

# Appendix 1c. Review of the Malaysian Timber Certification Council forest certification scheme

This appendix contains the full results of the review of the MTCC forest certification scheme against the UK Government criteria.

## Executive Summary

Date of Current Assessment: June 2008 (published November 2008)

Anticipated Date of Next Assessment: May 2010

### Current Status

Meets requirements for legality.

Once transition to new requirements fully implemented then will meet requirements for sustainability. This will be published on the CPET website.

### Changes from last assessment

The MTCC, once transition to new requirements is fully implemented, will meet requirements for sustainability. Previously MTCC was only found to meet the requirements for legality.

## Source Documents

Malaysian Criteria and Indicators for Forest Management Certification [MC&I(2002)]

Procedures in MTCC Timber Certification Scheme. Malaysian Timber Certification Council, 16 December 2004.

Assessment Procedures in Using the MC&I. MTCC, 10 November 2006. [separate editions for Peninsular Malaysia, Sabah and Sarawak].

Requirements for Chain-of-Custody Certification (RCOC), Malaysian Timber Certification Council, 26 August 2004.

Assessment Procedures in using the Requirements for Chain-of-Custody Certification (AP/COC), 10 November 2006.

Members And Alternate Members Of The National Steering Committee (NSC), 16 October 2007.

Procedure for the Investigation and Resolution of Complaints and Appeals, 28 February 2008.

Rules On Standard Setting Process For Development Of Timber Certification Standards, 12 May 2008.

Standards Malaysia website information:

<http://www.standardsmalaysia.gov.my/pdf/ACCR%20-%20General%20Info.pdf> (obtained 6 May 2008)

Malaysian Timber Certification Scheme (MTCS) and its Implementation Arrangement. 12 May 2008. MTCS 1/2008. (NB: this document was taken into account on the assumption that its provisions were implemented on the stated target date of 1 July 2008)

Logo Use Rules Manual. 12 May 2008. LG 1/2008.

# 1. Forest Standards

## 1.1. Content of standards for legal compliance

Criteria	Findings	Score	L <sup>1</sup>	S
1.1.1 The standard requires that the forest owner/manager holds legal use rights to the forest	Fully addressed <i>MC&amp;I (2002) Criterion 2.1 Clear evidence of long-term forest use rights to the land (e.g. land title, customary rights, or leased agreements) shall be demonstrated.</i>	2	✓	
1.1.2 The standard requires compliance from both the forest management organisation and any contractors with local and national legal requirements including those relevant to: <ul style="list-style-type: none"> <li>• Forest management</li> <li>• Environment</li> <li>• Labour and welfare</li> <li>• Health &amp; safety</li> <li>• Other parties' tenure and use rights</li> </ul>	Fully addressed <i>MC&amp;I (2002) Criterion 1.1 Forest management shall respect all national and local laws and administrative requirements.</i>  The verifiers then list a number of regulations in Peninsular Malaysia, Sabah and Sarawak covering forest management, environment, labour and welfare, health and safety and other parties' tenure and use rights. For example: <u>Peninsular Malaysia:</u>  State Forest Rules, State Forest Enactments, Water Act, Employees' Social Security Act 1969, Occupational Safety and Health Act 1994, Aboriginal Peoples Act 1954, Environmental Quality Act.  <u>Sabah:</u>  Forest Rules 1969, Conservation of Environment Enactment 1996, Trade Unions Act 1959, Occupational Safety and Health (Classification, Packaging and Labelling) Regulations 1997, Native Court (Native Customary Laws) Rules 1995, Labour Ordinance (Sabah) Cap 67.  <u>Sarawak:</u>  Forests Ordinance 1954 (Cap. 126), Natural Resources and Environment (Amendment) Ordinance, 1977 (Cap. 84) and Regulations/Orders made thereunder, Labour Ordinance 1952 (Sarawak Cap 76), Employees Social Security Act 1969, Occupational Safety and Health Act 1994 and Regulations made thereunder, Decisions of the Civil Courts pertaining to legal or customary tenure of use	2	✓	

<sup>1</sup> L: required to meet requirements for legal, S: required to meet requirements for sustainable variant

