





ORGANISATION OF MTCC



BOARD OF TRUSTEES

he Chairman and Board of Trustees decide on the overall policies and directions in carrying out MTCC's activities. The members comprise of representatives from the academic or research and development institutions, private sector (timber industry associations), non-governmental organisations (social and environmental interests) and government.





Members

Ministry of Plantation
Industries and Commodities
(up to 31 August
2016)

Datuk M.
Nagarajan

Ministry of Plantation Industries and Commodities (w.e.f. 1 September 2016)

Zurinah Pawanteh



Sarawak Timber Association

Dato Henry Lau Lee Kong Ministry of Natural Resources and Environment

Dr. Megat Sany Megat Ahmad Supian

Forest Research Institute Malaysia

Dr. Abd Rahman Kassim

Timber Exporters' Association Malaysia

Low Ching Cheong

Wildlife Conservation Society, Malaysia Program

Dr. Melvin

Gumal

Federation of Orang Ulu Associations, Sarawak, Malaysia

YB Dato Gerawat Gala

Timber Employees Union Peninsular Malaysia (up to 26 January 2016)

Mohd Khalid Atan



MTCC was deeply saddened by the untimely demise of Mohd Khalid Atan on 26 January.









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The Board of Trustees met five times in 2016

01 | Sixty-Sixth Meeting

02 | Sixty-Seventh Meeting 26 May, Kuala Lumpur

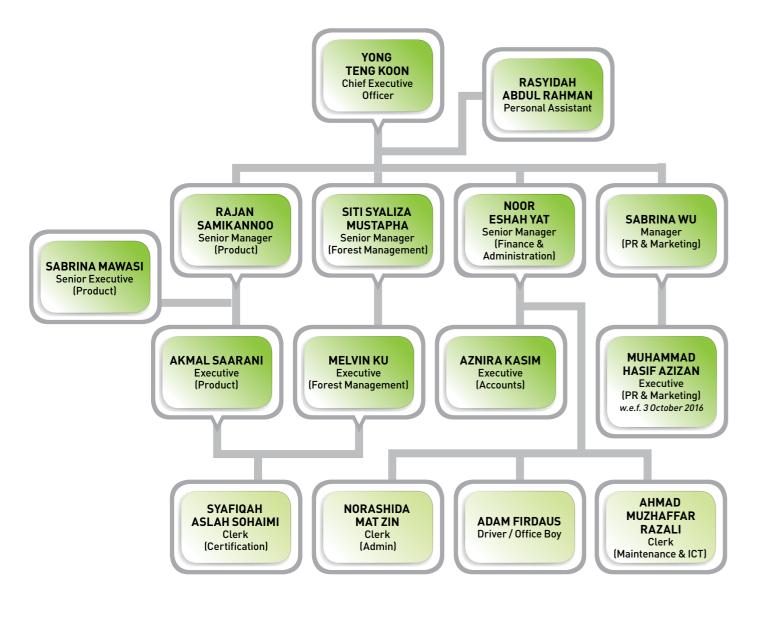
03 | Sixty-Eighth Meeting

04 | Sixty-Ninth Meeting

Seventieth Meeting

14 December, Kuching

MANAGEMENT TEAM AND SUPPORT STAFF





Standing left to right:

Rasyidah Abdul Rahman, Adam Firdaus, Akmal Saarani, Melvin Ku, Norashida Mat Zin, Ahmad Muzhaffar Razali, Sabrina Mawasi, Aznira Kassim, Muhammad Hasif Azizan, Syafiqah Aslah Sohaimi

Sitting left to right:

Siti Syaliza Mustapha, Rajan Samikannoo, Yong Teng Koon, Noor Eshah Yat, Sabrina Wu

INVESTMENT COMMITTEE

he Investment Committee is responsible for the formulation of policies and procedures on matters related to the establishment and management of the Endowment Fund. The Committee oversees the

overall implementation of MTCC's investment policies. The Investment Committee met once on 11 April to discuss the placement of fund into the newly established "MTCC Staff Gratuity Fund".



Twelfth Meeting of the Investment Committee

Members of the Investment Committee

Dato' Dr. Freezailah Che Yeom Chairman (up to 15 May 2016)

Datuk Himmat Singh Chairman (w.e.f. 16 May 2016)

Datuk M. Nagarajan

Ministry of Plantation Industries and Commodities (up to 4 October 2016)

Puan Zurinah Pawanteh

Ministry of Plantation Industries and Commodities (w.e.f. 5 October 2016)

Wong Wen Miin

Ministry of Finance (w.e.f. 2 March 2016)

Yong Teng Koon CEO, MTCC

DISPUTE RESOLUTION COMMITTEE

An independent six-member Dispute Resolution Committee (DRC) appointed by MTCC Board deals with any dispute submitted to the MTCC related to MTCC'S role as the NGB.

Members of the Dispute Resolution Committee:

- Tan Sri Dato' Seri Dr. Salleh Mohd Nor (Chairman)
- Datuk Eric Usip Juin
- Dato' Dr. Baharuddin Hj. Ghazali
- Dato' Shaharuddin Mohamad Ismail
- Associate Prof. Dr. Ramy Bulan
- Chew Lye Teng

IN-HOUSE INVESTMENT COMMITTEE

Land the In-House Investment Committee monitors the implementation of the decisions of the Investment Committee, as well as formulates recommendations on investment for the consideration and decision of the Investment Committee.

Members of the In-House Investment Committee

Yong Teng Koon (Chairman) Rajan Samikannoo Siti Syaliza Mustapha Noor Eshah Yat (Secretary)

NOTIFICATION COMMITTEE

he Notification Committee, which is responsible for the notification of certification bodies (CBs) and issuance of logo usage licences to certificate holders under the MTCS, met six times as follows:

67th Meeting on 4 February
70th Meeting on 24 June
71st Meeting on 29 August
69th Meeting on 16 May
72nd Meeting on 3 November

Members of the Notification Committee

Yong Teng Koon (Chairman) Rajan Samikannoo Siti Syaliza Mustapha

Company Secretary

Zainal Abidin Pit (MAICSA 7014057) ZAP Management Services Sdn. Bhd.

15B, 2nd Floor Jalan Tengku Ampuan Zabedah F9/F 40100 Shah Alam, Selangor

Company Auditors

Mazars (No. AF: 1954)

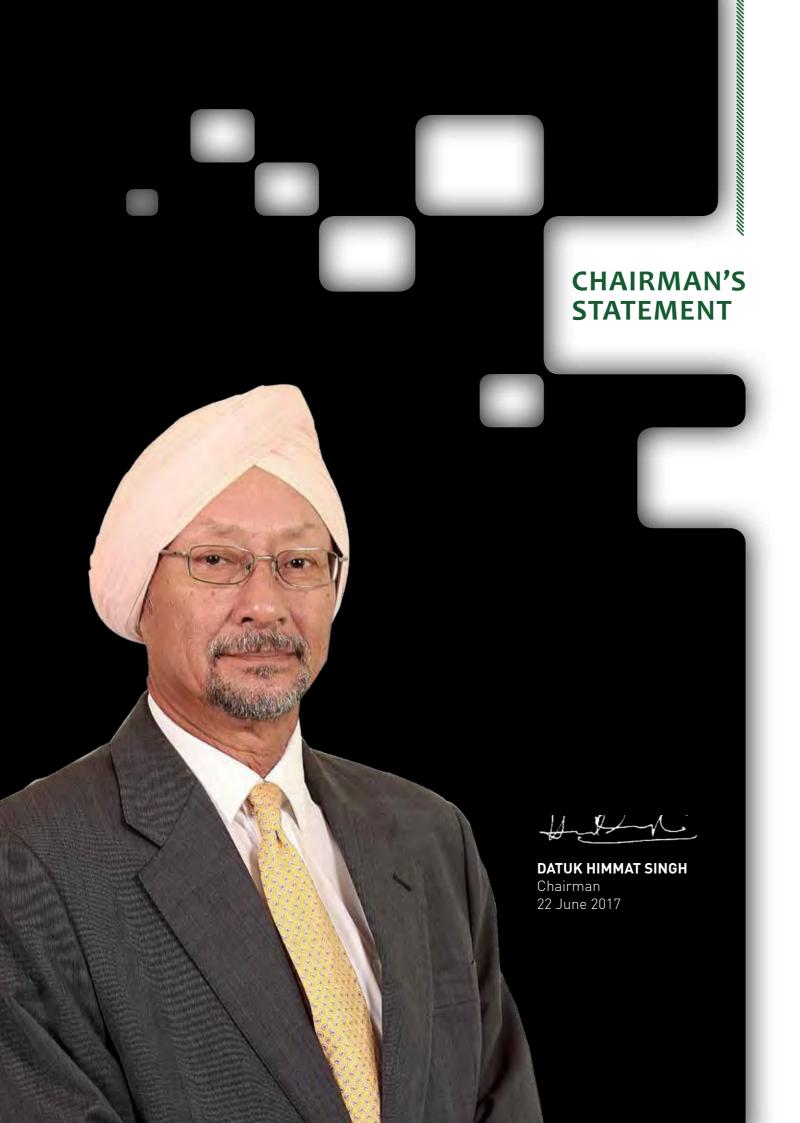
Wisma Selangor Dredging 7th Floor, South Block 142-A, Jalan Ampang 50450 Kuala Lumpur

ANNUAL GENERAL MEETING

he Seventeenth Annual General Meeting was held on 28 June in Kuala Lumpur during which the Audited Accounts for the Financial Year ended 31 December 2015, Reports of the Trustees and Auditors, and the Annual Report for the Year 2015, were tabled and adopted by the Members.



The 17th Annual General Meeting in progress



n behalf of the Board of Trustees of the Malaysian Timber Certification Council (MTCC), I present the Annual Report and the Audited Accounts of the Council for the financial year ending 31 December 2016.

The MTCC in implementing the Malaysian Timber Certification Scheme (MTCS), promotes and advances the national forest sustainability agenda in line with the objectives of several national policies such as the National Environment Policy, National Policy on Biodiversity, National Policy on Climate Change and the National Roadmap on Sustainable Development Goals (SDG).

The MTCS provides for independent assessment of forest management practices covering social, economic and environmental aspects, to ensure the sustainable management of Malaysia's forest resources. Though voluntary in nature, forest certification is gaining momentum as there is an increasing awareness and realisation among policy makers, businesses and consumers for the need to embed sustainability in procurement through responsible sourcing.

In this context, the National Policy on Biological Diversity (2016-2025) under Goal 2, Target 4 has set a target to achieve 100% of all timber and timber products from sustainably managed sources by 2025 (i.e. certified under schemes such as MTCS). Malaysia's Roadmap (2016-2020) to attain the 2030 SDGs has also targeted to have all permanent reserved forests (PRF) certified under the MTCS.

However, the various targets set at national level need to be operationalised to the level of implementation with full support and allocation of sufficient resources by the relevant parties involved, specifically the Federal and State Governments and forest concessionaires. Additional effort is needed to enhance the uptake of forest certification, as currently only about 28% of the PRF has been certified under the MTCS, covering a total area of 4.1 million hectares. In this connection, the withdrawal of forest management certificates issued to the Johor and Kelantan FMUs in 2016 due to conversion of natural forest to other land uses exceeding the permitted threshold, is a step backward and a cause for concern, and would need appropriate action to be taken to place on track our national objectives.

