1) Where a carbon activity is proposed to be carried out in or near an area where native customary rights have been established under the Land Ordinance, the person intending to carry out the carbon activity shall, as part of the feasibility study process —
- (a) conduct consultations with the native community or their appointed representatives;
 - (b) propose community benefit measures for the native community; and
 - (c) where applicable, incorporate community development measures as part of the proposed carbon activity, as may be determined by the Director.
- (2) Notwithstanding subsection (1), any community benefit or development measure shall only be implemented upon the issuance of a permit under section 24.
- (3) Nothing in this section shall be construed as conferring any ownership or possessory rights to the native community unless such rights are otherwise recognised under any written law.

(4) For the purposes of this section, “native community” means a group of persons, consisting of natives, in which native customary rights have been established under the Land Ordinance in respect of a particular area of land.

(5) Any person who contravenes subsection (1) or (2) commits an offence and shall, upon conviction, be liable to a fine not exceeding fifty thousand ringgit or to imprisonment for a term not exceeding one year or to both, and in the case of a continuing offence, to a further fine not exceeding one thousand ringgit for every day or part of a day during which the offence continues after conviction.

PART VI

REQUIREMENT TO CARRY OUT CARBON ACTIVITY

Carbon rights in Sabah

23. (1) Except as otherwise provided in this Enactment, all carbon rights in Sabah shall vest solely in the Government.

(2) Notwithstanding subsection (1), any person may apply for a carbon rights to carry out any carbon activity in respect of any land in Sabah by obtaining a certificate of registration of carbon rights pursuant to section 26.

Application for a permit

24. (1) No person shall carry out a feasibility study unless he has obtained a permit in accordance with the procedures as prescribed.

(2) A person intending to carry out a feasibility study shall apply to the Council in the prescribed manner, and accompanied with the prescribed application fee, and such information, particulars or documents as may be determined by the Council for a permit.

(3) Upon receipt of an application under subsection (2), the Council may, issue to the applicant, upon payment of a prescribed fee, a permit in the prescribed form subject to such conditions as the Council thinks fit to impose.

(4) If an applicant for a permit under this section is dissatisfied with the refusal of the Council to issue to him the permit, he may appeal to the Minister whose decision shall be final.

(5) A permit issued under this section shall authorize only the feasibility study permitted under the permit.

(6) Any person who contravenes subsection (1) commits an offence and shall, upon conviction, be liable to a fine not exceeding fifty thousand ringgit or to imprisonment for a term not exceeding one year or to both, and in the case of a continuing offence, to a further fine not exceeding one thousand ringgit for every day or part of a day during which the offence continues after conviction.

Requirement for a certificate of registration of carbon rights

25. (1) No person shall have the carbon rights to carry out any carbon activity unless he is issued with a certificate of registration of carbon rights pursuant to section 26.

(2) Any person who contravenes subsection (1) commits an offence and shall, upon conviction, be liable to a fine not exceeding fifty thousand ringgit or to imprisonment for a term not exceeding one year or to both, and in the case of a continuing offence, to a further fine not exceeding one thousand ringgit for every day or part of a day during which the offence continues after conviction.

Application for certificate of registration of carbon rights

26. (1) An application for the certificate of registration of carbon rights shall be made by the applicant to the Director in the manner as prescribed.

(2) The applicant shall submit together with his application —

(a) the prescribed application fee;

(b) the permit —

(i) that had been issued to him under section 24; and

(ii) that had been verified by the Council as suitable to carry out any carbon activity;

(c) in relation to land not belonging to the applicant, a written agreement in the manner prescribed between the applicant and the owner; and

(d) any information, particulars or document as may be determined by the Director.

(3) The Director, in considering the application in subsection (2), may —

(a) approve the application by issuing a certificate of registration of carbon rights, upon payment of a prescribed fee; or

(b) refuse the application and state his grounds for refusal.

(4) Upon issuance of the certificate of registration of carbon rights, the Director shall register such certificate in the Register in the name of the applicant and in relation to paragraph 2(c), notify the Director of Lands and Surveys on such issuance of certificate of registration carbon rights.

