

2023
MALAYSIAN TIMBER
CERTIFICATION COUNCIL



ANNUAL REPORT



CONTENT

02	Chairman's Message
03	Foreword by the Chief Executive Officer
04	Vision and Mission
05	Background
07	Organisation of MTCC
08	Board of Trustees
16	Annual General Meeting
17	Operations
43	Promotion
60	PEFC-Related Activities
69	Cooperation
77	Significant Events
88	Integrity & Governance
91	Financial Statement

CHAIRMAN'S MESSAGE



I am pleased to present the 2023 Annual Report, which highlights our collective achievements and the strides we have made in promoting sustainable forest management through the Malaysian Timber Certification Scheme (MTCS). In a year shaped by regulatory developments including the European Union Deforestation Regulation, MTCC has focused on preparing Malaysia's timber industry to meet evolving demands while maintaining global relevance.

MTCC's efforts in 2023 reflect Malaysia's commitment to responsible forestry. Through international engagements like the Global Legal and Sustainable Timber Forum and the Asia-Pacific Forestry Commission, MTCC has contributed to elevating Malaysia's visibility in sustainable forest management. Locally, capacity-building initiatives and stakeholder dialogues have reinforced the industry's preparedness to address challenges, including those related to the EUDR.

As we look to the future, MTCC remains committed to fostering collaborations, enhancing the MTCS framework, and addressing critical challenges to sustainability and market access. By prioritising these efforts, we aim to ensure that Malaysian forests continue to thrive and contribute meaningfully to global sustainability goals.

I extend my heartfelt gratitude to the Board of Trustees, the management team, and all our stakeholders for their invaluable contributions. Together, we will continue to pave the way for a sustainable future, where Malaysia's forests thrive and play a vital role in the global sustainability agenda.

YB DATUK WETROM BAHANDA
CHAIRMAN

FOREWORD BY THE CHIEF EXECUTIVE OFFICER



In 2023, MTCC achieved significant milestones in promoting sustainable forest management and ensuring the credibility of Malaysian timber products through the Malaysian Timber Certification Scheme (MTCS). As of December 2023, 6.39 million hectares of forest areas, comprising natural forests and forest plantations, have been certified. These certifications reflect the forestry sector's commitment to sustainability and adherence to internationally recognised standards.

The Chain of Custody certification maintained 355 certificate holders, including 33 newly certified companies. This growth highlights the industry's commitment to traceability and compliance, especially as markets respond to regulatory developments such as the European Union Deforestation Regulation.


Throughout the year, MTCC worked with stakeholders to strengthen capacity and market readiness through training, technical collaborations, and regional partnerships. MTCC's participation in international platforms, including the PEFC General Assembly and Global Legal and Sustainable Timber Forum, reinforced Malaysia's role in global sustainability efforts. Exports of MTCS-certified timber products rose by 7.3 percent to 264,240 cubic meters, with Japan, the Netherlands, and the United Kingdom remaining key markets for certified Malaysian timber.

Looking ahead, MTCC remains committed to enhancing the MTCS framework, supporting industry adaptation to regulatory changes, and deepening collaboration. I would like to thank the Board of Trustees, our partners, stakeholders, and the MTCC team for their continued dedication to advancing sustainable forest management.

DR. FARRAH SHAMEEN MOHAMAD ASHRAY
CHIEF EXECUTIVE OFFICER


Vision

A nation that appreciates and internalises the full value and contribution of forest towards global sustainability.



Mission

MTCC is committed to strengthen the MTCS to realise the full value and contribution of forest through sustainable forest management and chain of custody certification.



BACKGROUND

The Malaysian Timber Certification Council (MTCC), formerly known as the National Timber Certification Council (NTCC) was established following its endorsement at the Thirteenth Meeting of the National Forestry Council (NFC) on 4 July 1997. NTCC was tasked with planning and operating Malaysia's national timber certification scheme.

NTCC was incorporated on 29 October 1998 under the Registrar of Companies as the National Timber Certification Council, Malaysia (NTCC Malaysia), NTCC began operations on 1 January 1999 as an independent and non-profit company limited by guarantee and without share capital. On 30 June 2001, NTCC Malaysia was renamed the Malaysian Timber Certification Council.

The implementation of the Malaysian Timber Certification Scheme (MTCS), previously known as the MTCC scheme, commenced in October 2021 after nearly three years of preparation through a phased approach which included:

- multistakeholder consultations to develop the certification standards
- field-testing of the standards
- development of assessment procedures
- training of auditors
- registration of independent assessor companies and peer reviewers
- establishment of rules governing the use of the MTCC logo,
- formulation of an appeals mechanism
- familiarisation of potential certification applicants on the scheme and its certification requirements

Initially, MTCC served both as the National Governing Body (NGB), overall in charge of the scheme, as well as the certificate-issuing body. However, to strengthen governance and enhance international acceptance of the MTCS, a new institutional arrangement was implemented on 1 July 2008. This change was also part of preparations for MTCS's submission for endorsement by PEFC.

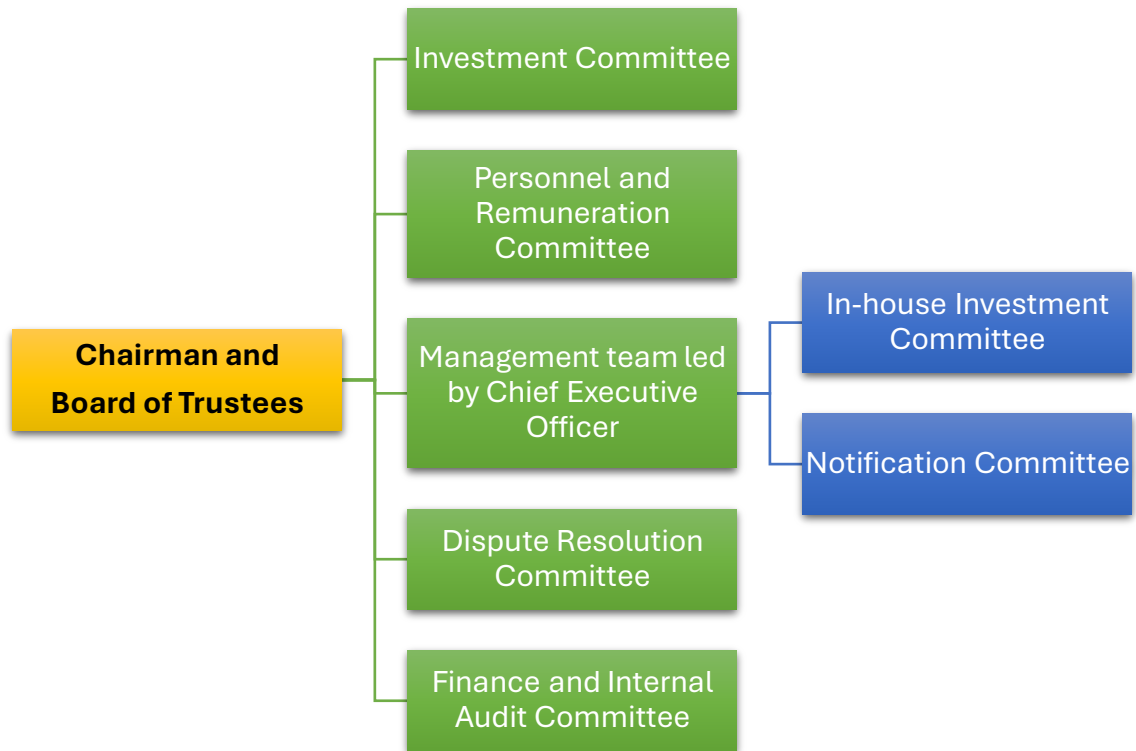
Under the new institutional arrangement, which remains in effect, MTCC continues to serve as the NGB while independent assessors, now termed Certification Bodies (CBs), must obtain accreditation from the Department of Standards Malaysia (STANDARDS MALAYSIA) to conduct Forest Management or Chain of Custody (COC) certifications under the MTCS.

As the NGB, MTCC is responsible for the implementation of the MTCS in carrying out the following main activities:

- supporting 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,
- processing the applications for MTCS notification of CBs operating forest management system and/or COC certification, and issuing logo usage licences to certificate holders,
- implementing procedures for the investigation and resolution of disputes, complaints and appeals related to its role as the NGB,
- liaising with the national accreditation bodies and other certification organisations in matters related to timber certification,
- coordinating with national, regional, and international bodies related to timber certification to facilitate cooperation and mutual recognition arrangements, and
- conducting programmes to promote and publicise the MTCS both locally and internationally.

ORGANISATION OF MTCC

MTCC is organised as shown below to effectively perform its various roles and functions, as well as to achieve its organisational objectives.



BOARD OF TRUSTEES

CHAIRMAN



YB Datuk Wetrom Bahanda
(With effect from 29 May 2023)

MEMBERS

**Ministry of Plantation
and Commodities**



**Mr. Wan Ahmad Asmady
Wan Md Din**

**Ministry of Energy and
Natural Resources**



**Ms. Norsham
Abdul Latip**

**Timber Exporters'
Association of Malaysia**



Mr. Wong Kar Wai

**Sabah Timber Industries
Association**



Mr. Chua Yeong Perng

**Malaysian Nature
Society**



Prof. Dr. Ahmad Ismail

**Sabah Wetlands
Conservation Society**



**Datuk Haji Zainie
Abdul Aucasa**

**Persatuan Orang Asli
Perak**



Dato' Suki Mee

Universiti Putra Malaysia



**Prof. Dr. Hazandy
Abdul Hamid**
(Up to 19 July 2023)

**Union of Forestry
Employees Sarawak**



Mr. Mohamad Ali Yacob

**Universiti Malaysia
Sarawak**



Prof. Dr. Ismail Jusoh
(Up to 19 July 2023)

**Forest Research
Institute Malaysia**



Dr. Norwati Muhammad
(With effect from
14 August 2023)

MALAYSIAN TIMBER CERTIFICATION COUNCIL 2023 ANNUAL REPORT

The establishment of a Board of Trustees is provided for under Article 10(a) of the Memorandum and Articles' of Association (MAA) of MTCC:

"There shall be a Board of Trustees for the management of the affairs of the MTCC. The maximum number of Trustees shall, unless the Minister resolves otherwise, be eleven (11). The Board of Trustees shall comprise the following:

- i. Chairman;
- ii. Two (2) representatives from the government;
- iii. Two (2) representatives from the academics or research and development institutions;
- iv. Two (2) representatives from the private sector (timber industries associations); and
- v. Four (4) representatives from non-government organisations (social and environment interests)."

Table 1: List of Board of Trustees as at 31 December 2023

Role	Organisation	Name	Date of Appointment
Chairman	Malaysian Timber Certification Council	YB Datuk Wetrom Bahanda	29 May 2023
Member (government representative)	Ministry of Plantation and Commodities	Mr. Wan Ahmad Asmady Wan Md Din	1 November 2022
Member (government representative)	Ministry of Energy and Natural Resources	Ms. Norsham Abdul Latip	15 June 2020
Member (private sector representative)	The Timber Exporters' Association of Malaysia	Mr. Wong Kar Wai	1 January 2022
Member (private sector representative)	Sabah Timber Industries Association	Mr. Chua Yeong Perng	20 July 2019

MALAYSIAN TIMBER CERTIFICATION COUNCIL 2023 ANNUAL REPORT

Role	Organisation	Name	Date of Appointment
Member (<i>non-government organisation, environment interest representative</i>)	Malaysian Nature Society	Prof. Dr. Ahmad Ismail	20 July 2019
Member (<i>non-government organisation, environment interest representative</i>)	Sabah Wetlands Conservation Society	Datuk Haji Zainie Abdul Aucasa	3 September 2018
Member (<i>non-government organisation representative</i>)	Persatuan Orang Asli Perak	Dato' Suki Mee	20 July 2017
Member (<i>academic/ research institution representative</i>)	Universiti Putra Malaysia	Prof. Dr. Hazandy Abdul Hamid	20 July 2021 – 19 July 2023
Member (<i>non-government organisation, social interest representative</i>)	Union of Forestry Employees Sarawak	Mr. Mohamad Ali Yacob	20 July 2019
Member (<i>academic/ research institution representative</i>)	Universiti Malaysia Sarawak	Prof. Dr. Ismail Jusoh	20 July 2019 – 19 July 2023
Member (<i>academic/ research institution representative</i>)	Forest Research Institute Malaysia	Dr. Norwati Muhammad	14 August 2023

BOARD OF TRUSTEES MEETING

The Board of Trustees convened four times in 2023.



95th BOT Meeting
3 April 2023
MTCC Office, Kuala Lumpur



96th BOT Meeting
23 May 2023
MTCC Office, Kuala Lumpur



97th BOT Meeting
4 September 2023
Hyatt Regency Kota Kinabalu, Sabah



98th BOT Meeting
6 December 2023
MTCC Office, Kuala Lumpur

INVESTMENT COMMITTEE

The Investment Committee was formed in 1999 when MTCC received its initial allocation of Endowment Fund totalling RM9.0 million.

The establishment of the Investment Committee was in accordance with the provisions outlined in the *Tatacara Pengurusan dan Pentadbiran Dana Endowment MTCC (Tatacara)*, which stipulates that the Investment Committee should comprise the following members:

- i. The MTCC Chairman;
- ii. The MTCC Chief Executive Officer (CEO);
- iii. A representative from the Ministry of Plantation and Commodities (MPC); and
- iv. A Representative from the Ministry of Finance (MOF)

The Investment Committee is responsible for the formulation of policies and procedures on matters related to the establishment and management of the Endowment Fund. The Committee oversees the overall implementation of MTCC's investment policies. In 2023, the Investment Committee convened twice as follows:

Table 2: Investment Committee meeting dates throughout 2023

Meeting	Date	Location
21 st Meeting	18 April 2023	Putrajaya
22 nd Meeting	6 May 2023	Putrajaya

Table 3: Members of Investment Committee

<ul style="list-style-type: none"> • MTCC Chairman YB Datuk Wetrom Bahanda • MTCC Chief Executive Officer Dr. Farrah Shameen Mohamad Ashray (from September 2023) 	<ul style="list-style-type: none"> • Ministry of Plantation and Commodities Mr. Wan Ahmad Asmady Wan Md Din • Ministry of Finance Ms. Yasmin Banu Yusuf
---	---

DISPUTE RESOLUTION COMMITTEE

The Dispute Resolution Procedure, MTCS GD 3003:2021 (15 December 2021) describes the Dispute Resolution Committee (DRC) as an independent committee established by the Board of Trustees to consider and resolve the types of disputes mentioned in these Procedures. The DRC shall comprise of five members who are appointed by the Board of Trustees, including the Chair for the DRC.