The year also marked the beginning of a new era for the MTCC. Firstly, Dato' Dr. Freezailah Che Yeom who was the founding Chairman of MTCC since 16 May 1999, retired on 15 May 2016 after leading the organisation for 17 illustrious years. I feel privileged to have succeeded him

and hope to build upon the solid foundation he has laid. MTCC also welcomed the appointment of YB Datuk Seri Mah Siew Keong and YB Datuk Datu Nasrun Datu Mansur as the Minister and Deputy Minister of Plantation Industries and Commodities (MPIC) respectively. We look forward to their guidance and leadership as we advance Malaysia's aspiration and goals for sustainable forest management and certification.

MTCC also wishes to place on record our great appreciation to YB Datuk Amar Douglas Uggah Embas, the former Minister, for his strong support of the MTCS, in particular in negotiations with The Netherlands to secure the full acceptance of the MTCS. We wish him well as the Deputy Chief Minister of Sarawak.

In addition, MTCC launched its inaugural MTCC Academic Award with the aim of instilling a love for forest and inspiring forestry students to pursue academic excellence. Three undergraduates comprising one from the Faculty of Science and Natural Resources, Universiti Malaysia Sabah (UMS), and two from the Faculty of Forestry, Universiti Putra Malaysia (UPM) became the first recipients of the award. The MTCC Academic Award for UMS was aptly named Freezailah Forest Sustainability Award, in honour of the significant contributions of MTCC's founding Chairman.

A notable milestone achieved by the MTCS in 2016 was when it secured full recognition by the Dutch Government under the Dutch Public Procurement Policy for Sustainable Timber in December. This recognition is a significant acknowledgement of Malaysia's commitment and on-going efforts in promoting and implementing sustainable forest management.

While the year has been eventful, we were saddened by the untimely demise of YB Tan Sri Noriah Kasnon, the then Deputy Minister of Plantation Industries and Commodities and Y. Bhg. Datuk Dr. Sundaran Annamalai, the then Secretary General of the Ministry of Plantation Industries and Commodities in a helicopter crash on 5 May 2016. We were also saddened by the loss of one of our Trustees, the late Encik Mohd Khalid Atan, representing the Timber Employees Union Peninsular Malaysia (TEUPM) who passed away on 26 January 2016. I wish to acknowledge their contributions and support and place on record our deepest condolences to their families.

To the MTCC management and staff, I also wish to place on record my appreciation for their dedication and hard work during the year under review.



he total number of certified forest management units (FMUs) was reduced by one to nine FMUs, while the number of forest plantation management units (FPMUs) increased from two to four FPMUs during the year under review. Overall, there was a decrease in the total extent of forest certified under the MTCS, decreasing from 4.66 million hectares in 2015 to 4.03 million hectares in 2016. The decrease was attributed to the withdrawal of certification for the Johor and Kelantan FMUs, which have a combined certified forest area of 775,799 hectares.

A total of 42 new certificates for chain of custody (CoC) were issued in 2016. But this number was counteracted by the withdrawal/expiry of 42 certificates and the suspension of two certificates, resulting in the overall decrease in total number of CoC certificate holders from 354 in 2015 to 352 in 2016. A total of 35 new Logo Usage Licenses were issued to the qualified certificate holders in 2016.

In terms of export, the export volume of timber products certified under the MTCS showed a 4.3% decrease from 198,992 m3 in 2015 to 190,405 m3 in 2016. The Netherlands provided the biggest market share, accounting for 29.78% of the total export, followed by the United Kingdom at 15.59%. Georgia, Hong Kong, Maldives, Sri Lanka and Viet Nam became the latest destinations for MTCS-certified timber products, adding to the existing list of 54 countries.

One notable achievement in 2016 was distinctly the full endorsement of the MTCS by the Dutch Government under the Dutch Public Procurement Policy for Sustainable Timber in December – the celebrated result of a long and complex process. Another achievement was the endorsement of the MC&I Forest Plantation.v2 standard by the PEFC in June 2016.

The review of the MC&I (Natural Forest) that commenced in January 2016 progressed well with the conduct of the

first public comment and two meetings of the Standards Review Committee (SRC). The Second Meeting of the SRC held on 21 – 23 September produced the Enquiry Draft 1 that has incorporated the requirements of the MC&I Forest Plantation.v2 into the MC&I(Natural Forest), to begin the standard merging process.

Internationally, MTCC continued to participate in selected exhibitions to promote the MTCS. MTCC also participated actively in PEFC General Assembly, Members Meeting and other related activities to be updated of latest developments, and to ensure that the MTCS continued to comply with the requirements of the PEFC.

Concerted efforts were also taken by MTCC to raise awareness and promote the MTCS locally. Besides participating in publicity programmes such as exhibitions, conferences and seminars, MTCC also engaged the media through interview sessions and publicity of key events, resulting in a number of articles being published in the local media.

MTCC continued to cooperate with the Faculty of Forestry, Universiti Putra Malaysia (UPM) to raise awareness amongst its first-year students during the annual UPM Forestry Camp, on the role of certification in promoting sustainable forest management practices. To further strengthen engagement with academic institutions in producing skilled human resource, MTCC presented the inaugural MTCC Academic Award to three undergraduates from two local universities, i.e. UPM and Universiti Malaysia Sabah (UMS).

My sincere appreciation goes to both the former and present MTCC Chairman, Board of Trustees and Members of MTCC, for their continued guidance and encouragement to support us in our various endeavours in 2016. I would also like to thank the MTCC team for their commitment and hard work in making 2016 an eventful year for MTCC.



OPERATIONS

FOREST MANAGEMENT CERTIFICATION

Natural Forest

y the end of 2016, five out of the eight certified forest management units (FMUs) in Peninsular Malaysia have successfully renewed their certificate for forest management certification after undergoing recertification audit against the MC&I(Natural Forest). These were the FMUs for the states of Kedah, Perak, Selangor, Pahang and Terengganu. The Negeri Sembilan FMU has maintained its certificate after undergoing a successful surveillance audit.

However, the forest management certificates for Johor and Kelantan FMUs were suspended in early 2016 due to major non-conformity on the requirement related to conversion of natural forest to other land uses, including forest plantations. The inability of the FMU managers to address the non-conformity within the stipulated timeframe has resulted in the expiry/withdrawal of the certificate for the Johor and Kelantan FMU respectively.

In Sarawak, the certificate for the Anap Muput FMU was

renewed following its successful recertification audit against the MC&I(Natural Forest), while the Segaliud Lokan FMU in Sabah successfully maintained its certificate based on the outcome of the surveillance 1 audit conducted in 2016. A new certificate was awarded to FMU 11 in Sabah managed by Bornion Timber Sdn Bhd for the management of 40,645.50 ha of natural forests in Ulu Sungai Milian and Sapulut Forest Reserve.

Forest Plantation

wo new certificates for forest plantation management were awarded to Shin Yang Forestry Sdn Bhd for the management of its two forest plantation management units (FPMUs), i.e. Masama FPMU (LPF/0019) and Penyuan FPMU (LPF/0018) in 2016. Additionally, Shin Yang Kuala Baram FPMU and Segan FPMU (LPF/0014) maintained their certificate after undergoing successful surveillance audits in 2016.

Details regarding the PEFC-certified FMUs and FPMUs are shown in **Table 1**.

Table 1: Details of PEFC-Certified FMUs		NATURA	AL FOREST	
FMU	CERTIFICATION BODY	CERTIFICATE NUMBER	VALIDITY OF CERTIFICATE	AREA (ha)
Kedah	SIRIM QAS International Sdn. Bhd.	FMC 0003	1 June 2016 to 31 May 2019	334,983
Negeri Sembilan	SIRIM QAS International Sdn. Bhd.	FMC 0002	28 Dec 2015 to 27 Dec 2018	155,825
Pahang	SIRIM QAS International Sdn. Bhd.	FMC 0008	1 June 2016 to 31 May 2019	1,563,993.40
Terengganu	SGS (Malaysia) Sdn. Bhd.	SGS-MTCS / FM0103	1 Apr 2016 to 31 March 2019	522,400.77
Perak	SIRIM QAS International Sdn. Bhd.	FMC 0004	1 June 2016 to 31 May 2019	998,306.02
Selangor	SIRIM QAS International Sdn. Bhd.	FMC 0007	1 June 2016 to 31 May 2019	238,747
Segaliud-Lokan	SIRIM QAS International Sdn. Bhd.	FMC 0001	2 Dec 2015 to 1 Dec 2018	57,247
Anap Muput	SIRIM QAS International Sdn. Bhd.	FMC 0006	25 July 2016 to 24 July 2019	83,535
Bornion Timber Sdn. Bhd. (FMU 11)	SIRIM QAS International Sdn. Bhd.	FMC 0009	21 Oct 2016 to 20 Oct 2019	40,645.50
	Total: 3,995,682.69 ha			

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Table 1: Details of PEFC-Certified FPMUs			FOREST PL	ANTATION
FPMU	CERTIFICATION BODY	CERTIFICATE NUMBER	VALIDITY OF CERTIFICATE	AREA (ha)
Shin Yang Kuala Baram	SIRIM QAS International Sdn. Bhd.	FPMC 0001	18 July 2014 to 17 July 2017	1,007.10
Segan (LPF/0014)	SIRIM QAS International Sdn. Bhd.	FPMC 0002	18 July 2014 to 17 July 2017	10,800
Masama (LPF/0019)	SIRIM QAS International Sdn. Bhd.	FPMC 0003	12 Aug 2016 to 11 Aug 2019	11,946
Penyuan (LPF/0018)	SIRIM QAS International Sdn. Bhd.	FPMC 0004	21 Oct 2016 to 20 Oct 2019	15,261
Total: 39,014.10 ha				

Grand Total: 4,034,696.79 ha

CHAIN OF CUSTODY CERTIFICATION

n 2016, a total of 42 companies were awarded the PEFC *Chain of Custody* (CoC) certificate. Of these certificates, 39 were issued by local CBs while the remaining three were issued by overseas CBs as shown in **Table 2**.

Table 2: Summary of Issuance of PEFC CoC Certificates				
NO	CERTIFICATION BODY	NUMBER CERTIFICATES		
1	SGS (Malaysia) Sdn. Bhd.	27		
2	SIRIM QAS International Sdn. Bhd.	8		
3	Intertek Certification International Sdn. Bhd.	4		
4	Control Union Certification B.V.	1		
5	DQS CFS GmbH (Germany)	1		
6	Exova BM Trada	1		

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However, the year also saw the withdrawal and expiry of 42 certificates and the suspension of two certificates. As a result, there was an overall reduction in the total number of holders of PEFC Certificate

for Chain of Custody from 354 in 2015 to 352 as of 31 December 2016. The full list of PEFC certificate holders for CoC is available on the PEFC website at http://www.pefc.org/find-certified/certified-certificates

ISSUANCE OF PEFC AND MTCC LOGO USAGE LICENCES

total of 35 new logo usage licences were approved by the Notification Committee comprising 26 and 9 licences for the use of PEFC and MTCC logo respectively.