(5) Any person who contravenes subsection (1) or (2) commits an offence and shall, upon conviction, be liable to a fine not exceeding fifty thousand ringgit or to imprisonment for a term not exceeding one year or to both, and in the case of a continuing offence, to a further fine not exceeding one thousand ringgit for every day or part of a day during which the offence continues after conviction.

Rights conferred under registered certificate of registration of carbon rights

27. Upon the issuance of certificate of registration of carbon rights in section 26, the carbon rights

—

- (a) shall be deemed to be a separate and distinct interest in the land;
- (b) shall not confer any right of possession to the land; and
- (c) shall not be treated as a subdivision of land.

Voluntary cancellation of certificate of registration of carbon rights

28. (1) The holder of the certificate of registration of carbon rights may make a request to the Director for a voluntary cancellation of his certificate of registration of carbon rights in the form as determined by the Director together with payment of the prescribed fee.

(2) For the purposes of subsection (1), the holder of the certificate of registration of carbon rights shall comply with any requirement as prescribed.

(3) The Director shall cancel the certificate of registration of carbon rights if he is satisfied that the holder of the certificate of registration of carbon rights has complied with the requirements as prescribed.

(4) Where the certificate of registration of carbon rights is voluntarily cancelled under this section, the carbon rights conferred by the certificate of registration of carbon rights shall revert to and vest in the Government, and the cancellation shall be recorded in the Register.

Cancellation of certificate of registration of carbon rights

29. (1) Subject to subsection (2), the Director may cancel a certificate of registration of carbon rights

—

- (a) if the holder of a certificate of registration of carbon rights has contravened any provision of this Enactment;
- (b) if the holder of a certificate of registration of carbon rights has breached any term or condition imposed in the certificate of registration of carbon rights;

- (c) if the certificate of registration of carbon rights was improperly or illegally obtained;
- (d) if the certificate of registration of carbon rights was issued as a result of false, inaccurate or misleading information; or
- (e) if the holder of a certificate of registration of carbon rights has been convicted of an offence under this Enactment.

(2) Before cancelling any certificate of registration of carbon rights under subsection (1), the Director shall give the holder of a certificate of registration of carbon rights a written notice of the proposed cancellation and an opportunity to submit a written representation within such time as may be specified in the written notice.

(3) Upon issuance of the notice under subsection (2), all carbon activities under the certificate shall be suspended from the date of receipt of the notice, pending the Director's decision.

(4) After considering any written representation submitted under subsection (2), the Director shall, as soon as practicable, notify the holder of a certificate of registration of carbon rights in writing of his decision.

(5) A holder of a certificate of registration of carbon rights whose certificate of registration of carbon rights has been cancelled or whose carbon activity has been suspended under this section shall not be entitled to —

- (a) any compensation for loss or damage arising from such cancellation or suspension; or
- (b) any refund of any prescribed fees paid under section 26.

(6) Upon cancellation of a certificate of registration of carbon rights under this section, the corresponding carbon rights shall be deemed extinguished, and the cancellation shall be recorded in the Register.

Transfer of certificate of registration of carbon rights

30. (1) A holder of a certificate of registration of carbon rights may file an application for the transfer of the certificate of registration of carbon rights to another person in the form as may be determined by the Director together with payment of the prescribed fee.

(2) Upon receipt of the application to transfer the certificate of registration of carbon rights from the holder of the certificate of registration of carbon rights with payment of the prescribed fee under subsection (1), the Director shall register the transfer of the certificate of registration of carbon rights subject to such terms and conditions as he may impose.

(3) Any transfer of a certificate of registration of carbon rights shall be made under this section and no person shall use a certificate of registration of carbon rights of another person.

(4) Any person who contravenes subsection (3) commits an offence and shall, upon conviction, be liable to a fine of not exceeding fifty thousand ringgit or to imprisonment for a term not exceeding one year or to both, and in the case of a continuing offence, to a further fine not exceeding one thousand ringgit for every day or part of a day during which the offence continues after conviction.

PART VII

CARBON CREDITS

Generating carbon credits

31. (1) No person shall generate any carbon credit from carrying out a carbon activity in Sabah unless he is the holder of a certificate of registration of carbon rights issued under section 26.

