

**REPORT ON
MTCC STAKEHOLDER DIALOGUE 2022
“CERTIFICATION OF FOREST PLANTATIONS (POST-2010) AND
GUIDELINES FOR NON-TIMBER FOREST PRODUCTS”**

**31 October - 1 November 2022
TAMU Hotel & Suites Kuala Lumpur**

MTCC organised the MTCC Stakeholder Dialogue 2022 on “Certification of Forest Plantations (Post 2010) and Guidance on Non-Timber Forest Products” with the following objectives:

1. seek feedback from the stakeholders on the certification of forest plantations established after the cut-off date, 31 December 2010, and
2. create awareness and obtain input on developing a guidance document on certifying NTFP under the MTCS.

The Dialogue gathered 138 stakeholders who have interest/have been involved in the implementation of MTCS, comprising representatives from environmental and social interest groups, industry players, government agencies, research and academic institutions and others.

Day 1 - 31 October 2022

The Dialogue on 31 October started with Welcoming Remarks by YBrs. Tn. Hj. Kamaruzaman Mohamad, Chairman of MTCC. He welcomed and thanked all attendees for their participation in providing their input on the demand, challenges and requirements for certification of forest plantations established after 2010 and feedback on the Guidelines for Non-Timber Forest Products, which was drafted.

The Minister of Plantation, Industries and Commodity (MPIC), Datuk Hajah Zuraida Kamaruddin, officiated the Dialogue. In her speech, she said the timber industry is a sector that plays a significant role in developing the country's economy. In 2021, the industry contributed an export value of RM22.74 billion. From January to August 2022, the timber industry recorded an export value of RM17.36 billion, an increase of 21.7% compared to the same period last year.

Based on this encouraging development, the Minister was confident that DAKN 2030's target for the export value of wood and wood products to reach RM28 billion could be achieved. Thus, she encouraged the industry players to regularly engage in a dialogue such as this and provide input to the ministry so that a more concerted effort to support the industry and confront global challenges can be made.

Dr. Michael Berger of PEFC International delivered the Keynote Address of the Dialogue via video. He said PEFC is currently working on overcoming the pressing challenges faced by PEFC members in Asia, which are the discriminatory issue of several countries in Europe which only accept PEFC-certified wood products from Europe and not PEFC-certified wood products from Asia, along with the cut-off date under PEFC that cancels the eligibility to certify forest plantations established in areas converted from natural forests after 31 December 2010.

Dr Berger explained that the cut-off date is a big issue because it involves the credibility of all parties and is detrimental to the progress of economic, social and environmental efforts in the affected forest plantations. Since their first discussion to address this matter, PEFC and MTCC had taken one step further back in 2019 when MTCC was tasked to conduct a field trip to Malaysia for PEFC Working Group

Committee on SFM to learn about forest plantations and understand the operations further (the plan was put on hold due to the COVID-19 pandemic in 2020). Dr Berger opined that PEFC should change the cut-off date because it is no longer relevant due to several factors.

Session 1 of the Dialogue on “Policy and Direction of Forest Plantation in Malaysia” featured three presentations from the Malaysian Timber Industry Board (MTIB), Forest Department Sarawak (FDS) and Sabah Forestry Department (SFD). The presenters of Session 1 provided the background, status, issues and challenges and way forward to provide the context of forest plantation management specifically in the three regions of Malaysia.

In Session 2 of the Dialogue titled “Current and Future Trends for Timber”, three presenters from the Malaysian Timber Council (MTC), Timber Association Sabah (TAS), and Sarawak Timber Association gave their views on the challenges in obtaining certification, motivation/benefits of certification and the way forward. In addition, in supporting the future trend theme, GreenBuildingIndex (GBI) presented on the wood used in green and sustainable cities.

After lunch, the Dialogue continued with “Session 3 – Panel Discussion on the Way Forward”. Moderated by ProForest Southeast Asia, the session deliberated the way forward on the demand, challenges and requirements for certifying forest plantations established after 31 December 2010. The multi-faceted panel perspectives comprised of a downstream user (Unilin (Malaysia) Sdn Bhd), environment (High Carbon Stock Approach), upstream producer (Jawala Plantation Industries Sdn Bhd) and social (Orang Asli’s perspective).