Of this number, a total of 30 licenses were issued to the CoC certificate holders (Group C) and 5 licenses to the forest management certificate holders (Group B).

NOTIFICATION OF CERTIFICATION BODIES

ne overseas-based CB, namely DQS CFS GmbH was notified to operate CoC certification under the MTCS on 24 June 2016. DQS CFS GmbH is a PEFC Council-notified CB based in Germany.

With the addition, the total number of PEFC-notified CBs operating CoC certification has increased to 14, while those operating forest management certification remained at two as shown in **Table 3**.

Table 3: PEFC-Notified CBs under the MTCS			
TYPE OF CERTIFICATION	PEFC-NOTIFIED CB	NOTIFICATION DATE	
Forest Management	1. SIRIM QAS International Sdn. Bhd.	10 December 2009	
Certification	2. SGS (Malaysia) Sdn. Bhd.	24 December 2009	
COC Certification	1. SIRIM QAS International Sdn. Bhd.	2 September 2009	
	2. Japan Gas Appliances Inspection Association	2 October 2009	
	3. SGS South Africa Pty Ltd - Qualifor Programme	2 October 2009	
	4. SGS (Malaysia) Sdn. Bhd.	24 December 2009	
	5. Intertek Certification International Sdn. Bhd.	20 August 2010	
	6. Scientific Certification Systems	20 August 2010	
	7. Exova BM Trada	14 September 2012	
	8. Holz und Wald Zertifizierungsgesellschaft GmbH	14 September 2012	
	9. Bureau Veritas Certification France	17 May 2013	
	10. Bureau Veritas Sverige AB	6 September 2013	
	11. Bureau Veritas Certification (Malaysia) Sdn. Bhd.	26 March 2015	
	12. Control Union Certifications B.V.	16 October 2015	
	13. NEPCon OÜ (Estonia)	25 November 2015	
	14. DQS CFS GmbH	24 June 2016	

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Notification Fee

he Notification Fee charged for every PEFC certificate issued for forest management and CoC certification remained unchanged, as shown in **Table 4**.

Table 4: PEFC Notification Fee Schedule under the MTCS				
NOTIFICATION CATEGORY SUBSET ANNUAL FEE (RM)				
A. Forest Management Certificate	Natural Forest and Forest Plantation	0.018 per ha of certified forest		
B. CoC Certificate	Based on annual total turnover (RM):			
	Up to 5 Million	300.00		
	Over 5 Million and up to 20 Million	500.00		
	Over 20 Million and up to 50 Million	750.00		
	Over 50 Million and up to 100 Million	1,000.00		
	Over 100 Million	2,000.00		

The total amount of notification fee collected for the year 2016 was RM178,746.60.



Image by Yee Poh Timber Sdn Bhd

EXPORT OF TIMBER PRODUCTS CERTIFIED UNDER MTCS

he export of timber products certified under the MTCS had declined slightly by 4.3% from 198,992 m³ in 2015 to 190,405 m³ in 2016. The Netherlands, United Kingdom and Germany remained the three major importing countries of the MTCS-certified timber and timber products.

Sawn timber, mouldings and plywood remained as the major products exported. Although sawn timber remained the dominant export commodity, its share in the overall export had dropped from 64.41% in 2015 to 52.11% in 2016, whilst that of plywood increased from 17.53% to 23.03%. Similar increase was also observed for mouldings from 17.73% to 23.67%. The slight decline in the export of certified timber in 2016 was consistent with the sluggish market experienced especially in Europe.

MTCS-certified timber products were exported to five new markets, namely Georgia, Hong Kong, Maldives, Sri Lanka and Viet Nam, bringing the total number of countries importing MTCS-certified timber products to 59.

The export performance in 2016 brings the cumulative export of certified timber products to 1,371,543 m³ (Figure 1). The Netherlands continued to remain as the largest contributor with import of 531,074 m³ (39%) of the total amount exported since July 2002. The export of certified products according to product type and destination for 2015 and 2016 are as shown in Figures 2-5.

Figure 1: Export of timber products certified under MTCS, July 2002 – December 2016

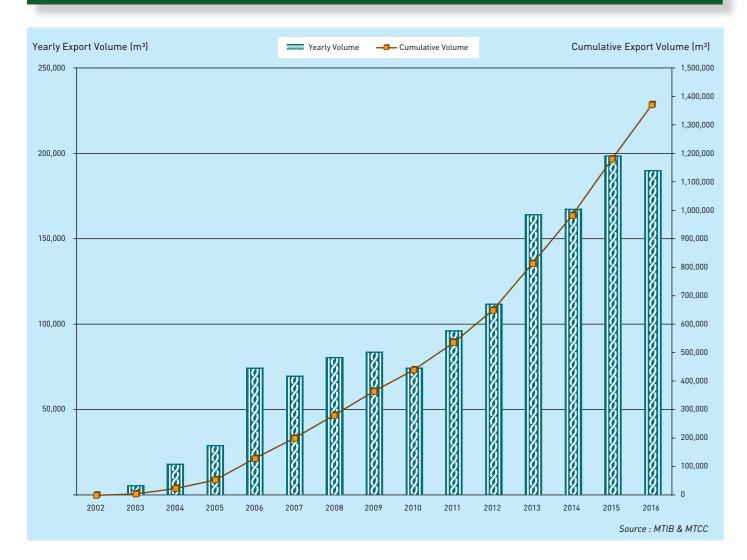


Figure 2: Export of timber products certified under MTCS by product type, 2016

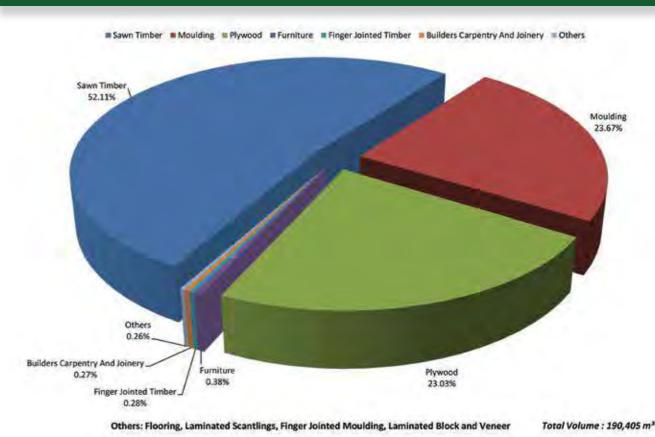
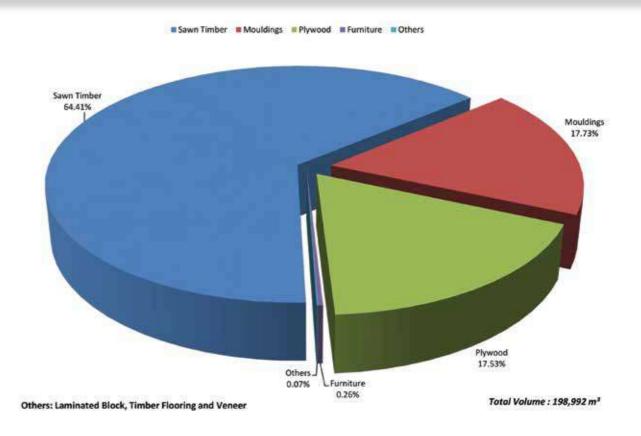
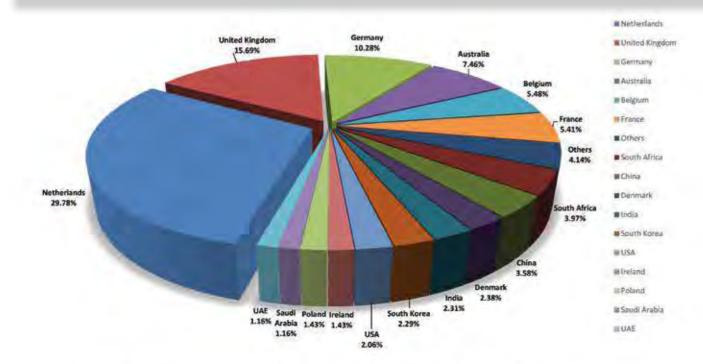


Figure 3: Export of timber products certified under MTCS by product type, 2015



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Figure 4: Export of timber products certified under MTCS by destination, 2016

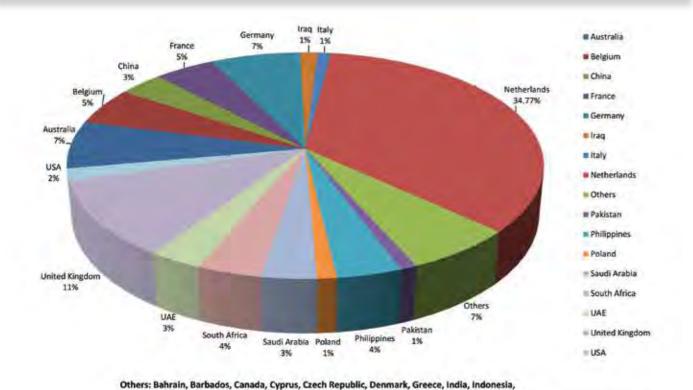


Others: Bahrain, Barbados, Canada, Cyprus, Georgia, Greece, Hong Kong, Indonesia, Iraq, Japan, Kuwait, Maldives, Mauritius, New Zealand, North Korea, Oman, Qatar, Singapore, Sri Lanka, Sweden, Taiwan, Thailand and Viet Nam

Total Volume: 190,405 m

Total Volume: 198,992 m

Figure 5: Export of timber products certified under MTCS by destination, 2015



Ireland, Japan, Kenya, Kuwait, Macedonia, Mauritius, New Zealand, North Korea, Oman, Qatar, Romania, St. Lucia, Singapore, South Korea, Switzerland, Taiwan and Turkey

CERTIFICATION STANDARDS

ENDORSEMENT OF MC&I FOREST PLANTATION.V2 BY PEFC

ollowing the issuance of an interpretation guidance document: GD-FP 2/2016 – Guidelines for the Interpretation of Requirements in MC&I Forest Plantation.v2 by MTCC, Form International concluded in its PEFC Conformity Assessment Final Report dated 17 March 2016 that "no non-conformities are found in the Forest Management standard, in relation to plantation forests." Based on the result of this conformity assessment, the PEFC Council's Board of Directors which met on 27 April 2016 recommended the MC&I Forest Plantation.v2 for endorsement without any condition. The MC&I Forest Plantation.v2 standard was subsequently endorsed by the PEFC General Assembly on 13 June 2016.

The endorsement of this second edition of the forest plantation standard signifies the commitment of MTCC for continuous improvement of the MTCS that will enable all forest plantation management units certified against the MC&I Forest Plantation.v2 to enjoy international recognition and market acceptance.

PEFC remains the only global forest certification system to limit endorsement of national systems to five years, requiring revision of the standards before a system can re-apply for endorsement. Endorsement is only granted after a comprehensive, independent third-party assessment of compliance with PEFC's Sustainability Benchmarks.