(2) Any person who contravenes subsection (1) commits an offence and shall, upon conviction, be liable to a fine of not exceeding fifty thousand ringgit or to imprisonment for a term not exceeding one year or to both, and in the case of a continuing offence, to a further fine not exceeding one thousand ringgit for every day or part of a day during which the offence continues after conviction.

Dealings of carbon credit

32. (1) A holder of a certificate of registration of carbon rights issued to him under section 26 shall submit reports on any dealings of his carbon credit to the Director together with the prescribed fees, within such period and in such manner as may be determined by him.

(2) Any person who contravenes subsection (1) commits an offence and shall, upon conviction, be liable to a fine of not exceeding fifty thousand ringgit or to imprisonment for a term not exceeding one year or to both, and in the case of a continuing offence, to a further fine not exceeding one thousand ringgit for every day or part of a day during which the offence continues after conviction.

Levies on carbon credit

33. (1) Any person who deals with any carbon credit from the carrying out of any carbon activities shall pay the levy as prescribed by the Minister.

(2) Any person who contravenes subsection (1) commits an offence and shall, upon conviction, be liable to a fine of not exceeding fifty thousand ringgit or to imprisonment for a term not exceeding one year or to both, and in the case of a continuing offence, to a further fine not exceeding one thousand ringgit for every day or part of a day during which the offence continues after conviction.

Annual royalty on carbon credit

34. (1) The Director may impose a payment of annual royalty for carrying out a carbon activity in Sabah.

(2) The annual royalty imposed under subsection (1) shall be payable by the person carrying out a carbon activity in Sabah to the Government at such rates as may be prescribed by the Minister.

(3) Any person who contravenes subsection (1) commits an offence and shall, upon conviction, be liable to a fine of not exceeding fifty thousand ringgit or to imprisonment for a term not exceeding one year or to both, and in the case of a continuing offence, to a further fine not exceeding one thousand ringgit for every day or part of a day during which the offence continues after conviction.

PART VIII

REPORT OF GREENHOUSE GAS EMISSIONS

Preparation of carbon budget

35. (1) The Council shall prepare a carbon budget and such copy of the proposed carbon budget shall be deposited at the Centre for inspection by the public.

(2) Any objection to any such proposed carbon budget shall be lodged with the Director within fourteen days after the publication of the notice and the proposed carbon budget.

(3) The Director shall prepare a document of all the objections, if any, and the Council shall consider such objections at the meeting.

(4) The Council shall submit the proposed carbon budget together with objections, if any, under subsection (2) and comments made by the Council to the Minister for his approval.

(5) The approved carbon budget shall, unless the Minister otherwise directs, be published in the *Gazette*.

(6) The carbon budget shall include a written statement —

(a) outlining the level of greenhouse gas emission subsidised by the Government;

- (b) setting the maximum total net greenhouse gas emission for Sabah during the budget period;
- (c) assessing and projecting the changes to the carbon stock in Sabah;
- (d) formulating the calculation of necessary removals of greenhouse gas;
- (e) allocating the greenhouse gas emission limits of class or list of operators or industrial sectors; and
- (f) other matters as may be determined by the Minister.

Alteration of carbon budget

36. At any time after the carbon budget comes into effect, the Council may make proposal to the Minister for any alterations to the carbon budget and such alterations to the carbon budget shall be published in the Gazette.

Obligations to report level of greenhouse gas emissions

37. (1) The Minister may, by order published in the Gazette lists —

- (a) any class or list of operators; or
- (b) any industrial sector,

that shall be required to submit reports under subsection (2).

(2) Any person listed under subsection (1) —

- (a) who emits greenhouse gas emissions shall submit reports on the level of his greenhouse gas emissions calculated in accordance with the approved standards in such form and manner as may be prescribed by the Minister; and
- (b) shall not exceed the allocated limits of greenhouse gas emissions under paragraph 35(6)(e).

(3) Any person who contravenes subsection (1) or (2) commits an offence and shall, upon conviction, be liable to a fine not exceeding fifty thousand ringgit, or to imprisonment for a term not exceeding one year, or to both, and in the case of a continuing offence, to a further fine not exceeding one thousand ringgit for every day or part of a day during which the offence continues after conviction.