The objectives of the break-out session (Session 4A - Interactive Discussion on Certification of Forest Plantations Post-2010) were to determine the current impacts of forest plantation activities and/or certification of forest plantations, and to identify mitigation measures and resources needed to overcome challenges in certification of forest plantations. For this session, the participants from the different regions were divided into three groups: Group 1 (36 participants), Group 2 (35 participants) and Group 3 (35 participants).

Each of the group’s discussion outcomes was presented (in a given format) by its representative in Session 4B, where Dato’ Shaharuddin Mohamad Ismail, Senior Research Fellow from LESTARI, UKM, was the Moderator.

The representative from Ta Ann Group, representing Group 3, shared that forest plantations involve gradual development, so the ‘actual conversion vs conversion licence’ factor should be considered and assessed when addressing the status of forest plantations established after 2010. For example, suppose the forest operator has done a good job with proven track records of the conversion plan throughout the licensing period. In that case, the operator should be allowed to continue its operation and not be impacted by the cut-off date. Among the group’s proposed mitigation measures was to restore the areas after the date i.e. Restoring 1,000 ha for every converted 1,000 ha.

Group 2, represented by Control Union (Malaysia) Sdn Bhd, agreed that the cut-off date is irrelevant and impacts most ITPs. They also decided that it is a conditional and not hard cut-off because it allows severely degraded areas to be converted into forest plantations under certification consideration. They suggested that amidst the cut-off date’s pros and cons, the recent progress/situation should be considered as the basis to decide on the pressing issue, and not based on the decisions made 20 years ago, with no relevance to developing countries like Malaysia. The PEFC and FSC cut-off dates did not come out not from the voices of Asia. Malaysia and other developing countries must develop so there are lands to be converted. However, this should be done by taking into account the national agenda as well as the environmental and social concerns.

Group 1, represented by Musang Valley Plantations Sdn Bhd, believed there would always be the need/request to extend the cut-off date in the future. Thus, companies need to consider how to comply with the rules and regulations or requirements. Most importantly, the companies must focus on implementing effective communication - getting the messages across all levels, from top to bottom and external parties such as stakeholders and consumers, i.e. Make sure that all concerned parties will understand their missions, challenges or how certification impacts them.

During the discussion in Session 4B, Syarikat Samling Timber Sdn Bhd explained that using Genetically Modified Organism (GMO) species in forest plantations is a way forward due to the prospects of developing and improving local tree species in a regular tree breeding manner in the limited time available. He added that there's a significant prospect for developing and enhancing tree species with GMOs but with caution, realistic and utilising science-based studies.

Ms Siti Syaliza, in her closing remarks for Day 1, thanked all participants for their active involvement in providing inputs and feedback in the Dialogue. She was happy to note that everyone was on the same page to find the balance between producing raw materials for the long run and maintaining the sources sustainably, as well as ensuring that all economic, social and environmental aspects are considered, and the benefits shared among the different stakeholders, particularly the local communities.

Day 2 - 1 November 2022

The Dialogue on 1 November 2022 (Day 2) commenced with Introductory Remarks by MTCC CEO Ms Siti Syaliza Mustapha. She said NTFPs are defined as products or services other than timber that are renewable, and derived from forests for human use/consumption. It can be divided into tangible products and intangible products. The certification of NTFP in natural and plantation forests provides opportunities such as:

1. Providing companies and consumers with an alternative use of resources by highlighting the source and management practices associated with forest goods;
2. Ensures the NTFP resource for the long-term and consistently provides for local livelihoods over time; and
3. Holistic approach in forest management practices while deriving additional income and increasing awareness and motivation for careful planning and utilisation of forest resources.

Ms Siti explained that the MTCS ST 1002:2021 *Malaysian Criteria and Indicators for Sustainable Forest Management* (MC&I SFM) standard specifies the requirements for the certification of SFM system of an FMU can cover a variety of forest products other than timber either in natural forests or forest plantations. Currently, only timber production has been included within the scope of certification under the MTCS.