Criteria	Findings	Score	L'	S
	rights.			
1.1.3 The standard requires payment of all relevant royalties and taxes	Fully addressed <i>MC&amp;I (2002) Criterion 1.2 All applicable and legally prescribed fees, royalties, taxes, and other charges shall be paid.</i>	2	✓	
1.1.4 The standard requires compliance with the requirements of CITES.	Fully addressed <i>MC&amp;I (2002) Criterion 1.3 In signatory countries, the provisions of all binding international agreements such as CITES, ILO Conventions, ITTA, and Convention on Biological Diversity, shall be respected.</i>  <i>Malaysia is a signatory country to CITES.</i>	2	✓	

## 1.2. Content of standards for sustainable variant

Criteria	Findings	Score	L	S
1.2.1 Certification standards must be consistent with a widely accepted set of international principles and criteria defining sustainable or responsible forest management at the forest management unit level.	Fully addressed <i>MC&amp;I (2002) are based on FSC's Principles and Criteria. At the level of Principle and Criteria, they are identical.</i>  <i>MC&amp;I (2002) section 2 Background:</i>  <i>2.1 The MC&amp;I (2002) is a result of the collaboration between the Malaysian Timber Certification Council (MTCC) and the Forest Stewardship Council (FSC) which was initiated in 1999.</i>  <i>2.2 ....a joint MTCC-FSC study to compare the existing forest management standard with the FSC Principles and Criteria (P&amp;C) was undertaken by two independent consultants and the final report was submitted to MTCC and FSC in September 2001</i>  <i>2.3....At the Second NSC (National Steering Committee) meeting, a decision was made to adopt the FSC P&amp;C format and structure in revising the existing forest management standard.'</i>	2		✓
1.2.2 The standard must be performance-based.	Fully addressed <i>MC&amp;I (2002) contains many performance elements throughout the standard.</i>	2		✓
1.2.3 The standard must ensure that harm to	a. Fully addressed - <i>MC&amp;I (2002) Criterion 6.1 Assessment of environmental impacts shall be</i>	2		✓

Criteria	Findings	Score	L	S
<p>ecosystems is minimised. In order to do this the standard must include requirements for:</p> <p>a. Appropriate assessment of impacts and planning to minimise impacts;</p> <p>b. Protection of soil, water and biodiversity;</p> <p>c. Controlled and appropriate use of chemicals and use of Integrated Pest Management wherever possible.</p> <p>d. Proper disposal of wastes to minimise any negative impacts.</p>	<p>completed – appropriate to the scale, intensity of forest management and the uniqueness of the affected resources – and adequately integrate into management systems. Assessments shall include landscape level consideration as well as the impacts of on-site processing facilities. Environmental impacts shall be assessed prior to commencement of site-disturbing operations.</p> <p>b. Fully addressed - MC&amp;I (2002) Criterion 6.5 Written guidelines shall be prepared and implemented to: control erosion; minimise forest damage during harvesting, road construction, and all other mechanical disturbances; and protect water resources.</p> <p><i>Criterion 6.2 Safeguards shall exist which protect rare, threatened and endangered species and their habitats (e.g. nesting and feeding areas)....</i></p> <p>c. Fully addressed - MC&amp;I (2002) Criterion 6.6 Management systems shall promote the adoption of environmentally friendly non-chemical methods of pest management and strive to avoid the use of chemical pesticides. World Health Organisations Type 1A and 1B and chlorinated hydrocarbon pesticides; pesticides that are persistent, toxic or whose derivatives remain biologically active and accumulate in the food chain beyond their intended use; as well as any pesticides banned by international agreement, shall be prohibited. If chemicals are used, proper equipment and training shall be provided to minimize health and environmental risks.</p> <p>d. Fully addressed - MC&amp;I (2002) Criterion 6.7 Chemicals, containers, liquid and solid non-organic wastes including fuel and oil shall be disposed of in an environmentally appropriate manner at off-site locations.</p> <p><i>MC&amp;I (2002) Criterion 5.3 Forest management should minimise waste associated with harvesting and on-site processing operations and avoid damage to other forest resources.</i></p>			
<p>1.2.4 The standard must seek to ensure that productivity of the forest is maintained. In order to do this the standard must include requirements</p>	<p>a. Fully addressed - MC&amp;I (2002) Criterion 7.1 The management plan and supporting documents shall provide:</p> <p><i>(c) Description of silvicultural and/or other management system, based on the ecology of the</i></p>	2		✓

