

# ANNUAL REPORT 2017

MALAYSIAN TIMBER CERTIFICATION COUNCIL







# ANNUAL REPORT 2017

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## VISION

To be recognised as the leading timber certification organisation for tropical forests

## MISSION

To establish and operate a credible and internationally recognised national timber certification scheme towards promoting sustainable forest management in Malaysia

## CORPORATE PROFILE

The Malaysian Timber Certification Council (MTCC) is an independent organisation and commenced its operations in January 1999 to develop and operate the voluntary Malaysian Timber Certification Scheme (MTCS). MTCC was incorporated under the Companies Act 1965 as a company limited by guarantee and is governed by a Board of Trustees.

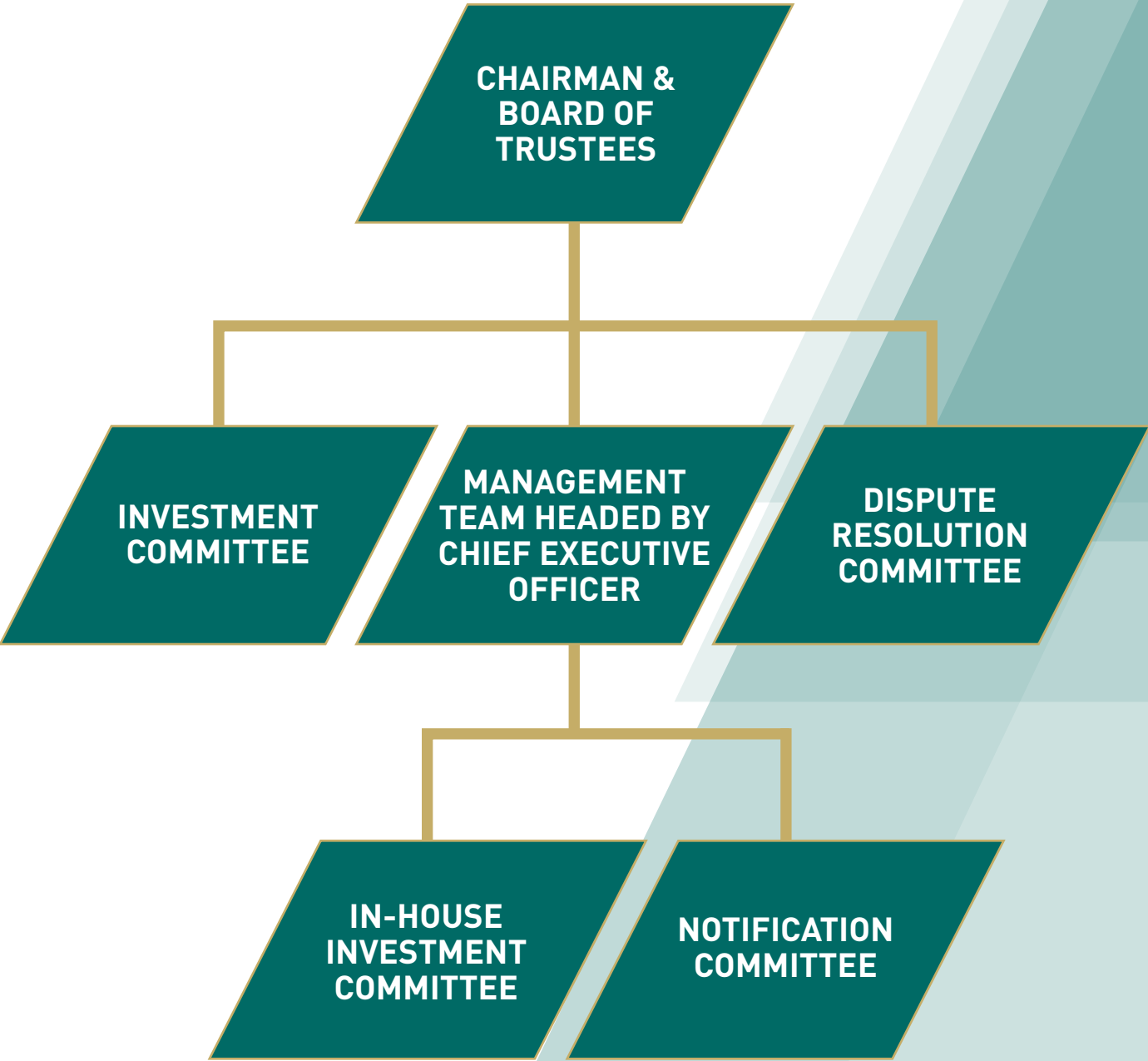
As the national governing body (NGB), MTCC is responsible for the implementation of MTCS to carry out the following main activities:

- support the standard-setting process by serving as the secretariat to the appropriate standard setting body in formulating standards related to timber certification and keeping them under review periodically
- process applications for MTCS notification of certification bodies (CBs) operating forest management system and/or chain of custody certification and issuance of logo usage licences to certificate holders
- implement the procedure for the investigation and resolution of disputes, complaints and appeals related to its role as the NGB
- liaise closely with the national accreditation body and other certification organisations in matters related to timber certification
- coordinate with national, regional and international bodies related to timber certification to facilitate cooperation and mutual recognition arrangements
- conduct programmes to promote and publicise the MTCS, both locally and internationally



# ORGANISATION OF MTCC

MTCC is organized as shown in the structure below for the performance of its roles and functions and achievement of its organisational objectives.



# BOARD OF TRUSTEES

The Board of Trustees, comprising the Chairman and ten members, is the governing body which decides 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 30 September 2017) <b>Zurinah Pawanteh</b>	Ministry of Plantation Industries and Commodities (w.e.f. 1 October 2017) <b>Wan Saifulikmal Wan Abdul Rahman</b>	
Ministry of Natural Resources and Environment <b>Dr. Megat Sany Megat Ahmad Supian</b>	Forest Research Institute Malaysia (up to 19 July 2017) <b>Dr. Abd Rahman Kassim</b>	Forest Research Institute Malaysia (w.e.f. 20 July 2017) <b>Dr. Samsudin Musa</b>
Wildlife Conservation Society Malaysia Program <b>Dr. Melvin Gumal</b>	Universiti Malaysia Sabah (up to 19 July 2017) <b>Dr. Liew Kang Chiang</b>	Universiti Putra Malaysia (w.e.f. 20 July 2017) <b>Dr. Khamurudin Mohd Noor</b>
Malaysian Timber Industry Forum Association <b>Low Ching Cheong</b>	Timber Employees Union Peninsular Malaysia (w.e.f. 20 July 2017) <b>Nor Azlan Yaacob</b>	Sarawak Timber Association <b>Dato Henry Lau Lee Kong</b>
Federation of Orang Ulu Associations, Sarawak, Malaysia (up to 19 July 2017) <b>Dato Gerawat Gala</b>	Persatuan Orang Asli Perak (w.e.f. 20 July 2017) <b>Dato' Suki Mee</b>	<b>CHAIRMAN</b> <b>Datuk Himmat Singh</b>
Persatuan Penggerak Perpaduan Malaysia (w.e.f. 20 July 2017) <b>Datuk Ang Chin Tat</b>		





01



03



02



04

## The Board of Trustees met four times in 2017

01

Seventy-First Meeting  
7 March, Kuala Lumpur

02

Seventy-Second Meeting  
6 June, Kuala Lumpur

03

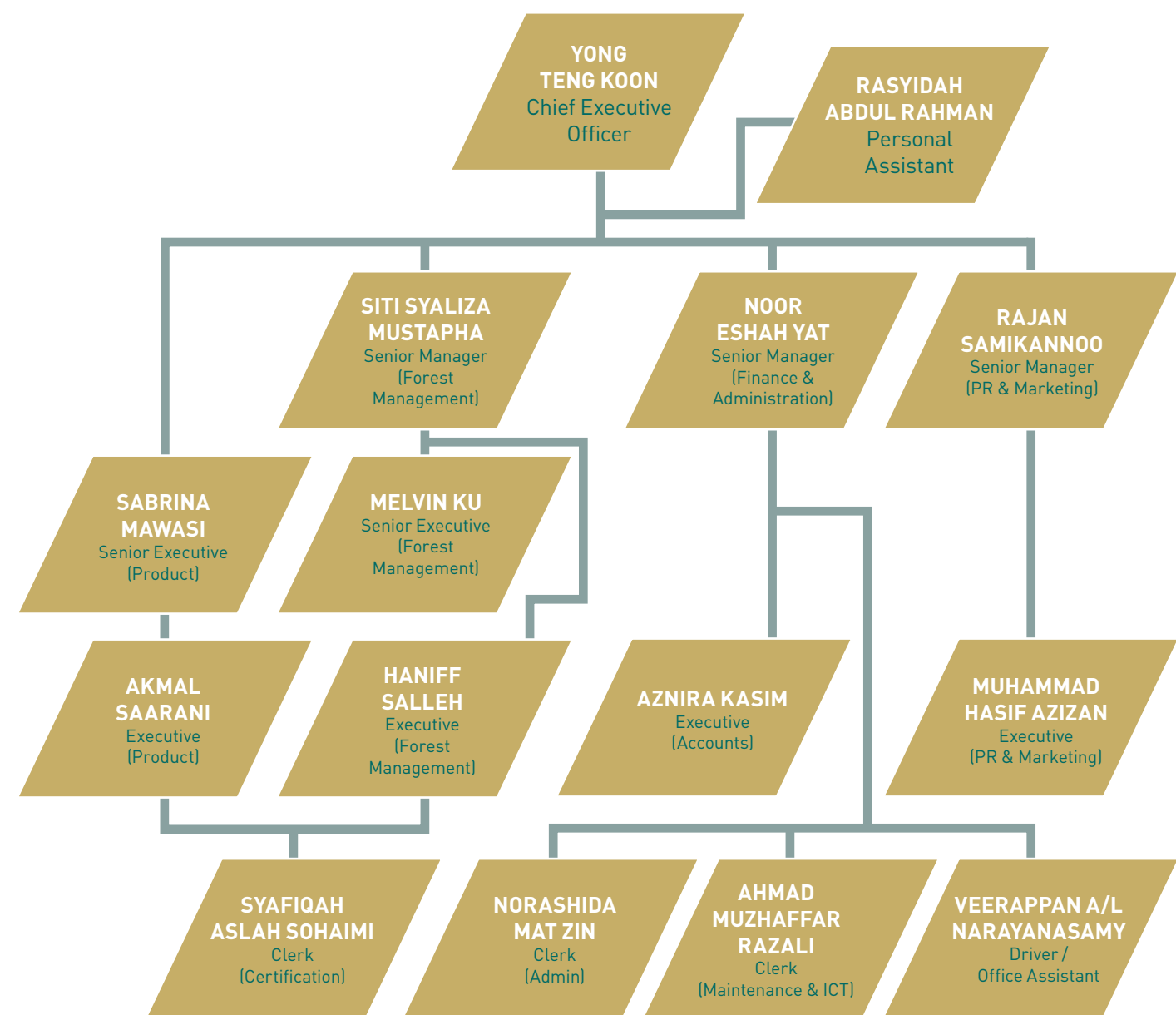
Seventy-Third Meeting  
26 September, Kuala Lumpur

04

Seventy-Fourth Meeting  
5 December, Kuala Lumpur



# MANAGEMENT TEAM AND SUPPORT STAFF



**Standing left to right:**  
 Syafiqah Aslah Sohaimi,  
 Muhammad Hasif Azizan,  
 Haniff Salleh, Norashida Mat Zin,  
 Akmal Saarani, Aznira Kasim,  
 Ahmad Muzhaffar Razali,  
 Rasyidah Abdul Rahman,  
 Veerappan a/l Narayanasamy,  
 Melvin Ku

**Sitting left to right:**  
 Sabrina Mawasi, Noor Eshah Yat,  
 Yong Teng Koon, Rajan Samikannoo,  
 Siti Syaliza Mustapha

# INVESTMENT COMMITTEE

The Investment Committee is responsible for the formulation of policies and procedures on matters related to establishment and management of the Endowment Fund. The Committee oversees the overall implementation of MTCC’s investment policies. The Investment Committee met twice on 19 January and 22 February.