She elaborated that there has been increasing demand in recent years for certification of NTFP, such as bamboo, natural rubber and charcoal. As NTFP exists in natural forests and forest plantations, the scope of the MC&I SFM standard could be used to cover NTFP. However, there is still a lack of clarity and understanding amongst certification bodies, forest managers and manufacturers on utilising the MC&I SFM and CoC standard to include NTFP within the scope of certification. Therefore, developing a guidance would be helpful to assist users, particularly forest managers, in expanding the range of products covered under the MTCS. In addition, it will allow industry members along the supply chain to capitalise on the certification of all forest products, including NTFP originating from certified FMUs.

In Session 5, "Certification Beyond Timber", four presenters from Forest Research Institute Malaysia (FRIM), MTIB, Global Platform for Sustainable Natural Rubber (GPSNR) and Malaysia Forest Fund (MFF)

presented on the potential NTFP available for certification, such as bamboo, herbal products, karas and gaharu as well as rubber. During the session, MFF introduced the role of forest certification and the Reducing Emissions from Deforestation and Forest Degradation (REDD Plus) initiative.

Mr Cyril Moa of Moa Agency moderated a question and answer session after Session 5. A total of six questions by the attendees and responses by the presenters and for MTCC appear in **APPENDIX I**.

A presentation on the “Introduction to Draft Guidelines on Application of Requirements for Non-Timber Forest Products (NTFP) Certification” was made by Mr Haniff Salleh, MTCC. He explained that the document was based on the MTCS ST 1002:2021 MC&I SFM standard and added that the objective of this document is to clarify the requirements of NTFP certification - biological products/services other than timber that are renewable and derived from the forests for human use/consumption. He elaborated on the scope of the guidance, the definition of key terms, and requirements for NTFP certification, such as in operations, workers, monitoring and reporting, as well as documentation as proof of origin for chain-of-custody verification. After the presentation, a question and answer session on the guidance document was held and received 11 questions. The list of questions and responses appears in **APPENDIX II**.

In the closing remarks, Ms Siti thanked all the participants for their active participation. She said the inputs or feedback from all the different stakeholders were crucial to ensure that everyone’s interests were taken on board and considered to address issues concerning the cut-off date and the development of the guidance document to certify NTFP under the MTCS. The inputs and feedback were also essential to ensure that the developed guidance document can be applied and utilised to derive optimum benefits from forest management and obtain higher value for NTFP.

The Dialogue ended at 12.30 pm.

Session 5: Question and Answer

Moderator

Mr. Cyril Moa, Moa Agency

<p>Mr. Cyril Moa, Moderator</p>	<p>Rather than reinventing the wheel, is there a way for MTCC to be part of MFF? Instead of coming out with a new certification scheme, how can people who are involved in sustainable plantations, sustainable rubber etc can work together with MFF?</p>
<p>Ms. Suhaini binti Haron, MFF</p>	<p>We welcome MTCC to be onboard in developing this certification. The key element in REDD+ is SFM, and this is where it involves MFF and MTCC. MFF is still a new thing and we welcome affiliations and collaborations. But, if you're looking at standards per se for Forest Carbon Certificates (FCC), there's no equivalent standard in the world. With regard to other companies to be part of the ecosystem, the mandate for us now is to engage those in the forestry sector.</p>
<p>Mr. Adrian Yeo, Earthworm Foundation</p>	<p>How does MFF support the current voluntary carbon market exchange by Bursa Malaysia? Is it complementary, or a totally different pathway? Secondly, does MFF includes forest plantations?</p>
<p>Ms. Suhaini binti Haron, MFF</p>	<p>As I mentioned earlier, before a product can be transacted in an emission trading scheme, it has to be verified. So, in the context of MFF, we are currently looking at those directly involved in REDD+ projects. But there are always other opportunities for future projects. With regard to forest plantations, I think the opportunity is there if there's an element of improved management which includes measures to reduce emission is put in place.</p>
<p>Ms. Phang S.K., MWIA</p>	<p>On MFF, you did mention about having consultations with the stakeholders. Since you also said that MFF is still in its initial stage of establishment, I think this is time to engage with us, stakeholders, so that we are aware right from the beginning with regard to what are our expected commitments, requirements that we have to comply and whatnot. If everything has been set and we are required to comply, I think, it's unfair to us. On GPSNR – Is there a way that all these certifications i.e MTCS, PEFC, FSC etc be synchronised so that smallholders will not have to comply to too many certification schemes? Let's say if a rubber smallholder is certified with one scheme, is there a way for it to be compatible with other certifications? For the smallholders, more certifications mean more costs and more paperwork. That's burdensome.</p>
<p>Ms. Suhaini binti Haron, MFF</p>	<p>Thank you for highlighting that. At this point, we're very much at the early stage and the engagement will be focusing on a very specific sector, which is the forestry. We're scheduling our first stakeholder engagement with the private sector in December. In terms of FCC, I would like to highlight that the projects that we are looking into are forests managed by the federal and state</p>