The procedure for the investigation and resolution of disputes within the MTCS includes: (i) the scope in terms of the types of disputes that can be referred to MTCC in its role as the NGB; (ii) procedure for submission of disputes; (iii) function and membership of the Dispute Resolution Committee (DRC) and its decision-making process; and (iv) costs incurred related to these Procedures.

Table 4: Members of the Dispute Resolution Committee

- | |
|--|
| <ul style="list-style-type: none"> • Tan Sri Dato' Seri Dr. Salleh Mohd Nor (Chairman) • Dato' Dr. Baharuddin Ghazali • Dato' Shaharuddin Mohamad Ismail • Dr. Ramy Bulan • Mr. Chew Lye Teng |
|--|

PERSONNEL AND REMUNERATION COMMITTEE

The Remuneration Committee was established during the 93rd Meeting of the Board of Trustees on 8 September 2022. The objective of the Committee is to ensure that MTCC staff are rewarded with promotions and remuneration that are fair, attractive, and commensurate with their knowledge and experience. This is aimed to motivate and retain present staff as well as to attract new candidates. In 2023, the Committee has met on 11 January 2023 and 6 November 2023 to discuss matters related to personnel and remuneration.

Table 5: Members of the Personnel and Remuneration Committee

- | |
|---|
| <ul style="list-style-type: none"> • YBhg. Dato' Suki Mee (Chairman) • Mr. Wan Ahmad Asmady bin Wan Md Din • Ms. Norsham binti Abdul Latip • Mr. Chua Yeong Perng (private sector representative) |
|---|

FINANCIAL AND INTERNAL AUDIT COMMITTEE

The Financial and Internal Audit Committee was established during the 93rd Meeting of the Board of Trustees on 8 September 2022. The objective of the Committee is to ensure compliance with financial and audit requirements as set out in the Memorandum and Articles' and Associations of MTCC, as well as in accordance with Malaysian and International Financial Reporting Standard and Company's Act 2016. The Committee convened on 26 June 2023, 6 November 2023 and 23 November 2023 to discuss related matters assigned to the Committee.

Table 6: Members of the Financial and Internal Audit Committee

- | |
|---|
| <ul style="list-style-type: none"> • YBhg. Datuk Zainie bin Abdul Aucasa (Chairman) • Mr. Wan Ahmad Asmady bin Wan Md Din • Mr. Wong Kar Wai |
|---|

IN-HOUSE INVESTMENT COMMITTEE

The In-House Investment Committee monitors the implementation of decisions made by the Investment Committee and formulates investment recommendations for the Investment Committee's consideration and decision.

Table 7: Members of the In-House Investment Committee

- Dr. Farrah Shameen Mohamad Ashray (Chairman)
- Ms. Sabrina Mawasi
- Ms. Noor Eshah Yat (Secretary)

NOTIFICATION COMMITTEE

The Notification Committee is responsible for the notification of certification bodies and issuance of logo usage licences to certificate holders under the Malaysian Timber Certification Scheme . The Committee met once on, 24 February 2023.

Table 8: Members of the Notification Committee

- Ms. Siti Syaliza Mustapha (Chairman)
- Ms. Noor Eshah Yat
- Ms. Sabrina Mawasi

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 AUDITOR

Khairuddin Hasyudeen & Razi
 B-5-7 Megan Avenue 2
 12 Jalan Yap Kwan Seng
 50450 Kuala Lumpur
 (AF 1161)

ANNUAL GENERAL MEETING

The 24th Annual General Meeting was held on 27 June 2023. During the meeting, the Members tabled and adopted the Audited Accounts for the Financial Year ending 31 December 2022, along with the Reports of the Trustees and Auditors, and the Annual Report for the Year 2022.

Table 9: List of Members Present at the 24th Annual General Meeting

No.	Name	Authorised Representative
1	YB Datuk Wetrom Bahanda	Malaysian Timber Certification Council
2	Mr. Mohd Afthar Amir	Malaysian Timber Industry Board
3	Mr. Azharizan Mohamad Norizan	Forest Research Institute Malaysia
4	Ms. Noraihan Abdul Rahman	Malaysian Timber Council
5	Mr. Chua Yeong Perng	Sabah Timber Industries Association
6	Ms. Jaimie Chan Shin Syn	Sarawak Timber Association
7	Tuan Hj. Hamzah Hj. Morshidi	Sarawak Timber Industry Development Corporation

OPERATIONS



OPERATIONS: FOREST MANAGEMENT



Source: MTCC, December 2023

As of December 2023, the Malaysian Timber Certification Scheme (MTCS) has made notable progress in expanding its certified forest area. In 2022, the certified area stood at approximately 5.81 million hectares. **By the end of 2023, this figure had increased to 6.39 million hectares, representing a growth of around 577,658 hectares, an approximate 9.9% increase within a single year.** This expansion underscores Malaysia's continued efforts to strengthen sustainable forest management, **with certified areas now covering over 35.6% of the country's total forest cover.**

This progress aligns closely with two major national policy frameworks, both of which emphasize sustainability, environmental stewardship, and long-term resource resilience:

1. **National Policy on Biological Diversity** – which targets **50% of Malaysia's forest area to be MTCS-certified by 2030**, supporting biodiversity conservation and ecosystem integrity.
2. **National Agricommodity Policy (Dasar Agri Komoditi Negara - DAKN)** – which aims to have **at least 50% of forest area certified under MTCS by 2030**, reinforcing sustainable practices within the timber industry and strengthening Malaysia's position in global ESG-driven markets.

Together, these policies provide a strategic foundation for Malaysia's leadership in responsible forest governance and green growth. The rising MTCS certification coverage demonstrates tangible progress toward achieving these national goals.

Natural Forest

In Peninsular Malaysia, seven forest management units (FMUs) have successfully maintained their certification. These FMUs include Johor, Pahang, Perak, Selangor, Terengganu, Kedah, and Negeri Sembilan. Certification was obtained after successfully undergoing surveillance and recertification audits.

Meanwhile in Sarawak, a significant number of seventeen FMUs have maintained their certification after undergoing annual surveillance audits. These FMUs are: Anap Muput FMU, Kapit FMU, Linau FMU, Raplex FMU, Melatai Para FMU, Pasin FMU, Gerenai FMU, Gaat-Mengiong FMU, Entulu-Melatai FMU, Danum FMU, Mujong Melinau FMU, Segaham FMU, Taman FMU, Patah-Tutoh FMU, Mengiong-Gaat FMU, Nibong FMU, and, Ravenscourt FMU.

Additionally, the Ulu Trusan FMU successfully renewed its certificate after undergoing recertification audit on 29 December 2023.

Excitingly, six new FMUs have been awarded certification after undergoing successful Stage-2 audits. These FMUs are:

- Oya-Balingian FMU, awarded certification on 31 March 2023 by Subur Tiasa Holdings Bhd.
- Baleh-Balui FMU and Penuan-Lebuwai FMU awarded on 18 April 2023 by Jaya Tiasa Holdings Bhd.
- Bah Sama FMU awarded on 29 May 2023 by Suasana Pertiwi Sdn. Bhd.
- Patah FMU awarded on 15 November 2029 by Shin Yang Sdn, Bhd.
- Mengiong-Entulu FMU awarded on 1 December 2023 by Jaya Tiasa Holdings Bhd.

In Sabah, two FMUs, namely Bornion Timber FMU, and Sapulut FMU, have proudly maintained their certification following their respective annual surveillance audits. Additionally, Segaliud Lokan FMU secured its certification following recertification audit.

Forest Plantation

In Sarawak, all seven Forest Plantation Management Units (FPMUs) have maintained their certification after undergoing annual surveillance audits. These FPMUs are Segan FPMU, Penyuan FPMU, Lana FPMU, Marudi FPMU, Masama FPMU, and Kejin Long Lama FPMU, and Kuala Baram FPMU.

Similarly in Sabah, both certified FPMUs namely Bornion Timber FPMU, and Gerak Saga FPMU have successfully maintained their certification for the year.

All certified FMUs and FPMUs have undergone comprehensive audits against the standards outlined in the MTCS ST 1002:2021, strengthening their commitment to sustainable forest management through forest management certification.

Details regarding the PEFC-certified FMUs and FPMUs are as shown in Table 10 and Table 11, respectively:

Table 10: Details of PEFC-Certified FMUs (Natural Forest)

No.	FMU	Certification Body	Certificate No.	Validity of Certificate	Area (ha)
1	Johor	SIRIM QAS International Sdn. Bhd.	FMC-NF 00126	3 Jul 2020 - 2 Jul 2025	285,292.87
2	Kedah	SIRIM QAS International Sdn. Bhd.	FMC-NF 00131	1 Oct 2021 - 30 Sep 2026	341,976.00
3	Negeri Sembilan	SIRIM QAS International Sdn. Bhd.	FMC-NF 00002	29 Dec 2023 - 28 Dec 2028	155,086.50
4	Pahang	SIRIM QAS International Sdn. Bhd.	FMC-NF 00008	1 Jun 2019 - 31 May 2024	1,504,407.35
5	Perak	SIRIM QAS International Sdn. Bhd.	FMC-NF 00004	11 Jul 2019 - 31 May 2024	987,675.83
6	Selangor	SIRIM QAS International Sdn. Bhd.	FMC-NF 00007	1 Jun 2019 - 31 May 2024	238,747.00
7	Terengganu	SIRIM QAS International Sdn. Bhd.	FMC-NF 00115	19 Apr 2019 - 31 Mar 2024	540,308.80
Total Certified Natural Forest (Peninsular)					4,053,494.35

MALAYSIAN TIMBER CERTIFICATION COUNCIL 2023 ANNUAL REPORT

No.	FMU	Certification Body	Certificate No.	Validity of Certificate	Area (ha)
8	Segaliud Lokan (FMU 19B)	SIRIM QAS International Sdn. Bhd.	FMC-NF 00001	2 Dec 2023 - 1 Dec 2028	57,247.00
9	Bornion Timber Sdn. Bhd. (FMU 11)	SIRIM QAS International Sdn. Bhd.	FMC-NF 00009	21 Oct 2019 - 20 Oct 2024	40,924.72
10	Sapulut FR (FMU 14) - Sapulut Forest Development Sdn. Bhd.	SIRIM QAS International Sdn. Bhd.	FMC-NF 00117	10 Jul 2021 - 10 Jun 2026	54,643.00
Total Certified Natural Forest (Sabah)					152,814.72
11	Kapit	SIRIM QAS International Sdn. Bhd.	FMC-NF 00118	8 Feb 2022 - 10 Jun 2026	149,877.00
12	Linau	SIRIM QAS International Sdn. Bhd.	FMC-NF 00119	12 Apr 2022 - 15 Jul 2026	72,710.00
13	Ulu Trusan	SIRIM QAS International Sdn. Bhd.	FMC-NF 00120	19 Dec 2023 - 18 Dec 2028	92,279.00
14	Raplex	SIRIM QAS International Sdn. Bhd.	FMC-NF 00122	28 Jun 2019 - 27 Jun 2024	63,993.00
15	Melatai Para	SIRIM QAS International Sdn. Bhd.	FMC-NF 00123	27 Nov 2019 - 26 Nov 2024	49,524.00
16	Gerenai FMU	SIRIM QAS International Sdn. Bhd.	FMC-NF 00125	12 Apr 2020 - 11 Apr 2025	148,305.00
17	Gaat-Mengiong	SIRIM QAS International Sdn. Bhd.	FMC-NF 00127	10 Jul 2020 - 9 Jul 2025	66,190.00
18	Entulu-Melatai	SIRIM QAS International Sdn. Bhd.	FMC-NF 00128	24 Jul 2020 - 23 Jul 2025	55,112.00
19	Danum	SIRIM QAS International Sdn. Bhd.	FMC-NF 00129	8 Aug 2020 - 7 Aug 2025	200,383.00
20	Mujong-Melinau	SIRIM QAS International Sdn. Bhd.	FMC-NF 00130	24 Aug 2020 - 23 Aug 2025	41,303.00
21	Segaham	SIRIM QAS International Sdn. Bhd.	FMC-NF 00132	4 Oct 2022 - 3 Oct 2027	38,984.00
22	Taman	SIRIM QAS International Sdn. Bhd.	FMC-NF 00133	28 Oct 2022 - 27 Oct 2027	34,317.00

MALAYSIAN TIMBER CERTIFICATION COUNCIL 2023 ANNUAL REPORT

No.	FMU	Certification Body	Certificate No.	Validity of Certificate	Area (ha)
23	Patah-Tutoh	SIRIM QAS International Sdn. Bhd.	FMC-NF 00134	28 Oct 2022 - 27 Oct 2027	38,687.00
24	Mengiong-Gaat	SIRIM QAS International Sdn. Bhd.	FMC-NF 00135	30 Nov 2022 - 29 Nov 2027	36,091.00
25	Nibong	SIRIM QAS International Sdn. Bhd.	FMC-NF 00136	30 Dec 2022 - 29 Dec 2027	54,143.00
26	Oya-Balingian	SIRIM QAS International Sdn. Bhd.	FMC-NF 00137	31 Mar 2023 - 30 Mar 2028	78,051.00
27	Baleh-Balui	SIRIM QAS International Sdn. Bhd.	FMC-NF 00138	18 Apr 2023 - 17 Apr 2028	215,088.00
28	Penuan-Lebuwai	SIRIM QAS International Sdn. Bhd.	FMC-NF 00139	18 Apr 2023 - 17 Apr 2028	132,416.00
29	Bah Sama	Control Union Malaysia Sdn. Bhd.	CU-MTCS/FMC-889801	29 May 2023 - 28 May 2028	35,379.00
30	Patah	SIRIM QAS International Sdn. Bhd.	FMC-NF 00140	15 Nov 2023 - 14 Nov 2028	56,341.00
31	Mengiong-Entulu	SIRIM QAS International Sdn. Bhd.	FMC-NF 00141	01 Dec 2023 - 30 Nov 2028	64,974.00
32	Ravenscourt	SIRIM QAS International Sdn. Bhd.	FMC-NF 00116	13 May 2022 - 3 Jun 2026	117,941.00
Total Certified Natural Forest (Sarawak)					2,057,774
Total Natural Forest					6,264,083.07

Table 11: Details of PEFC-Certified FPMUs (Forest Plantation)

No.	FMU	Certification Body	Certificate No.	Validity of Certificate	Area (ha)
1	Bornion Timber FPMU	SIRIM QAS International Sdn. Bhd.	FMC-FP 00113	13 Jan 2020 - 12 Jan 2025	25,536.71
2	Gerak Saga FMU	Control Union Malaysia Sdn. Bhd.	CU-MTCS/FMC-873356	1 Jun 2021 - 31 May 2024 / 31 May 2021 - 30 May 2026	6,476.00
Total Certified Forest Plantation (Sabah)					32,012.71
3	Segan (LPF 0014)	SIRIM QAS International Sdn. Bhd.	FMC-FP 00002	18 Jul 2020 - 17 Jul 2025	10,332.00
4	Penyuan (LPF 0018)	SIRIM QAS International Sdn. Bhd.	FMC-FP 00004	18 Oct 2019 - 20 Oct 2024	15,261.00
5	Lana (LPF 0006)	SIRIM QAS International Sdn. Bhd.	FMC-FP 00116	12 May 2020 – 11 May 2025	9,393.00
6	Marudi (LPF 0008)	SIRIM QAS International Sdn. Bhd.	FMC-FP 00117	15 Jan 2024 - 14 Jan 2029	19,941.00
7	Masama (LPF 0019)	SIRIM QAS International Sdn. Bhd.	FMC-FP 00003	30 Dec 2019 - 11 Aug 2024	11,946.00
8	Kejin Long Lama (LPF 0017)	SIRIM QAS International Sdn. Bhd.	FMC-FP 00114	21 Sep 2020 - 2 Feb 2025	28,093.35
9	Kuala Baram (LPF 0004)	SIRIM QAS International Sdn. Bhd.	FMC-FP 00119	27 Dec 2022 - 26 Dec 2027	3,000.00
Total Certified Forest Plantation (Sarawak)					97,966.35
Total Forest Plantation					129,979.06
Grand Total (Natural Forest & Forest Plantation)					6,394,062.13

OPERATIONS: CHAIN OF CUSTODY CERTIFICATION



Source: MTCC, December 2023

In 2023, a total of **33 new PEFC Chain of Custody (COC) certificates** were issued, while **26 certificates were withdrawn**, **10 expired**, and **2 were suspended**. This resulted in a **net decrease of 5 certificates**, bringing the total number of active COC certificate holders to **355 as of 31 December 2023**.