Members of the Investment Committee



MEMBERS OF THE INVESTMENT COMMITTEE

Datuk Himmat Singh

Chairman

Zurinah Pawanteh

Ministry of Plantation Industries and Commodities

Wong Wen Miin

Ministry of Finance

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 its 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’ Shahrudin Mohamad Ismail
- Associate Prof. Dr. Ramy Bulan
- Chew Lye Teng

## IN-HOUSE INVESTMENT COMMITTEE

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

The 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 four times as follows:

73rd Meeting on 6 January 2017

74th Meeting on 9 March 2017

75th Meeting on 4 July 2017

76th Meeting on 14 September 2017

### 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

The Eighteenth Annual General Meeting was held on 22 June in Kuala Lumpur during which the Audited Accounts for the Financial Year ended 31 December 2016, Reports of the Trustees and Auditors, and the Annual Report for the Year 2016, were tabled and adopted by the Members.

The 18th Annual General Meeting in progress





# CHAIRMAN'S STATEMENT



**DATUK K.  
YOGEESSVARAN**  
Chairman  
13 September 2018



On 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 2017.

The Year 2017 began on a bright note when in January, the Malaysian Timber Certification Scheme (MTCS) was accorded unconditional acceptance under the Public Procurement Policy for Sustainable Timber in the Netherlands - one of the key markets for MTCS certified timber products. With this recognition, the demand for MTCS-PEFC certified products is expected to increase as Dutch importers strive to meet the goal of the Covenant on 'Stimulating Sustainable Forest Management' to procure at least 95% of their tropical timber requirements from sustainable sources by 2020. Initiated in March 2017, the Covenant is signed by the wood industry, construction, furniture and retail sectors, trade unions, social organisations, and the government with the aim of stimulating sustainable forest management and the further reinforcement of international corporate social responsibility in the entire wood chain.

In addition to the Dutch recognition, the Tokyo Organising Committee of the Olympic and Paralympic Games (TOCOPG) 2020 continued to accept the MTCS as having fulfilled its 'Sustainable Sourcing Code' for the construction of the Olympic facilities despite pressures by some NGOs. This development is most welcome as Japan is an important market destination for Malaysia's timber products.

MTCC firmly believes that market demand for certified products is one of the key movers of forest certification. Hence, MTCC works closely with the Programme for the Endorsement of Forest Certification (PEFC) and other PEFC members in promoting demand for MTCS/PEFC certified products in both key and emerging markets. MTCC's active participation in the PEFC Asia Promotions Initiative is a case in point and MTCC will continue to seek support and expertise from the PEFC alliance to address issues of concern in the promotion of the MTCS in the international market.

On the domestic front, it is heartening to note that there is a heightened awareness for the protection and sustainable management of our forest and forest resources as demonstrated by the growing engagement of NGOs, indigenous peoples, and the media on forest-related issues. In addition, National policies such as the National Policy on Environment, National Policy on Biological Diversity, National Policy on Climate Change

and the National Roadmap on Sustainable Development Goals (SDG) are some of the initiatives that support the sustainable management of our forest and address environmental issues. These developments complement the efforts of the MTCC in promoting forest certification initiatives in the country. MTCC is certain that such developments will promote and increase the uptake of certification in Malaysia, which has been hovering around 30% of the permanent reserved forest for the past five years. Towards this end, MTCC welcomes and applauds the commitment of the Sarawak state government for mandatory forest management certification of all its long-term timber concessions by 2022.

MTCC has continued its efforts to promote the further uptake of certified timber in the domestic market. Two companies, which are well-known iconic brands in their sectors, namely Royal Selangor and Signature Manufacture Sdn Bhd obtained their chain of custody certification under the MTCS. We hope that the extensive and positive coverage they received will improve the visibility of the MTCS in the domestic market and motivate other local companies to embrace ethical and sustainable sourcing of their materials.

In 2017, MTCC also implemented two new outreach activities in the form of a Photography Contest and a Media Familiarisation Programme to engage the public in advancing our sustainability agenda. In addition, continuing the efforts of 2016, the MTCC Academic Award was presented to two outstanding students from the Faculty of Forestry, Universiti Putra Malaysia, while the Freezailah Forest Sustainability Award to a student from the Faculty of Science and Natural Resources, Universiti Malaysia Sabah.

Pursuing the sustainability agenda continues to be a challenge as demonstrated by the fact that globally only about 12% of the world's forest has been certified, with tropical forest accounting for 6.1% of these certified forests. At the national level, only 4.12 million ha or about 32% of the permanent reserved forests had been certified. Nonetheless, MTCC will endeavour to meet these challenges to ensure the effective implementation of the MTCS to protect the socio-economic and environmental benefits derived from the forest.

Finally, I would like to express my gratitude to the Board of Trustees for their continued support and guidance and to the MTCC management team for their dedication and commitment in implementing MTCC's activities.



# REVIEW OF OPERATIONS

*Yong Teng Koon*

**YONG TENG KOON**  
Chief Executive Officer  
13 September 2018



On forest management certification, the total area of certified forests under the MTCS increased from 4.03 million hectares in 2016 to 4.12 million hectares in 2017. The increase was attributed to the addition of three new forest plantation management units (FPMUs) that were certified in 2017 bringing the total number of FPMUs to seven, in addition to the existing nine certified natural forest management units (FMUs).

In the case of chain of custody certification (CoC), a total of 41 new certificates were issued in 2017. Nonetheless, due to the withdrawal and expiry of 29 certificates and the suspension of seven certificates, the recorded increase in the total number of CoC certificate holders was modest, from 352 in 2016 to 357 in 2017.

In terms of export, the export volume of timber products certified under the MTCS showed a 24.9% increase from 190,405 m<sup>3</sup> in 2016 to 237,793 m<sup>3</sup> in 2017. The Netherlands provided the biggest market share, accounting for 36.4% of the total export, followed by the United Kingdom at 15.9%. Algeria, French Polynesia, New Caledonia, Philippines, Saint Lucia and Spain became the latest destinations for MTCS-certified timber products, bringing the total number of countries importing Malaysia's certified timber to 65.

The unconditional acceptance of the MTCS by the Dutch government under its "Public Procurement Policy for Sustainable Timber", and acceptance by the Tokyo Organising Committee of the Olympic and Paralympic Games 2020 under its "Sustainable Sourcing Code for Timber" were significant achievements for MTCC in 2017. This is in addition to nine other countries with active operational public procurement policy which have already accepted the PEFC endorsed MTCS, namely the United Kingdom, Germany, France, Denmark, Belgium, Finland, Switzerland, Japan and New Zealand.

The Year saw the conduct of two inaugural activities to raise public awareness on MTCC and the MTCS domestically. A Media Familiarisation Programme was conducted to enhance knowledge, understanding and appreciation of the local media on the critical role of the MTCS as a tool in the promotion and implementation of

sustainable forest management. The event garnered good media coverage with a total of 13 media articles. On the other hand, the first ever MTCC Photography Contest entitled "Experience Forest Experience MTCS-PEFC" attracted the participation of 95 photography enthusiasts and nature lovers. A total of 837 entries were received with scenic pictures covering the social, economic and environmental benefits of Malaysia's tropical forest. The winners were awarded their prizes and their photographs exhibited at the Kuala Lumpur Photography Festival (KLPPF) held on 25 November.

Internationally, MTCC continued to participate in selected exhibitions to promote the MTCS as a credible mark for sustainable wood products. MTCC also maintained engagement with various stakeholders and participated actively in PEFC General Assembly, Members Meeting and Working Group meetings to provide feedback and local perspective into the processes, both at the policy and standard review levels. Such continuous engagement is imperative to ensure that the interest of the MTCS is safeguarded as well as to ensure that the MTCS continues to conform to international benchmarks of sustainability.

Sustainable management of forest and certification are only possible with knowledgeable and dedicated human resource. As a contribution to the efforts in increasing human resource capacity in this field, MTCC collaborated and presented MTCC Academic Awards to three undergraduates from two local universities, i.e. Universiti Putra Malaysia (UPM) and Universiti Malaysia Sabah (UMS). The aim of the award is to promote academic excellence and inculcate a love for forest among university students while strengthening engagement with academic institutions. This is in addition to the various technical trainings conducted throughout the Year for auditors, companies as well as government agencies.

My sincere appreciation goes to the MTCC Chairman, Board of Trustees and Members of MTCC, for their continued guidance and encouragement in our various endeavours in 2017. I would also like to thank the MTCC team for their commitment and hard work in making 2017 an eventful year for MTCC.





**OPERATIONS**



# OPERATIONS

## FOREST MANAGEMENT CERTIFICATION

### NATURAL FOREST

In 2017 all six certified forest management units (FMUs) in Peninsular Malaysia maintained their certification after undergoing successful surveillance audits against the MC&I(Natural Forest). These were the FMUs for the states of Kedah, Negeri Sembilan, Pahang, Perak, Selangor and Terengganu. The Terengganu FMU which was previously audited by SGS (Malaysia) Sdn Bhd, was awarded with a new certificate (FMC 00115) by SIRIM QAS International in March 2017. The change in the certification body was attributed to SGS (Malaysia) Sdn Bhd's decision to discontinue its forest management certification accreditation with STANDARDS MALAYSIA.

Anap Muput FMU in Sarawak as well as Segaliud Lokan FMU and Bornion Timber Sdn Bhd (FMU 11) in Sabah also maintained their certification.

### FOREST PLANTATION

On certification of forest plantation management unit (FPMU), three new certificates were awarded to Shin Yang Forestry Sdn Bhd (Kejin Long Lama FPMU), Samling Reforestation (Bintulu) Sdn Bhd (Lana FPMU) and Bornion Timber Sdn Bhd (Ulu Sg Milan & Sapulut Forest Reserve FPMU 11). Two FPMUs, namely Kuala Baram FPMU and Segan FPMU managed by Shin Yang Plywood Sdn Bhd and Samling Timber Sdn Bhd respectively have their certificates renewed following a recertification audit against the MC&I Forest Plantation.v2. Additionally, Penyuan and Masama FPMU maintained their certification following a successful surveillance audit conducted in 2017.

Details regarding the PEFC-certified FMUs and FPMUs are as shown in **Table 1** and **Table 2**, respectively.