	governments. We will invite other players within such forests to the next engagement sessions.
Mr. Stefano Savi, GPSNR	GPSNR is not a certification system and we're not trying to reinvent the wheel on certification. Besides, PEFC and FSC are already members. The idea is to leverage on the available certification schemes. As we speak we are working with PEFC and FSC to have a cross walk of the PEFC and FSC requirements in comparison to GPSNR requirements, and allow certificate holders to comply with GPSNR requirements by utilising their current certification.
Mr. Cyril Moa, Moderator	Mr. Stefano, apart from natural rubber, can you share any development relating to rubber in general in Malaysia and how the government is working together with the smallholders?
Mr. Stefano Savi, GPSNR	That's a broad question, I must say. But natural rubber from <i>Hevea brasiliensis</i> is here to stay, that's for sure. There's no replacement crop and synthetic rubber is out of the way. In Malaysia, the production of natural rubber has been going down for several years because of labour issue (e.g. agriculture in general has become a less attractive sector for employment, agriculture relies on imported labour etc). In other countries, it is going the opposite way. Ivory Coast, for instance, is ramping up its production and has put in place a processing system which increases value at local level. The cut-off date is also a setback and it will be a missed opportunity to keep the smallholders in natural rubber industry i.e. You chop off the trees, move into a different crop and then move back to natural rubber. I believe the natural rubber plantation can form the buffer from deforestation. If the smallholder's plantation has certification and GMP in place, plus no forest encroachment, that would be killing 2 birds with 1 stone, I think. We are working with the Malaysia Rubber Council to ensure the sustainability of natural rubber production in Malaysia.
Mr. Supun Nigamuni, Control Union (M) Sdn. Bhd.	To MTCC: We see other parallel schemes which have certain acknowledgments from the main carbon standards or carbon-related schemes. How PEFC is seeing this as an advancement of a mutual recognition of MTCC and PEFC with the carbon-related schemes?
Ms. Siti Syaliza Mustapha, MTCC	MTCC has been discussing with KeTSA with regard to REDD+ for more than 5 years. With regard to the development of the protocol for verification for carbon, the MTCS can be used as a proof of sustainability (for forest areas that have received certification under the scheme). But as Ms. Suhaini mentioned, the protocol for carbon trading is currently being developed under the UN framework, and for Malaysia is under KeTSA and it is still a work in progress. We've been providing inputs to KeTSA and as for us at MTCC, we are trying to offer certification as a tool that can be used to confirm, verify safeguards that sustainability is in place.