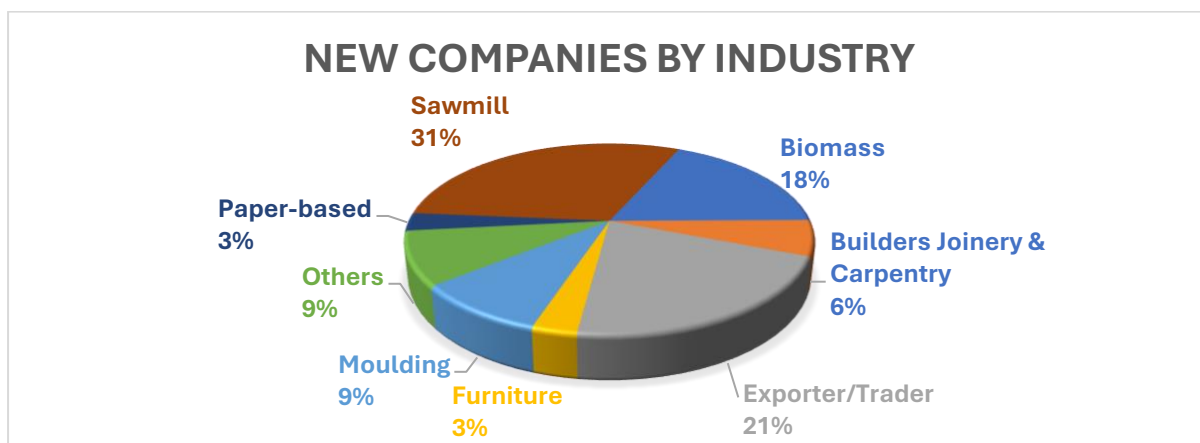
This progress supports the goals outlined in the **National Agricommodity Policy (Dasar Agri Komoditi Negara – DAKN) 2021–2030**, which targets **600 active COC certifications by 2025** to strengthen sustainable and traceable supply chains across the agricommodity sector.

A total of **five PEFC-notified Certification Bodies** issued COC certifications throughout the year, as detailed in **Table 12**:

Table 12: Number of new certificate holders by Certification Body

Certification Body	Number of Certificates Issued
Platinum Shauffmantz Veritas Sdn. Bhd.	16
SIRIM QAS International Sdn. Bhd.	4
SGS (Malaysia) Sdn. Bhd.	7
Bureau Veritas Certification (M) Sdn. Bhd.	1
Intertek Certification International Sdn. Bhd.	5
Total	33

The sawmill and export sectors are the most proactive in obtaining certification (Figure 1), reflecting strong market demand and regulatory pressures for certified products. The biomass sector also significantly invests in certification, aligning with global trends towards renewable energy and sustainable resource management. Industries such as moulding, builders joinery & carpentry, paper-based, and furniture show varying degrees of interest in certification. Their engagement is likely influenced by market demands, regulatory environments, and consumer preferences.

Figure 1: New Companies by Industry

Source: MTCC, December 2023

The distribution of new certifications reflects a broadening commitment across various industries to sustainable practices and certified supply chains. This trend is expected to continue as environmental concerns and sustainability gain prominence in global markets.

The withdrawal of 26 certificates is significant and can be attributed to several factors. Companies may have ceased operations or undergone significant changes that rendered certification irrelevant to their current activities.

Maintaining certification requires ongoing commitment and financial resources, and some companies may have found the cost unsustainable, especially during challenging economic periods.

Changes in market demand or shifting business strategies may have led companies to conclude that certification no longer offers a competitive advantage or aligns with their current needs.

A comprehensive list of PEFC certificate holders for Chain of Custody is available on the PEFC website at <https://www.pefc.org/find-certified>

NOTIFICATION OF CERTIFICATION BODIES

In 2023, a Certification Body (CB) based in United Kingdom was granted notification to operate Chain of Custody (COC) certification under the MTCS. The Programme for the Endorsement of Forest Certification (PEFC) issued this notification to Soil Association Certification Ltd on 15 March 2023.

However, during the same year, two CBs withdrew their notification for PEFC certification. SGS South Africa Pty Ltd - Qualifor Programme no longer offers PEFC COC certification. Warringtonfire Testing and Certification Ltd, operating under the trading name BM Trada, has ceased operations.

As a result of these changes, the total number of PEFC-notified CBs operating COC certification has now reduced to 19. Meanwhile, the number of CBs operating forest management certification remains at two, as shown in Table 13.

Table 13: PEFC-notified CBs under the MTCS

Type of Certification	PEFC-notified CB	Notification Date
Forest Management Certification	1. SIRIM QAS International Sdn. Bhd.	10 December 2009
	2. Control Union (Malaysia) Sdn. Bhd.	3 August 2021
COC Certification	1. SIRIM QAS International Sdn. Bhd.	2 September 2009
	2. Japan Gas Appliances Inspection Association	2 October 2009
	3. SGS (Malaysia) Sdn. Bhd.	24 December 2009
	4. Intertek Certification International Sdn. Bhd.	20 August 2010
	5. Scientific Certification Systems	20 August 2010
	6. Holz und Wald Zertifizierungsgesellschaft mbH	14 September 2012
	7. Bureau Veritas Certification France	17 May 2013
	8. Bureau Veritas Sverige AB	6 September 2013
	9. Bureau Veritas Certification (Malaysia) Sdn. Bhd.	26 March 2015
	10. Control Union Certifications B.V.	16 October 2015
	11. NEPCon OÜ (Estonia)	25 November 2015
	12. DQS CFS GmbH	24 June 2016
	13. Platinum Shauffmantz Veritas Sdn. Bhd.	4 July 2017
	14. SGS Société Générale de Surveillance SA	11 July 2017
	15. DIN CERTCO GmbH	8 July 2019
	16. Double Helix Tracking Technologies Pte Ltd	11 August 2020
	17. TÜV SÜD Czech s.r.o.	11 August 2020

MALAYSIAN TIMBER CERTIFICATION COUNCIL 2023 ANNUAL REPORT

Type of Certification	PEFC-notified CB	Notification Date
	18. GCL International Ltd.	1 July 2022
	19. Soil Association Certification Ltd	15 March 2023

Type of Certification	Withdrawal of PEFC-notified CB	Reason of withdrawal
COC Certification	1. SGS South Africa Pty Ltd – Qualifor Programme	No longer offers PEFC COC certification
	2. Warringtonfire Testing and Certification Ltd	Ceased operations

NOTIFICATION FEE

The Notification Fee for Forest Management and Chain of Custody Certification, as approved by the 58th Meeting of the Board of Trustees, remains unchanged, as shown in Table 14.

Table 14: Notification Fee for Forest Management and Chain of Custody Certification

Notification Category	Subset	Annual Fee (RM)
A. Forest Management Certificate	Natural Forest and Forest Plantations	0.020 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

In 2023, notification fee collections for the Forest Management Certificate totalled RM66,478.16, whereas the Chain of Custody Certificate accounted for RM455,700.00. The combined total amount of notification fees collected for the year 2023 was RM522,178.16.

EXPORT OF MTCS-CERTIFIED TIMBER PRODUCTS

As of 31 December 2023, Japan maintained its position as the leading importer of timber products certified under the Malaysian Timber Certification Scheme (MTCS), accounting for 102,683.30 m³ or 39% of the total export volume. This marks a slight increase of 2.29% from 100,335.69 m³ in 2022 to 102,683.30 m³ in 2023. The Netherlands followed as the second-largest destination with 19%, while the United Kingdom accounted for 7%, Australia for 5%, and Belgium and France each for 4%. The total export volume in 2023 was 264,240.13 m³, representing a 7.3% increase from 244,946.45 m³ in 2022. Since the MTCS began operations in 2001, timber products certified under the scheme have been exported to a total of 76 destinations.

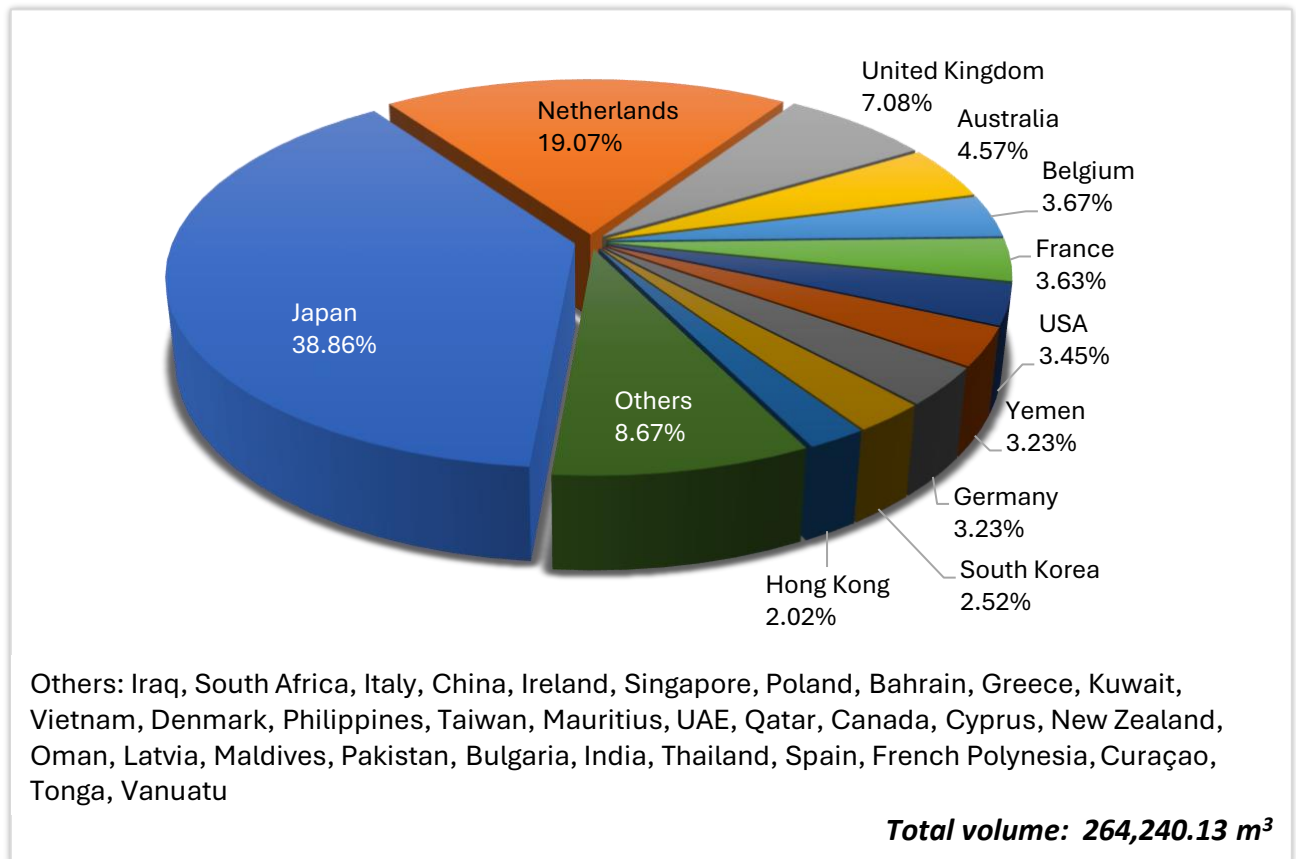
The Netherlands experienced a significant decrease of 19.94% in export volume, dropping from 60,439.92 m³ to 50,390.93 m³. In contrast, exports to the UK increased substantially by 45.33%, rising from 10,227.36 m³ to 18,706.45 m³. Exports to Australia also saw a notable increase of 37.46%, with volumes rising from 7,548.82 m³ to 12,070.73 m³. Exports to Belgium rose by 38.37%, from 5,971.13 m³ to 9,688.95 m³, and France showed an increase of 35.02%, from 6,226.22 m³ to 9,581.28 m³ (Figure 2 and Figure 3).

Plywood, sawn timber, and moulding remained the major exported products. Plywood accounted for 36% of exports, followed by sawn timber at 20%, moulding at 18%, woodchips at 16%, and builders' carpentry and joinery (BJC) at 4%. Plywood exports increased by 38.37%, from 59,283.72 m³ in 2022 to 96,190.55 m³ in 2023, reflecting strong demand. Japan, the UK, and Yemen were the top three importers of plywood.

Exports of sawn timber decreased by 9.98%, from 59,075.19 m³ to 53,715.91 m³ in 2023. The Netherlands, followed by the UK and Germany, were the main destinations for sawn timber. This decline may indicate a shift in market preferences or increased competition. Moulding exports showed a significant decrease of 25.50%, from 60,411.35 m³ in 2022 to 48,135.81 m³ in 2023, indicating a notable drop in demand or market share. The Netherlands was the highest importer of moulding, followed by the USA (Figure 4 and Figure 5).