REVIEW OF MC&I(NATURAL FOREST)

n accordance with the Rules on Standard Setting Process for Development of Timber Certification Standards

(SSP3/2014), the Malaysian Criteria and Indicators for Forest Management Certification (Natural Forest) or MC&I(Natural Forest) which came into force on 1 July 2012 was subjected to a review in the last quarter of 2015.

Formation of the Standards Review Committee (SRC)

The review process was spearheaded by a multistakeholder Standards Review Committee (SRC). The 15-member SRC comprises elected representatives from the economic, environmental and social (indigenous people and workers) interest groups, and the relevant government agencies from Sabah, Sarawak and Peninsular Malaysia.

The composition of the 15-member SRC is as shown in **Table 5**.



Table 5: Elected Members and Alternate Members of the Standards Review Committee				
REGION	STAKEHOLDER GROUP	MEMBER	ALTERNATE MEMBER	
Sabah	Indigenous Peoples	Native Chief Saniban Bin Amphila United Sabah Dusun Association	Sagoli Olid Persatuan Suang Lotud Sabah (LOTUD)	
	Workers	Engrit Liaw Siau Fang Sabah Timber Industry Employees Union	Apolinar Tolentino Building and Wood Workers' International	
	Environment	Omar Abdul Kadir Sabah Wetlands Conservation Society (SWCS)	Vitalis J. Moduying Environment Protection Department	
	Economic	Raymond Chiew Vui Leong Timber Association of Sabah	Stephen Chaw Zie Shing Sabah Timber Industries Association	
	Relevant Government Agency	Musa Salleh Sabah Forestry Department	Hamidah Bujing Sabah Forestry Department	
Sarawak	Indigenous Peoples	Elbson Marajan Pengeran Sarawak Dayak National Union	Assoc. Prof. Dr. Ramy Bulan Federation of Orang Ulu Associations of Sarawak, Malaysia	
	Workers	Zaidi Buang Union of Forestry Employees Sarawak	Lo Kian Nyan Malaysian Trade Union Congress Sarawak	
	Environment	Dr. Melvin Gumal Wildlife Conservation Society (Malaysia Program)	Dr. Jason Hon WWF-Malaysia (Sarawak Office)	
	Economic	Ling Kiang Cheng Sarawak Timber Association	Ting Jack Hui Sarawak Timber Association	
	Relevant Government Agency	Tessy Anak Nimos Ministry of Resource Planning and Environment, Sarawak	Abang Ahmad bin Abang Morni Forest Department Sarawak	
Peninsular Malaysia	Indigenous Peoples	Manolan Mohamad Orang Asal Rights Activist	Suhaimi bin Mahmud Jabatan Kemajuan Orang Asli (JAKOA)	
	Workers	Mohd. Najid Shauqi b. Mohd. Sahar @ Ishak Malay Forest Officers Union, West Malaysia	Abd. Halim b. Abu Malay Forest Officers Union, West Malaysia	
	Environment	Francis Cheong Fook Meng Wildlife Conservation Society – Malaysia Program	Balu Perumal Malaysian Nature Society	
	Economic	Goh Chee Yew Malaysian Wood Industries Association	Dr. Eric Ng Kok Leong Malaysian Timber Council	
	Relevant Government Agency	Mohd. Rahim bin Rani Forestry Department Peninsular Malaysia Headquarters	Shashiah binti Abdul Karim Forestry Department Peninsular Malaysia Headquarters	

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First Public Comment Period

Invitation for the First Public Comment on the MC&I(Natural Forest) was circulated to stakeholders via post, email and announcement placed on MTCC website. The 60-day comment period held from 16 November 2015 – 15 January 2016 resulted in comments and proposals received from sixteen (16) organisations as follows:

- 1. Forestry Department Peninsular Malaysia (FDPM)
- 2. Asiatic Organic Farm Sdn Bhd
- 3. Zedtee Sdn Bhd

- 4. Penang Institute
- 5. Forever Sabah (LEAP)
- 6. Nature, Ecology and People Consult Sdn Bhd (NEPCon)
- 7. Wildlife Conservation Society Malaysia Program
- 8. WWF-Malaysia
- 9. Sabah Forestry Department
- 10. Global Environment Centre (GEC)
- 11. Forest Research Institute Malaysia (FRIM)
- 12. Department of Irrigation and Drainage Malaysia
- 13. Timberwell Bhd
- 14. Malaysian Timber Council (MTC)
- 15. Jabatan Tenaga Kerja Sarawak
- 16. TH Plantations Bhd

First Meeting of SRC

The inputs received from the First Public Comment Period were tabled for consideration of the First Meeting of the SRC which was held on 12–14 April 2016 in Kuala Lumpur. The Meeting also discussed the possible approaches for streamlining the MC&I(Natural Forest)

and MC&I Forest Plantation.v2 standards. Following the First Meeting of the SRC, the Working Draft of the MC&I(Natural Forest) was prepared incorporating the requirements of the MC&I Forest Plantation.v2 as part of the standards streamlining process.



Participants of 1st Meeting of the SRC

Second Meeting of SRC

■he Second Meeting of the SRC was held on 21-23 September 2016 in Sibu, Sarawak. The Meeting deliberated on the working draft prepared and agreed to merge the MC&I(Natural Forest) and MC&I Forest Plantation.v2 standards. Following the

Second SRC Meeting, an Enquiry Draft 1 encompassing the feedback and requirements of both standards was prepared and will be subjected to a second public comment by stakeholders.



Participants of 2nd Meeting of the SRC

CAPACITY BUILDING

Auditor Training Course on Forest Management Certification under the Malaysian Timber Certification Scheme (MTCS)

3-day Auditor Training Course on Forest Management Certification under the MTCS was conducted from 5-7 October in Kuala Lumpur. The course was aimed at familiarising and equipping auditors and interested stakeholders on the requirements of the MTCS as well as to provide the tools and skills required to conduct forest management audit based on the MC&I(Natural Forest) and MC&I Forest Plantation.v2.

The training was part of STANDARDS MALAYSIA's accreditation requirements to ensure auditors' competency for the conduct of forest management audit under the MTCS. The interactive training course was conducted by two external experts (Gan Boon Keong and Dr Zahid Emby) and an in-house trainer (Siti Syaliza). A total of 12 participants attended the training course.



Siti Syaliza conducting the auditor training

Interactive session with trainers in progress

Briefing on Chain of Custody Certification

TCC conducted chain of custody briefings to two certificate holders, i.e. Robin Resources (M) Sdn. Bhd. in May 2016, and B.K.B. Hevea Products Sdn. Bhd. in December 2016. These briefings were requested by the companies concerned to provide their staff with a better understanding and familiarisation with the requirements of the PEFC ST 2002:2013 standard, especially the implementation of the due diligence system (DDS).

To explore the possibility of formulating a national public procurement policy to encourage the use of certified timber in the domestic market, MTCC initiated and provided briefing on the MTCS to the Construction Industry Development Board (CIDB) on 5 August and the Public Works Department on 18 October.



Rajan briefed staff of Robin Resources (M) Sdn Bhd

Briefing for B.K.B. Hevea Products Sdn Bhd in progress

UPM Forestry Students Camp

he annual UPM Forestry Students Camp was held at the Sultan Idris Shah Forestry Education Centre (SISFEC) located at Ayer Hitam Forest Reserve, Puchong, and involved students who are currently pursuing a degree, majoring in either forestry science, wood science and technology or parks and recreation science.

MTCC delivered a module on forest and timber certification where over 120 students learned about the

need to manage and conserve Malaysian forests and the important role that timber certification plays in promoting the implementation of sustainable forest management.

Students were engaged in role play to appreciate the different roles played by the multi stakeholder-groups which are involved in sustainable forest management. They were also given the opportunity to voice their views on sustainable forest management and timber certification.







Role playing during the camp

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PROMOTION

Working Visit to Germany

TCC CEO participated in a six-day Working Visit to Germany from 14 to 19 March. The Working Visit was also joined by Sheam Granzella-Satkuru, Director of MTC-London cum Vice President of the PEFC International, and Guntram Kaiser from Kaiser Communication.

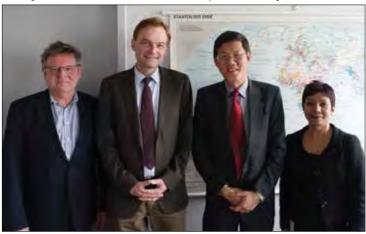
The Working visit was organized to inform and update the various stakeholder groups in Germany about recent developments in sustainable forest management and timber certification in Malaysia. It was also aimed at conveying the message that the efforts made by Malaysia should be encouraged and recognised through increased recognition of the MTCS-certified timber in public procurement by more German states and municipalities and by the purchasing policy of private organisations such as the German Do-It-Yourself (DIY) markets. Throughout the visit, MTCC emphasized that recognition of the MTCS in Germany would help promote greater uptake of certification in Malaysia and encourage other

developing countries with tropical forests to pursue sustainable forest management and timber certification in their respective countries.

Aside from having meetings with the German Forestry Council; Berlin Senate for Urban Development and Environment; Federal Ministry for Food and Agriculture; Department of Environment of the City of Dusseldorf; and Honbach Baumarkt AG, Borneim; the delegation also made a courtesy call on Malaysian Ambassador H.E. Dato' Zulkifli Adnan in Berlin, as well as a courtesy visit to the office of PEFC Germany.

The Working visit has helped strengthen MTCC's relationship with the German timber trade community and provided excellent platform for MTCC to engage with both the federal and state in particular, the authorities of the cities of Berlin and Dusseldorf and the DIY store chain, Hornbach.

Meeting with Matthias Schwoerer, Federal Ministry for Food and Agriculture



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Meeting with Stefan Wenzel and Rolf Neumann, Department of Environment of the City of Dusseldorf

Meeting with Andreas Back, DIY Chain, Honbach Baumarkt AG $\,$





Courtesy call on H.E. Datuk Zilkifli Adnan Malaysian Ambassador in Berlin

Group picture





PEFC

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Delegates visited Mentakab Veneer & Plywood Sdn Bhd

Meeting in progress

Hosting of Delegation from Congo, Viet Nam, and Thailand for Study Tour to Malaysia

total of 20 delegates from Congo, Viet Nam, and Thailand visited Malaysia on 27 - 29 April to learn about the implementation of the MTCS.

During the visit, the delegates participated in meetings with the various stakeholders who are involved in the entire timber certification process. The delegates held discussions with forest managers who are responsible for managing the forest management unit and visited timber manufacturers and traders who are involved in timber processing, manufacturing and trading of timber and timber products. In addition, the delegates held discussions with the auditors of SIRIM QAS International Sdn. Bhd., a PEFC-notified certification body in Malaysia, as well as officials from STANDARDS MALAYSIA, the national accreditation body.

MTCC Academic Award

imed at inspiring a new generation of forestry talent, MTCC presented its inaugural MTCC Academic Award to three undergraduates from two local universities; one from the Faculty of Science and Natural Resources, Universiti Malaysia Sabah (UMS) and two from the Faculty of Forestry, Universiti Putra Malaysia (UPM).