Requirement for greenhouse gas emission reduction

38. (1) Where the report submitted under section 37 shows that the level of greenhouse gas emission has exceeded the greenhouse gas emission limits as determined in the carbon budget, the

Director may require any person listed under subsection 37(1) who exceeds such greenhouse gas emission limits —

- (a) to offset his exceeded greenhouse gas emission limits through carbon credits in such manner as may be determined by the Director; or
- (b) to prepare a plan for reduction of greenhouse gas emissions within a period specified in the direction for his approval.

(2) Where the person —

- (a) without reasonable cause fails to carry into effect; or
- (b) fails to carry into effect to the satisfaction of the Director,

the plan in paragraph (1)(b), the Director may require such person to pay to the Government a sum equivalent to the amount which will be incurred by the Government if it were to undertake or to engage any person to carry into effect such plan.

Director may require additional information

39. (1) The Director may require a person listed under subsection 37(1) to furnish, within the time specified in a notice, any information relating to his greenhouse gas emissions.

(2) Any person who fails to furnish the information as may be required by the Director under subsection (1) commits an offence and shall, on conviction, be liable to a fine of not exceeding fifty thousand ringgit or to imprisonment for a term not exceeding one year or to both, and in the case of a continuing offence, to a further fine not exceeding one thousand ringgit for every day or part of a day during which the offence continues after conviction.

Preparation of an adaptation and mitigation plan

40. (1) The Council shall, upon the direction of the Minister, prepare an adaptation and mitigation plan for Sabah.

(2) The adaptation and mitigation plan shall contain strategic policies and general proposals relating to climate change adaptation and mitigation, including but not limited to —

- (a) land use and development;
- (b) environmental resilience; and
- (c) such other matters as may be determined by the Minister.

(3) The adaptation and mitigation plan shall be published, in such form and manner as may be determined by the Council, upon the approval of the Minister.

(4) At any time after the adaptation and mitigation plan comes into effect, the Council may make proposal to the Minister for any alterations.

PART IX

ENFORCEMENT

Authorized officers

41. (1) The Director may in writing, authorize any public officer to exercise the powers of enforcement under this Enactment.

(2) Any such officer shall be deemed to be a public servant within the meaning of the Penal Code [Act 574].

Authority card

42. (1) The Director shall issue to each authorized officer an authority card which shall be signed by the Director.

(2) Whenever such authorized officer exercises any of the powers under this Enactment, he shall on demand, produce to the person against whom the power is being exercised the authority card issued to him under subsection (1).

Power of investigation

43. (1) An authorized officer shall have all the powers necessary to carry out an investigation in relation to the commission of an offence under this Enactment.

(2) In any case relating to the commission of an offence under this Enactment, any authorized officer carrying out an investigation may exercise all or any of the powers relating to police investigation, except the power to arrest without warrant, given by the Criminal Procedure Code [Act 593].

Power to enter premises and inspect, etc., documents, records, etc.

44. Any authorized officer may at all reasonable hours, exercise the following powers:

(a) to enter any premises other than premises used only for residential;

- (b) to inspect or verify any document, record, computerized data, digitalized data, plan, drawing, material, plant, equipment, machinery, goods, product, device, label, item or other things found in the premises;
- (c) to take samples of any document, record, computerized data, digitalized data, plan, drawing, material, plant, equipment, machinery, goods, product, device, label, item or other things found in the premises for the purpose of ascertaining, by testing or otherwise, whether an offence has been committed;
- (d) to make copies of or extract any document, record, computerized data, digitalized data, plan, drawing or other things found in the premises; and
- (e) to require, but only if and to the extent that it is reasonably necessary in order to secure that the provisions of this Enactment and of any order or directions made under this Enactment are duly observed, any person having authority to do so to break open any container or open any machine, and if that person does not comply with the requirement, the authorized officer may do so himself.

Search and seizure with warrant

45. (1) If it appears to a Magistrate, upon written information on oath from the authorized officer and after such inquiry as he considers necessary, that there is reasonable cause to believe that —

- (a) any premises have been used for or are about to be used for; or
- (b) there is in any premises, evidence necessary to the conduct of an investigation into,

the commission of an offence under this Enactment, the Magistrate may issue a warrant authorizing any authorized officer named in the warrant, to enter the premises at any reasonable time by day or by night, and with or without assistance, and if need be by force.