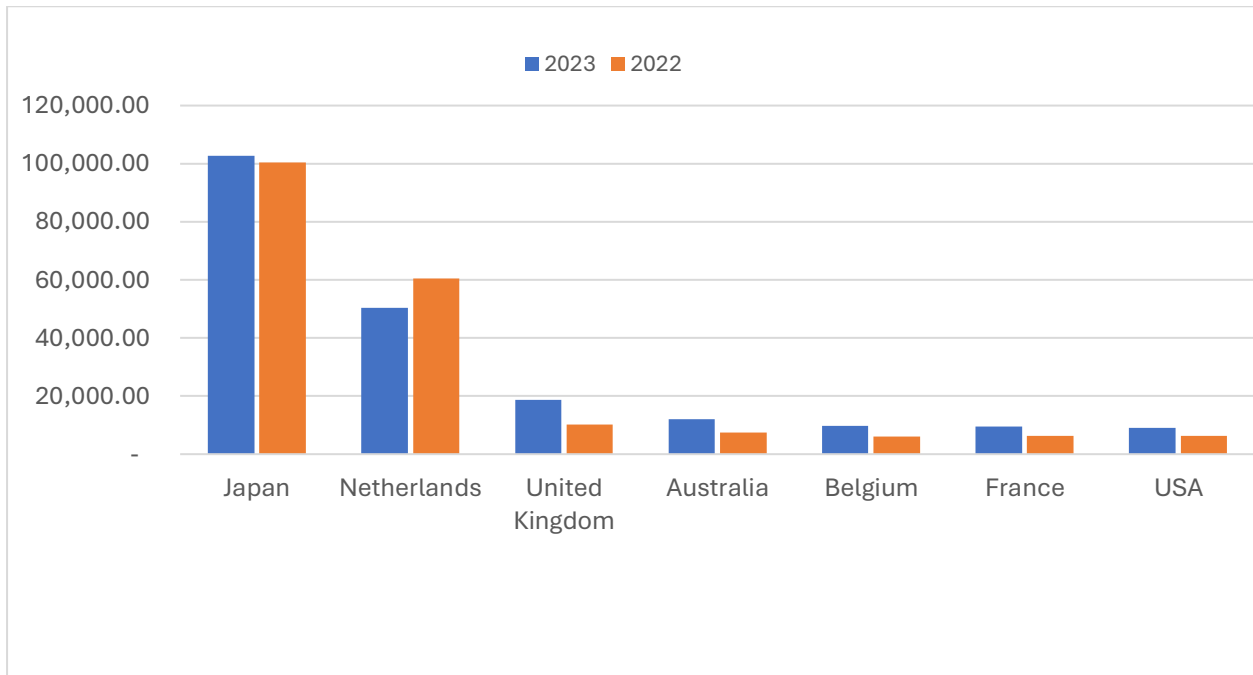
The export performance in 2023 contributes to a cumulative export of MTCS-certified timber products reaching a total of 3,236,195.04 m³ since the scheme's inception. This cumulative figure highlights the long-term growth and global acceptance of MTCS-certified timber products, emphasising the importance of sustainable forest management practices (Figure 6).

Figure 2: Export of MTCS-Certified Timber Products by Destination, 2023



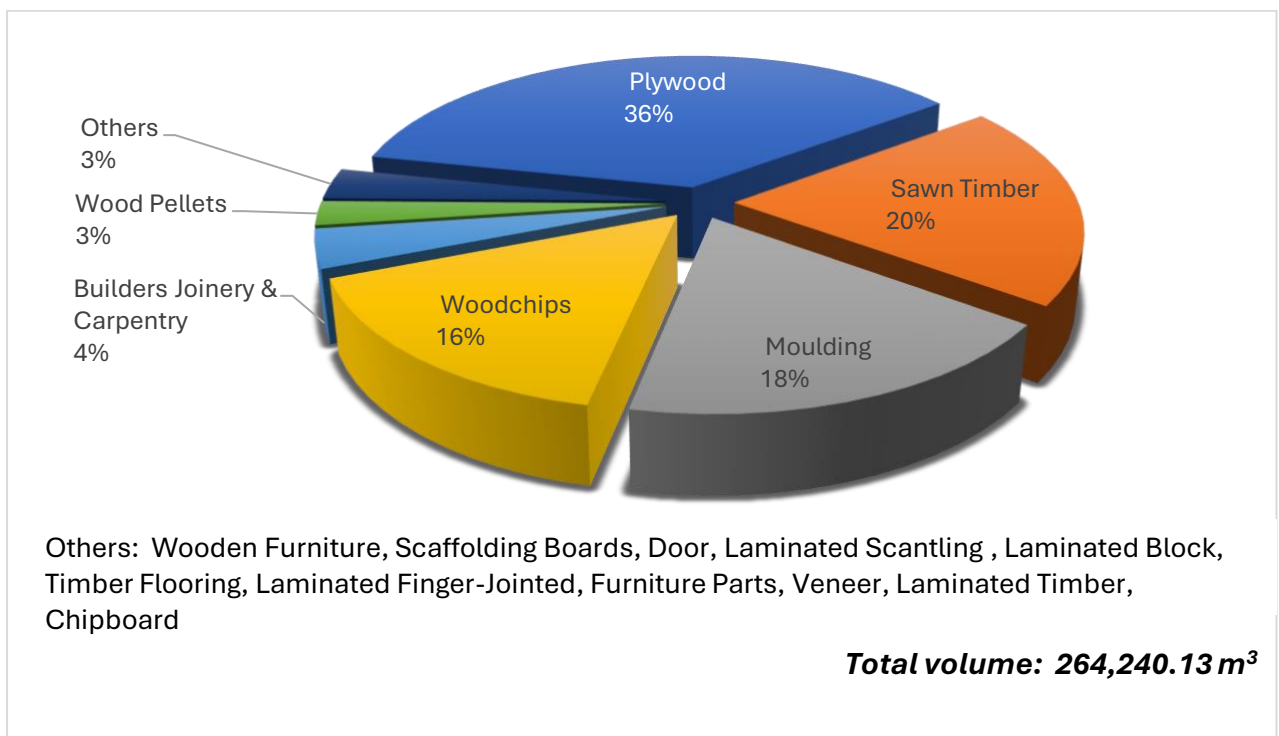
Source: MTCC, December 2023

Figure 3: Comparison of MTCS-Certified Timber Products Export by Destination, 2023 vs 2022



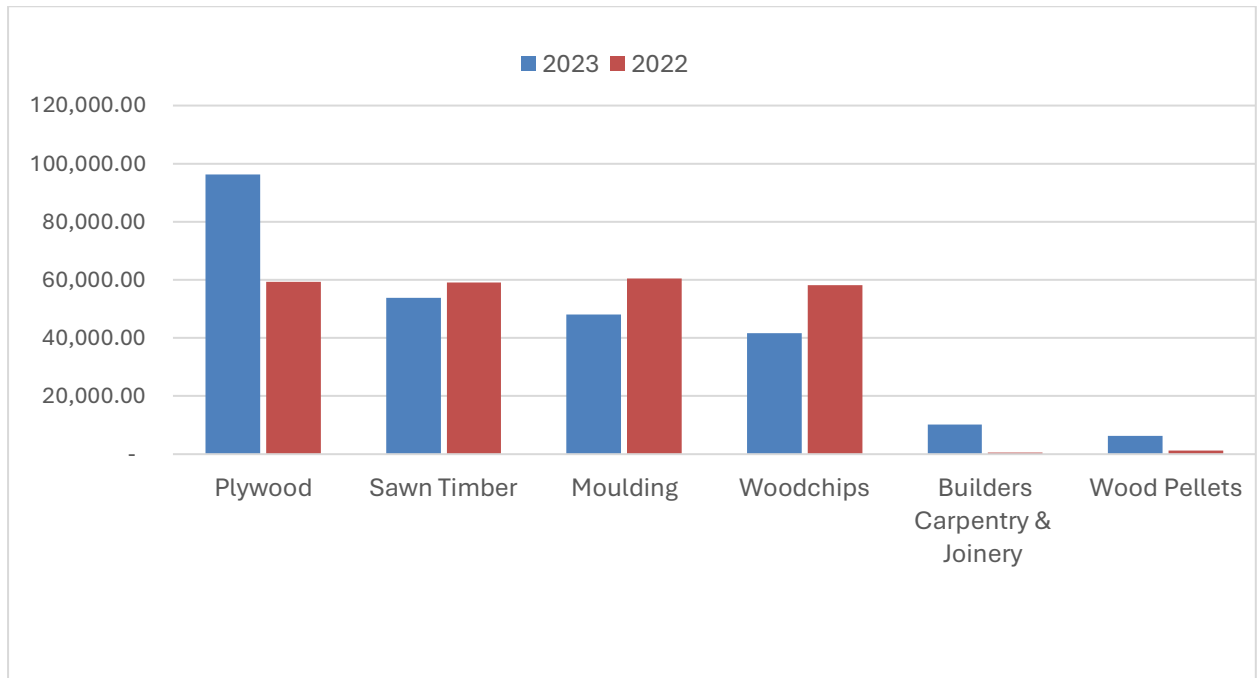
Source: MTCC, December 2023

Figure 4: Export of MTCS-Certified Timber Products by Product Type, 2023



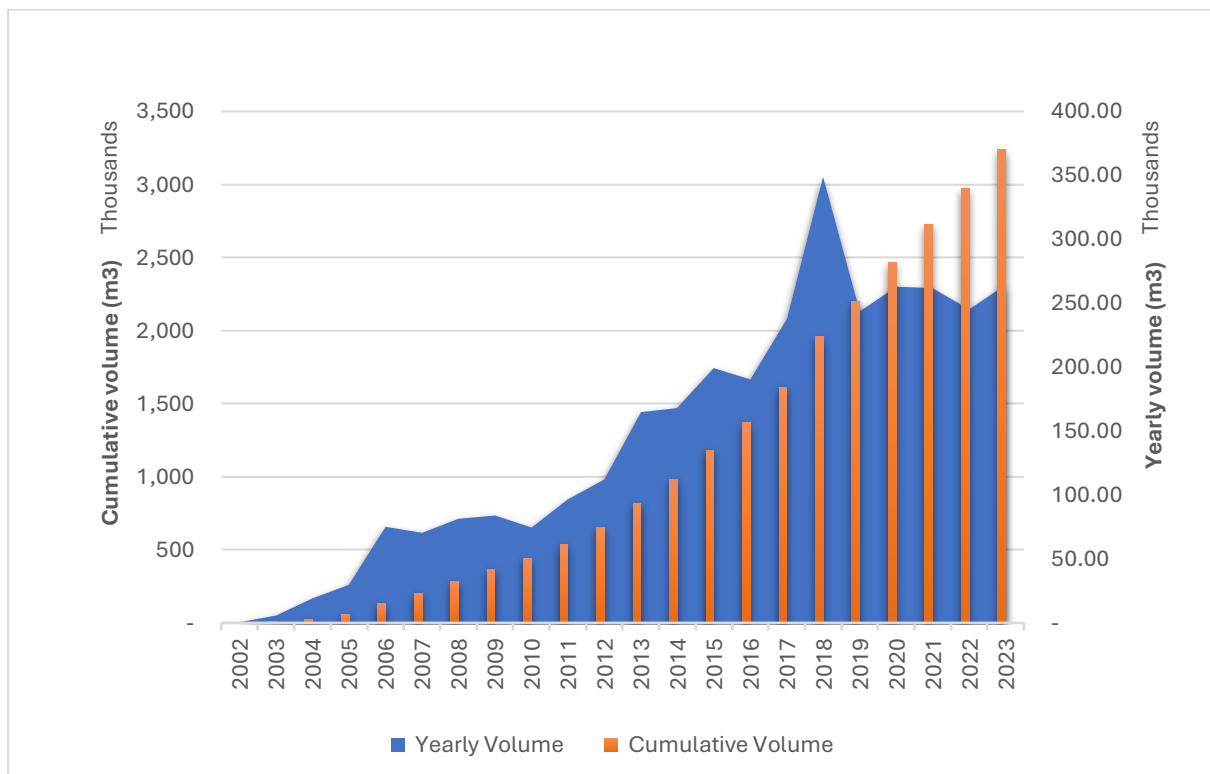
Source: MTCC, December 2023

Figure 5: Comparison of MTCS-Certified Timber Products Export by Product, 2023 vs 2022



Source: MTCC, December 2023

Figure 6: Cumulative Export of MTCS-Certified Timber Products, July 2002 – December 2023



Source: MTCC, December 2023

CAPACITY BUILDING

MTCS Auditor Training Course



MTCC team with participants following the successful completion of the MC&I SFM auditor training session

MTCC conducted an auditor training course on the Malaysian Criteria and Indicators for Sustainable Forest Management (MC&I SFM) standard from 27 November to 1 December 2023 at the MTCC office.

The course aimed to equip both potential and seasoned auditors with the knowledge and skills necessary to conduct forest management certification audits while ensuring they meet the competency requirements for accreditation by STANDARDS MALAYSIA.

The training included interactive classroom sessions focusing on forest management certification standards, audit assessment tools, and accreditation requirements, such as auditor competency, audit duration, peer review process, and stakeholder consultation.

MTCS Training to Forestry Department



A participant engaging during the Q&A session at the MTCS training for FDPM internal auditors

To enhance the implementation of the Malaysian Criteria and Indicators for Sustainable Forest Management (MC&I SFM) standard in Peninsular Malaysia, the Forestry Department Peninsular Malaysia (FDPM) headquarters conducted a training session for its Internal Auditors from 9 to 13 October 2023 in Port Dickson, Negeri Sembilan.

MTCC was engaged as trainers to provide an introduction and comprehensive understanding of the MC&I SFM requirements to over 30 internal auditors from various states in Peninsular Malaysia. The four-day training included a one-day field exercise to familiarise the officers with field assessment practices, such as documentation review, stakeholder interviews, and site assessments.

Chain of Custody Refresher Training Course for PEFC-Notified Certification Bodies under the MTCS



Participants and trainers after completing the COC refresher training course for PEFC-notified certification bodies under the MTCS

On 7 June 2023, MTCC organised a Chain of Custody (COC) refresher training course in Kuala Lumpur. The training was attended by 17 participants from both local and international Certification Bodies (CBs).

The course was conducted to fulfil mandatory requirements outlined in paragraphs 6.1.2.1 and 6.1.1.4.3 of the PEFC ST 2003:2020 standard. Existing auditors, reviewers, and certification decision-makers of CBs participated in this training to deepen their knowledge and ensure they are up-to-date on the latest COC requirements. The course covered three key PEFC standards:

- PEFC ST 2002:2020 (Chain of Custody Requirements)
- PEFC ST 2001:2020 (Trademark Rules)
- PEFC ST 2003:2020 (Certification Body Requirements)



Ms. Sabrina Mawasi (Deputy Chief Executive Officer) and Mr. Akmal Saarani, (Director, COC) conducting the refresher training

The training session was conducted by the PEFC COC Pool of Experts, Ms. Sabrina Mawasi (Deputy Chief Executive Officer) and Mr. Akmal Saarani, (Director, COC).