Q&A Session - "Introduction to Draft Guidelines on Application of Requirements for Non-Timber Forest Products (NTFP) Certification"

<p>Ms. Phang S.K., MWIA</p>	<p>I'm just curious because the NTFP category includes latex, rubber and clump. Now, you don't need to get the approval from FD to harvest latex. But in the draft mentions the need to get removal pass. Can I get a clarification on this? Secondly, if I certify rubber under the NTFP, will it be compatible with GPSNR? Lastly, how to certify the latex and clump – As a sustainable source, or controlled source?</p>
<p>Mr. Haniff Salleh, MTCC</p>	<p>Under the MTCS standard, it just specifies the need to produce together with the product a documentation (in a system) showing that it is originated from within the certified area. It's a requirement under the standard. Rubber which is PEFC certified means it's harvested sustainably, sustainably managed. Controlled source is another matter, and all rubber in Malaysia are considered controlled source.</p>
<p>Mr. Stefano Savi, GPSNR</p>	<p>We're working a crosswalk on the certification requirements with PEFC and MTCC. It's still a work in progress. But if the production unit is certified, at least part of the conformance with the GPSNR is able to be claimed.</p>
<p>Ms. SK Phang, MWIA</p>	<p>If I'm not mistaken, the Malaysian Rubber Board (LGM) is doing a CoC certification too. Are we going to have 2 different schemes on rubber running together?</p>
<p>Dr. Mohd Nasaruddin bin Mohd Aris, LGM</p>	<p>Unfortunately, I'm not the person in charge of this but I can bring forward this matter to MRB and pass the answer later to MTCC.</p>
<p>Ms. Phang S.K., MWIA</p>	<p>I think it's time for all the relevant agencies to work hand in hand because having too many schemes will confuse the industry, and there'll be extra costs and extra documentation involved for the players. Complying to at least 1 scheme is good enough rather than asking us to comply to so many schemes.</p>
<p>Mr. Supun Nigamuni, Control Union (M) Sdn. Bhd.</p>	<p>As we all know 92% of the rubber industry players in Malaysia are smallholders, with areas less than 100 acres. It seems like the guidance does not take into account in terms of intensity and the risk requirements relating to the smallholders. This is a green standard but it looks far beyond achievable. What is MTCC's strategy towards smallholders and what is your plan to move forward?</p>
<p>Mr. Haniff Salleh, MTCC</p>	<p>We do have group certification standard. So, the smallholders can go for group certification and use this guidance to certify rubber.</p>
<p>Mr. Supun Nigamuni, Control Union (M) Sdn. Bhd.</p>	<p>We're aware of the group certification. My question is more about the requirements in the standard. Are we going to implement the standard in full or there's going to be a toned-down version which facilitates more smallholders entering into certification?</p>
<p>Ms. Siti Syaliza Mustapha, MTCC</p>	<p>Thank you for highlighting about the scale and intensity of requirements with regard to forest management or plantations in the guidance. We've already</p>

	<p>mentioned about the scale of intensity on the application of certain requirements in the current standard. So, perhaps this is something that we need to further clarify in our scope.</p> <p>MTCC has worked previously with LGM, MTIB, MTC on a pilot project to certify smallholders of rubber plantations but it did not work. What we learnt from that pilot project is that we need to manage the smallholders in a group setting which would assist the implementation of the requirement of the scheme. At the moment, we have some initiatives in place with MTC and we've been discussing with LGM and Malaysian Rubber Council (MRC) to look into re-initiating this project and having a group entity to help manage smallholders. And of course, when we are talking about smallholders, we are talking about trees outside forests. MTCC is also a member of PEFC working group on trees outside forest where we try to verify the requirements for planted trees outside of the forest setting. A special thing about rubber is that it can be both forest plantation and trees outside forest, so, the definition can vary with rubber. And at the moment, it's more like forest plantations so that's why the forest plantation standard is applicable for the rubber plantations.</p>
Mr. Abraham Ngu, MTCC	<p>I would like to highlight that this draft guidance document is not a new standard. It's basically an addendum to the interpretation of the existing standard. It was drafted following requests from those parties interested in NTFP as well as the CBs which need further clarification on this matter.</p>
Ms. Asiah Nasution Suhaimi, NIOSH	<p>We need to clarify further on Indicator 4.2.3: <i>"Appropriate safety and operational equipment in good working condition, including operational procedures, shall be made available to forest workers in the work place."</i> We need to define "appropriate".</p>
Mr. Haniff Salleh, MTCC	<p>This one is based on the standard concerning forest operations. So here, it refers to the SOPs and equipment e.g. safety helmets, chainsaw etc.</p>
Mr. Abraham Ngu, MTCC	<p>We'll let you have more time to study the document. We'll be putting up a link for you to submit feedback later as well. Your feedback matters.</p>
Mr. Abdul Hamid Md. Yusof, Clarity Crest Sdn. Bhd.	<p>Currently we are planting bamboo at our estate, which is a non-forest area. Is there any clause in this guidance which mentions source from privately-owned, non-forest area?</p>
Mr. Haniff Salleh, MTCC	<p>We have 2 types of standards, natural forests and forest plantations. This guidance is to clarify the NTFP in these areas.</p>
Ms. Siti Syaliza Mustapha, MTCC	<p>The trees outside forest concept is still being developed. However, when you talk about certification of products in areas outside forests, the forest management requirements under PEFC are still the same in the sense on how the areas need to be managed. So, even though it's called trees outside forest, it depends on the definition of the forest itself. For instance, in India, only trees outside designated forest areas are harvested because their natural forests cannot be harvested. For bamboo plantation you can actually use the standard for forest plantation management standard to certify it. The current standard is applicable and can be used, while we work on developing more defined requirements.</p>