The MTCC Academic Award for UMS has been aptly named the "Freezailah Forest Sustainability Award" in honour of the MTCC Founding Chairman – Dato' Dr. Freezailah Che Yeom, who retired in May 2016. The Freezailah Forest Sustainability Award was presented to Chaw Vi Vian of UMS on 29 November and the MTCC Academic Award to Nur Atikah binti Abu Bakar and Fatin Norliyana binti Mohamad Ismail of UPM on 8 December.

Dato' Dr. Freezailah presented the award to Chaw Vi Vian from UMS





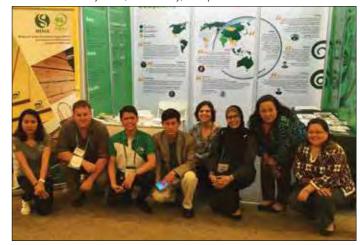
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MTCC CEO presented the Award to the recipients from UPM

PUBLICITY PROGRAMMES / EXHIBITIONS

ublicity brochures as well as information on the developments related to the MTCS were distributed at the following fairs and exhibitions by MTCC:

Asia Pacific Forestry Week, 22 February, Phillipines





34th PUSPANITA General Assembly Exhibition, 25 & 26 April 2016, Putrajaya



SPOGA 2016, 4-6 September, Cologne

KLESF 2016, 4-6 November, Seri Kembangan

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Melaka Green Exhibition, 1-4 March, Melaka



International Day of Forests 2016, 24-25 March, Kuching IGEM 2016, 5-8 October, Kuala Lumpur





PUBLICATIONS

n 2016, MTCC issued the following articles, information updates and press releases:

- Suspension of Forest Management Certificate for Johor State FMU, 5 January
- Growth in Number of Certified Timber Companies Recognised Internationally, 20 January
- Summary of First Public Comment on Review of MC&I(Natural Forest), 23 February
- MTCC Appoints New Senior Manager, Rajan Samikannoo, 1 March
- Suspension of Forest Management Certificate for Kelantan State FMU, 21 March
- Green Technology Will Enhance Sustainability Efforts, says MTCC, 22 March
- MTCC Keeps SFM Dialogue Alive Through German Ties, 22 April
- MTCC Keeps Sustainable Forest Management Dialogue Alive Through German Ties, 11 May
- Datuk Himmat Singh Appointed as MTCC Chairman, 17 May

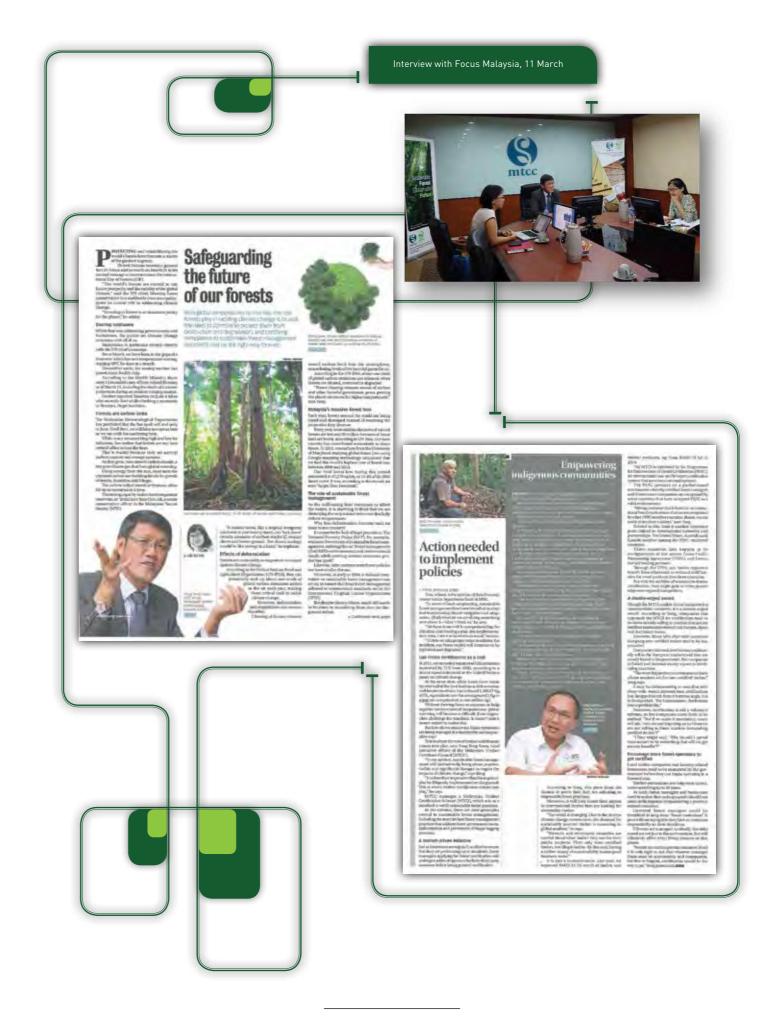
- Delegations from Viet Nam, Thailand and The Congo Visit Malaysia to Learn About Sustainable Forestry, 1 June
- The Pursuit of Forest Management Certification in Malaysia, 20 June
- PEFC Endorses the MC&I Forest Plantation.v2, 5 July
- Letter-to-editor The Friends of Orang Utans' titled, "End Rampant Logging of Forest Reserves", 13 July
- MTCC Pays Tribute to Founding Chairman of 17 Years,
 29 July; 3 August
- Inaugural MTCC Academic Awards, 12 August
- MTCC Facilitates Workshop for UPM's Forestry Students, 14 October
- Smart Partnership Boosts Forest Management, 14 October
- MTCC Facilitates Workshop for UPM Forestry Students, 24 October
- MTCC Presents Academic Excellence Awards to Undergraduates, 28 November
- Withdrawal of the Certificate for Forest Management of the Kelantan State FMU, 30 November

MEDIA INTERVIEW

n 2016, MTCC had two interview sessions with the media involving the CEO and Senior Management which were aimed at providing information on the role of the MTCC and its contribution to sustainable management of forest; as well as the role of women in forest management.



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OUTPUTS OF MEDIA COVERAGE

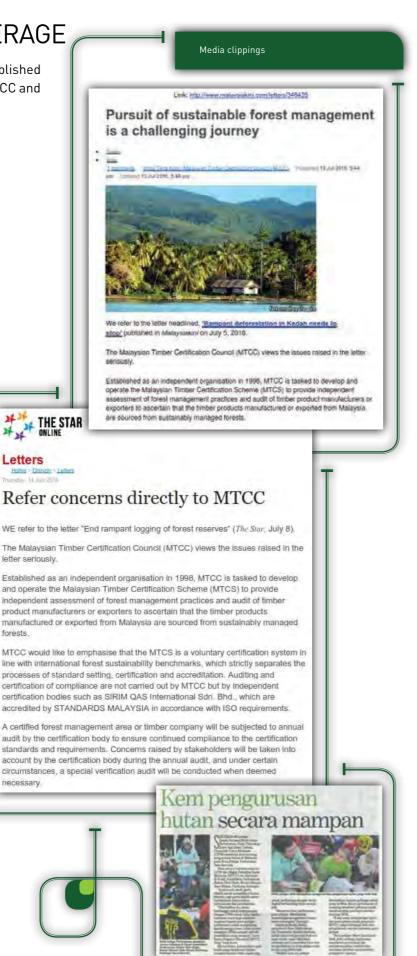
he following print and online media published editorials and special feature reports on MTCC and the MTCS:

International publications

- Houtwereld
- Holz-Zentralblatt
- Lueneburger Landeszeitung
- Forestry in Germany
- Diy online
- Moebel fertigung
- Wood and Panel
- Fordag
- Woodmag
- Panels & Furniture Asia.Com
- Daily newspaper Trouw
- Glas+rahmen
- Glaswelt
- Dds
- Public manager
- PEFC.org
- Building And Wood Worker's International
- IHB
- BruneiNews.net

Local publications

- New Sarawak Tribune
- Malaysia SME
- The Malaysian Reserve
- Malaysia Shafagna.com
- Oriental Daily News
- Berita Harian
- OANA News
- Malaysia Sun
- Utusan Borneo
- Press ReaderNew Straits Times
- The Star
- Bernama
- The Borneo Post Online
- China Press
- Malaysia News
- Metro Post Online
- The Borneo Post E-Newspaper
- Oriental Daily News
- Timbernews.org
- Nanyang Siang Pau





Prescribe One Years or a formulation of appreciation stories gathering held this week in Krote. Lampor: The event was gatered by VB Data Data Notice for Data Manuar, the Depute Master of

PARTICIPATION IN CONFERENCES / SEMINARS / WORKSHOPS / COURSES / MEETINGS

TCC participated in a number of international and local conferences, seminars, workshops, courses and meetings during which presentations on the MTCC and MTCS and related activities were made. These included the following:

- Asia-Pacific Forestry Week, 22 27 February, Philippines
- MTC Familiarisation Programme, 8 March, Selangor
- Public Seminar on the Promotion of Sustainable Forest Management to Achieve Sustainable Development Goals, 9 March, Tokyo
- Majlis Perasmian Seminar Pelaksanaan Pengusahasilan Hutan Berimpak Rendah (RIL) Di Hutan Darat Semenanjung Malaysia, 17 Mei, Selangor
- Briefing on MTCS to visitors from Guangxi Forestry Department, China, 2 June, Kuala Lumpur

- MTC New Staff Training Programme, 23 June, Selangor
- Modul Pengenalan Kepada Pensijilan Pengurusan Hutan Bagi Kem Perhutanan UPM 2016, 24 Ogos, Selangor
- PEFC Identity & Branding Task Force meeting, 6 September, Geneva
- Global Timber Conference, 20 September, Putrajaya
- IUFRO Regional Congress for Asia and Oceania 2016, 24 October, Beijing
- PEFC Forest Certification Week- Partner-run side event: "Looking at The Impact of Forest Certification", 18 November, Bali
- Sesi Taklimat Mengenai Indikator 6.10 di dalam Standard MC&I(Natural Forest), 6 Disember, Kuala Lumpur
- Workshop on Sustainable Forest Management Best Practices, 13-15 December, Putrajaya

RECOGNITION OF MTCS

Public Procurement Policies

s a PEFC-endorsed scheme, the MTCS has been accepted under the national timber procurement policies of Denmark, United Kingdom, Germany, Finland, Belgium, Switzerland, France and New Zealand, as well as the Keurhout System of The Netherlands as meeting the requirements for sustainable timber.

Following the fact finding mission to Malaysia by the Timber Procurement Assessment Committee (TPAC) of The Netherlands in November 2016, the MTCS has been granted full acceptance under the Dutch public procurement policy for timber in December 2016.