MTCC Contribution to Sabah's Sustainable Forestry Efforts Through Chain of Custody Training



Participants and MTCC team following the MTCS Basic Training on COC Certification

MTCC was invited by the Sabah Forestry Department (SFD) to share its expertise in Chain of Custody (COC) certification through the MTCS Basic Training on COC Certification. Held in Sandakan on 6 February 2023 and Kota Kinabalu on 8 February 2023, the training aimed to equip Sabah's downstream timber industries with the knowledge and tools needed to comply with the PEFC ST 2002:2020 Chain of Custody of Forest and Tree-Based Products requirements.

The MTCC team, led by Mr. Akmal Saarani (Director, Chain of Custody) and Mr. Abraham Ngu (Regional Representative, East Malaysia), delivered comprehensive training on the fundamentals of COC certification. Participants gained insights into the significance of responsible forest management and the importance of ensuring timber products originate from sustainable sources.

Mill visits at Veisheng Timber Sdn. Bhd. (Sandakan) and Superwood Industries Sdn. Bhd. (Kota Kinabalu) provided practical, real-world context to the training, allowing participants to observe COC implementation in action.

The training was well-received by SFD officers and industry representatives. MTCC is committed to supporting Sabah's sustainable forestry goals and looks forward to continued collaboration with the SFD and other stakeholders in the region.



Mr. Akmal Saarani (Director, COC) delivering the training



Participants engaged in the training session



MTCC team visits Superwood Industries Sdn. Bhd. to observe COC implementation in action

SFD's proactive approach in promoting sustainable forest management practices is commendable. The MTCS Basic Training on COC Certification is a testament to Sabah's dedication to ensuring a sustainable future for its timber industry. This initiative aligns with Sabah's ambitious Action Plan for forest plantation development. By obtaining COC certification, Sabah's timber industries can demonstrate their commitment to responsible sourcing and gain access to international markets that prioritise sustainability.

MTCC Updates PEFC COC Holders on Implementation Progress and EUDR



Group photo session with MTCC/PEFC COC holders and timber associations

On 22 December 2023, MTCC hosted a successful briefing session for PEFC Chain of Custody (COC) certificate holders under the MTCS. The event, which took place at the AVANTÉ Hotel, was attended by 65 participants, including certificate holders and timber association representatives. The session's agenda included updates on the latest developments in MTCS implementation, enhancements in the revised PEFC COC 2020 Standards, and addressing the implications and concerns regarding the European Union Deforestation Regulation (EUDR). Mr. Akmal Saarani (Director, Chain of Custody), and Ms. Adibah Aris (Executive, Chain of Custody) led the informative session.



Briefing session by Mr. Akmal Saarani (Director, COC)



Briefing session by Ms. Adibah Aris (Executive, COC)



Participants of the briefing session

Ms. Adibah provided a comprehensive overview of the current progress in implementing the MTCS, highlighting key achievements and ongoing initiatives. This included updates on the latest PEFC COC standard (PEFC ST 2002:2020), PEFC Trademarks standard (PEFC ST 2001:2020), alongside relevant MTCS documents. MTCC also highlighted the transition to the PEFC ST 2020 by 31 December 2023. Any certificates that have not fully transitioned by 1 January 2024 will be marked “expired” in the PEFC database.

The highly anticipated topic of the day was the update on the EUDR. The regulation, which entered into force on 29 June 2023, mandates that companies placing timber products in the EU market must demonstrate responsible sourcing practices. MTCC reassured attendees that they are working closely with PEFC to ensure MTCS/PEFC-certified timber products originating from Malaysia comply with EUDR requirements. MTCC aims to disseminate the latest EUDR update to all stakeholders through various communication channels and actively participate in relevant EUDR Task Forces.

The session concluded with an open discussion, where COC holders had the opportunity to raise concerns, ask questions, and provide feedback to both MTCC and PEFC. This valuable exchange allowed for open dialogue and facilitated a collaborative approach to addressing challenges and enhancing the MTCS programme.

The MTCC briefing session proved to be a valuable platform for informing and engaging PEFC COC holders under the MTCS. Through increased transparency and collaboration, MTCC and PEFC aim to ensure the continued relevance and effectiveness of the MTCS in

light of evolving international regulations and market demands. Key takeaways from the briefing session:

- MTCS implementation continues with a focus on sustainable forest management and robust chain of custody
- The PEFC COC 2020 Standards require adjustments but offer opportunities for improved transparency and traceability
- MTCC is working closely with PEFC to ensure Malaysian timber products comply with EU's EUDR requirements
- Open dialogue and collaboration are crucial for addressing challenges and strengthening the MTCS programme

This briefing session served as a valuable platform for informing and engaging PEFC COC holders. By strengthening transparency and collaboration, MTCC and PEFC aim to ensure the MTCS programme remains relevant and effective in an evolving global market.

ARISE+ Malaysia EU Green Deal Workshop – Focus Group



Attendees of the ARISE+ Malaysia EU Green Deal Workshop, together after a productive session



A participant engaged in the workshop discussion

The Ministry of Investment, Trade, and Industry (MITI), in collaboration with the International Trade Centre (ITC), organised a two-day workshop from 14 to 15 August 2023 to raise awareness about the European Union’s (EU) Green Deal among public and private stakeholders. This collaboration is part of Malaysia’s commitment to regional and international trade agreements, including the EU-funded project known as the ARISE Plus Malaysia. MTCC was represented by Mr. Melvin Ku (Director, Forest Management) and Mr. Akmal Saarani (Director, Chain of Custody).

The EU Green Deal aims to make Europe the world’s first climate-neutral continent by 2050. The workshop focused on two key components of the Green Deal: the Carbon-based Adjustment Mechanism (CBAM) and the European Union Deforestation Regulation (EUDR). Both tools aim to promote green trade and sustainable practices within global value chains, and are expected to impact international trade. Hence, raising awareness of these policies among public and private stakeholders is crucial.

Carbon-based Adjustment Mechanism (CBAM)

- Aims to prevent “carbon leakage”, – i.e. to prevent shifting emissions to other countries as a result of the high domestic carbon prices set within the EU.
- As of 1 October 2023, the CBAM has officially become law, potentially impacting market access for exports from developing nations.

- Businesses can mitigate these risks by proactively assessing and certifying their carbon footprints, ensuring compliance with the upcoming regulations.

European Union Deforestation Regulation (EUDR)

- Promotes the consumption of "deforestation-free" products, reducing the EU's contribution to global deforestation, forest degradation, greenhouse gas emissions, and biodiversity loss.
- The primary cause of deforestation lies in the expansion of agricultural land for commodities like palm oil, cattle, soy, coffee, cocoa, timber, and rubber.

The workshop was inaugurated by Madam Nor Hasnah Badroddin, Senior Director from MITI's Bilateral Economic and Trade Relations Division, and attracted over 70 participants, including entrepreneurs, industry representatives, academics, public sector officials, and agencies.

Following the workshop, a focused group discussion was conducted from 16 – 17 August 2023 to explore the opportunities and challenges arising from the EU's green initiatives. This dialogue between public and private stakeholders is key to ensuring that trade and environment considerations are effectively integrated into Malaysia's national policy and regulatory space to enhance the competitiveness of Malaysian micro, small and medium-sized enterprises (MSMEs). The discussions on CBAM and EUDR were facilitated by experts from the International Trade Centre.

PROMOTION



PROMOTION

MTCC Visit to Nets Printwork Sdn. Bhd.



Ms. Sabrina Mawasi (MTCC Deputy CEO) and Mr. Akmal Saarani (MTCC Director, COC) presenting a token of appreciation to Ms. Teh Soo Tyng (Director, Sustainability Strategy and Programme)



MTCC team with the Nets Printwork team during a visit to their facility, observing their sustainable practices

On 11 September 2023, MTCC had the pleasure of visiting Nets Printwork Sdn. Bhd., a distinguished MTCS/PEFC-certified printer located in Seri Kembangan. The aim of this visit was to observe the implementation of the organisation's Chain of Custody (COC) system, and be familiarised with their product range.

MTCC team were greeted by Ms. Teh Soo Tyng (Director, Sustainability Strategy and Programme). She provided an in-depth briefing on the company's operations, followed by a guided tour of the facility, which stood out for its cleanliness and orderliness.

Nets Printwork Sdn. Bhd. offers sustainable solutions for tailored to businesses of all sizes. Their services include eco-printing, sustainable packaging, and sustainable business development. With over 25 years of experience, they are dedicated to reducing carbon footprints and promoting eco-friendly practices.

MTCC Visits Malaysia's First MTCS/PEFC-Certified Box Packaging Company



MTCC team with Ornapaper representatives following a visit to their certified facility

On 22 February 2023, the MTCC delegate, led by, Ms. Siti Syaliza Mustapha (Chief Executive Officer), visited Ornapaper Industry (M) Sdn. Bhd. in Melaka to observe their Chain of Custody (COC) system in action. Ornapaper, a leading manufacturer of corrugated boards and cartons, is Malaysia's first box packaging company operating under a COC system. This visit provided insight into Ornapaper's commitment to sustainable and legal timber production, aligning with MTCS standards.

Ornapaper's scope of certification encompasses procuring PEFC-certified forest-based materials and selling PEFC-certified products, including case materials, corrugated and solid fibre boxes, carton board, and folding boxboards. Their clientele includes major brands like Sony and Panasonic.



MTCC touring Ornapaper's production floor to observe their Chain of Custody system



Ms. Siti Syaliza Mustapha (MTCC CEO) receiving a briefing on Ornapaper's operations

MTCC Inspires Future Generations with Academic Lecture on Sustainable Forestry



MTCC representatives and students following the academic lecture on sustainable forestry

On 26 May 2023, MTCC, in collaboration with the Faculty of Forestry and Environment, University Putra Malaysia, conducted an academic lecture titled "Wood: With Certification, Makes Perfection." The event attracted active participation from 92 forestry and wood industry students.

The half-day lecture consisted of three presentations aimed at raising awareness about the importance and benefits of sustainable forest management practices in Malaysia and the advantages of utilising MTCS/PEFC-certified timber to ensure future sustainability.



Mr. Melvin Ku (Director, Forest Management) delivering a lecture on sustainable forest management and certification



Students actively participating during the Q&A session

Ms. Sabrina Mawasi (Acting CEO), Mr. Melvin Ku (Director, Forest Management), and Mr. Akmal Saarani (Director, Chain of Custody) represented MTCC and delivered insightful talks.

The event exemplified MTCC's commitment, under the tagline "Sustainable Forest, Sustainable Future," to engaging younger generations in the pursuit of sustainability. MTCC firmly believes that the future of sustainability rests in the hands of future generations, and the lecture served as a platform to inspire and educate the next generation of forestry professionals.

MTCC Engages with Future Leaders at ASEAN Youth Furniture Exchange Program



Participants pictured during the ASEAN Youth Furniture Exchange Program session



Mr. Muhammad Hasif Azizan (Senior Executive, Communications & Marketing) presenting MTCC's "Green is the New Black" talk on sustainable forest management



Participants attending the session

On 16 June 2024, MTCC took its role in shaping the timber industry's future by participating in the 6th ASEAN Youth Furniture Exchange Program. Muhammad Hasif Azizan (Senior Executive, Communications & Marketing), Ms. Wikkie Netten (Marketing Manager, PEFC APAC) and Ms. Rebecca Lentini (Director, Riden Public Affairs) delivered a virtual presentation during the "Spotlight Talks on Sustainability and Trade Regulations" session. The four-day programme, organised by the Malaysian Furniture Council, brought approximately 80 participants from six different nations to Port Dickson.

MTCC's presentation "Green is the New Black" highlighted the importance of sustainable forest management and responsible sourcing in the furniture industry. The participation of MTCC in this programme showcases the organisation's commitment to promoting sustainability throughout the timber supply chain and fostering collaboration among industry stakeholders across the ASEAN region.

MTCC Teh Tarik Session: Fostering Dialogue and Addressing Industry Concerns



YBhg. Datuk Wetrom Bahanda (MTCC Chairman) and Ms. Sabrina Mawasi (MTCC Acting CEO) addressing questions from stakeholders



Ms. Sabrina Mawasi provides updates on the Malaysian Timber Certification Scheme

On 5 September 2023, the MTCC hosted a "Teh Tarik Session" in Kota Kinabalu, Sabah. This engagement initiative aimed to facilitate open dialogue with stakeholders in the Malaysian timber industry, particularly those in Sabah, who are actively involved in or interested in the Malaysian Timber Certification Scheme (MTCS). The session was chaired by YBhg. Datuk Wetrom Bahanda (MTCC Chairman) and Ms. Sabrina Mawasi (Acting CEO).

The "Teh Tarik Session" allowed for the identification and discussion of critical issues faced by the timber industry, with greater focus on the potential implications of the European Union Deforestation Regulation (EUDR). Various stakeholders attended the session, including representatives from environmental and social interest groups, industry players, research institutions and academia.



Marking the conclusion of the Teh Tarik Session with MTCC and participants

MTCC Academic Awards: Nurturing Future Professionals in Sustainable Forest Management



Dr. Farrah Shameen Mohamad Ashray (MTCC CEO 2023–Present) presenting the MTCC Academic Award at UNIMAS witnessed by Vice Chancellor, Professor Datuk Dr Mohamad Kadim Suadi, Faculty Dean, and Associate Professor Dr. Samsur Mohamad



Ms. Siti Syaliza Mustapha (MTCC CEO 2021–2023) presenting the MTCC Academic Award to the recipient from UPM



Ms. Ooi Yi Wei received a cash prize of RM2,000 and a certificate of achievement from Ms. Sabrina Mawasi (MTCC Deputy CEO), during the UMS 25th convocation ceremony

MTCC is committed to fostering the next generation of forestry and wood industry leaders through its annual academic awards programme. Since 2016, MTCC has sponsored awards at Universiti Malaysia Sabah and Universiti Putra Malaysia, with Universiti Malaysia Sarawak joining the programme in 2021. These awards aim to recognise and acknowledge students who have demonstrated outstanding academic achievement and potential in forestry and wood science.

2023 MTCC Academic Award Highlights

Universiti Putra Malaysia (UPM): Mr, Muhammad Zulhilmi bin Zainal Abidin and Ms. Fatin Ayuni Kamaludin, both Bachelor of Wood Science and Technology students, each received a cash prize of RM1,000 and a certificate during the Faculty of Forestry and Environment (FHAS) Appreciation Ceremony. The awards were presented by Ms. Siti Syaliza Mustapha (Chief Executive Officer, 2021-2023).