Criteria	Findings	Score	L	S
<p>for:</p> <p>a. Management planning and implementation of management activities to avoid significant negative impacts on forest productivity.</p> <p>b. Monitoring which is adequate to check compliance with all requirements, together with review and feedback into planning.</p> <p>c. Operations and operational procedures which minimise impacts on the range of forest resources and services.</p> <p>d. Adequate training of all personnel, both employees and contractors.</p> <p>e. Harvest levels that do not exceed the long-term production capacity of the forest, based on adequate inventory and growth and yield data.</p>	<p><i>forest in question and information gathered through resource inventories.</i></p> <p><i>(d) Rationale for rate of annual harvest and species selection.</i></p> <p><i>(i) Description and justification of harvesting techniques and equipment to be used.</i></p> <p>b. Fully addressed - MC&amp;I (2002) Principle 8 Monitoring and assessment:</p> <p>Criterion 8.1 <i>The frequency and intensity of monitoring should be determined by the scale and intensity of forest management operations as well as the relative complexity and fragility of the affected environment. Monitoring procedures should be consistent and replicable over time to allow comparison of results and assessment of change.</i></p> <p>Criterion 8.3 <i>The results of monitoring shall be incorporated into the implementation and revision of the management plan.</i></p> <p>c. Fully addressed - MC&amp;I (2002) Criterion 5.5 <i>Forest management operations shall recognise, maintain and, where appropriate, enhance the value of forest services and resources such as watersheds and fisheries.</i></p> <p>MC&amp;I (2002) Criterion 6.5 <i>Written guidelines shall be prepared and implemented to: control erosion; minimize forest damage during harvesting, road construction, and all other mechanical disturbances; and protect water resources.</i></p> <p>d. Fully addressed - MC&amp;I (2002) Criterion 7.3 <i>Forest workers shall receive adequate training and supervision to ensure proper implementation of the management plan.</i></p> <p>e. Fully addressed - MC&amp;I (2002) Criterion 5.6 <i>The rate of harvest of forest products shall not exceed levels which can be permanently sustained.</i></p>			

Criteria	Findings	Score	L	S
<p>1.2.5 The standard must seek to ensure that forest ecosystem health and vitality is maintained. In order to do this the standard must include requirements for:</p> <p>a. Management planning which aims to maintain or increase the health and vitality of forest ecosystems</p> <p>b. Management of natural processes, fires, pests and diseases.</p> <p>c. Adequate protection of the forest from unauthorised activities such as illegal logging, mining and encroachment.</p>	<p>a. Fully addressed - MC&amp;I (2002) Criterion 7.1 The management plan and supporting documents shall provide:</p> <p><i>(c) Description of silvicultural and/or other management system, based on the ecology of the forest in question and information gathered through resource inventories.</i></p> <p><i>(f) Environmental safeguards based on environmental assessments.</i></p> <p><i>(g) Plans for the identification and protection of rare, threatened and endangered species.</i></p> <p>b. Fully addressed - MC&amp;I (2002) 6.3 <i>Ecological functions and values shall be maintained intact, enhanced, or restored, including:</i></p> <p><i>a) Forest regeneration and succession</i></p> <p><i>b) Genetic, species and ecosystem diversity</i></p> <p><i>c) Natural cycles that affect the productivity of the forest ecosystem.</i></p> <p>c. Fully addressed - MC&amp;I (2002) Criterion 1.5 <i>Forest management areas should be protected from illegal harvesting, settlement and other unauthorised activities.</i></p> <p><i>MC&amp;I (2002) Criterion 6.2....Inappropriate hunting, fishing, trapping and collection shall be controlled.</i></p>	2		✓