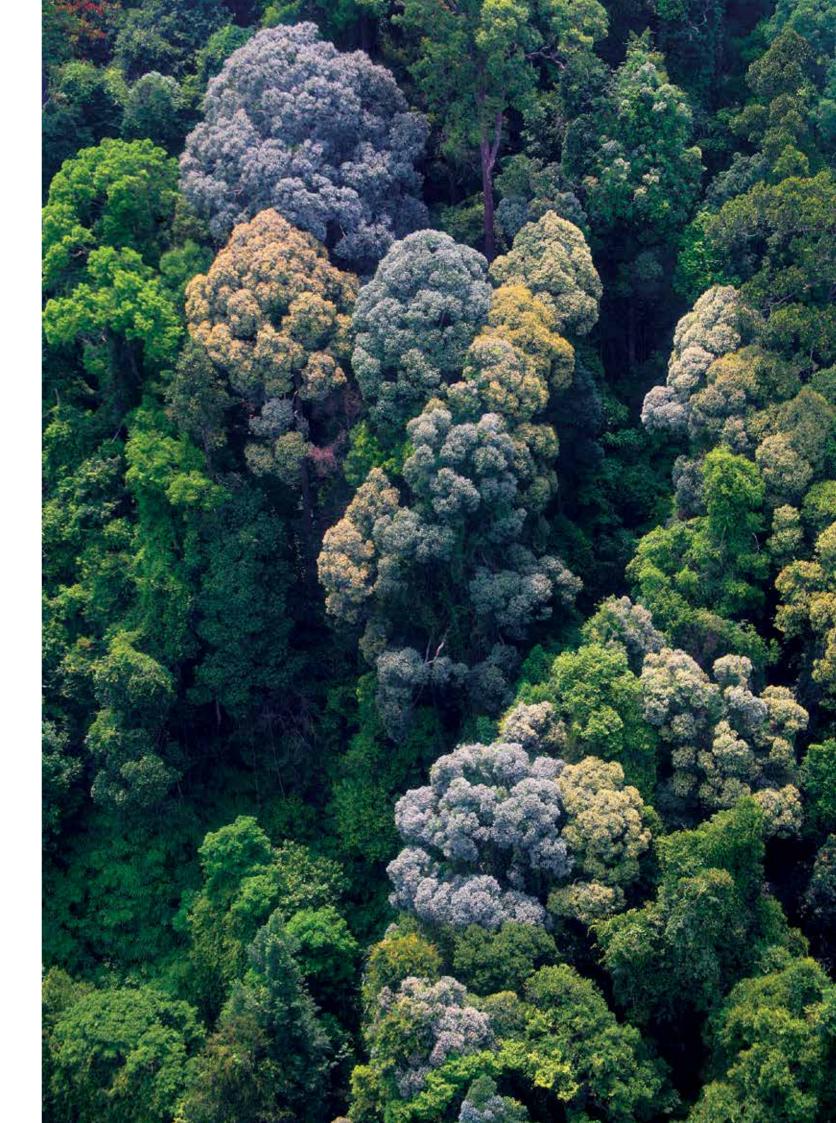
The MTCS has also been recognised by the following:

- The Forestry Agency, Ministry of Agriculture, Forestry and Fisheries, Japan which lists MTCS in its Guideline for Verification on Legality and Sustainability of Wood and Wood Products (since April 2006)
- The Free and Hanseatic City of Hamburg, Germany which has granted full acceptance of the MTCS in its procurement policy (since December 2009)

Green Building Systems

The PEFC-endorsed MTCS continues to be recognised under the green building schemes of Australia, Italy, Singapore, Netherlands, United Kingdom, Canada, United States of America, Japan and Abu Dhabi, UAE.

The GBI in Malaysia has recognised the MTCS under its Sustainable Timber Criterion since April 2010.





PEFC RELATED ACTIVITIES

PEFC Forest Certification Week

TCC participated in the PEFC Forest Certification Week that was held in Bali, Indonesia from 14 to 18 November 2016. The PEFC Forest Certification Week included the PEFC General Assembly, Meetings and Workshops dedicated to its members and invited guests, and concluded with a two day PEFC Stakeholder Dialogue. MTCC was represented at this Certification Week by Datuk Himmat Singh (Chairman), Yong Teng Koon (CEO), Siti Syaliza Mustapha (Senior Manager), Melvin Ku (Executive, Forest Management), Akmal Saraani (Executive, Product) and Muhammad Hasif Azizan (Executive, PR/Marketing). Programmes and activities conducted throughout the Week included the following:

- Packaging Marketing Initiative Meeting (14 November)
- Technical Matters and Standard Review (14 November)
- PEFC Updates (15 November)
- PEFC General Assembly (16 November)
- PEFC Stakeholder Dialogue (17-18 December)

The Packaging Marketing Initiative meeting identified the packaging sector as the key sector to increase the visibility of PEFC in the market place. However, the Meeting agreed that PEFC should look at other sectors that have equal potential to market PEFC.

On Technical Matters and Standard Review, the members noted that matters related to forest conversion and cutoff date were the most contentious issues discussed during the meeting. The Meeting noted that PEFC has commissioned a study to provide background data to understand the role of forest plantations in global wood flows and an analysis of existing approaches for addressing forest conversions. This would facilitate the formulation of informed decisions by the technical working group.

The members also noted that there would be provision for NGBs to defer their standard revision process to fall

in line with the current review of the PEFC meta standard which has been scheduled to be completed by the end of 2017. All NGBs would be given two years to complete their standard review upon the approval and adoption of the PEFC meta standard.

Themed "Sustainable landscapes for sustainable livelihoods," the PEFC Stakeholder Dialogue emphasised the need to demonstrate that sustainable forestry and forest certification can contribute beyond traditional boundaries to accelerate sustainable development. It called upon experts to continue working together to ensure and advance the impact of forest certification to promote sustainable landscapes where trees deliver maximum positive impacts to people and the environment.

MTCC organised a side event on the second day of the Stakeholder Dialogue to highlight the impacts of certification to the protection of biodiversity, species conservation and consideration on the needs of forestdependent society. MTCC invited three speakers i.e. Wendy Yong Sze Yee (FRIM), Dr Melvin Gumal (Wildlife Conservation Society - Malaysia Programme) and Wong Ing Yung (Anap Muput FMU) to share respectively, the findings of: i) FRIM-led project to develop monitoring and conservation procedures for endangered tree species in Peninsular Malaysia; ii) Wildlife Conservation Society's programme on wildlife monitoring and conservation in certified and non-certified forest areas; and iii) the experiences of a forest practitioner in implementing certification, including the conduct of social programmes and engagement with the local communities. This sideevent which showcased how the assortments of work conducted by the various stakeholders were mutually supportive and necessary in the context of certification was very well received by the participants.

PEFC 21st General Assembly

he PEFC 21st General Assembly was held on 16 November during the PEFC Certification Week. It was attended by delegates comprising PEFC Members and Extraordinary Members, invited quests and members of the Board of Directors of the PEFC Council. Five potential member countries were present to observe the Bali proceedings, i.e. Viet Nam, Cambodia, Republic of Korea, Mexico and Nepal. MTCC was represented by Datuk Himmat Singh, Yong Teng Koon and Siti Syaliza Mustapha.



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PEFC Stakeholder Dialogue in progress



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MTCC staff with the Endorsement Certificate

In his opening remarks, Ben Gunnerberg, the CEO of PEFC International stressed on the need to embrace new ideas, products, and solutions to develop different ways to promote the vision of a world in which people manage forests sustainably. He lauded the collaborations that existed amongst members to support and help each other in strengthening each other's ability to reach their full potential.

The General Assembly witnessed the appointment of a new PEFC Chairman, Peter Latham, of James Latham PLC and the approval of new PEFC national members from Thailand, Romania and Macedonia.

At the General Assembly, MTCC was awarded the *Certificate of Endorsement* for the MC&I Forest Plantation.v2.



Yong received the Endorsement Certificate from PEFC CEO Ben Gunnerberg



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Group picture of MTCC participants

PEFC Working Group Meeting

EFC reviews its standards and technical documents periodically every five years to ensure that they incorporate latest knowledge, best practices, and evolving stakeholder expectations. With stakeholder participation being at the core of PEFC's work, the revision is undertaken through multi-stakeholder working groups. MTCC is represented as a member in the following working groups (WG):

- WG1 on Sustainable Forest Management (Siti Syaliza Mustapha)
- WG2 on Group Forest Management (Siti Syaliza Mustapha)
- WG4 on Chain of Custody and Labelling (Rajan Samikannoo and Sabrina Mawasi)

The First Meeting of the WG1 was held on 9-11 May in Geneva. The Meeting discussed the revision of Sustainable Forest Management – Requirements (PEFC ST 1003:2010) and identified three key areas that required further deliberations i.e. trees outside forests, forest conversions, and non-wood forest products and ecosystem services. The Meeting agreed to form two Task Forces to analyse the specific challenges in detail, and feed their findings and recommendations back into the working draft of the standard. MTCC participated in the Task Force on forest conversions which met twice on 3 June and 10 August via online conference.

The First Meeting of the WG2 was held back to back with the WG1 meeting from 12-13 May and deliberated on the revision of *Group Forest Management Certification – Requirements (PEFC ST 1002:2010)*. The Meeting also discussed the requirements for Certification Bodies conducting PEFC forest management certification as defined in Annex 6 of the PEFC Technical Document.

The First Meeting of the WG4: Chain of Custody and Labelling was held in the PEFC Office in Geneva from 13 to 14 July 2016.

The WG is tasked to review and revise the following three documents:

- i) PEFC ST 2002:2013, Chain of Custody of Forest Based Products;
- ii) PEFC GD 2001:2014, Chain of Custody of Forest-based Products-Guidance for Use; and
- iii) PEFC ST 2001:2008, PEFC Logo Usage Rules.

The Meeting focused on the desired objectives and the final deliverables of the WG. According to the planned timeline, the revision process is expected to be completed by the fourth quarter of 2017. The Meeting agreed that the revised standard should be one that is user friendly and contains more graphic and illustrations where appropriate.



COOPERATION

15th Meeting of the Working Group on a Pan ASEAN Timber Certification Initiative

he 15th Meeting of the Working Group on a Pan ASEAN Timber Certification Initiative (WG-PATCI) was held on 2-3 June in Lampang Province, Thailand. The Meeting was attended by delegates from Cambodia, Lao PDR, Malaysia, Philippines, Thailand, Viet Nam as well as a representative from the ASEAN secretariat. Representatives from the European Union Forest Law Enforcement and Governance and Trade (EU-FLEGT) Facility, FAO-FLEGT Programme, Responsible Asia Forestry and Trade – The Nature Conservancy (RAFT-TNC) were also present at the Meeting.

MTCC, represented by Siti Syaliza Mustapha, led the Malaysian delegation which comprised representatives from the Ministry of Plantation Industries and Commodities (MPIC), Malaysian Timber Industry Board (MTIB), Malaysian Timber Council (MTC), Sarawak Timber Association (STA) and Sarawak Timber Industry Development Corporation (STIDC).

The Meeting was chaired by Sapol Boonsermsuk from the Royal Forestry Department of Thailand, and assisted by Dr Bui Chinh Nghia from Viet Nam. Dian Sukmajaya, Senior Officer of the ASEAN Secretariat updated the delegates on the outcome of the 18th Meeting of the ASEAN Senior Officials on Forestry (ASOF) and related ASEAN Meetings, the establishment of ASEAN Community 2015 where the ASEAN Leaders reaffirmed their strong commitment to continue the process of deepening economic integration over the next 10 years under the ASEAN Economic Community Blueprint 2025, as well as the Vision and Strategic Plan for ASEAN Cooperation in Food, Agriculture and Forestry (SP-FAF), 2016-2025.