Universiti Malaysia Sarawak (UNIMAS): Ms. Nur Farah Wahida Binti Ibrahim (Plant Resource Science and Management Programme) and Ms. Lee Ke Hui (Animal Resource Science and Management Programme) were each awarded RM1,000 and a certificate as the best overall final year undergraduate students. Dr. Farrah Shameen Mohamad Ashray (MTCC Chief Executive Officer, 2021-present), presented the awards at the UNIMAS academic excellence award and prize presentation, held in conjunction with the university's 27th convocation ceremony.

Universiti Malaysia Sabah (UMS): Ms. Ooi Yi Wei from the Faculty of Tropical Forestry received the MTCC academic award at the 25th UMS Convocation Ceremony. Ms. Sabrina Mawasi (Deputy Chief Executive Officer), and Mr. Muhammad Hasif Azizan (Senior Executive, Communication & Marketing), represented MTCC at the event. Ms. Ooi received a cash prize of RM2,000 and a certificate.

MTCC Champions Sustainable Forestry at National Climate Summit



A panelist addressing questions during the session



Ms. Sabrina Mawasi (Acting CEO) representing MTCC

MTCC played a key role at the National Climate Governance Summit 2023, held in Kuala Lumpur. Ms. Sabrina Mawasi (Acting Chief Executive Officer) joined a panel discussion titled "Plantation Sector Commitment in Mitigating Climate Change".

Ms. Sabrina highlighted the importance of sustainability standards that consider environmental impact, worker safety, and community well-being. She also discussed the challenges faced by smallholders in adopting these practices. The summit guided businesses on becoming more sustainable, demonstrating MTCC's commitment to Malaysia's responsible and resilient forest sector.

MTCC Strengthens Ties with Forestry Department of Peninsular Malaysia



Dr. Farrah Shameen Binti Mohamad Ashray (CEO) presenting a token of appreciation to YBhg. Dato' Indera Mohd Ridza bin Awang (Director General, FDPM)



Dr. Farrah Shameen Binti Mohamad Ashray and YBhg. Dato' Indera Mohd Ridza bin Awang during the meeting



Participants engaged in discussions during the courtesy visit to the Forestry Department of Peninsular Malaysia

On 27 October 2023, Dr. Farrah Shameen Binti Mohamad Ashray (Chief Executive Officer) and Mr. Melvin Ku (Director, Forest Management) led a delegation on a courtesy visit to YBhg. Dato' Indera Mohd Ridza bin Awang, Director General of the Forestry Department of Peninsular Malaysia (FDPM).

The meeting, held at FDPM headquarters, was attended by several key officials from both organisations, including YBhg. Dato' Ahmad Fadzil bin Abdul Majid (Senior Director, Forest Management Division) and other directors representing various forestry divisions.

The discussions focused on strengthening the partnership between MTCC and FDPM to support the sustainable management and development of forest resources, as well as sharing insights and experiences on Forest Management Certification in Peninsular Malaysia.

MTCC Participation at *Seminar Perhutanan Sosial Kebangsaan 2023*



Seminar Perhutanan Sosial Kebangsaan 2023, with attendees present during the event



Dr. Farrah Shameen Mohamad Ashray (MTCC CEO) asking a question during the seminar

In conjunction with the National Biological Diversity Conference 2023 in Putrajaya from 23 to 25 October 2023, Dr. Farrah Shameen Mohamad Ashray (Chief Executive Officer) and Ms. Adibah Aris (Executive, Chain of Custody) participated in the *Seminar Perhutanan Sosial Kebangsaan 2023*.

The event provided MTCC with valuable opportunities to exchange knowledge, insights, and experiences with various stakeholders, contributing to the ongoing national dialogue on biodiversity conservation and sustainable development.

The conference featured a diverse range of activities, including the launch of the National Biodiversity Policy Document 2023-2030, sessions on access to biological resources and benefit-sharing, sustainable peatland management, social forestry seminars, and biodiversity exhibitions.

Forum Sedekad Selepas Inkuiri Nasional Mengenai Hak Tanah Orang Asal/Asli SUHAKAM



"Sedekad Selepas Inkuiri Nasional Mengenai Hak Tanah Orang Asal/Asli" Forum organised by SUHAKAM



Participants seated during the forum



Dr. Farrah Shameen Mohamad Ashray (MTCC CEO) with Prof. Dato' Noor Aziah Binti Mohd Awal, SUHAKAM Commissioner

On 16 November 2023, MTCC participated in a forum organised by the Human Rights Commission of Malaysia (SUHAKAM) titled *"Sedekad Selepas Inkuiri Nasional Mengenai Hak Tanah Orang Asal/Asli"* (A Decade After the National Inquiry on Indigenous Land Rights). This forum served as a crucial platform for evaluating the progress made in implementing the recommendations from the National Inquiry, discussing ongoing violations of Indigenous rights, and exploring potential solutions to address pressing issues related to their fundamental rights.

The participants from MTCC included Dr. Farrah Shameen Mohamad Ashray (Chief Executive Officer) and Mr. Melvin Ku (Director, Forest Management). MTCC's participation in this forum demonstrated its commitment to acknowledging the significance of Indigenous communities' rights, particularly their land rights, within the context of sustainable forest management.

Global Legal and Sustainable Timber Forum 2023



MTCC representatives with participants at the Global Legal and Sustainable Timber Forum 2023

The Global Legal and Sustainable Timber Forum (GLSTF) 2023 took place from 21 to 22 November 2023 at the Galaxy International Convention Center in Macao, SAR, China. The Forum emphasised strategies vital to the sustainable growth of the global timber industry, highlighting the importance of establishing robust networks based on mutual respect and trust to support sustainable forest management and ensure reliable timber supply chains.

Representatives from MTCC included Ms. Adibah Aris (Executive, Chain of Custody) and Ms. Anis Pinita Andrew (Executive, Forest Management). Other notable attendees from Malaysia included delegates from the Ministry of Plantation Industries, Malaysian Timber Council, Sabah Timber Industries Association, Sarawak Timber Association, and Timber Industries.

Malaysia actively promoted its timber industry at the Forum through a dedicated booth named "*Kayu Malaysia*" which showcased various wood samples and distributed brochures highlighting the quality and diversity of Malaysian wood products. The booth also featured MTCS-PEFC certified products and an infographic map of MTCS-PEFC certified forest areas in Malaysia.

This participation underscores Malaysia's commitment to advancing sustainable timber practices on the global stage, reinforcing the nation's leadership in responsible forest management and its efforts to strengthen international collaborations within the timber industry.

MTCC Participation in the 30th Session of the Asia-Pacific Forestry Commission

MTCC, represented by Ms. Erlena Ibrahim (Director, Communication & Marketing) and Mr. Muhammad Hasif Azizan (Senior Executive, Communication & Marketing), participated as observers at the 30th Session of the Asia-Pacific Forestry Commission (APFC30) in Sydney, Australia, from 2 to 6 October 2023. The event, organised by the Food and Agriculture Organization (FAO), brought together delegates from 25 Member States, 1 Observer State, and 1 United Nations organisation, along with representatives from various regional and international organisations. The official delegates from Malaysia for this event included representatives from the Forestry Department Peninsular Malaysia, Forest Research Institute Malaysia, Perak State Forestry Department, and the Department of Wildlife and National Parks Kuala Lumpur.

During the session, key recommendations were made to promote sustainable forest management and enhance the value chains of wood and non-wood forest products (NWFPs). These recommendations focused on providing technical assistance and capacity building, developing market opportunities, fostering policy dialogue and collaboration, upscaling forest landscape restoration efforts, promoting biodiversity conservation, and strengthening disaster risk management.

These recommendations aim to foster sustainable agri-food systems, balance commercialisation and traditional use of NWFPs, and ensure the long-term health and productivity of forests in the Asia-Pacific region.

MTCC, with Responsible Wood (the national governing body for PEFC in Australia) and PEFC International, showcased PEFC-certified products and distributed brochures at the Market Place, inviting all delegates to experience the certified products and gather information on the PEFC certification scheme.

By engaging in critical dialogues and showcasing Malaysia's efforts through PEFC certification, MTCC continues to strengthen its role as a leader in responsible forest management and sustainable timber production.

MALAYSIAN TIMBER CERTIFICATION COUNCIL 2023 ANNUAL REPORT



The 30th Session of the Asia-Pacific Forestry Commission in session



APFC Dialogue Day in session



Richard Laity (Southeast Asia Manager, PEFC) providing a briefing on PEFC to participants



The PEFC booth at the APFC Market Place invites participants to learn more about the PEFC certification

EXHIBITION

In 2022, MTCC participated in 4 trade fairs and exhibitions. Publicity brochures as well as information on the developments related to the MTCS were distributed at these fairs and exhibitions:



Malaysian International Furniture Fair
1 – 4 March



Export Furniture Expo
7 – 10 March



Malaysian Wood Expo
18 – 20 June



**International Greentech & Eco Products
Exhibition & Conference Malaysia**
4 – 6 October

PEFC-RELATED ACTIVITIES



PEFC-RELATED ACTIVITIES

As the National Governing Body for the implementation of the MTCS, which is a PEFC-endorsed scheme, MTCC actively participates in various PEFC-related activities, including the PEFC Members Meeting, Technical Working Group meetings for both forest management and Chain of Custody as well as the PEFC Annual General Assembly.

Participation in these meetings is crucial to ensure that any decisions on PEFC's policies, technical, and guidance documents, and other administrative matters take into account the challenges and constraints faced by the MTCS.

Participation in the above meetings provides MTCC with valuable opportunities for interaction, communication, and sharing of experiences both among national members and between PEFC International and the national members, on any important issues that may require further deliberation or clarification.

MTCC Participation at the 28th PEFC Forest Certification Week and General Assembly



MTCC representatives with PEFC members and international stakeholders at the 28th PEFC General Assembly in Vancouver, Canada

The 28th PEFC General Assembly (GA), was held from 14 to 18 May 2023, in Vancouver, Canada, in conjunction with the Sustainable Forestry Initiative (SFI)/PEFC. The theme for this event was “Forest, People, and Nature Positive”.

The PEFC Private Sessions, including the GA, gathered about 100 PEFC National members, international stakeholders, and board members from 40 countries worldwide. MTCC was represented by Mr. Melvin Ku, (Director, Forest Management).

During the 28th PEFC GA, regional hubs shared updates, and several key decisions were made, including:

- a. Approved a one-off expenditure of CHF 99,000 for the implementation of a new accounting system
- b. Approved the editorial changes and an amendment in the PEFC Council Statutes to allow the holding of virtual General Assemblies
- c. Approved the PEFC Alliance 2030 strategy
- d. Approved the membership application of two companies, Mayr-Melnhof Holz Holding AG and Mercer International Inc., as international stakeholder members
- e. Agreed to hold the 29th PEFC GA virtually on 15 November 2023

MTCC Participation at the 29th PEFC Forest Certification Week and General Assembly



PEFC Forest Certification Week and General Assembly took place virtually in November

In the same year, PEFC also organised the 29th PEFC Forest Certification Week and General Assembly. The virtual PEFC Week and GA took place from 13 to 16 November 2023 in accordance with the resolution made during the 28th GA on 15 May 2023. The sessions were attended by the management and executives of MTCC, with Dr. Farrah Shameen Mohamad Ashray (Chief Executive Officer) representing MTCC at the GA.

During the 29th PEFC GA, MTCC voted for the following motions:

- a. Minutes of the 28th General Assembly held on 15 May 2023 in Vancouver, Canada
- b. One-off expenditure totalling 600,000 CHF over three years from PEFC reserves for the PEFC Development and Fundraising Strategy implementation;
- c. One-off expenditure totalling 150,000 CHF over three years from PEFC reserves for the extension of PEFC's Brussels representation;
- d. Appointed "Interexperts SA" as the PEFC Council Auditor for the year-end accounts (as of 31 December 2023);
- e. Appointed Ms. Suzette Weeding as second Vice Chair of PEFC (from 2023 to 2026), and Ms. Lena Ek and Mr. A.K. Bansal as PEFC Board members from 2023 to 2026;

- f. Croatian Union of Private Forest Owners Associations (CUPFOA) as the PEFC National Governing Member for Croatia; and
- g. International stakeholder member of HS Timber Group (Austria) and Precious Wood (Switzerland).
- h. PEFC 2024 budget, including an inflation adjustment of membership fees of 3 % in rate per hectare of certified forest, subscription fee rate, rate per Chain of Custody (COC) company and International Stakeholder Member membership fees starting year 2024; and
- i. Consented to convene the 30th PEFC General Assembly in France on either 15 May or 29 May 2024, and the 31st General Assembly virtually on 13 November 2024.

PEFC TECHNICAL WORKING GROUP

PEFC ST 1004 Requirements for Certification Bodies and Certification Systems Working Group

MTCC continued its active participation in working groups (WG) focused on enhancing and maintaining international standards for sustainable forest management (SFM), Chain of Custody (COC), and the PEFC trademark.

In 2023, PEFC focused on completing the draft standard PEFC ST 1004 for Operating Forest Management Certification, which sets out requirements for certification bodies offering forest management certification. This new standard aims to create a unified set of requirements for certification bodies, ensuring uniformity in how PEFC sustainable forest management certification is implemented worldwide. The standard is designed as a hybrid between a benchmark and an international standard, incorporating benchmark requirements that will be refined by national members, and other requirements that certification bodies must directly implement.

In 2023, the Working Group dedicated to preparing the PEFC ST 1004 met online on 26 to 27 April to review comments received at the 2022 public consultation, followed by small group meetings from 6 to 8 June 2023. A second public consultation on the enquiry draft of the PEFC ST 1004 was held from 5 July to 5 September 2023, resulting in over 400 comments on the public consultation document. Small group meetings held online from 12 September until 4 October discussed the comments received by specific chapters of the PEFC ST 1004, before the plenary in-person meeting on 18 to 19 October 2023 in the PEFC office in Geneva, Switzerland.

MTCC was represented by Mr. Melvin Ku (Senior Executive, Forest Management) and Mr. Haniff Salleh, (Executive, Forest Management) both of whom participated in the online meetings.

PEFC Chain of Custody Working Group

As a National Governing Body endorsed by Programme for the Endorsement of Forest Certification (PEFC), MTCC actively participates in the PEFC Chain of Custody (COC) Working Group (WG) meetings. The WG members contribute to the development of the PEFC COC standards and associated documents, while addressing COC matters not explicitly covered by existing standards and guidance documents.

In 2023, the main focus is aligning the PEFC COC standard with the European Union Deforestation Regulation (EUDR). The COC WG convenes regularly, including at least one physical meeting annually. This year's meeting was held at PEFC International's office in Geneva, Switzerland. Mr. Akmal Saarani, (Director, Chain of Custody) represented MTCC as a member of the PEFC COC WG.