Table 1: Details of PEFC-Certified FMUs

### NATURAL 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	334,983.00
Negeri Sembilan	SIRIM QAS International Sdn. Bhd.	FMC 0002	28 Dec 2015 to 27 Dec 2018	155,825.00
Pahang	SIRIM QAS International Sdn. Bhd.	FMC 0008	1 June 2016 to 31 May 2019	1,563,993.40
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	238,747.00
Terengganu	SIRIM QAS International Sdn. Bhd.	FMC 00115	10 March 2017 to 31 March 2019	544,936.58
Anap Muput	SIRIM QAS International Sdn. Bhd.	FMC 0006	25 July 2016 to 24 July 2019	83,535.00
Segaliud Lokan	SIRIM QAS International Sdn. Bhd.	FMC 0001	2 Dec 2015 to 1 Dec 2018	57,247.00
Bornion Timber Sdn. Bhd. (FMU 11)	SIRIM QAS International Sdn. Bhd.	FMC 0009	21 Oct 2016 to 20 Oct 2019	40,645.50

Total: 4,018,218.50

Table 2: Details of PEFC-Certified FPMUs

### FOREST PLANTATION

FPMU	CERTIFICATION BODY	CERTIFICATE NUMBER	VALIDITY OF CERTIFICATE	AREA (ha)
Bornion Timber Sdn. Bhd. (FPMU 11)	SIRIM QAS International Sdn. Bhd.	FMC 00113	13 Jan 2017 to 12 Jan 2020	25,536.71
Shin Yang Kuala Baram	SIRIM QAS International Sdn. Bhd.	FPMC 0001	18 July 2017 to 17 July 2020	890.49
Segan (LPF/0014)	SIRIM QAS International Sdn. Bhd.	FPMC 0002	18 July 2017 to 17 July 2020	10,800.00
Masama (LPF/0019)	SIRIM QAS International Sdn. Bhd.	FPMC 0003	12 Aug 2016 to 11 Aug 2019	11,946.00
Penyuan (LPF/0018)	SIRIM QAS International Sdn. Bhd.	FPMC 0004	21 Oct 2016 to 20 Oct 2019	15,261.00
Kejin Long Lama (LPF/0017)	SIRIM QAS International Sdn. Bhd.	FMC 00114	3 Feb 2017 to 2 Feb 2020	28,093.35
Lana (LPF/0006)	SIRIM QAS International Sdn. Bhd.	FMC 00116	12 May 2017 to 11 May 2020	9,393.00

Total: 101,920.55

Grand Total: 4,120,139.05

## CHAIN OF CUSTODY CERTIFICATION

In 2017, a total of 41 companies were awarded the PEFC Certificate for Chain of Custody (CoC). The Certification bodies (CBs) which issued these certificates are as shown in **Table 3**. Of these certificates, two were issued by overseas CBs namely DQS CFS GmbH and Exova BM Trada.

Table 3: Summary of Issuance of PEFC CoC Certificates

NO	CERTIFICATION BODY	NUMBER OF CERTIFICATES
1	SGS (Malaysia) Sdn. Bhd.	21
2	SIRIM QAS International Sdn. Bhd.	8
3	PSV-Platinum Shauffmantz Veritas	6
4	Intertek Certification International Sdn. Bhd.	2
5	Bureau Veritas Certification (M) Sdn. Bhd.	2
6	DQS CFS GmbH	1
7	Exova BM Trada	1

However, the year also saw the withdrawal and expiry of 29 certificates and the suspension of seven certificates. As a result, there was only a slight increase in the total number of PEFC Certificate for Chain of Custody from 352

in 2016 to 357 as of 31 December 2017. The full list of PEFC certificate holders for chain of custody is available on the PEFC website at <http://www.pefc.org/find-certified/certified-certificates>



# ISSUANCE OF PEFC AND MTCC LOGO USAGE LICENCES

A total of 26 new logo usage licences were approved by the Notification Committee comprising 21 and 5 licences for the use of PEFC and MTCC logo respectively.

Of this number, a total of 19 licences were issued to the CoC certificate holders (Group C), 5 licences to the forest management certificate holders (Group B) and 2 licences to the certification body (Group D).

## NOTIFICATION OF CERTIFICATION BODIES

Two accredited CBs were issued with PEFC notification to operate CoC certification under the MTCS namely, Platinum Shauffmantz Veritas Sdn. Bhd. and SGS Société Générale de Surveillance SA.

SGS Société Générale de Surveillance SA is an existing PEFC Council-notified CB based in Switzerland. It was notified as a PEFC-notified CB under the MTCS on 11 July 2017.

Platinum Shauffmantz Veritas Sdn. Bhd. was granted accreditation by STANDARDS MALAYSIA to operate CoC certification under the MTCS on 13 June 2017 and became a PEFC-notified CB on 4 July 2017.

With the above addition, the total number of PEFC-notified CBs operating CoC certification increased from 14 in 2016 to 16 in 2017, while that operating forest management certification declined from two in 2016 to one in 2017. Details of the PEFC notified CBs under the MTCS are as shown in **Table 4**.

Table 4: PEFC-notified CBs under the MTCS

TYPE OF CERTIFICATION	PEFC-NOTIFIED CB	NOTIFICATION DATE
A. Forest Management Certification	1. SIRIM QAS International Sdn. Bhd.	10 December 2009
	2. Japan Gas Appliances Inspection Association	2 October 2009
B. CoC Certification	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
	15. Platinum Shauffmantz Veritas Sdn. Bhd.	4 July 2017
	16. SGS Société Générale de Surveillance SA	11 July 2017

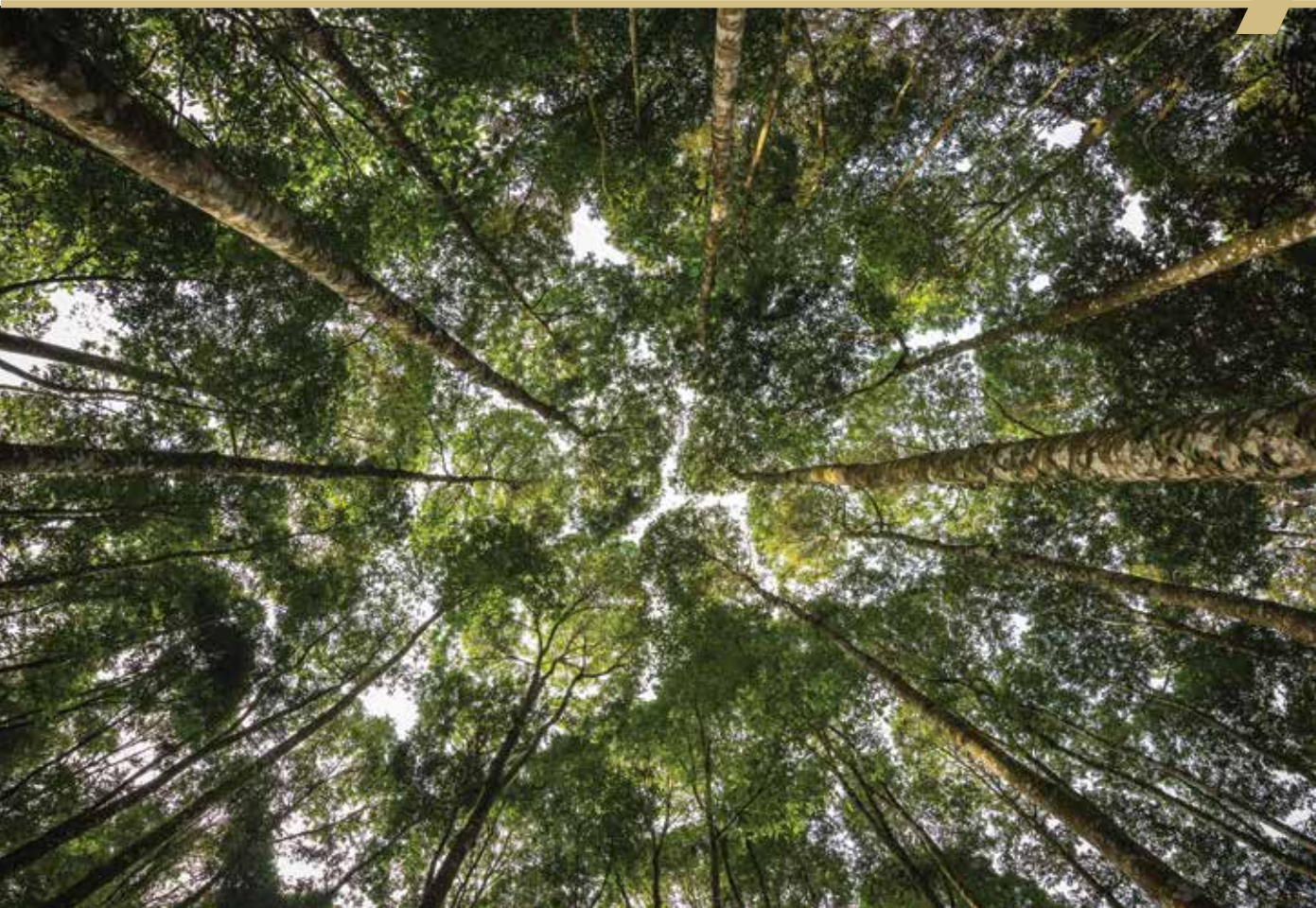
# NOTIFICATION FEE

The Notification Fee charged for every PEFC certificate for forest management and CoC certification remained unchanged, as shown in **Table 5**.

Table 5: 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 2017 was RM 66,277.61





# EXPORT OF TIMBER PRODUCTS CERTIFIED UNDER MTCS

The export of timber products certified under the MTCS increased by 24.90% from 190,405 m<sup>3</sup> in 2016 to 237,793 m<sup>3</sup> in 2017. 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, followed by doors, builders carpentry and joinery, furniture, finger jointed timber, veneer, furniture parts and floorings. Although sawn timber remained the dominant export commodity, its share in the overall export had dropped from 52.11% in 2016 to 49.67% in 2017, whilst that of plywood decreased from 23.03% to 17.53%. However, the share of export of moulding products jumped from 23.03% in 2016 to 28.22% in 2017.

MTCS-certified timber products were exported to six new markets namely Algeria, French Polynesia, New Caledonia, Philippines, Saint Lucia and Spain, bringing the total number of destinations importing MTCS-certified timber products to 65.

The export performance in 2017 brings the cumulative export of certified timber products to 1,610,216 m<sup>3</sup> [Figure 1]. The Netherlands continued to remain as the largest contributor with import of 617,511 m<sup>3</sup> (38.35%) of the total amount exported since July 2002.

The export of certified products according to product type and destination for 2016 and 2017 are as shown in Figures 2-5.