Each ASEAN Members State (AMS) updated the Meeting on their country progress reports on the Criteria and Indicators (C&I) for legality of timber (or) forest management certification, implementation of legality



Participants of WG-PATCI Meeting



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Malaysian delegation



Meeting in progress

assurance system as well as ASEAN Chain of Custody Guidelines. The Lao PDR, Malaysia and Thailand also exchanged information and experiences in the preparation for negotiation with the EU on a Voluntary Partnership Agreement (VPA).

During the Meeting, the AMS were also informed on the development of Work Plan for Forest Law Enforcement and Governance (FLEG) in ASEAN (2016-2025) which was developed based on the proposed Strategic Plan of Action for ASEAN Cooperation in Forestry (2016-2025) and the current Work Plan for FLEG in ASEAN (2008-2015), as well as ASOF decision to subsume the WG-PATCI and

ASEAN Expert Group for Herbal and Medicinal Plants into ASEAN Expert Group for Forest Product Development to enhance effectiveness and efficiency of the working groups under ASOF.

Support partners i.e. RAFT-TNC, EU FLEGT Facility and FAO-FLEGT Programme Asia Pacific also presented potential areas for further collaboration and availability of support to the AMS, specifically in the areas of capacity building for the implementation of responsible and sustainable forest management as well as in promoting better synergies among standards for sustainability and legality.



SIGNIFICANT EVENTS

Visit by Datuk Dr. Sundaran Annamalai, Secretary General of MPIC

TCC was honoured to receive Datuk Dr Sundaran Annamalai, Secretary General of Ministry of Plantation Industries and Commodities (MPIC) when he visited the MTCC Office on 16 April.

Datuk Dr Sundaran was welcomed by MTCC Chairman Dato' Dr Freezailah and CEO Yong Teng Koon. He was briefed on the set up of MTCC, its main roles and functions, and the operation of the MTCS. The briefing

also covered issues and challenges in operating the MTCS and strategies to address them.

MTCC was saddened by the sudden loss of Datuk Sundaran on 5 May 2016. During his tenure, Datuk Sundaran has given his full support to the work of MTCC. He will be fondly remembered as a person of incredible positive influence to the efforts of sustainable forest management and timber certification.



with MTCC staff



Datuk Dr Sundaran received a token of appreciation from MTCC

Datuk Himmat Singh appointed as MTCC Chairman

atuk Himmat Singh was appointed as MTCC Chairman with effect from 16 May following the retirement of Dato' Dr Freezailah Che Yeom.

Datuk Himmat began his career in the civil service with the Ministry of Science, Technology and Environment in 1981. Subsequently, he moved to the Economic Planning Unit (EPU) under the Prime Minister's Department, and was the Director of Environment and Natural Resources, then of Social Services, followed by Infrastructure and Utilities, and finally as Deputy Director-General of EPU. In 2011, Datuk Himmat was appointed as the Secretary General for the Ministry of Works until July 2014, when he assumed the post of the Secretary General of the Ministry of Plantation Industries and Commodities.

Datuk Himmat possesses a Master's Degree in Park Recreation Resources from the Michigan State University in the United States of America (USA), and a Bachelor of Science in Ecology from University of Malaya.

MTCC looks forward to progressing to greater heights under the leadership of Datuk Himmat.



MTCC CEO welcomed Datuk Himmat Singh's first visit to MTCC

Appreciation and Farewell Dinner for Dato' Dr. Freezailah Che Yeom

ato' Dr. Freezailah Che Yeom, the founding Chairman of MTCC was feted to an appreciation and farewell dinner on 27 July in recognition of his dedicated service rendered to the MTCC for 17 years. The event saw the gathering of Dato' Dr. Freezailah's close friends and associates and representatives from multi-stakeholder groups representing the social, environment, and economic interest groups, as well as from government agencies. The event was graced

by YB Datuk Datu Nasrun bin Datu Mansur, the Deputy Minister of Plantation Industries and Commodities.

The highlight of the celebration was the presentation of a special montage depicting Dato' Dr. Freezailah's journey at MTCC which was also captured in a special photobook prepared by the MTCC management. A souvenir in the form of a portrait of Dato' Dr. Freezailah together with his wife Datin Tunku Maryam bt Tunku Mohd Jiwa was also presented to Dato' Dr. Freezailah.

Group photo

Dato' Dr. Freezailah & wife unveiling the portrait







Guests at the dinner



Dato' Dr. Freezailah delivering his speech



The incoming and outgoing Chairman

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YB Datuk Datu Nasrun bin Datu Mansur presenting a memento to Dato' Dr. Freezailah



MTCC Chairman presenting a token of appreciation to YB Datuk Seri Mah

YB Minister and Deputy Minister in discussion with MTCC chairman and CEO









Briefing in progress

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Briefing to the Minister and Deputy Minister of the Ministry of Plantation Industries and Commodities

TCC was privileged to meet and brief YB Datuk Seri Mah Siew Keong, Minister of Plantation Industries and Commodities and the Deputy Minister YB Datuk Datu Nasrun bin Datu Mansur on 26 July. YB Minister and Deputy Minister were briefed

on the set up of MTCC, its main activities and the operation of the MTCS. The presentation also covered the rationale for implementing MTCS, the issues and challenges faced and the proposed strategies to address them.

Courtesy Call on YB Datuk Amar Douglas Uggah Embas, Deputy Chief Minister of Sarawak

n conjunction with the Seventieth Meeting of the Board of Trustees which was held in Kuching, MTCC Chairman and CEO paid a courtesy call on YB Datuk Amar Douglas Uggah Embas, the Deputy Chief Minister of Sarawak in Kuching on 14 December. The Chairman took

the opportunity to hand over a Photobook documenting the participation of YB Datuk Amar in the various activities of MTCC during his tenure as the Minister of Plantation Industries and Commodities from 2013 to 2016.



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MTCC Chairman presenting the photobook to YB Datuk Amar Douglas



YB Datuk Amar Douglas looking at his pictures in the photobook

MTCC Organised / Coordinated the Following International / Local Events in 2016			
EVENTS	DATE	VENUE	
Briefing on the Requirements of the MC&I Forest Plantation.v2	7 January	Kuching	
Roundtable Discussion on Timber Certification with Orang Asli Communities	22 January	Kuala Lumpur	
Working Visit to Germany	14 – 19 March	Berlin Bonn Dusseldorf Stuttgart Nuremberg	
Briefing to Royal Selangor on MTCC & MTCS	1 April	Kuala Lumpur	
Meeting with PEFC Notified Certification Bodies under the Malaysian Timber Certification Scheme	20 April	Kuala Lumpur	
Hosting of Vietnamese, Congolese and Thai Study Tour Programme to Malaysia on SFM and Timber Certification	27 – 29 April	Kuala Lumpur	
Briefing on Sustainable Forest Management through Timber Certification in Malaysia to Students of Faculty of Science and Natural Resources, Universiti Malaysia Sabah (UMS)	9 May	Kota Kinabalu	
Appreciation and Farewell Dinner for Dato' Dr. Freezailah Che Yeom	27 July	Kuala Lumpur	
Auditor Training Course on Forest Management Certification under the MTCS	5 – 7 October	Kuala Lumpur	
Visit to Anap Muput FMU	15 December	Bintulu	

MTCC Paticipated in the Following International Events in 2016			
INTERNATIONAL CONFERENCES / SEMINARS / WORKSHOPS / MEETINGS	DATE	VENUE	
Asia-Pacific Forestry Week*	22 – 27 February	Philippines	
PEFC Qualified Trainer Program	25 April	Geneva	
Public Seminar on the Promotion of Sustainable Forest Management to Achieve Sustainable Development Goals*	9 March	Tokyo	
PEFC SFM WG - PEFC Working Group for Sustainable Forest Management	9 – 13 May	Geneva	
15th Meeting of the Working Group on Pan ASEAN Timber Certification Initiative (WG-PATCI)	2 – 3 June	Thailand	
The 19th Meeting of the ASEAN Expert Group on Herbal Medical Plants, the 8th ASEAN Experts Group on Forest Product Development, the 16th ASEAN Senior Officials International Seminar, and the 19th Meeting of the ASEAN Senior Officials on Forestry*	1 – 6 August	Lao PDR	
PEFC - Identity & Branding Task Force Meeting*	6 September	Geneva	
IUFRO Regional Congress for Asia and Oceania 2016*	24 October	Beijing	
21st PEFC General Assembly	14 November	Bali	
PEFC Forest Certification Week - Partner-run side events: "Looking at The Impact of Forest Certification"*	18 November	Bali	
ISO / PC 287 Meeting on CoC of Wood and Wood Based Product	21 November	Beijing	

 $[\]ensuremath{^{*}}\xspace$ MTCC made a presentation at these events.

MTCC Participated in the Following Events Within Malaysia			
LOCAL CONFERENCES / SEMINARS / WORKSHOPS / MEETINGS	DATE	VENUE	
Majlis Taklimat Perjanjian Perkongsian Trans Pasifik (TPPA)	8 January	Putrajaya	
Workshop on "Federal & State Government Jurisdictions - Implications for Malaysia's Natural Resources and Biodiversity Conservation"	20 January	Kuala Lumpur	
MBIC Biomass Industry Networking Session 2016	21 January	Kuala Lumpur	
EPU-Monash Industry Roundtable Study on Knowledge Content in Key Economic Sectors in Malaysia Phase III	22 January	Selangor	
Taklimat Berkenaan Prosedur Audit SIRIM QAS International Sdn Bhd	27 January	Kuala Lumpur	
Bengkel Inventori Gas Rumah Kaca (GHG) Bagi Sektor Guna Tanah, Perubahan Guna Tanah dan Perhutanan (LULUCF) di Semenanjung Malaysia	25 February	Selangor	
Perbincangan Pendirian Malaysia Terhadap The International Arrangement on Forest (IAF)	2 March	Kuala Lumpur	
MTC Familiarisation Programme	8 March	Selangor	
MTC Marketing Seminar	17 March	Kuala Lumpur	
Majlis Sambutan Hari Hutan Antarabangsa Peringkat Kebangsaan Tahun 2016	26 March	Kuching	
Majlis Kolukium 'Future Forestry' Anjuran Bersama Institut Rimbawan Malaysia (IRIM) - Jabatan Perhutanan Semenanjung Malaysia (JPSM)	12 April	Kuala Lumpur	
Pelaksanaan Audit Pematuhan (Compliance Audit) ke Atas Timber Legality Assurance System (TLAS) Semenanjung Malaysia	18 April	Kuala Lumpur	
Karnival Kerjaya Fakulti Perhutanan UPM 2016	20 April	Selangor	
Sesi Knowledge Sharing Bersama Ketua Komunikasi Strategik Jabatan Perdana Menteri	21 April	Putrajaya	
Sesi Engagement Kajian Semula Dasar Komoditi Negara	21 April	Putarajaya	
Mesyuarat Majlis Biodiversiti Negara Ketiga (MBN-3)	22 April	Putrajaya	
Seminar on Marketing Requirement for Timber and Timber Product Legality Affecting Companies in Sarawak: The Importance of Chain of Custody	26 April	Miri	
Draft Final Report Feedback Workshop (Mega Science 3.0 - Furniture Industry Sector)	27 April	Kuala Lumpur	
National Workshop on Developing a Timber Trade Manual for Frontline Customs Officers	12 May	Putrajaya	
Forum on Business and Biodiversity	13 May	Kuala Lumpur	
Seminar Pelaksanaan Pengusahasilan Hutan Berimpak Rendah (RIL) di Hutan Darat Semenanjung Malaysia*	17 May	Selangor	
Bengkel Jawatankuasa Teknikal Bagi Produk Kayu	25 May	Putrajaya	
MoU Signing Ceremony - Marketing AMFMU Certified Timber in Japan	26 May	Miri	
Briefing on MTCS to delegates from Guangxi Forestry Department, China*	2 June	Kuala Lumpur	