<p>Ms. Kamini Sooriamoorthy, SIRIM QAS International Sdn. Bhd.</p>	<p>I think, if you are going to include this guideline as part of the certification standard, we have to ensure that the FMUs are given proper knowledge and training and committed to their smallholders. But I'm a little bit confused. If you have the bamboo plantation on a stateland and it has been opened up separately, which is not part of the MC&I SFM. If private companies would want a standalone plantation, how would that be assessed? This is a guideline, guidance document and we as CB can't do auditing based on that. We audit against a standard, OSH requirements, stakeholder consultations, scientific and technical knowledge impartment etc.</p>
<p>Mr. Abraham Ngu, MTCC</p>	<p>In terms of commitment that you mention, what will it look like in this document?</p>
<p>Ms. Kamini Sooriamoorthy, SIRIM QAS International Sdn. Bhd.</p>	<p>In terms of whether both, the FMUs and smallholders are willing to go for certification. We will look at trainings and whether proper stakeholder consultations have been done so that the FMUs know the challenges that the smallholders are facing. Training is the number 1 thing because it's a continuous process.</p>
<p>Mr. Yong Teng Koon, ex-MTCC CEO</p>	<p>I just want to congratulate MTCC for this guidance which is in line with the vision and mission statements to expand the scope of certification, to cover both timber and non-timber. MTCC's deadline for this is 2025 and therefore I'm very happy to see the progress. The current MC&I SFM standard covers timber but we know that many of the certified have NTFP produced. Therefore, this guidance has opened the scope of certification for certified FMUs to look into other possible products to be certified as well. It's an avenue for the FMUs to explore and I think this guidance is sufficient enough. I think if the stakeholders can agree to this guidance, it will be possible for all of us to move ahead. FMUs just need to make amendment to cover the products that need to be certified to be included in the scope of certification. Other products to be certified in forest plantations should be included as well. Any FMUs that would want to go into certifying NTFP such as rattan and bamboo would have to undertake detailed inventory, which is helpful to address issues like permit. This is especially important in Sabah and Sarawak because theirs are concessions. One aspect that is not mentioned in the guidance is the so called 'intangible' values of the forest.</p>
<p>Ms. Celine Lim, SAVE Rivers</p>	<p>I want a clarification on Indicator 6.2.4: <i>"Hunting, fishing, trapping and collecting activities shall be controlled and unauthorised activities prohibited in the FMU."</i> How would this Indicator affect the livelihoods of communities living within the FMUs such as indigenous people and local communities?</p>
<p>Mr. Abraham Ngu, MTCC</p>	<p>I want to draw your attention to the Scope. It says that <i>"While NTFP cover a larger scope of products derived from the forests and a valuable source of livelihoods for the local communities and indigenous peoples, these guidelines shall not hinder the NTFP collection for sustenance by indigenous peoples as per the Indigenous Peoples' Rights in Principle 3 of the MTCS ST 1002: 2021 MC&I SFM."</i></p>