Figure 1: Export of timber products certified under MTCS, July 2002 – December 2017



Figure 2: Export of timber products certified under MTCS by product type, 2017

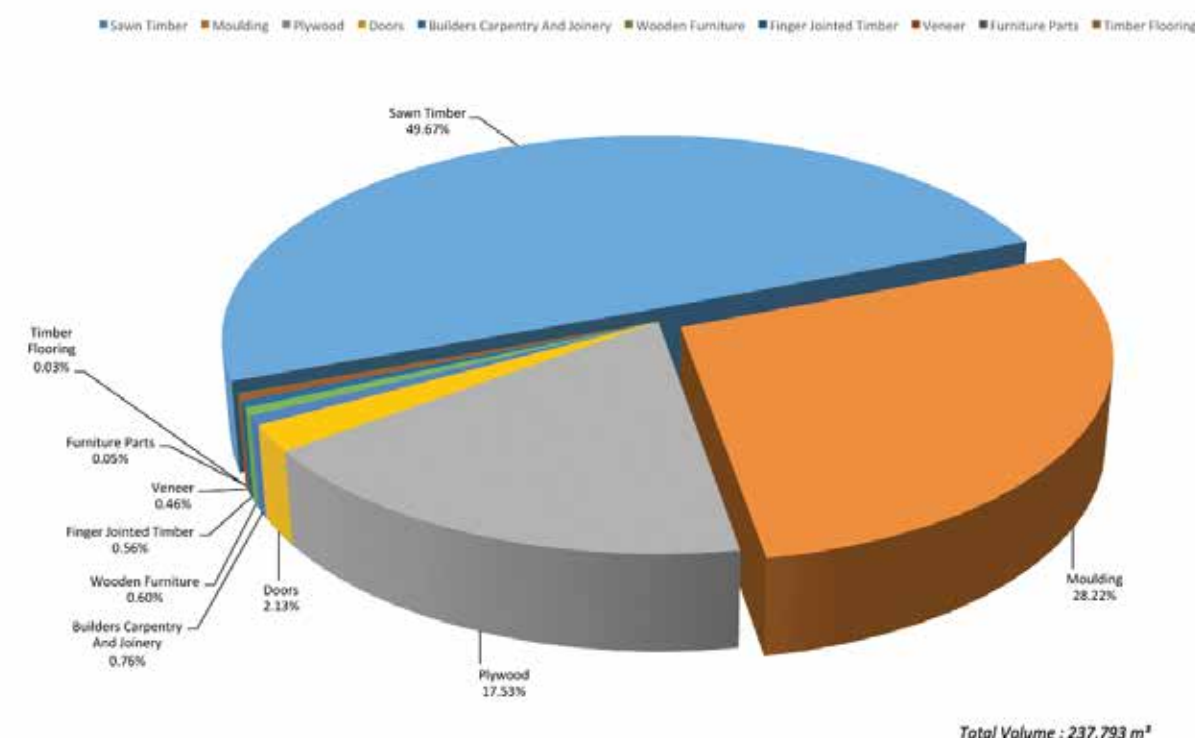


Figure 3: Export of timber products certified under MTCS by product type, 2016

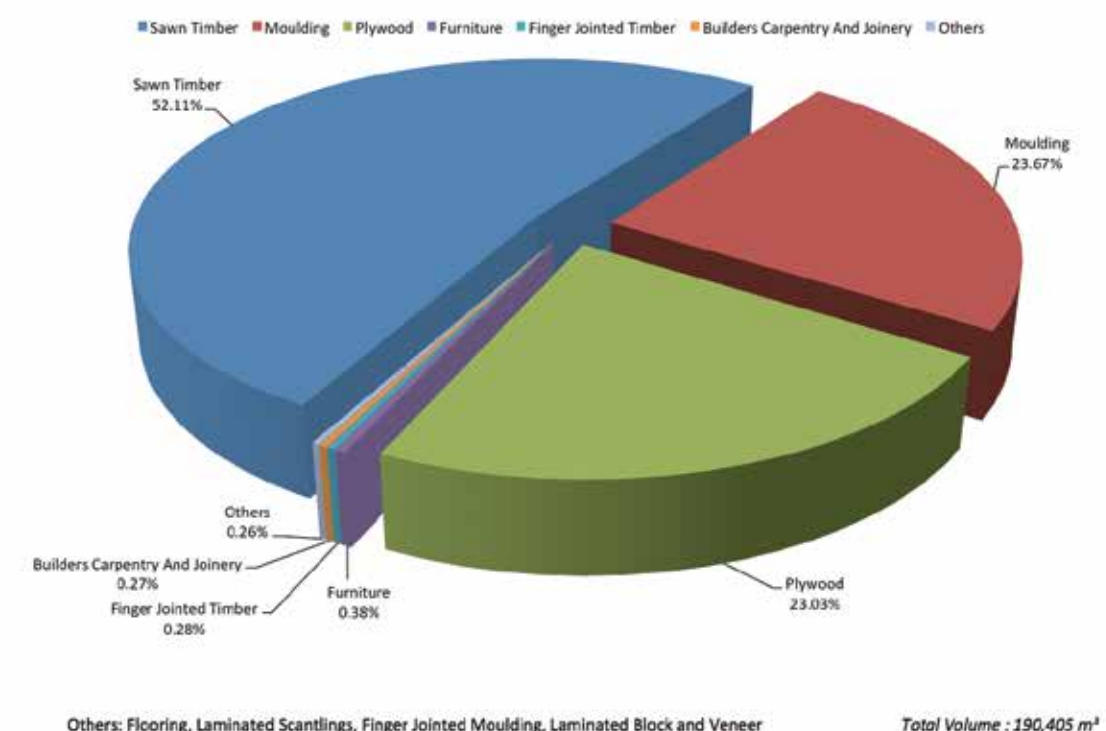




Figure 4: Export of timber products certified under MTCS by destination, 2017

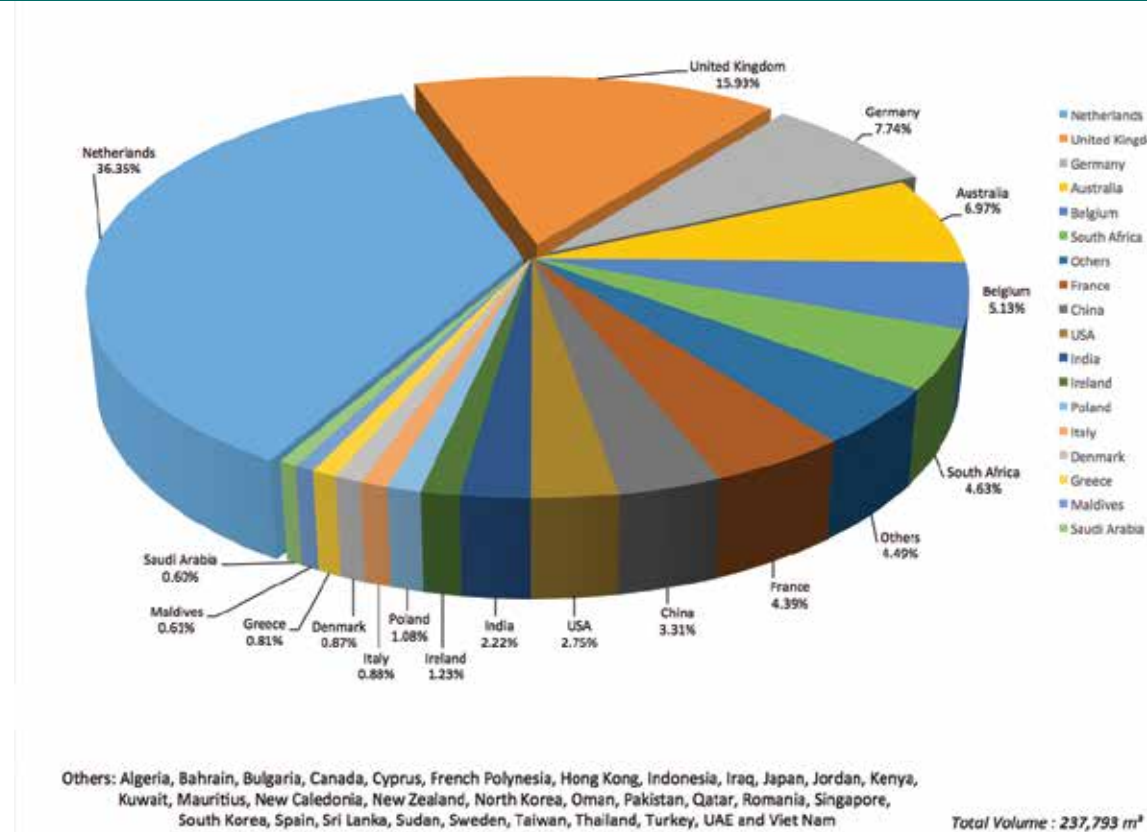
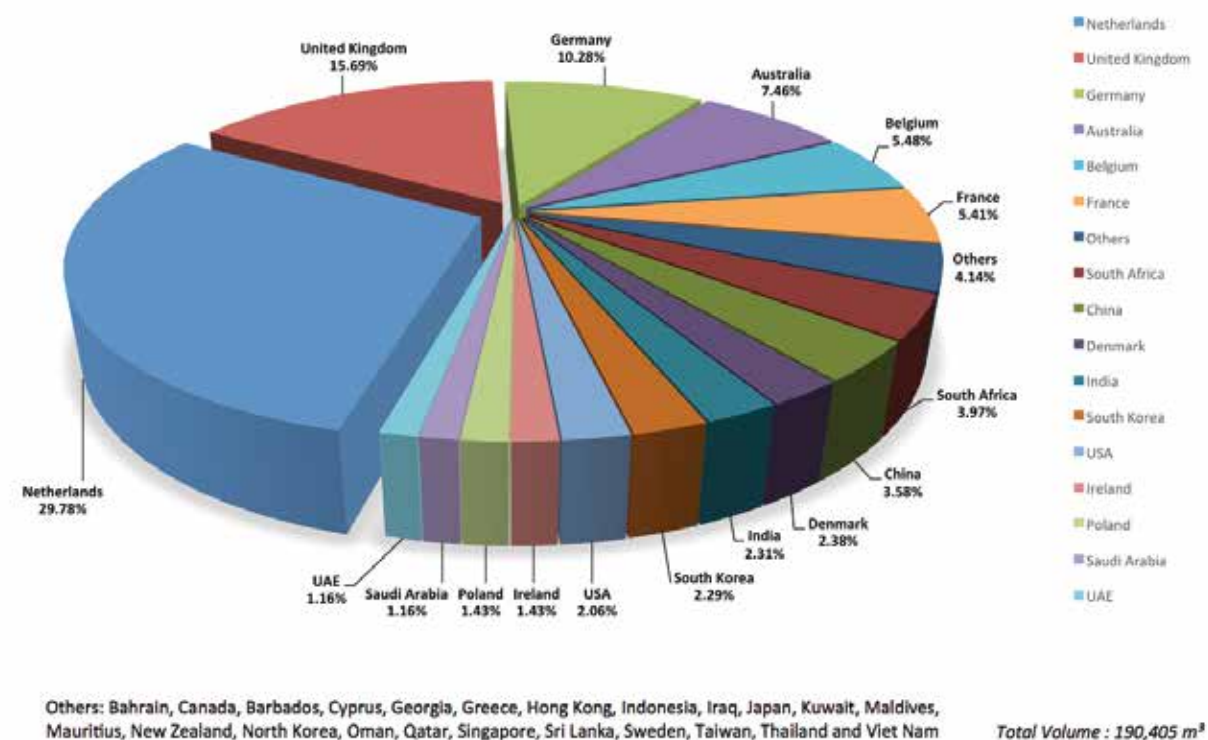


Figure 5: Export of timber products certified under MTCS by destination, 2016



## CERTIFICATION STANDARDS

### Review of MC&I(Natural Forest)

The 71st Meeting of the MTCC Board of Trustees held in March 2017 agreed to put on hold the review of the *Malaysian Criteria and Indicators for Forest Management Certification* or MC&I(Natural Forest).

The decision to defer the review took into consideration the concurrent review of the PEFC standards and technical documents, the outcome of which has a bearing on the review of the MC&I(Natural Forest). The review of the PEFC standards and technical documents was rescheduled to be completed by the end of 2017.

Image by Yee Poh Timber Sdn Bhd





# CAPACITY BUILDING

## Auditor Training Course on Forest Management Certification under the MTCS

In 2017, two auditor training courses covering both MC&I(Natural Forest) and MC&I Forest Plantation.v2 standards were conducted in Bintulu, Sarawak from 27 February to 3 March and in Sandakan, Sabah from 6 to 9 November. The course aims to ensure that auditors

possess the necessary knowledge and skills to conduct forest management certification audit under the Malaysian Timber Certification Scheme (MTCS), as well as to fulfil the competency requirements of certification body for accreditation by STANDARDS MALAYSIA.

The five-day auditor training course in Bintulu was attended by a total of 21 participants. The field audit training was conducted at the Samling Segan FPMU LPF 0014, a MTCS-certified forest plantation since 2014.