Criteria	Findings	Score	L	S
<p>1.2.6 The standard must seek to ensure that biodiversity is maintained. In order to do this the standard must include requirements for:</p> <p>a. Implementation of safeguards to protect rare, threatened and endangered species.</p> <p>b. The conservation/set-aside of key ecosystems or habitats in their natural state.</p> <p>c. The protection of features and species of outstanding or exceptional value.</p>	<p>a. Fully addressed - <i>MC&amp;I (2002) Criterion 6.2 Safeguards shall exist which protect rare, threatened and endangered species and their habitats (e.g. nesting and feeding areas). Conservation zones and protection areas shall be established, appropriate to the scale and intensity of forest management and the uniqueness of the affected resources.</i></p> <p>b. Fully addressed - <i>MC&amp;I (2002) Criterion 6.4 Representative samples of existing ecosystems within the landscape shall be protected in their natural state and recorded on maps, appropriate to the scale and intensity of operations and the uniqueness of the affected resources.</i></p> <p>c. Fully addressed - <i>MC&amp;I (2002) Principle 9 Management activities in high conservation value forests shall maintain or enhance the attributes which define such forests. Decision regarding high conservation value forests shall always be considered in the context of a precautionary approach.</i></p> <p><i>Criterion 9.1 Assessment to determine the presence of the attributes consistent with High Conservation Value Forests will be completed, appropriate to scale and intensity of forest management.</i></p> <p><i>Criterion 9.2 The consultative portion of the certification process must place emphasis on the identified conservation attributes, and options for the maintenance thereof.</i></p> <p><i>Criterion 9.3 The management plan shall include and implement specific measures that ensure the maintenance and/ or enhancement of the applicable conservation attributes consistent with the precautionary approach. These measures shall be specifically included in the publicly available management plan summary.</i></p> <p><i>Criterion 9.4 Annual monitoring shall be conducted to assess the effectiveness of the measures employed to maintain or enhance the applicable conservation attributes.</i></p>	2		✓

### 1.3. Standard-setting process

Criteria	Findings	Score	L	S
1.3.1 The standard-setting process must be consistent with the requirements of <i>ISO Guide 59: Code of Good Practice for Standardisation</i> or the <i>ISEAL Code of Good Practice for Setting Social and Environmental Standards</i> or equivalent.	<p>Partially addressed</p> <p>The process for the revised <i>MC&amp;I</i> (2002) was led by the National Steering Committee (NSC), with MTCC acting as the secretariat.</p> <p>The standard setting procedure has addressed some Guide 59 requirements relating to participation, coordination and information. However, there is an absence of documented standard-setting procedures.</p> <p>MTCC has published a new document '<i>Rules On Standard Setting Process For Development Of Timber Certification Standards</i>' dated 12 May 2008. The document is based on PEFC Council Technical Document Annex 2. Section 2 of PEFC Council Technical Document Annex 2 states that '<i>The document (Annex 2) covers standard setting procedures for certification of sustainable forest management and chain of custody certification. The procedures are based on requirements of ISO Guide 59.</i> The document gives no date for its coming into force.</p> <p>The MTCC is developing a standard for forest plantation management making use of consultation during the process.</p>	1		✓
1.3.2 The standard-setting process must seek to ensure balanced representation and input from the economic, environmental and social interest categories.	<p>Partially addressed</p> <p><i>MC&amp;I</i> (2002) Section 2 Background, states that the NSC is a multi-stakeholder committee, and that the NSC '<i>was given a mandate to decide on the terms and conditions for further MTCC-FSC collaboration as well as to revise the existing forest management standard so as to be compatible with the requirements of FSC.</i>'</p> <p>Between April 2001 and August 2004, a total of seven NSC meetings were held. (sections 2.1, 2.2)</p> <p><i>'At the Third NSC meeting, a four-member Technical Working Group (TWG) was formed...prepared the initial draft of the MC&amp;I up to the Indicator level...(section 2.4)</i></p> <p><i>The Fourth NSC meeting considered and adopted the draft MC&amp;I (2002) prepared by the TWG. The meeting also agreed to the formation of three</i></p>	1		✓