(2) Without affecting the generality of subsection (1), the warrant issued by the Magistrate may authorize the authorized officer to —

- (a) search and seize any document, record, computerized data, digitalized data, plan, drawing, material, plant, equipment, machinery, goods, product, device, label, item or other things;
- (b) inspect, make copies of, or extracts from, any book, record, document, computerized data, digitalized data or other things;
- (c) take possession of, and remove from the premises, any document, record, computerized data, digitalized data, plan, drawing, material, plant, equipment, machinery, goods, product, device, label, item or other things so seized and detain it for such period as may be necessary; or
- (d) search any person who is in, or on, such premises and for the purpose of the search, detain the person and remove him to such place as may be necessary

to facilitate the search, and seize and detain any document, record, computerized data, digitalized data, plan, drawing, material, equipment, device, product, label, item or other things found on the person.

(3) An authorized officer may, in the exercise of his powers under this section, if it is necessary so to do —

- (a) break open any outer or inner door of the premises or any fence, enclosure, gate or other obstruction to the premises, in order to effect entry into the premises;
- (b) remove by force any obstruction to entry, search, seizure or removal as he is empowered to effect under this section; and
- (c) detain any person found in the premises until the search has been completed.

(4) No person shall be searched except by another person of the same gender, and such search shall be conducted with strict regard to decency.

Search and seizure without warrant

46. If it appears to an authorized officer, upon information received, that there is reasonable cause to believe that by reason of delay in obtaining a search warrant under section 45 the investigation would be adversely affected or the evidence of the commission of an offence is likely to be tampered with, removed, damaged or destroyed, the authorized officer may enter the premises and exercise in, upon and in respect of the premises all the powers referred to under section 45 in as full and ample a manner as if he was authorized to do so by a warrant issued under that section.

Forfeiture or release of document, record, etc., seized

47. (1) Any document, record, computerized data, digitalized data, plan, drawing, material, plant, equipment, machinery, goods, product, device, label, item or other thing seized in exercise of any power conferred by this Enactment shall be liable to forfeiture.

(2) An order for the forfeiture of any document, record, computerized data, digitalized data, plan, drawing, material, plant, equipment, machinery, goods, product, device, label, item or other thing shall be made if it is proved to the satisfaction of the court that an offence under this Enactment has been committed and that the document, record, computerized data, digitalized data, plan, drawing, material, plant, equipment, machinery, goods, product, device, label, item or other thing were the subject matter of or was used in the commission of the offence, even though no person may have been convicted of such offence.

(3) If there is no prosecution with regard to any document, record, computerized data, digitalized data, plan, drawing, material, plant, equipment, machinery, goods, product, device, label, item or other things under this Enactment, such document, record, computerized data, digitalized data, plan, drawing, material, plant, equipment, machinery, goods, product, device, label, item or other thing shall be taken and deemed to be forfeited at the expiration period of one calendar month from the date of service of a notice to the last known address of the person from whom the document, record, computerized data, digitalized data, plan, drawing, material, plant, equipment, machinery, goods, product, device, label, item or other thing were seized indicating that there is no prosecution in respect of such document, record, computerized data, digitalized data, plan, drawing, material, plant, equipment, machinery, goods, product, device, label, item or other thing unless before the expiration of that period a claim thereto is made in the manner set out under subsections (6), (7), (8) and (9).

(4) If no claim is made under subsection (6) within one calendar month from the date of service of the notice referred to under subsection (3), the document, record, computerized data, digitalized data, plan, drawing, material, plant, equipment, machinery, goods, product, device, label, item or other thing seized under this Enactment shall be taken and deemed to be forfeited at the expiration of that period.

(5) Where anything seized in exercise of the powers conferred under this Enactment is of a perishable nature or is subject to speedy and natural decay, the Director may direct such thing to be sold or destroyed at any time, and the proceeds of the sale held by the authorized officer to abide by the result of any prosecution under this Enactment.

(6) Any person asserting that he is the owner of a document, record, computerized data, digitalized data, plan, drawing, material, plant, equipment, machinery, goods, product, device, label, item or other thing referred to under subsection (3) and that it is not liable to forfeiture may personally or by his agent authorized in writing, give written notice to the authorized officer in whose possession such document, record, computerized data, digitalized data, plan, drawing, material, plant, equipment, machinery, goods, product, device, label, item or other thing are held that he claim the document, record, computerized data, digitalized data, plan, drawing, material, plant, equipment, machinery, goods, product, device, label, item or other thing.