Participants of the auditor training course in Bintulu



Briefing by Brian Sawyer, management representative of Samling Segan FPMU



The course in Sandakan conducted in collaboration with the Sabah Forestry Department was attended by 20 participants. The field audit training was conducted at the Deramakot Forest Reserve.

Trainer, Gan Boon Keong briefing on field audit group assignment



Participants during the field audit training



## Training Course on Forest Management and Chain of Custody Certification, University Malaysia Sabah (UMS), Kota Kinabalu

The Faculty of Science and Natural Resources of UMS organised training courses on Forest Management Certification (FC03) from 25 – 26 July 2017 and Chain of

Custody Certification (FC04) from 27 – 28 July 2017. The objectives of the training courses were to highlight the importance and impact of certification as well as to educate on how to achieve and maintain forest management and chain of custody certification. The courses were offered to practitioners, as well as individuals who are interested in gaining knowledge on forest management and chain of custody certification. The courses were conducted by Siti Syaliza and Sabrina Mawasi as the subject matter experts for course FC03 and FC04 respectively.

Participants posing with their certificates of attendance upon successful completion of the courses



## Briefing on Chain of Custody Certification

MTCC conducted a briefing on the requirements of chain of custody certification to Jemaramas Jaya Sdn. Bhd. on 10 January 2017. The briefing was requested by the

company to provide their staff with a better understanding and familiarisation of the requirements of the PEFC ST 2002:2013 standard with emphasis on the implementation of the due diligence system (DDS).

Sabrina Mawasi briefing the staff of Jemaramas Jaya Sdn. Bhd.





Auditor Training Course on Chain of Custody Certification

A 2-day Auditor Training Course on Chain of Custody Certification under the MTCS was conducted from 6-7 December in Johor Bahru. The course was conducted to fulfil the training requirement as stipulated in para 6.1.1.2.2

of the PEFC ST 2003:2012 Second Edition document, which requires all PEFC CoC auditors under MTCS to attend auditor training course once every two years.

A total of 16 participants attended the training which was conducted by Sabrina Mawasi, MTCC Senior Executive for chain of custody unit and also a PEFC Qualified trainer.

Interactive session with trainer in progress



Participants of the Auditor Training Course





A photograph of a forest floor with two clusters of bright orange mushrooms with pale yellow stems. The background is a soft-focus green forest. A graphic overlay of teal and grey geometric shapes is on the right side.

**PROMOTION**



## PROMOTION MTCC MEDIA FAMILIARIZATION PROGRAMME

MTCC organised its inaugural Media Familiarisation Programme from 12-13 September as an initiative to enhance knowledge, understanding and appreciation of the media on the critical roles of the MTCS as a tool in the promotion and implementation of sustainable forest management (SFM). It included a briefing on SFM practices and visits to active and logged-over forests in Ulu Jelai Forest Reserve as well as visit to a MTCS-certified plywood mill.

Bernama News Agency, The Star, Utusan Malaysia and China Press participated in this Programme. A total of 13 print and online media articles were issued following the visit highlighting the roles of the MTCS in the nation's forest sustainability agenda. Those extensive coverage helped to highlight the crucial role of the MTCS in promoting SFM best practices and how it reaffirms the nation's forest sustainability agenda and contributes to fulfilment of commitments in the conservation of Malaysia's forest.

Briefing on SFM practices in Pahang by Samsu Anuar, Deputy Director (Development), Pahang Forestry Department



Participants of the Programme at the Ulu Jelai Forest Reserve



Visit to logged-over forests in Ulu Jelai Forest Reserve



Visit to Forest Checking Station Pos Betau (S)



Briefing by Sugunalan, Quality Control Manager, Mentakab Veneer & Plywood Sdn Bhd



Participant being briefed at the processing area



## MTCC ACADEMIC AWARD

MTCC has been working with Universiti Malaysia Sabah (UMS) and Universiti Putra Malaysia (UPM) since the academic year 2016/2017 to organise the MTCC Academic Award. It is an effort by MTCC to promote academic excellence and inculcate a love for forests amongst university students. The award presented to UMS is named the *Freezailah Forest Sustainability Award* in honour of MTCC's founding Chairman, Dato' Dr Freezailah Che

Yeom, who had led the organisation for 17 years.

In 2017, the Freezailah Forest Sustainability Award was won by Lim Mee Ching from the Faculty of Science and Natural Resources, UMS while Norazlin and Lim E Yee from the Faculty of Forestry, UPM were the winners of the MTCC Academic Award.

Datuk Himmat Singh presented the Award to Lim Mee Ching from UMS



MTCC CEO presented the Award to Norazlin binti Rosli and Lim E Yee from UPM





## PUBLICITY PROGRAMMES / EXHIBITIONS

In 2017, MTCC participated in 5 local and one international fairs and exhibitions. Publicity brochures as well as information on the developments related to the MTCS were distributed at these fairs and exhibitions:

Natural Resources and Environment Minister, YB Datuk Seri Dr Wan Junaidi Tuanku Jaafar visited MTCC booth at the 20th Meeting of ASEAN Senior Officials on Forestry (ASOF) 27-28 July, Putrajaya



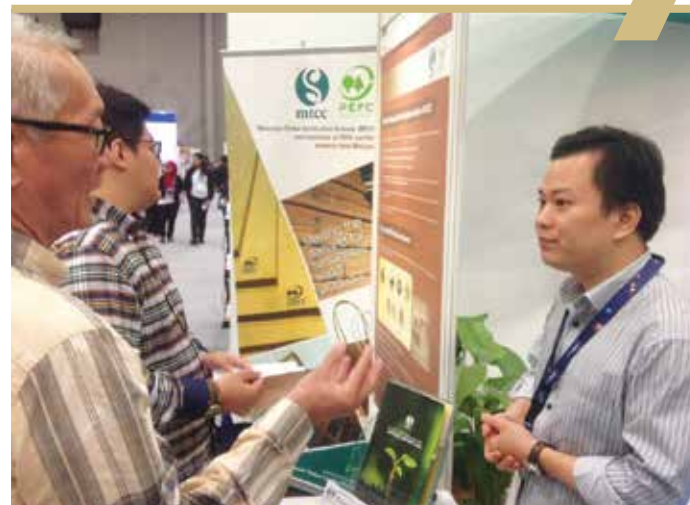
3rd Sarawak Timber & SMEs Expo 18-21 May, Sarawak



International Greentech & Eco Products Exhibition & Conference (IGEM), 11-13 October, Kuala Lumpur



The 20th SME Annual Showcase & Conference (SMIDEX) 15-17 November, Kuala Lumpur



Spoga+Gafa 3-5 September, Germany



Kuala Lumpur Engineering and Science Fair (KLESF) 3-5 November, Selangor



## PUBLICATIONS

In 2017, MTCC issued the following articles, information, updates and press releases:

- Letter-to-editor responding to an article published in Borneo Post on 11 Jan
- News Release on Acceptance of MTCS By Dutch Government, 27 January
- Status Update on the Review of MCI&I(Natural Forest), 13 March
- Letter-to-editor responding to Utusan Malaysia 14 June article: "Mandatorikan Persijilan Pengurusan Hutan"
- MTCC Photography Contest announcement news release, 6 July
- MTCC Shares Experience on Timber Certification with ASEAN Senior Forestry Officials, 7 August
- Royal Selangor Obtains MTCS Certification, 9 August
- Briefing and Consultation Session for Chain of custody Certificate Holders Under the MTCS, 21 August
- MTCC Promotes MTCS-Certified Timber Products at Europe's Largest Garden Expo in Germany, 6 September
- MTCC Media Familiarisation Trip (to Ulu Jelai Forest Reserve), 13 September

- MTCC Announces Judges for Photography Contest, 21 September
- MTCC Advocates Sustainable Timber to Build Greener Cities at IGEM 2017, 10 October
- MTCC Photography Contest Final Call News Release, 12 October
- MTCC Instils Awareness on Sustainable Forestry Among School Children, 13 November
- UMS Forestry Scholar Named Recipient of Freezailah Forest Sustainability Award, 19 November
- MTCC Presents Academic Awards to Exemplary Forestry Students from UMS and UPM, 27 November
- MTCC Welcomes Move for Mandatory Forest Certification in Sarawak, 28 November
- MTCC Promotes MTCS-Certified Timber at SMIDEX 2017, 4 December
- Winning Images from MTCC Photography Contest Sparks Love for Forests, 4 December
- Signature Manufacturing Achieves MTCS Certification, 26 December

## MEDIA INTERVIEW

MTCC CEO had a media interview with the New Straits Times on 31 July on the role of the MTCC and its contribution to sustainable management of forest, as well as the role of businesses and the general public in promoting sustainable forestry.

Following the interview, the New Straits Times carried on article under "Keep Our Green Lungs Going" in its Sunday Vibes section on 6 August 2017.

Interview with New Straits Times, 6 August 2017





# MEDIA COVERAGE

As a result of the various PR initiatives, the number of media impressions on MTCC and the MTCS rose from 65 in 2016 to 107 in 2017. The positive contents successfully delivered MTCC's key message to its stakeholders helping to better understand the important role played by timber certification in pursuit of sustainable management of forest.

The following print, broadcast and online media published editorials and special feature reports on MTC and the MTCS:

## Local publications:

- TV2 – News (broadcast)
- China Press
- Harian Metro
- Kosmo
- The Borneo Post
- Nanyang Siang Pau
- Sinar Harian
- The Edge
- Utusan Malaysia
- Bernama
- The Star
- New Straits times

## International publications:

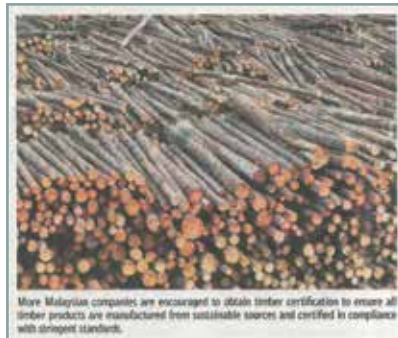
- Trow
- Houtwerald
- <http://www.holzonline.de/>
- Euwid Holz Und Holzwerkstoffe



## Media Clippings



## Media Clippings



**Ministry encourages more firms to obtain timber certification**

KUALA LUMPUR: The Ministry of Plantation, Industries and Commodities is encouraging more Malaysian companies to obtain timber certification to ensure all timber products manufactured from sustainable sources and certified in compliance with stringent standards.

Its Minister, Datuk Seri Mah Siew Keong, said this was not only to conserve resources but also to continue accessibility to market demanding sustainable products.

"The timber sector is one of the important contributors to our national economy. It contributed RM21.86 billion to the country's export earnings in 2016."

"It also continues to take away surplus from sustainably managed forests."

world's top exporters of tropical timber products," he told reporters after presenting the Chain of Custody (CoC) Certification to Royal Selangor International Sdn Bhd yesterday.

Mah said the CoC, which was under the Malaysian Timber Certification Scheme (MTCS), would enable Royal Selangor to label all its wood-based products as sustainably sourced.

The MTCS is a national timber certification scheme for sustainability developed and operated by the Malaysian Timber Certification Council (MTCC) to confirm the timber products manufactured or traded are sourced from sustainably managed forests.



## Pentingnya pensijilan hutan

**Pentingnya pensijilan hutan**

Salah satu faktor utama dalam memastikan hutan kekal lestari adalah dengan memastikan sumber kayu yang digunakan adalah sah. Ini bermaksud kayu tersebut haruslah berasal daripada hutan yang menguruskan dengan cara yang mampan.