First Meeting of PEFC Task Force on Forest Management aspects of EUDR (EUDR SFM TF)

The Task Force on Forest Management aspects of the EUDR (EUDR SFM TF) was established as a temporary Task Force under the PEFC Sustainable Forest Management Working Group (SFM-WG), based on the EUDR project proposal as approved by the PEFC Board and PEFC GD 1003:2009, PEFC Council Technical Documents Development Procedures. Its purpose is to identify and address gaps between the PEFC ST 1003 and the EUDR, propose alignment options, and develop technical proposals for consideration. Mr. Melvin Ku, (Director, Forest Management) was selected as a member to participate in the TF.

The first meeting of the EUDR SFM TF was held online on 19 December 2023 and included members from various PEFC national governing bodies and organisations such as PEFC Argentina, PEFC Brazil, Confederation of European Forest Owners (CEPF), Sustainable Forest Initiative (United States), Responsible Wood (Australia), PEFC Austria, PEFC United Kingdom, PEFC Denmark, PEFC France, PEFC Portugal, PEFC Italy, and SAPPI (PEFC Member).

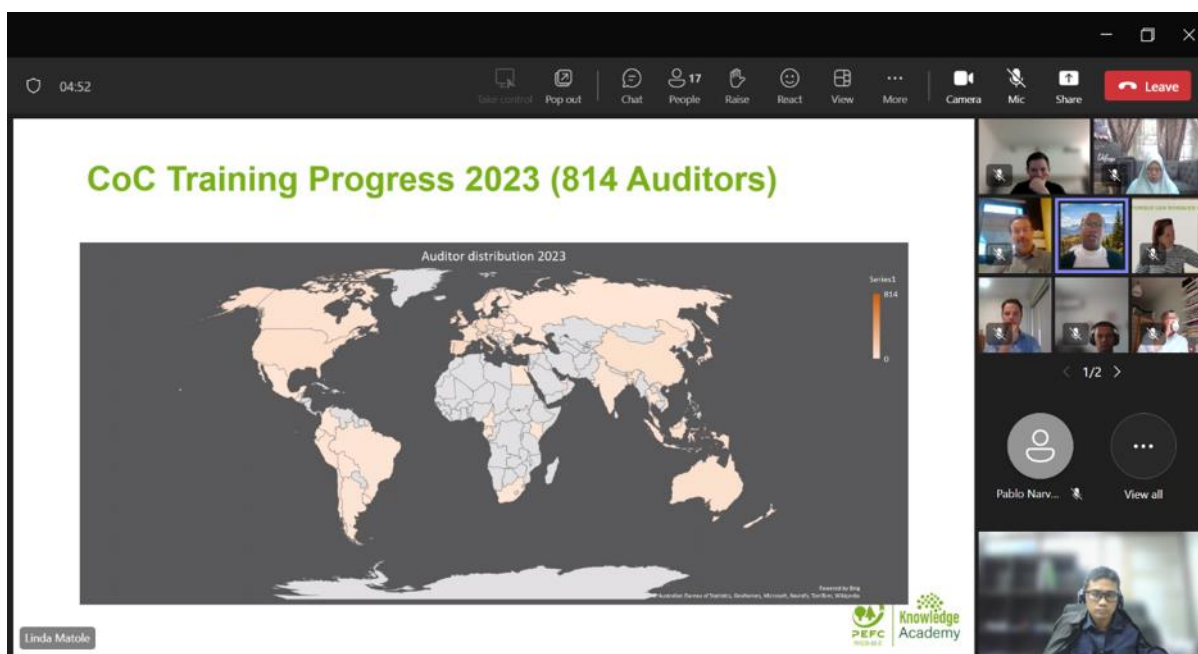
Mr. Hubert Inhaizer, the PEFC Technical Officer, presented the TF's scope and structure, highlighting the need to address gaps between PEFC ST 1003 and the EUDR, with TFs reporting to the SFM Working Group chairperson. The TF discussed how the EUDR would affect NGBs, distinguishing between European and non-European NGBs' responsibilities as 'operators' under the EUDR. Future meetings were scheduled to achieve milestones with the goal of presenting the updated PEFC ST 1003 to the SFM Working Group by April 2024.

PEFC Packaging Thematic Taskforce

The Packaging Thematic Taskforce (TT) held two virtual meetings throughout 2023; one in January and one in July. These meetings focused on promoting of responsible packaging campaigns, development of campaign materials, and encouraging PEFC inclusivity among selected brands, and industry associations to adopt PEFC in their sourcing policies.

TT members also shared updates on their efforts and initiatives in promoting sustainable paper and packaging under PEFC. MTCC actively participated through Mr. Akmal Saarani (Director, Chain of Custody) who represented the organisation as a TT member.

PEFC Chain of Custody Pool of Experts Meeting



Participants attending virtually at the PEFC Chain of Custody Pool of Experts Meeting, engaging in discussions and sharing updates on COC certification

The PEFC Chain of Custody (COC) Pool of Experts is a voluntary programme offered by PEFC International to ensure high-quality, harmonised training for experienced technical experts involved in COC certification. It aims to train experienced technical experts who provide COC training to auditors, reviewers, and certification decision-makers.

By participating in this programme, these experts can deliver PEFC-recognised COC training. Additionally, they can stay updated on the latest developments in COC and connect with experts from other countries.

Ms. Sabrina Mawasi (Deputy Chief Executive Officer) and Mr. Akmal Saarani (Director, Chain of Custody) represented MTCC as members of the Pool of Experts. The participants convened virtually three times via the online meeting platform Zoom. These meetings provided a platform for sharing updates on decisions made by the COC Working Group, current issues, COC training, discussing guidelines, and gathering valuable feedback from the members.

COOPERATION



COOPERATION

18th ASEAN Forestry Meeting – Forest Management (AWG-FM) Meeting, 6 June 2023

The 18th AWG-FM meeting, held virtually, served as a critical platform for ASEAN member states (AMS) to reaffirm their commitment to the Plan of Action for ASEAN Cooperation on Forest Management (2021-2025). Discussions centered on various initiatives, including forest rehabilitation, afforestation, reforestation, and ecosystem restoration.

Intersectoral coordination emerged as a key theme, emphasising the need for collaboration with sectors like environment and agriculture. AMS highlighted the importance of providing updates on national-level achievements in forest management for consolidation by the ASEAN Secretariat.

A technical workshop outcome underscored the necessity of aligning ASEAN's sustainable forest management reporting with other frameworks. Participants agreed to develop a more comprehensive and user-friendly Monitoring, Assessment, and Reporting (MAR) format with support from the EU-FLEGT Asia Programme.

The meeting also reviewed the progress of the Forest Law Enforcement, Governance, and Trade (FLEG) Work Plan (2016-2025), with AMS reaffirming their dedication to its execution. The EU-FLEGT Asia Program was enlisted to aid in developing a regional FLEG Handbook, updating Chain of Custody (COC) guidelines, and fostering dialogue on Mutual Recognition Agreements (MRA).

The 18th AWG-FM meeting showcased the collective commitment of ASEAN member states to advancing sustainable forest management. Through collaboration and strategic planning, AMS aim to enhance the resilience and biodiversity of ASEAN's forests, aligning with regional and international frameworks for the benefit of present and future generations.

26th ASEAN Working Group – Forest Product Development (AWG-FPD) Meeting, 12-13 June 2023



Delegates from ASEAN member states gathered for the 26th ASEAN Working Group – Forest Product Development (AWG-FPD) Meeting, collaborating on sustainable forestry practices and governance across the region

The 26th ASEAN Working Group – Forest Product Development (AWG-FPD) Meeting, held on 12 to 13 June, 2023, played a pivotal role in advancing sustainable forestry practices and governance within the ASEAN region. This report encapsulates the major discussions and outcomes of the meeting.

The meeting began by acknowledging the adoption of three significant deliverables in 2022, including guidelines on recognising customary tenure in forested landscapes, guiding principles for effective social forestry legal frameworks, and a strategy for preventing zoonotic disease transmission from wildlife trade.

There was a reaffirmed commitment to enhancing Sustainable Forest Management (SFM) practices through cross-sectoral cooperation, capacity building, and

implementation of the Forest Law Enforcement, Governance, and Trade (FLEGT) measures across the ASEAN region.

Member states presented updates on the implementation of the FLEG Work Plan 2016-2025, outlining progress made at both regional and national levels. Discussions also focused on addressing challenges and identifying opportunities for strengthening FLEG in ASEAN.

Recommendations to bolster FLEG implementation were deliberated upon, encompassing a wide range of strategies such as reviewing laws and regulations, fostering collaboration with the European Union (EU), promoting awareness, and enhancing market access for legal timber and non-timber forest products (NTFPs).

The outcomes of the 7th ASEAN Regional Knowledge Networking on Forest Law Enforcement, Governance, and Trade (ARKN FLEG) were noted, including the approval of the Terms of Reference (TOR) by the 18th ASEAN Working Group on Forest Management for endorsement by the 26th ASEAN Senior Officials on Forestry (ASOF).

There was an emphasised need to update the ASEAN Chain of Custody (COC) Guidelines for Sustainable and Legal Timber and to develop a new FLEG Work Plan beyond 2025, with a request for support from the European Union (EU).

Discussions also included updates on the exchange of the database on herbal and medicinal plants in ASEAN, preparations for the publication of Volume III of the ASEAN Herbal and Medicinal Plants by Malaysia, and information about the ASEAN Conference on Medicinal Forest Trees.

Presentations and interventions from member states highlighted progress and challenges in non-timber forest product (NTFP) development, with a focus on promoting products such as bamboo, rattan, resin, agarwood, birds' nest, natural honey, and medicinal plants.

Updates on the ASEAN Regional Knowledge Networking on Forest Product Development (ARKN-FPD) emphasised the importance of active contributions and information sharing among member states.

Suggestions for trade promotion among member states through collaboration in international events in 2023 and 2024 were discussed, including exhibitions and seminars, to enhance market access and visibility.

Updates on common barriers to trade in forest products, FLEGT Voluntary Partnership Agreement (VPA) implementation, and the Timber Legality Information System (SILK) were provided, underscoring the ongoing efforts to address challenges in the forestry sector.

The 26th ASEAN Working Group – Forest Product Development (AWG-FPD) Meeting in 2023 served as a platform for member states to collaborate, share knowledge, and address challenges in sustainable forest management and governance. Through continued cooperation and strategic initiatives, ASEAN aims to enhance the conservation and sustainable use of its forest resources for the benefit of present and future generations.

26th ASEAN Senior Officials on Forestry (ASOF) Meeting, 15-16 June 2023

The 26th ASEAN Senior Officials on Forestry (ASOF) Meeting, held on June 15-16, 2023, served as a crucial platform for member states to deliberate on regional forestry issues and collaborate on strategic initiatives. This report provides an overview of the key discussions and outcomes of the meeting.

The meeting commenced by acknowledging the adoption of various declarations and statements from the 42nd ASEAN Summit, underscoring commitments to One Health, institutional effectiveness, and visions beyond 2025.

Status updates on the implementation of the ASEAN Cooperation in Forestry (2016-2025) were reviewed, based on achievements and reports from working groups, with an emphasis on timely delivery and progress review for new plans post-2025.

The outcomes of the 18th Meeting of the ASEAN Working Group on CITES and Wildlife Law Enforcement were recognised, stressing the importance of enhanced cooperation among member states.

Endorsement of the policy brief on “Prevention of Zoonotic Diseases from Illegal Wildlife Trade through a One Health Approach” was approved, highlighting the commitment to addressing health and environmental challenges.

The meeting accepted the report and set a tentative schedule for the next meeting in 2024, to be held in Thailand, demonstrating the commitment to ongoing dialogue and collaboration.

Advancements in Sustainable Forest Management (SFM) and forest law enforcement and governance, as highlighted in the outcomes of the 18th Meeting of the ASEAN Working Group on Forest Management, were acknowledged.

Recommendations to establish a comprehensive monitoring, assessment, and reporting framework for forest management received support, with a request for consultancy assistance from the EU-FLEGT Asia program.

Efforts to update the ASEAN COC Guidelines for Sustainable and Legal Timber, develop a Regional FLEGT Handbook, and endorse the Terms of Reference for the ARKN FLEGT were discussed, demonstrating the commitment to enhancing governance and transparency in forestry practices.

The confirmation of the organisation of the 9th Timber Legality Assurance Workshop in November 2023 and the adoption of the report of the 18th AWG-FM Meeting underscored progress in addressing key forestry challenges.

The meeting emphasised the need to enhance reporting mechanisms and user-friendly formats for SFM, with a request for consultancy support from the EU-FLEGT Asia program.

Progress made by Malaysia in compiling data for the publication on ASEAN Herbal and Medicinal Plants was appreciated, and inputs from member states were requested to enhance regional knowledge-sharing efforts.

Initiatives to maintain the ASEAN documentation of R&D information on the ARKN-FPD website and to organise the ASEAN Conference on Medicinal Forest Trees in September 2023 were endorsed, encouraging active participation from member states.

Support for the EU-FLEGT Asia program in implementing the FLEG Work Plan and the SPA for ASEAN Cooperation in Forestry was acknowledged, highlighting the importance of international collaboration in addressing forestry challenges.

The adoption of the report of the 26th ASEAN Working Group on Forest Products Development Meeting and the planning of the next meeting in 2024 in Indonesia demonstrated ongoing efforts to promote sustainable forest product development.

The report also noted outcomes and recommendations from various other ASEAN forestry-related meetings, emphasising progress and collaboration in areas such as social forestry, climate change, and international cooperation.

The presentation from the EU-FLEG Asia Program was noted, with support requested for the drafting of a robust monitoring and reporting system for SFM, reflecting ongoing efforts to enhance governance and transparency in forestry practices.

Initiatives to organise the Regional TLA 9 and the 8th ARKN-FLEG Meeting were supported, underscoring the commitment to strengthening legal and sustainable forest product trade.

The report of the Seminar on Current International Issues Affecting Forestry and Forest Products highlighted recommendations on payments for ecosystem services, regional policies on Nature-based Solutions/Ecosystem-based Adaptation, and collaboration and coordination.

Collaboration with the AFoCO Secretariat and the UN-REDD Programme in forestry sectors was appreciated, with future projects and initiatives highlighted, demonstrating the commitment to international cooperation in addressing forestry challenges.

The progress of China-ASEAN cooperation on forestry and future activities were reviewed, emphasising the importance of aligning work plans with ASEAN post-2025 visions, highlighting the commitment to regional integration and cooperation.

The 26th ASEAN Senior Officials on Forestry (ASOF) Meeting in 2023 served as a platform for member states to address key forestry challenges, advance sustainable forest management practices, and strengthen regional cooperation. Through ongoing dialogue and collaboration, ASEAN continues to make strides in promoting the conservation and sustainable use of forest resources for the benefit of present and future generations.