(7) On receipt of the notice referred to under subsection (6), the authorized officer shall refer the claim to a Magistrate.

(8) The Magistrate to whom a matter is referred under subsection (7) shall issue a summons requiring —

- (a) the person asserting that he is the owner of the document, record, computerized data, digitalized data, plan, drawing, material, plant, equipment, machinery, goods, product, device, label, item or other thing; or
- (b) the person from whom the document, record, computerized data, digitalized data, plan, drawing, material, plant, equipment, machinery, goods, product, device, label, item or other thing were seized,

to appear before him, and when they appear or they fail to appear, due service of the summons having been proved, the Magistrate shall proceed to the examination of the matter.

(9) If it is proved that an offence under this Enactment has been committed and that the document, record, computerized data, digitalized data, plan, drawing, material, plant, equipment, machinery, goods, product, device, label, item or other thing were the subject matter of or were used in the commission of such offence, the Magistrate shall order the document, record, computerized data, digitalized data, plan, drawing, material, plant, equipment, machinery, goods, product, device, label, item or other thing to be forfeited, and shall, in the absence of such proof, order its release.

(10) Any document, record, computerized data, digitalized data, plan, drawing, material, plant, equipment, machinery, goods, product, device, label, item or other thing forfeited or deemed to be forfeited shall be delivered to the Director and shall be disposed of in such manner as the Director thinks fit.

Cost of holding any document, record, etc., seized

48. If any document, record, computerized data, digitalized data, plan, drawing, material, plant, equipment, machinery, goods, product, device, label, item or other thing seized under this Enactment is held in the custody of the Director pending completion of any proceedings in respect of an offence under this Enactment, the cost of holding it in custody shall, in the event of any person being convicted of an offence, be a debt due to the Government by such person and shall be recoverable accordingly.

No cost or damages arising from seizure to be recoverable

49. No person shall, in any proceedings before any court in respect of any things seized in the exercise or the purported exercise of any power conferred under this Enactment, be entitled to the costs of such proceedings or to any damages or other relief unless such seizure was made without reasonable cause.

Power to require attendance of person acquainted with case

50. (1) An authorized officer making an investigation under this Enactment may, by order in writing, require the attendance before himself of any person who appears to him to be acquainted with the facts and circumstances of the case, and such person shall attend as so required.

(2) If the person refuses or fails to attend as so required, the authorized officer may report such refusal or failure to a court who shall issue a summons to secure the attendance of such person as may be required by the order made under subsection (1).

Access to recorded information or computerized data, etc.

51. (1) Any authorized officer exercising his powers under sections 44 and 45 of this Enactment shall be given access to any recorded information or computerized data or digitalized data, whether stored in a computer or otherwise.

(2) In exercising his powers, the authorized officer —

(a) may inspect and check the operation of any computer and any associated apparatus or material which he has reasonable cause to suspect is or has been used in the commission of an offence under this Enactment; and

(b) may require —

(i) the person, by whom or on whose behalf, the authorized officer has reasonable cause to suspect the computer is or has been so used; or

(ii) the person having charge of, or is otherwise concerned with, the operation of the computer, apparatus or material,

to provide him with such reasonable assistance as he may require for the purposes of this section.

(3) The authorized officer may make copies or take extracts of the recorded information or computerized data or digitalized data, if he deems necessary.

(4) For the purposes of this section, “access” includes being provided with the necessary password, encryption code, decryption code, software or hardware and any other means required to enable comprehension of any recorded information or computerized data or digitalized data.

(5) Any person who fails to give access to any authorized officer to any recorded information or computerized data or digitalized data under subsection (1) commits an offence and shall, upon conviction, be liable to a fine not exceeding fifty thousand ringgit.