Salah satu cara untuk memastikan ini adalah dengan memastikan kayu tersebut mempunyai pensijilan yang sah. Pensijilan ini adalah satu proses yang memastikan kayu tersebut berasal daripada hutan yang menguruskan dengan cara yang mampan.

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## RECOGNITION OF MTCS

### PUBLIC PROCUREMENT POLICIES

In January 2017 following a Parliamentary debate, the MTCS was granted full acceptance by the Dutch Government under its Public Procurement Policy for Sustainable Timber. The recognition is an important endorsement of Malaysia's commitment and on-going efforts in promoting and implementing sustainable forestry and timber industry through certification under the MTCS.

The MTCS achieved another milestone when the Tokyo Organising Committee of the Olympic and Paralympic Games (TOCOPG) 2020 accepted the MTCS under its "Sustainable Sourcing Code for Timber" for the construction of the upcoming Tokyo Olympic facilities.

In addition, countries with active operational public procurement policies namely the United Kingdom, Germany, France, Denmark, Belgium, Finland, Switzerland and New Zealand have also accepted the MTCS.

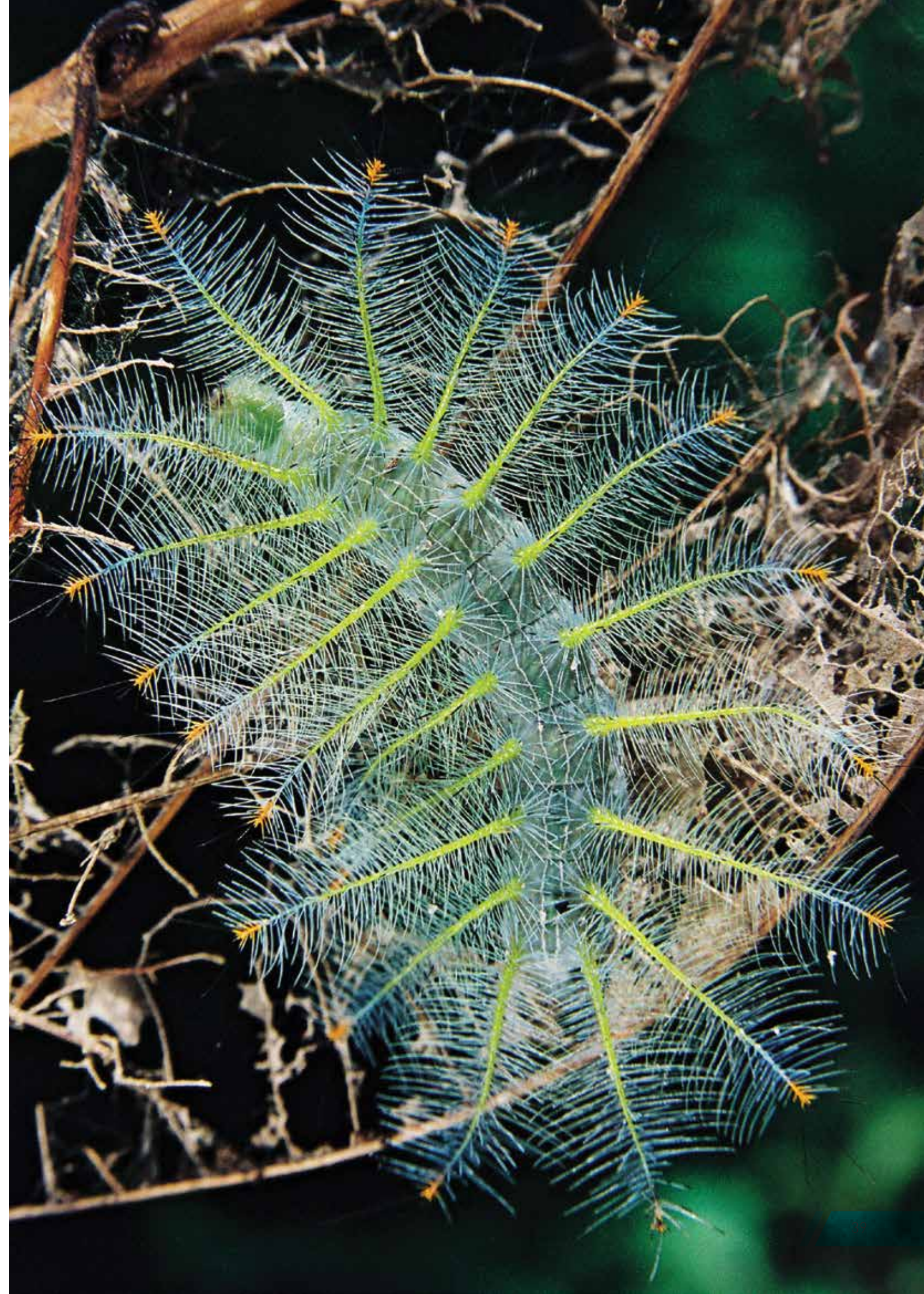
The MTCS has also been recognised by the following:

- 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 SYSTEM

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 RELATED ACTIVITIES

### PEFC FOREST CERTIFICATION WEEK

The PEFC Forest Certification Week which included the Twenty-Second PEFC General Assembly (GA) was held in Helsinki, Finland from 13 to 17 November 2017. The event saw the largest gathering of participants to date totalling 298 comprising Members, potential Members, Stakeholders and the PEFC Secretariat.

MTCC was represented by Yong Teng Koon (CEO) and Noor Eshah Yat [Senior Manager (Administration & Finance)]. Themed "Making Certification Smart", various programmes, meetings and activities were conducted throughout the week to discuss and explore the potential and benefits of incorporating new and smart technologies in forest certification.

#### Members Meeting (13 – 14 November)

At this meeting, the following activities were conducted:

- (i) PEFC International staff for EU Affairs, Xavier Noyon provided an update on the current situation in Europe touching on issues related to forest law enforcement, governance and trade (FLEGT), enforcement of European Union Timber Regulation (EUTR), Green Procurement and EU Ecolabels, and EU policy on forest biomass for sustainable production of energy.
- (ii) Customer Engagement Group meeting – This Working Group discussed about the need for mapping out PEFC certified packaging suppliers

#### Members meeting in progress



due to pressure for obtaining 100% certified packaging materials towards Global Green Packaging Market by 2020.

- (iii) Financial Working Group meeting – PEFC is working towards formulating a strategy that could address the financial needs of all Members. PEFC Secretariat presented the analysis of the result from a survey conducted in October 2017 among Members and PEFC certificate holders regarding this matter. The result showed that all NGBs spent the bulk of their income towards paying PEFC Membership fee, staff salaries and marketing.
- (iv) Members were updated on the formulation of the PEFC 2018-2022 Strategies. The meeting deliberated on the revised Vision and Mission statements as well as the various proposed strategies to position PEFC as a thought leader on sustainable forestry, including the sustainable development goals through increasing and more effective communication, focused engagement and innovative approaches. The revised document will be presented for the consideration of the Members Meeting scheduled in April 2018.
- (v) PEFC Unit Heads presented updates on their respective portfolios, covering standards review, communications, marketing, projects & developments, as well as their proposed plan and activities for 2018.

## PEFC GENERAL ASSEMBLY (15 NOVEMBER)

The 22nd PEFC GA was officially opened by the Minister of Agriculture and Forestry of Finland, Jari Leppä. The Minister iterated the global importance of sustainable forest management and congratulated PEFC on its contribution towards this development.

The GA was also attended by Rosalie Matondo, the Minister of Forestry of the Republic of Congo. The Republic of Congo is a new member of PEFC.

The GA saw the resignation of Sheam Shatkuru Grazella as the Vice Chair of the PEFC Board, following her resignation from the Malaysian Timber Council (MTC) to

join the International Tropical Timber Organisation (ITTO) with effect from 1 November 2017.

The representatives from Croatia, Kenya, Myanmar, Philippines and Vietnam expressed intention to become new members of PEFC.

The Indonesian Forestry Certification Cooperation (IFCC) was awarded the "Certificate of Appreciation" by PEFC for having achieved the biggest increase in PEFC-certified forest area, while the Sustainable Green Ecosystem Council (SGEC) of Japan the biggest growth in PEFC Chain of Custody certificates.

#### PEFC General Assembly in progress



#### MTCC was represented by the CEO, Yong and Noor Eshah Yat (Senior Manager, Admin & Finance)





## STAKEHOLDER DIALOGUE (16 NOVEMBER)

PEFC Stakeholder Dialogue in progress



PEFC Stakeholder Dialogue 2017 focused on the theme of “Making Certification Smart”, exploring and discovering new emerging technologies which show promise for supporting forest certification.

The Stakeholder Dialogue saw the active participation from forest sector stakeholders, leading technology providers, innovators and sustainability experts to exchange views on what is needed, what is working and where are the opportunities for scaling up application.

The keynote address entitled “Embracing technology innovation within certification: What’s the hype?” was delivered by Wiebke Herding, Managing Director of ON:Subject. The presentation highlighted current needs, explored and identified future directions and potential

impacts, providing a common framework to facilitate further discussion throughout the day.

Three parallel workshops were conducted as follows:

- (i) SMART solutions for strengthening trust and traceability throughout value chains;
- (ii) SMART solutions for engaging and leveraging society for sustainable forestry; and
- (iii) Smart solutions for activating efficient and accessible sustainable forest management certification.

Under Workshop (iii), Khairul Najwan Ahmad Jahari from SIRIM QAS International Sdn Bhd, a MTCS-notified certification body shared his experience of piloting the use of drones in better identifying spots and facilitating on the ground auditing in Malaysia.

## FIELD TRIP (17 NOVEMBER)

The field trip brought the participants to Jyväskylä, central Finland which is about 300 km from Helsinki. The forest excursion took place in Jari Penttinen’s forest to witness the use of smart technologies in forest management and harvesting. The representatives from the Forest Management Associations of Finland briefed participants on the implementation of sustainable forest management and regional group certification in Finland.

After the forest excursion, the participants visited the Metsä Group Bioproduct Mill in Äänekoski. This new mill that began operation in August 2017 is regarded the world’s first next-generation bioproduct mill designed to be resource efficient, generating zero waste during its operation. The mill does not consume any fossil fuel but generates its own bioenergy from byproducts through the production of softwood and birch pulp for board, tissue, orienting paper and other specialty products.

Visit to Jari Penttinen’s Forest



Visit to Metsä Group Bioproduct Mill



Briefing on Forest Management Practices in Finland



## PEFC WORKING GROUP MEETING

MTCC continued to participate actively in three working groups (WG) under the PEFC Standard revision process. This process began in the middle of 2016 and is expected to be completed in 2018.

The WG1 on Sustainable Forest Management which focused on the revision of Sustainable Forest Management – Requirements (PEFC ST 1003:2010) met twice in 2017. The first meeting was held in Geneva, Switzerland from 27-29 March and the second meeting held in Hamburg, Germany from 4-6 September. MTCC also participated in the Task Force on Conversion under the WG1, which met via online conference on 14 June, 27 July and 7 December.

MTCC is also a member of WG2 on Group Forest Management which is tasked to review two standards namely Group Forest Management Certification – Requirements (PEFC ST 1002:2010) and Forest Management Certification Procedures (PEFC ST 1004).

The meeting was held back to back with the WG1 meeting from 23-24 March in Geneva and the second meeting on 7-8 September in Hamburg.

WG4 on Chain of Custody and Labelling met twice at PEFC office in Geneva on 25-26 January and on 28-29 August to further deliberate the revision of the two CoC standards as well as the labelling standard. MTCC also participated in the webinar held on 5-6 April 2017.