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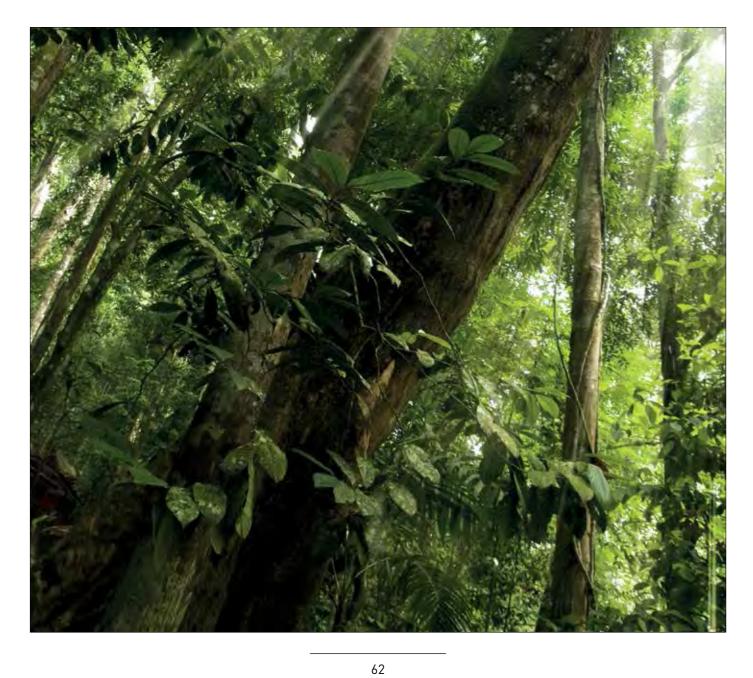
* MTCC mad	de a presei	ntation at th	iese events.

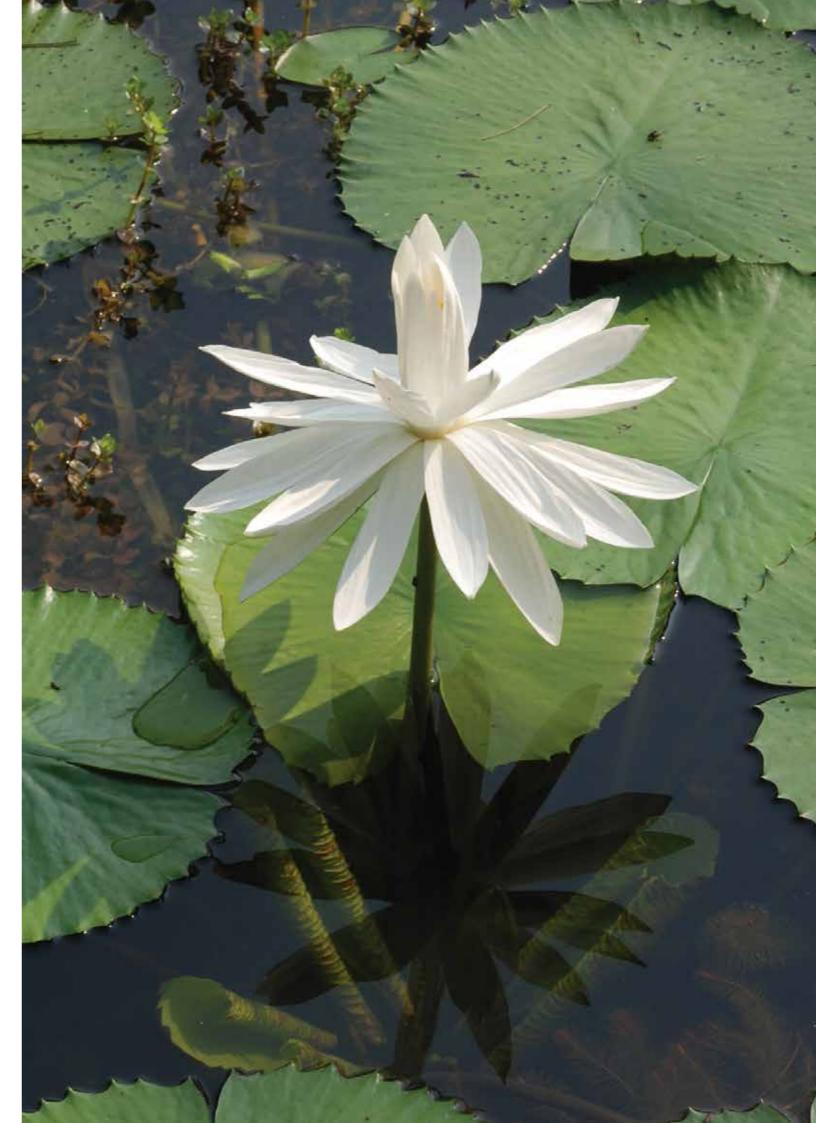
MTCC Participated in the Following Events Within Malaysia

LOCAL CONFERENCES / SEMINARS / WORKSHOPS / MEETINGS	DATE	VENUE		
Sesi Permurnian Preskripsi Pemuliharaan Spesies Terpilih dan Pembentangan Hasil Penyelidikan "Development of Specific Conservation Measures and Monitoring Procedures to Maintain and Enhance the Conservation Attribute in Jerangau HCVF, Terengganu, Malaysia"	15 June	Selangor		
MTC New Staff Training Programme*	23 June	Selangor		
Perasmian Roadmap Pembangunan Industri Perabot Kayu	11 August	Johor Bharu		
Bengkel REDD + Safeguards Information System	22 August	Negeri Sembilan		
Taklimat Perjanjian Perkongsian Trans-Pasifik (TPPA) - Bab 19	23 August	Putrajaya		
Modul Pengenalan Kepada Pensijilan Pengurusan Hutan Bagi Kem Perhutanan UPM 2016*	24 August	Selangor		
Workshop on Summary of REDD + Safeguards Information	2 September	Selangor		
MTC Timber Talk Series - "Post Construction Management for Timber Structures"	9 September	Kuala Lumpur		
Dialog Kementerian Perusahaan Perladangan dan Komoditi 2016	19 September	Putrajaya		
Global Timber Conference*	20 September	Putrajaya		
International Conference on Conservation & Sustainable Use of Tropical Rainforest 2016	17 October	Perak		
STC Meeting For Woodbased & Furniture	26 October	Selangor		
Presentation of Certificate for Forest Management (Natural Forest) to Bornion Timber Sdn. Bhd. during the Opening Ceremony of the International Conference of Heart of Borneo (HOB)	8 November	Kota Kinabalu		
Sambutan Hari Integriti Peringkat Jabatan Perhutanan Semenanjung Malaysia 2016	5 December	Kuala Lumpur		
Sesi Taklimat Mengenai Indikator 6.10 di dalam Standard MC&I(Natural Forest)*	6 December	Kuala Lumpur		
Inaugural Conference and Launch of The Jeffrey Sachs Centre on Sustainable Development - Pre Launch "The Grand Challenges of Global Diplomacy"	8 December	Selangor		
Majlis Anugerah Hak Asasi Manusia 2016	8 December	Kuala Lumpur		
Inaugural Conference and Launch of The Jeffrey Sachs Centre on Sustainable Development "Moving Decisively Forward on Sustainable Development Now!"	9 December	Selangor		
Malaysian Timber Association (MTA) Timber Workshop 2016	13 December	Kuching		
Workshop on Sustainable Forest Management - Best Practices*	13 – 15 December	Putrajaya		
MTC Timber Talk - "Timber's Timeless Appeal"	16 December	Kuala Lumpur		
Sesi Taklimat dan Lawatan ke Tapak Hutan Simpan oleh Delegasi State Forestry Administration Negara China	20 December	Kuala Lumpur		

^{*} MTCC made a presentation at these events.

MTCC Participated in the Following Fairs / Exhibitions in 2016				
FAIRS / EXHIBITIONS	DATE	VENUE		
Asia Pacific Forestry Week Exhibition	22 - 27 February	Philippines		
Resilient Cities Asia Pacific 2016 Green Exhibition	1 – 4 March	Melaka		
International Day of Forests 2016 Exhibition	24 – 25 March	Kuching		
34th PUSPANITA General Assembly Exhibition	25 - 26 April	Putrajaya		
SPOGA 2016	4 – 6 September	Cologne		
International Greentech & Eco Products Exhibition & Conference Malaysia (IGEM) 2016	5 – 8 October	Kuala Lumpur		
Kuala Lumpur Engineering and Science Fair (KLESF) 2016	4 – 6 November	Selangor		







FINANCIAL STATEMENT

Statement of Financial Position as at 31 December 2016			
	2016 RM		
ASSETS			
Non-current asset			
Property, plant and equipment	2,438,344	2,379,903	
Current assets			
Trade receivables	95,613	18,963	
Sundry receivables and deposits	105,148	187,688	
Held for trading investments	77,799,149	78,504,227	
Deposits	7,185,926	7,753,774	
Cash and bank balances	220,920	451,637	
Total current assets	85,406,756	86,916,289	
TOTAL ASSETS	87,845,100	89,296,192	
Endowment fund	84,000,000	84,000,000	
Accumulated fund	3,506,738	4,959,798	
Total equity	87,506,738	88,959,798	
Current liabilities			
Sundry payables and accruals	319,374	317,406	
Current tax liability	18,988	18,988	
Total liabilities	338,362	336,394	
TOTAL EQUITY AND LIABILITIES	87,845,100	89,296,192	

Statement of Profit or Loss and other Comprehe 31 December 2016	ensive Income for the ' 2016 RM	Year ended
Revenue	198,747	130,750
Direct costs	(1,248,897)	(865,182)
Gross loss	(1,050,150)	(734,432)
Other income	2,862,964	3,828,543
Administrative and general expenses	(3,265,874)	(3,498,192)
(Deficit) / Surplus before tax	(1,453,060)	(404,081)
Tax expense	-	-
(Deficit) / Surplus for the year	(1,453,060)	(404,081)
Other comprehensive income	-	-
Total comprehensive (deficit)/income for the year	(1,453,060)	(404,081)





MALAYSIAN TIMBER CERTIFICATION COUNCIL

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