SIGNIFICANT EVENTS



SIGNIFICANT EVENTS

MTCC Welcomes New Chairman

MTCC welcomed YB Datuk Wetrom Bahanda as its new chairman to the MTCC office on 8 June 2024. Effective 29 May 2023, the appointment marks a significant milestone for the council.

YB Datuk Wetrom Bahanda spent his morning with the team and received a briefing from Ms. Sabrina Mawasi (Acting Chief Executive Officer) on the council's role, function, and the latest updates on the implementation of the MTCS, along with the related challenges.



YB Datuk Wetrom receiving a briefing from the MTCC team

MTCC Welcomes New Chief Executive Officer



MTCC is pleased to announce the appointment of Dr. Farrah Shameen Binti Mohamad Ashray as its new Chief Executive Officer, effective 13 September 2023. Dr. Farrah Shameen brings a wealth of experience and expertise to the role, having served in various leadership positions within the forestry and sustainability sectors.

Dr. Farrah Shameen's appointment marks a new chapter for MTCC, and we look forward to her positive impact on the organisation and the wider forestry community.

**Briefing to YBhg. Dato' Zailani Hashim, Deputy Secretary General
(Plantation and Commodities), Ministry of Plantation and Commodities**



YBhg. Dato' Zailani alongside the delegation from the Ministry of Plantation and Commodities pictured with MTCC Management



YB Datuk Wetrom Bahanda welcomes YBhg. Dato' Zailani to MTCC Office

MTCC was honoured to receive YBhg. Dato' Zailani Hashim, Deputy Secretary General (Plantation and Commodities), Ministry of Plantation and Commodities when he visited MTCC Office on 15 September 2023. Accompanied by Mr. Wan Ahmad Asmady Wan Md Din, Senior Division Secretary of the Progress of Wood, Timber, and Kenaf Industry (SUB KTK) was welcomed by YB Datuk Wetrom Bahanda (MTCC Chairman) and Dr. Farrah Shameen Mohamad Ashray (MTCC Chief Executive Officer).

He was briefed on the set up of MTCC, its main roles and functions, and the operations of the MTCS. The briefing also covered issues and challenges in operating the MTCS and strategies to address them.

International Conference on Timber Certification: A Platform for Knowledge Exchange and Charting Future Frontiers



Participants of the International Conference on Timber Certification together with YAB Dato' Sri Haji Fadillah bin Haji Yusof

The Malaysian Timber Certification Council (MTCC), in collaboration with the Institute for Environment and Development (LESTARI) at Universiti Kebangsaan Malaysia (UKM), successfully co-organised the "International Conference on Timber Certification: Exploring Future Frontiers."

Held in Kuala Lumpur, this landmark event received invaluable support from the Malaysian Timber Industry Board (MTIB) and the Malaysian Timber Council (MTC). Notably, the conference was graced by the presence of the Deputy Prime Minister and Minister of Plantation and Commodities, YAB Dato' Sri Haji Fadillah bin Haji Yusof, who officiated the opening ceremony.



YAB Dato' Sri Haji Fadillah bin Haji Yusof officiating the International Conference on Timber Certification



Mr. Michael Berger (PEFC CEO) delivering his keynote address

This inaugural international conference, hosted in a hybrid format, served as a platform to disseminate the findings of a comprehensive research project titled "The Impact of Malaysian Timber Certification Scheme (MTCS) on Forest Management, Industry and Trade." This collaborative research endeavour, a joint effort between MTCC and LESTARI UKM, commenced in late 2019. The conference provided an opportunity to share these valuable insights with a global audience.

Key Objectives of the Conference:

1. **Comprehensive Overview of MTCS Implementation:** The conference provided a platform for sharing of experiences and best practices among practitioners and stakeholders involved in the implementation of the Malaysian Timber Certification Scheme (MTCS) in Malaysia.
2. **Showcasing Global Timber Certification Models:** Participants gained valuable insights into timber certification initiatives from around the world, fostering a broader understanding of sustainable forestry practices.
3. **Mainstreaming Forest Certification:** One of the conference's key objectives was to promote the wider adoption and acceptance of forest certification by industries within the domestic and international timber trade, contributing to the mainstreaming of sustainable forestry.
4. **Enhancing Market Confidence and Visibility:** The conference aimed to strengthen market confidence in certified timber products and increase their visibility in both domestic and international markets, ultimately driving demand for sustainably sourced wood.

Addressing the Global Urgency for Sustainable Forestry: The conference's significance is underscored by the growing emphasis on sustainable forest management since the 1992 Rio Earth Summit. This urgency is reflected in the United Nations Strategic Plan for Forests 2030 and the Global Forest Goals and Targets, which call for responsible stewardship of forest resources. The increasing demand for renewable and eco-friendly building materials further reinforces the need for effective timber certification to guide and verify sustainable practices.



Ms. Sheam Satkuru, Executive Director, ITTO presenting her keynote address



The first international conference organised by MTCC was held as a hybrid with virtual and on-site participation

Conference Themes:

The conference delved into three critical themes:

1. **Mainstreaming Timber Certification:** This session explored policy implementation and shared community and industry experiences related to timber certification. It featured a keynote address by Ms. Sheam Satkuru, Executive Director of the International Tropical Timber Organisation (ITTO).
2. **Initiatives for a Sustainable Future:** This theme focused on complementary initiatives supporting forest management and chain-of-custody certification, with a keynote presentation by Mr. Michael Berger, Chief Executive Officer of the Programme for the Endorsement of Forest Certification (PEFC).
3. **Complementarity in Certification:** This session highlighted the experiences and strategies of other countries in implementing timber certification and responding to the global demand for sustainable products and services.

The "International Conference on Timber Certification: Exploring Future Frontiers" was a pivotal platform for knowledge exchange, fostering collaboration, and charting a course towards a more sustainable future for the global timber industry.

MTCC Youth Parliamentary Debathon: Young Malaysians Debate Sustainable Forest Management



Debater giving way for an interruption



Bukit Bendera MP, Syerleena Abdul Rashid

MTCC is proud to have participated in the 3rd annual Youth Parliamentary Debathon organised by KiniEvents in collaboration with Malaysiakini. This year's motion, "Malaysia for Sustainable Forest Management over Zero-Deforestation," was sponsored by MTCC. The debate session was chaired by YB Ms. Syerleena Abdul Rashid, Member of Parliament for Bukit Bendera.



YB Teresa Kok among the guest MPs present, giving her two cents



The best debaters with their MTCS-PEFC certified Balau wood, sponsored by MTCC

Also present during the session was the esteemed YB Teresa Kok, Member of Parliament for Seputeh, and YB Datuk Larry Sng Wei Shein, Member of Parliament Julau, who not only commended both sides for their insightful arguments but also provided invaluable feedback, further strengthening their positions.

This year's Youth Parliament Debathon trophy is made from MTCS-PEFC certified Balau wood. It is the result of a collaboration between MTCC and PEFC-certified manufacturer, One-Tech (M) Sdn. Bhd. (The Green Factory).

MTCC Family Day 2023: Fostering Togetherness and Appreciation

MALAYSIAN TIMBER CERTIFICATION COUNCIL 2023 ANNUAL REPORT

MTCC organised its annual Family Day from 14-15 October 2023 at the scenic Amverton Golf Cove & Island Resort in Pulau Carey, Selangor. The event aimed to express gratitude for the unwavering dedication and hard work of MTCC employees throughout the year.

The Family Day welcomed employees and their immediate family members to engage in activities to promote togetherness and strengthen teamwork. The event featured lively telematches for adults and children, fostering a fun and competitive spirit among colleagues and their families.

The event culminated in a prize-giving ceremony and an exciting lucky draw, adding an element of surprise and delight to the festivities.



MTCC Family Day 2023 united employees and their families for a weekend of fun, teamwork, and appreciation, featuring activities like telematches and a lucky draw.

MTCC Board of Trustees and Staff Annual Dinner 2023: A Celebration of Dedication and Gratitude

In recognition of the unwavering dedication and contributions of the MTCC Board of Trustees and staff throughout the year, MTCC organised its Annual Dinner at the Ming Palace in Corus Hotel, Kuala Lumpur on 6 December 2023.

The dinner served a dual purpose: it was an occasion to express heartfelt gratitude and appreciation, as well as a moment to bid farewell to esteemed board members who had concluded their tenure, acknowledging their instrumental roles in guiding MTCC's endeavours.

Additionally, the dinner provided a platform to recognise the hard work, dedication, and unwavering commitment of MTCC staff members who have consistently contributed to the organisation's success.



Chairman and members of the Board of Trustees, along with the management and staff of MTCC



A night of appreciation and gratitude



Chairman presents certificates of appreciation to the Board of Trustees, acknowledging their invaluable contributions during their tenure at MTCC

MTCC Strategic Management Workshop



MTCC CEO, Directors, and Executives attending the workshop



Workshop in session

From 2 to 4 November 2023, MTCC hosted a Strategic Management Workshop in Kuala Lumpur to address important aspects of the company's operations and future planning. The workshop assessed the impact of the revised HR Policy, restructuring initiatives, and recruitment matters on the company's financial performance and activities for the upcoming year, 2024.

The workshop provided a platform for revising the previously approved budget and activities for 2024 to ensure alignment with the company's evolving needs and MTCC Strategy 2020-2025.

MTCC's Contribution to Palestine Humanitarian Fund: A Testament to Solidarity



Representatives from the Ministry of Plantation and Commodities and its agencies coming together in support of the Palestine Humanitarian Fund

In a move echoing Malaysia's unwavering support for the Palestinian people, MTCC contributed RM6,870.00 to the Palestine Humanitarian Fund for Public Services on 10 November 2023. The donation from MTCC was handed over by Dr. Farrah Shameen Mohamad Ashray (Chief Executive Officer) and channelled through the KPK (Ministry of Plantation and Commodity) Sports and Welfare Club account.

This act of solidarity follows the official launch of the Fund on 24 October 2023, by YBhg. Tan Sri Mohd Zuki Ali, the Chief Secretary of the Government of Malaysia. The Fund serves as a vital platform for expressing concern and fostering a spirit of humanity among civil servants towards the Palestinian struggle.

INTEGRITY & GOVERNANCE



INTEGRITY AND GOVERNANCE UNIT: BUILDING A STRONGER MTCC IN 2023

A Year of Milestones

The year 2023 marked a significant turning point for MTCC's commitment to good governance, with the official launch of the Integrity and Governance Unit (IGU) on 1 August. This establishment signified a significant step forward in strengthening the organisation's operational and governance frameworks. Throughout the year, the IGU actively pursued various initiatives to enhance MTCC's integrity, policies, and overall procedures.

Standardisation and Streamlining

One key accomplishment was the successful development and implementation of standardised Standard Operating Procedures (SOPs) and policies across all MTCC units. This initiative, spearheaded by the IGU, aimed to create consistent and uniform guidelines for all departments, ensuring compliance and streamlined operations.

The 98th Board of Trustees (BOT) Meeting which was held on 6 December 2023 witnessed the successful tabling and approval of the completed FAU (Finance & Admin Unit) procedures. These SOPs cover crucial areas such as petty cash management, claim procedures, purchasing, invoicing, and payroll, to name a few.

With the FAU procedures finalised, the IGU's efforts pave the way for a more efficient and standardised MTCC operation. Additionally, draft procedures for other units, including Integrity & Governance, Communication & Public Relations, and Forestry Management, were also presented for review. These drafts represent a crucial step towards ensuring consistent and compliant practices across all departments.

Performance Monitoring and Transparency

The IGU also focused on enhancing performance monitoring by establishing a standard format for Key Performance Indicators (KPIs) for 2024. These KPIs, encompassing both

existing and new activities for each unit, were successfully tabled and approved at the 98th BOT Meeting in November 2023.

Furthermore, the IGU regularly reported its activities to the Ministry of Plantation and Commodities (KPK), upholding transparency and accountability within the organisation. The unit's active participation in key events like the National Integrity Forum and collaboration with KSN further solidified its commitment to good governance practices.

Collaboration and Continuous Improvement

In collaboration with the Human Resource (HR) team, the IGU revised and updated the Terms and Conditions of the MTCC HR Policy for both staff levels. The revised policies were subsequently approved at the 99th BOT Meeting.

The IGU also played a vital role in managing the transition to a new MTCC Company Secretary, successfully completing the appointment process in January 2024. Additionally, the IGU implemented a Suggestion Box initiative to foster a culture of continuous improvement within MTCC. This initiative, supported by all staff, yielded valuable feedback and facilitated the identification of key areas for improvement.

Looking Ahead

The establishment of the IGU and the successful completion of these initiatives in 2023 have significantly contributed to strengthening MTCC's governance structure, operational efficiency, and stakeholder engagement. These achievements provide a solid foundation for continued progress and unwavering commitment to integrity in the years to come.

FINANCIAL STATEMENT



STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	2023 RM	2022 RM
ASSETS		
Non-current asset		
Property, plant and equipment	1,941,169	1,991,626
	1,941,169	1,991,626
Current assets		
Trade and other receivables	106,088	52,634
Other investments	95,268,197	89,579,478
Tax recoverable	-	93,635
Cash and bank equivalents	825,579	974,944
Total current assets	96,199,864	90,700,691
TOTAL ASSETS	98,141,033	92,692,317
FUNDS		
Non-distributable fund		
Endowment fund	84,000,000	84,000,000
Accumulated fund	12,383,612	7,566,622
Total Funds	96,383,612	91,566,622
LIABILITIES		
Non-Current Liability		
Retirement benefit obligations	845,946	752,169
Total liabilities	845,946	752,169
Current Liabilities		
Other payables and accruals	286,749	373,526
Provision for taxation	624,726	-
Total Liabilities	1,757,421	1,125,695
TOTAL FUNDS AND LIABILITIES	98,141,033	92,692,317

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 RM	2022 RM
Revenue	381,765	210,716
Direct costs	(1,000,904)	(948,715)
Gross loss	(619,139)	(737,999)
Other operating income	5,000,516	1,000,587
Net changes in fair value of investments at fair value through profit or loss	1,330,203	(2,779,689)
Administrative expenses	(3,423,780)	(3,169,012)
Surplus/(Deficit) from operations	2,287,800	(5,686,113)
Interest income	3,209,625	2,594,026
Surplus/(Deficit) before taxation	5,497,425	(3,092,087)
Taxation	(680,435)	-
Surplus/(Deficit) after taxation, represents total comprehensive income/(loss) for the year	4,816,690	(3,092,087)



MALAYSIAN TIMBER CERTIFICATION COUNCIL

UNIT C-8-5 BLOCK C, MEGAN AVENUE 2,
NO. 12 JALAN YAP KWAN SENG, 50450 KUALA LUMPUR, MALAYSIA
603 - 2161 2298 | 603- 2161 2293 | WWW.MTCC.COM.MY