At the end of 2017, PEFC had approved two revised technical documents, namely GD 1007:2017 Endorsement and Mutual Recognition of National Systems and their Revision (approved on 6 October 2017) and PEFC ST 1001:2017 Standard Setting – Requirements (approved on 15 November 2017). MTCC participated in a webinar held on 30 November 2017 on the approved PEFC ST 1001:2017 Standard Setting – Requirements.



A close-up photograph of three ants on a piece of dark, textured wood. The ants are reddish-brown with long, thin legs. One ant is in the foreground, facing left, while two others are slightly behind it, one facing right and one facing left. The background is dark and out of focus. Overlaid on the right side of the image are several geometric shapes: a large teal parallelogram, a smaller grey parallelogram, and a white line forming a triangle. The word 'COOPERATION' is written in white, bold, sans-serif capital letters within the white triangle.

**COOPERATION**



## COOPERATION

# TWENTIETH MEETING OF THE ASEAN WORKING GROUP ON FOREST PRODUCTS DEVELOPMENT

MTCC as the lead agency for the Working Group on a Pan ASEAN Timber Certification Initiative (WG-PATCI) attended the 20th Meeting of the ASEAN Working Group on Forest Products Development (AWG-FPD) as the WG-PATCI and the ASEAN Experts Group on Herbal and Medical Plants (AEG-HMP) had now been subsumed under the AWG-FPD following the decision of the 18th ASOF Meeting held in 2015.

Held from 24 – 25 July in Putrajaya, the Meeting gathered delegates from Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Myanmar, Philippines, Thailand, and Viet Nam. Representatives from the European Union Forest Law Enforcement and Governance and Trade (EU-FLEGT) Facility, International Network for Bamboo and Rattan (INBAR), and the ASEAN Secretariat were also present at the Meeting.

The AWG-FPD aims to enhance ASEAN cooperation in forest products development and the alignment of national standards and testing protocols in accordance

with International Standard; enhance intra and extra-ASEAN trade and competitiveness of ASEAN forest products including through inter-alia timber certification; support the development of medicinal and aromatic plant industries, and promote co-operation with ASEAN Dialogue Partners, regional and international organizations and the private sector in marketing and image building for ASEAN forest products.

The 12-member delegation from Malaysia comprised representatives from the Ministry of Natural Resources and Environment (MNRE), Department of Wildlife and National Parks (PERHILITAN), Forest Research Institute Malaysia (FRIM), Malaysian Timber Industry Board (MTIB), Malaysian Timber Council (MTC), MTCC and the Protem Secretariat of the Malaysia-EU FLEGT VPA. MTCC was represented by its CEO and Melvin Ku, Senior Executive (Forest Management). The Meeting was chaired by Dr. Megat Sany bin Megat Ahmad Supian from the MNRE and assisted by Tint Swe from Myanmar.

Malaysian delegation at the 20th AWF-FDP Meeting



Malaysian delegation at the 20th AWF-FDP Meeting



The ASEAN Member States (AMS) provided an update on the progress of implementation of Criteria and Indicators (C&I) for legality of timber (or) forest management certification (and/or) implementation of timber certification and legality assurance systems and ASEAN Chain of Custody Guidelines in their respective countries. MTCC presented a Malaysian Country Progress Report on Forest Management and Chain of Custody Certification under the MTCS at the meeting. Currently, among the AMS, only Malaysia and Indonesia have an operational national timber certification scheme. Cambodia, Thailand, the Philippines and Viet Nam are in the process of developing their national timber certification systems.

The AMS viewed the importance of supporting trade facilitation of timber and timber products through the development of mutual recognition agreement (MRA) and agreed to the conduct of a "Study on stepwise approach towards MRA for timber legality in ASEAN" supported by the EU-FLEGT Facility.

The draft Plan of Action (PoA) for ASEAN Cooperation in Forest Products Development which is based on the Strategic Plan of Action (SPA) for ASEAN Cooperation in Forestry (2016-2025) was considered by the Meeting. The PoA consists of three strategic thrusts i.e. (i) enhancing sustainable forest management, (ii) enhancing trade facilitation, economic integration and market access, and (iii) institutional strengthening and human resources development. Six action programmes and 22 activities were agreed by the AMS for it to be submitted for the endorsement of the 20th ASEAN Senior Officials on Forestry (ASOF) Meeting.

The Meeting also noted the proposal for partnership between INBAR and ASEAN where 6 AMS are members of INBAR namely Indonesia, Malaysia, Myanmar, Philippines, Thailand and Viet Nam.





# SIGNIFICANT EVENTS



## SIGNIFICANT EVENTS

### PRESENTATION OF CoC CERTIFICATES

In 2017, MTCC undertook new public relation initiatives to raise awareness of local consumers on the availability of MTCS-certified timber products. MTCC leveraged on the award of Chain of Custody to local iconic brands to further raise the visibility and profile of the MTCS in the local market. Towards this end, MTCC organised special events for the award of the Chain of Custody certificates to the manufacturers of the following brands:

#### i. Royal Selangor

YB Datuk Seri Mah Siew Keong, the Minister of plantation Industries and Commodities presented the Chain of

Custody (CoC) certificate to Royal Selangor on 9 August 2017. Royal Selangor is an iconic brand for pewter products and is the first non-wood based company to obtain CoC certification under the MTCS.

This CoC certification enables Royal Selangor to label all its certified wood-based pewter with MTCC / PEFC label which will further strengthen Royal Selangor's global presence.

This positive development would help encourage the use of certified timber beyond the traditional wood-based companies while contributing to the promotion of sustainable forest management.

YB Datuk Seri Mah Siew Keong delivering his speech at the ceremony



YB Datuk Seri Mah presenting certificate to Yong Yoon Li, Royal Selangor International Executive Director



YB Datuk Seri Mah trying his skills at Royal Selangor working station



Yong Yoon Li showing YB Datuk Seri Mah the newly launched Circa collection



Circa Collection- a PEFC Certified products by Royal Selangor



#### ii. Signature Kitchen

Nor' Afiza Saim from SIRIM QAS, presenting the MTCS Chain of Custody to Tan Kee Chong, Group Managing Director, Signature International Berhad



Signature International Berhad, a Public-listed company, achieved a significant milestone with its subsidiary Signature Manufacturing Sdn Bhd becoming the first in the kitchen systems sector to obtain the CoC certification under the MTCS.

The MTCS CoC Certificate was presented to Signature Manufacturing Sdn Bhd, on 6 December 2017 by Nor' Afiza Saim, Senior General Manager for Management System Certification, from SIRIM QAS International Sdn Bhd, a MTCS-notified certification body at the Signature Kitchen Lifestyle Gallery in Kota Damansara.



## BRIEFING TO DATUK K. YOGEESVARAN, SECRETARY GENERAL OF MPIC

Datuk K. Yogeesvaran, Secretary General of the Ministry of Plantation Industries and Commodities



MTCC warmly welcomed the appointment of Datuk K. Yogeesvaran as the new Secretary General of MPIC on 9 August 2017. MTCC provided a briefing to Datuk K. Yogeesvaran on 5 October 2017. The Secretary General was briefed on the setup of MTCC, its main roles and functions, and the operation of the MTCS. The briefing covered the rationale for implementing the MTCS, issues and challenges faced and strategies to address them.

CEO Yong giving the briefing



Datuk Yogeesvaran discussing details with CEO Yong



## MTCC PHOTOGRAPHY CONTEST

MTCC's inaugural photography contest themed "Experience Forest, Experience MTCS-PEFC" was organised to raise public's awareness on the social, economic and environmental benefits of Malaysia's tropical forest as well as to promote the importance of SFM and forest certification.

The Contest received overwhelming response with submission of 837 pictures from 95 participants. The winners of the contest were announced at the Kuala Lumpur Photography Festival (KLPPF) 2017 held at Publika from 24 to 26 November 2017. The 24 winning photos were also exhibited at the KLPPF 2017.

Winners of the MTCC Photography Contest



MTCC CEO delivering a speech at the prize presentation ceremony

MTCC CEO presented a cash prize of RM2,000 to the Grand Prize Winner Abdul Hafiz bin Abdul Hamid



The Grand Prize winning photo, a shot of Royal Belum State Park in Perak





## MTCC FAMILY DAY

MTCC Family Day was held at the Lost World of Tambun, Ipoh, Perak on 1-2 April. The event was organised to strengthen bond and rapport among staff members and build friendship and acquaintance among family members

of the MTCC staff. Numerous family oriented fun activities were organized at the Water Theme Park. MTCC Chairman Datuk Himmat Singh also participated in the event.