Obstruction

52. Any person who —

(a) refuses to give any authorized officer access to any premises which the authorized officer is entitled to have under this Enactment or in the execution of any duty imposed or powers conferred by this Enactment;

(b) assaults, obstructs, impedes, interferes or delays any authorized officer in the performance of his powers under this Enactment;

- (c) refuses to give any authorized officer any information relating to an offence or suspected offence under this Enactment or any other information or documents which may reasonably be required of him and which he has in his knowledge or power to give;
- (d) refuses to give any authorized officer any information which may reasonably be required of him and which he has in his knowledge or power to give relating to any matter under the functions and powers of the authorized officer;
- (e) gives information or documents that he knows or has reason to believe is false or misleading;
- (f) rescues or endeavours to rescue or causes to be rescued any thing which has been duly seized under this Enactment;
- (g) destroys any thing to prevent the seizure thereof, or the securing of the thing;
or
- (h) interferes with, puts fear into, threatens or abducts or attempts to interfere with, put fear into, threaten or abduct any person involved in an investigation under this Enactment,

commits an offence and shall, upon conviction, be liable to a fine not exceeding fifty thousand ringgit or to imprisonment for a term not exceeding one year or to both.

Authorized officer may seek assistance

53. An authorized officer may seek the assistance from any person who has the necessary qualifications to examine any things seized or retained for the purposes of an investigation under this Enactment.

PART X

GENERAL

Publication of report

54. The Minister may require a report on the activity and operation of the Centre to be published if the Minister is satisfied that the publication is in the public interest.

Directions of the Minister

55. The Minister may give the Director such directions, not inconsistent with the provisions of this Enactment, as he thinks fit, as to the exercise and performance by the Director of his powers, duties and functions under this Enactment, and the Director shall give effect to any direction so given.

Power to issue directives, guidelines, etc.

56. (1) The Minister may issue directives, guidelines or notices in respect of any provision of this Enactment as are necessary or expedient to give full effect to or for the carrying out of the provisions of this Enactment.

(2) Any directives, guidelines or notices issued under subsection (1) may relate to all, or any class, category or any person who carries out carbon activity and different provisions may be made for different class, category or any person who carries out carbon activity.

Appeal to the Minister

57. (1) Any person who is aggrieved by —

- (a) the refusal to issue any permit by the Council;
- (b) the refusal to issue any certificate of registration of carbon rights by the Director; or
- (c) the cancellation of certificate of registration of carbon rights by the Director,

may within thirty days after being notified in writing of such refusal or cancellation, make an appeal against such decision to the Minister in the manner as determined by the Minister.

(2) The Minister may after considering the appeal made under subsection (1), confirm or set aside the decision appealed against.

(3) The decision of the Minister under subsection (2) shall be final and binding.

General penalty

58. Any person who commits an offence under this Enactment for which no penalty is expressly provided shall, on conviction —

- (a) in the case of an individual, be liable to a fine not exceeding fifty thousand ringgit or to imprisonment for a term not exceeding one year or to both; or

- (b) in the case of a body corporate, be liable to a fine not exceeding one hundred thousand ringgit.

Protection against suits and legal proceedings

59. No action, suit, prosecution or any other proceedings shall lie or be brought, instituted or maintained in any court against —

- (a) any member of the Council or committee established under this Enactment;
- (b) the Director;
- (c) any officer duly authorized under this Enactment;
- (d) any other person acting on behalf of the Government, the Council, the Director or the committee established under this Enactment; or
- (e) any other person acting under the direction, instruction, order or authorization of the Council, the Director or the committee established under this Enactment,

for or on account of, or in respect of, any act done or statement made or omitted to be done or made, or purporting to be done or made or omitted to be done or made, in pursuance or in execution of, or intended pursuance or execution of this Enactment, or any order in writing, direction, instruction, notice or other thing whatsoever issued under this Enactment, if the act was done in good faith and in a reasonable belief that it was necessary for the purpose intended to be served by it and for the carrying into effect the provisions of this Enactment.

Prosecution

60. No prosecution shall be instituted for an offence under this Enactment except by or with the written consent of the Public Prosecutor.