Tele match in progress



MTCC staff Group photo



MTCC staff and family Group photo





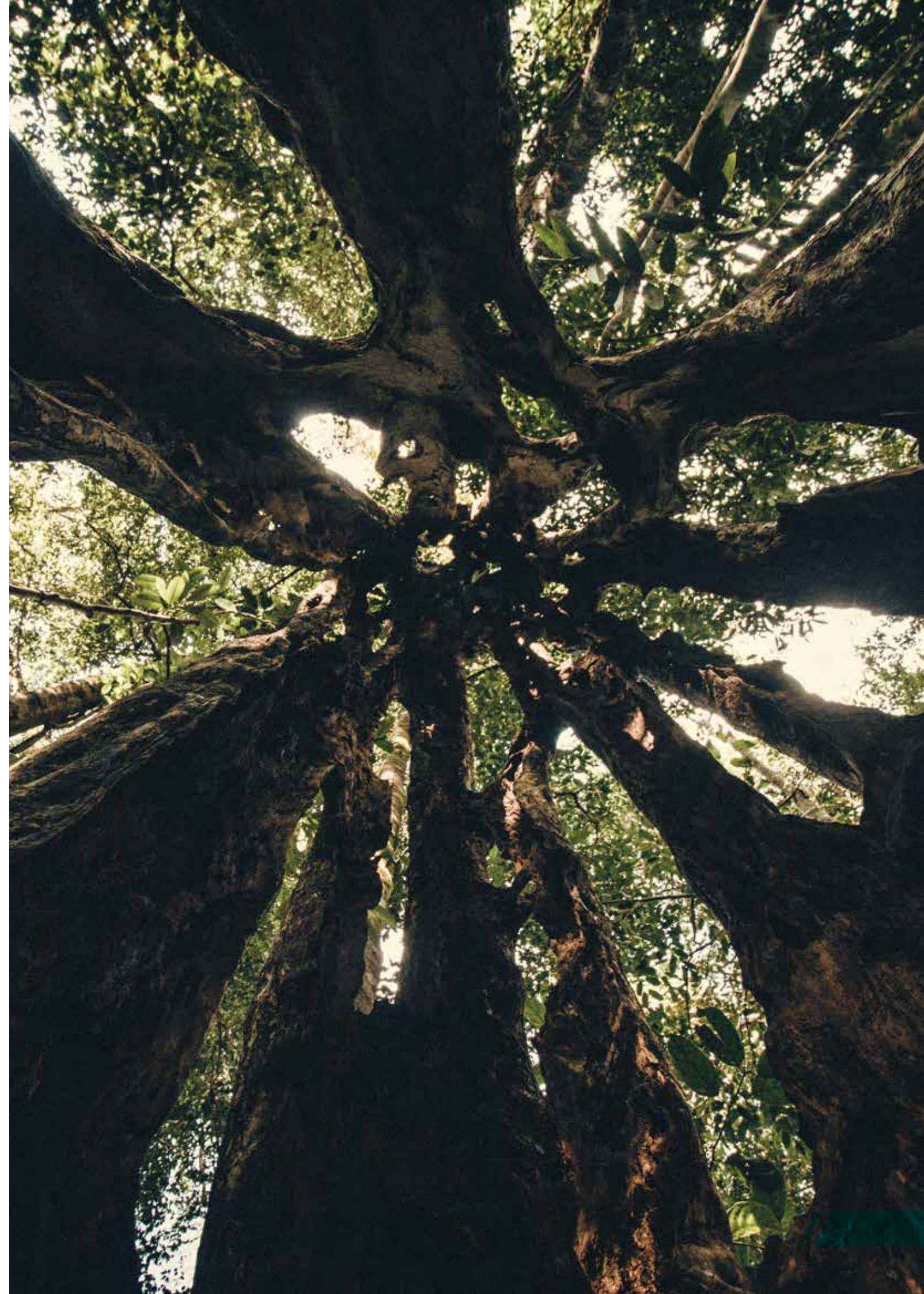
Engaging in Sand Bowling



Participating in "burst the balloon" game



Special activity for children





## MTCC Organised / Coordinated the Following Local Events in 2017

EVENTS	DATE	VENUE
Briefing to Jemaramas Jaya Sdn Bhd	10 January	Klang, Selangor
Auditor Training Course on Forest Management Certification under the Malaysian Timber Certification Scheme (MTCS)	27 February – 3 March	Kuching, Sarawak
Training Course on Forest Management and Chain of Custody Certification, Universiti Malaysia Sabah (UMS)	25 – 28 July	Kota Kinabalu, Sabah
Presentation of CoC Certificate to Royal Selangor by YB Datuk Seri Mah Siew Keong	9 August	Setapak, Kuala Lumpur
Briefing to Signature Kitchen on MTCC & MTCS	11 September	Damansara, Selangor
MTCC Media Familiarisation Programme	12 – 13 September	Ulu Jelai, Pahang
Briefing and Consultation Session for Chain of Custody Certificate Holders Under the MTCS	19 September	Putrajaya
Auditor Training Course on Forest Management Certification under the Malaysian Timber Certification Scheme (MTCS)	6 – 9 November	Sandakan, Sabah
Briefing on MTCC & MTCS to UPM students	17 November	Serdang, Selangor
Presentation of CoC Certificate to Signature Manufacturing Sdn Bhd	6 December	Damansara, Selangor
Auditor Training Course on Chain of Custody Certification under the MTCS	6 – 7 December	Pasir Gudang, Johor

## MTCC Participated in the Following International Events in 2017

INTERNATIONAL CONFERENCES / SEMINARS / WORKSHOPS / MEETINGS	DATE	VENUE
WG 4 PEFC CoC and Labelling Meeting	25 – 26 January	Geneva
PECF Working Group (WG) Forest Management Certification Procedures	23 – 29 March	Geneva
4th Singapore Dialogue on Sustainable World Resources	6 April	Singapore
PEFC Members Meeting	26 – 28 April	Geneva
Regional Workshop on Finalisation of the Revised ASEAN Criteria and Indicators for Sustainable Management of Tropical Forests and The 13th Meeting of The Asean Working Group on Forest Management (The 13th Meeting of The AWG-FM)	22 – 25 May	Lombok, Indonesia
WG 4 PEFC CoC and Labelling Meeting	28 – 29 August	Geneva
PEFC Forest Certification Week	13 – 17 November	Helsinki

## MTCC Participated in the Following Events Within Malaysia in 2017

LOCAL CONFERENCES / SEMINARS / WORKSHOPS / MEETINGS	DATE	VENUE
GHG Inventory Review Findings for AFOLU Sector	11 January	Putrajaya
FSC Controlled Wood Info Seminar	11 January	Kuala Lumpur
Meeting with the new Ambassador of the Netherlands	12 January	Kuala Lumpur
Mesyuarat Mengenai Aspek Perundangan Hak Tanah Adat Orang Asli	8 February	Kuala Lumpur
Public Lecture by Prof. Dr. Jomo Kwame Sundaram, "Sustainable Development in Malaysia?"	1 March	Kuala Lumpur
Mesyuarat Jawatankuasa Teknikal Dasar Perhutanan Malaysia Bil 1/2017	6 March	Sepang, Selangor
Mesyuarat Pensijilan Pengurusan Hutan Di Semenanjung Malaysia	21 March	Putrajaya
Timber Construction Pinnacles Day 2017 (TCD 2017) Anjuran Bersama Institut Kejuruteraan Infrastruktur dan Pengurusan Mampan (IIESM) dan Lembaga Perindustrian Kayu Malaysia (MTIB)	22 March	Shah Alam, Selangor
Bengkel Strategi Nasional REDD++	22 March	Pulau Pinang
Mesyuarat Cadangan Peluasan Penggunaan Lesen MYTLAS kepada Negara Selain Kesatuan Eropah (EU), Bagi Pengeksport Kayu dan Keluaran Kayu dari Semenanjung Malaysia	27 March	Kuala Lumpur
Close Door Roundtable on Central Forest Spine (CFS)	28 March	Kuala Lumpur
MTC Timber Talk Series "Making a Difference with Timber"	12 April	Kuala Lumpur
Mesyuarat J/K Pemandu Projek TPIKM : Capacity Building For Compliance With Requirements For Certification Under Malaysian Timber Certification Scheme (MTCS) Bil. 1/2017	17 April	Kuala Lumpur
MTC Marketing Seminar 2017 : "Global Timber Market Outlook and Export Opportunities for Malaysian Timber Products and Furniture"	18 April	Kuala Lumpur
ASEAN Ministers Workshop 'Navigating the Headwinds of Sustainable Development in ASEAN'	25 – 26 April	Sunway, Selangor
Majlis Sambutan 100 Tahun Kegemilangan Industri Sawit Negara	18 May	Bestari Jaya, Selangor
Biodiversity Finance Initiative Malaysia Workshop (BIOFIN)	23 May	Port Dickson, Negeri Sembilan
National Consultations REDD+ Strategy	25 May	Pulau Langkawi
HCV Malaysia Toolkit SC Meeting	13 July	Kuala Lumpur
20th AWG on Forest Products Development	24 – 25 July	Putrajaya
Sesi Taklimat Isu-Isu dan Pelaksanaan Aktiviti Industri Sawit Negara Oleh Kementerian Perusahaan Perladangan dan Komoditi	25 July	Putrajaya
International Seminar on Current Issues Affecting Forestry & Forest Products	26 July	Putrajaya
20th Meeting of ASEAN Senior Officials in Forestry (ASOF)	27 – 28 July	Putrajaya



## MTCC Participated in the Following Events Within Malaysia in 2017

LOCAL CONFERENCES / SEMINARS / WORKSHOPS / MEETINGS	DATE	VENUE
Seminar Kebangsaan Central Forest Spine (CFS)	27 – 28 July	Putrajaya
Mesyuarat Jawatankuasa Teknikal Dasar Perhutanan Malaysia 2/2017	16 August	Putrajaya
MTC 5th in House Training*	22 August	Kuala Lumpur
MTC Timber Talk Series – The Making of the Kuang Retreat House	29 August	Kuala Lumpur
Mesyuarat Jawatankuasa Kebangsaan REDD+ Bil. 1/2017	11 September	Putrajaya
MTC Familiarisation Programme for Local Journalists	27 – 28 September	Ipoh, Perak
Briefing on MTCC & MTCS to Secretary General of MPIC	5 October	Putrajaya
International Conference on Heart of Borneo (HoB): A decade of HOB Initiative	24 October	Kota Kinabalu, Sabah
The 2nd Global Timber Conference 2017	8 November	Kuching, Sarawak
Meeting with EASOS (Earth & Sea Conservation System)	15 November	Kuala Lumpur
Bengkel ketiga Forest Reference level (FRL)	20 – 23 November	Petaling Jaya
Perbincangan Kertas Strategi Industri Perakayuan untuk persediaan Kajian Separuh Penggal (KSP) Rancangan Malaysia Ke-11	22 November	Putrajaya
Consultation Workshop & Brainstorming Session for Green Certification in the Industry Sector	22 – 23 November	Putrajaya
Bengkel Konsep Pengurusan Hutan Secara Intensif (Intensive Forest Management - IFM)	27 November	Kepong, Selangor
Visit to L.P. Pacific Films Sdn Bhd	8 December	Pasir Gudang, Johor
Training to Sarawak Forestry Corporation on Importance & Impact of Forest Management Certification	14 December	Kuching, Sarawak
HCV Steering Committee Meeting	15 December	Kuala Lumpur
Lawatan Sambil Belajar Pegawai Perhutanan Kerajaan India ke MTIB*	21 December	Kuala Lumpur

\*MTCC made a presentation at these events.

## MTCC Participated in the Following Fairs / Exhibitions in 2017

FAIRS / EXHIBITION	DATE	VENUE
3rd Sarawak Timber & SMEs Expo	18 – 21 May	Kuching, Sarawak
Exhibition in conjunction with 20th Meeting of ASEAN Senior Officials on Forestry (ASOF)	27 – 28 July	Putrajaya
Spoga+Gafa	3 – 5 September	Cologne, Germany
International Greentech & Eco Products Exhibition & Conference Malaysia (IGEM)	11 – 13 October	Kuala Lumpur
Kuala Lumpur Engineering and Science Fair (KLESF)	3 – 5 November	Seri Kembangan, Selangor
The 20th SME Annual Showcase & Conference (SMIDEX)	15 – 17 November	Kuala Lumpur







# FINANCIAL STATEMENT



## Statement of Financial Position as at 31 December 2017

	2017 RM	2016 RM
<b>ASSETS</b>		
<b>Non-current asset</b>		
Property, plant and equipment	2,353,549	2,438,344
<b>Current assets</b>		
Trade receivables	6,963	95,613
Sundry receivables and deposits	161,958	105,148
Held for trading investments	78,483,678	77,799,149
Deposits	8,678,491	7,185,926
Cash and bank balances	207,024	220,909
<b>Total current assets</b>	<b>87,538,114</b>	<b>85,406,745</b>
<b>TOTAL ASSETS</b>	<b>89,891,663</b>	<b>87,845,089</b>
<b>Equity</b>		
Endowment fund	84,000,000	84,000,000
Accumulated fund	4,822,137	3,506,727
<b>Total equity</b>	<b>88,822,137</b>	<b>87,506,727</b>
<b>Current liabilities</b>		
Sundry payables and accruals	587,546	319,374
Current tax liability	18,988	18,988
<b>Total liabilities</b>	<b>606,534</b>	<b>338,362</b>
<b>Non-current liabilities</b>		
Provision for employee gratuity	462,992	–
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>89,891,663</b>	<b>87,845,089</b>

## Statement of Profit or Loss and other Comprehensive Income for the Year ended 31 December 2017

	2017 RM	2016 RM
Revenue	178,850	198,747
Direct costs	(825,208)	(1,248,897)
<b>Gross loss</b>	<b>(646,358)</b>	<b>(1,050,150)</b>
<b>Other income</b>	<b>5,728,229</b>	<b>2,862,964</b>
<b>Administrative and general expenses</b>	<b>(3,766,461)</b>	<b>(3,265,885)</b>
<b>(Deficit) / Surplus before tax</b>	<b>1,315,410</b>	<b>(1,453,071)</b>
<b>Tax expense</b>	<b>–</b>	<b>–</b>
<b>(Deficit) / Surplus for the year</b>	<b>1,315,410</b>	<b>(1,453,071)</b>
<b>Other comprehensive income</b>	<b>–</b>	<b>–</b>
<b>Total comprehensive (deficit) / income for the year</b>	<b>1,315,410</b>	<b>(1,453,071)</b>









**MALAYSIAN TIMBER CERTIFICATION COUNCIL**

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