Offences committed by body corporate

61. (1) Where a body corporate commits an offence under this Enactment, any person who at the time of the commission of the offence was a director, chief executive officer, chief operating officer, manager, secretary or other similar officer of the body corporate or was purporting to act in any such capacity or was in any manner or to any extent responsible for the management of any of the affairs of the body corporate or was assisting in such management —

- (a) may be charged severally or jointly in the same proceedings with the body corporate; and

- (b) if the body corporate is found guilty of the offence, shall be deemed to be guilty of that offence unless having regard to the nature of his functions in that capacity and to all circumstances, he proves —
 - (i) that the offence was committed without his knowledge, consent or connivance; and
 - (ii) that he had taken all reasonable precautions and exercised due diligence to prevent the commission of the offence.

(2) Where any person would be liable to any punishment or penalty under this Enactment for any act, omission, neglect or default committed —

- (a) by that person's employee in the course of his employment;
- (b) by that person's agent when acting on behalf of that person; or
- (c) by the employee of that person's agent when acting in the course of his employment with that person's agent or otherwise on behalf of that person's agent acting on behalf of that person,

that person shall be liable to the same punishment or penalty for every such act, omission, neglect or default of that person's employee or agent, or of the employee of that person's agent.

Giving or making false information or statement

62. Any person who gives information or makes a statement upon the requirement under this Enactment, that is false in any material particular, unless he proves that he did not know and had no reason to suspect that the information or statement was false and had taken all reasonable steps to ascertain the truth thereof, commits an offence and shall, upon conviction,

be liable to a fine not exceeding fifty thousand ringgit or to imprisonment

for a term not exceeding one year or to both.

Compounding of offences

63. (1) The Director may compound any offence committed by any person under this Enactment which prescribed to be a compoundable offence by making a written offer to person to compound the offence upon payment to the Director of such amount not exceeding fifty percent of the amount of maximum fine for that offence within the period specified in the offer.

(2) An offer under subsection (1) may be made at any time after the offence has been committed, but before any prosecution for it has been instituted.

(3) If the amount specified in the offer is not paid within the period specified in the offer or within such extended period as the Director may grant, prosecution for the offence may be instituted at any time after that against the person to whom the offer was made.

(4) If an offence has been compounded under subsection (1), no prosecution shall after that be instituted in respect of the offence against the person to whom the offer to compound was made and any things seized in connection with the offence may be released or forfeited by the Director in accordance with the terms and conditions of the compound.

(5) All sums of money received by the Director under this section shall be paid into the Sabah Climate Fund.

Power to exempt

64. The Minister may, by order published in the Gazette, subject to such conditions or restrictions as he may consider necessary or expedient to impose, exempt any person from any or all of the provisions of this Enactment for any period.

Power to make regulations

65. (1) The Minister may make regulations generally for the purpose of carrying into effect the provisions of this Enactment.

(2) Without prejudice to the generality of subsection (1), such regulations may be made for the following purposes:

- (a) to prescribe standards approved for matters pertaining to this Enactment;
- (b) to prescribe the period for a budget period;
- (c) to prescribe the fees, charges, levies and royalties payable under this Enactment;
- (d) to prescribe all matters relating to feasibility study;
- (e) to prescribe all matters relating to the issuance of certificate of registration of carbon rights in Sabah;
- (f) to prescribe all matters relating to greenhouse gas emissions in Sabah;
- (g) to prescribe the offences which may be compounded;
- (h) to prescribe all matters relating to engagement with native community under this Enactment; and
- (i) to provide for such other matters as are contemplated by, or necessary for giving full effect to, the provisions of this Enactment and for their due administration.

(3) The regulations made under subsection (2) may prescribe any act in the contravention of the regulations to be an offence and may prescribed penalties of a fine not exceeding fifty thousand ringgit or to imprisonment for a term not exceeding one year or to both for such offence.

Transitional

66. (1) Any person who carry out any carbon activity in Sabah before the coming into operation of this Enactment shall, within six months from the date of the coming into force of this Enactment, apply for a certificate of registration of carbon rights under this Enactment.

- (2) The applicant in subsection (1) may continue to carry out the carbon activity —
- (a) pending the determination of his application for a certificate of registration of carbon rights; or
 - (b) pending the determination of an appeal to the Minister against any refusal of the Director to approve any application for a certificate of registration of carbon rights.

Certified by me to be a true copy of the Bill passed by the Legislative Assembly on Tuesday, the 8th day of July, 2025.

Datuk Seri Panglima Haji Kadzim bin Haji M. Yahya
Speaker,
State Legislative Assembly.