Criteria	Findings	Score	L	S
	<p><i>regional TWGs to incorporate Verifiers for Sabah, Sarawak and Peninsular Malaysia into the draft MC&amp;I (2002), and that these Verifiers be finalised at regional and national level consultations.'</i></p> <p>Section 2.10 states that '<i>At the National Level Consultation....which was attended by 113 participants representing all the stakeholder groups, the MC&amp;I (2002) was finalised and adopted as the standard for forest management certification...</i>' subject to field testing.</p> <p>The outcomes of the three field tests were considered at the 7<sup>th</sup> NSC meeting in August 2004, which agreed to adopt the <i>MC&amp;I (2002)</i> as the standard for forest management certification.</p> <p>According to a document dated 16 October 2007 provided by MTCC, membership of the NSC consists of 2-4 members from each of four interest categories (social, environmental, economic and direct resource management) for each of the three regions of Peninsula Malaysia, Sabah and Sarawak.</p> <p>It is concluded that the range of stakeholder groups in each interest category had access to the standard setting process.</p>			
<p>1.3.3 The standard-setting and decision-making process adopted must seek to ensure:</p> <ul style="list-style-type: none"> <li>• No single interest can dominate the process;</li> <li>• No decision can be made in the absence of agreement from the majority of an interest category.</li> </ul>	<p>Partially addressed</p> <p>The standard-setting and decision-making process is not documented, with the exception of the membership of the NSC.</p> <p>According to a document dated 16 October 2007 provided by MTCC, membership of the NSC consists of 2-4 members from each of four interest categories (social, environmental, economic and direct resource management) for each of the three regions of Peninsula Malaysia, Sabah and Sarawak.</p> <p>MTCC have stated (email communication) that the NSC agreed at the beginning of their process that all decisions should be made by consensus.</p> <p>The Minutes of the 7<sup>th</sup> NSC meeting in August 2004, which agreed to adopt the <i>MC&amp;I (2002)</i> as the standard for forest management certification, show that the decision was made by consensus.</p> <p>The new MTCC document '<i>Rules On Standard</i></p>	1		✓

Criteria	Findings	Score	L	S
	<i>Setting Process For Development Of Timber Certification Standards'</i> , includes the statement: "decisions made during the standard setting process shall be made by consensus".			

## 2. Certification

Criteria	Findings	Score	L	S
2.1 Certification must be undertaken by a body whose organisation, systems and procedures conform to applicable ISO guidance, or publicly available equivalent.	<p>Partially addressed</p> <p>Until 30 June 2008 MTCC acted as the certification body, by processing applications, appointing MTCC-registered independent assessors to undertake the assessments, and making certification decisions based on the report of the assessors.</p> <p>The <i>Procedures in MTCC Timber Certification Scheme</i> provide limited compliance with ISO Guides or equivalent, as they cover the activities of the MTCC (receipt of applications, registration of assessors, appointment of assessors for conduct assessments, peer reviews, certification decision-making). In addition, the <i>MTCC Assessment Procedures</i> and <i>Assessment Procedures in using the Requirements for Chain-of-Custody Certification (AP/COC)</i>, cover all stages of the assessment process for forest certification, as undertaken by the approved assessor. Together, conformity with these documents partially addresses the requirements of relevant ISO Guides.</p> <p>According to information provided by MTCC via email (dated 11 April 2008), '<i>In April 2007, MTCC implemented the transitional step in which, from among the MTCC-registered assessors, only those which have been accredited as CBs with Standards Malaysia under the relevant ISO Guides such as Guides 62, 65 or 66 under other programmes [such as the ISO 9001 (quality management system) and ISO 14000 (environmental management system)] will continue to be appointed to conduct assessments and surveillance visits for forest management and chain-of-custody (CoC) certification under the MTCS.</i>' As such, two CBs (SGS Malaysia and SIRIM QAS) and six CBs (SGS Malaysia, SIRIM QAS, Moody International, Control Union, Certification and Timber Grading and BM Trada) are currently approved to carry</p>	1	✓	✓

Criteria	Findings	Score	L	S
	<p>out forest management assessments and chain of custody assessments respectively.</p> <p>New institutional arrangements for forest management certification are being phased in with a stated transitional period from 1 July 2008 to 31 December 2008.</p> <p>MTCC is requested to notify CPET when the transitional arrangements for the accreditation of certification bodies have been completed.</p>			
2.2 Certification is undertaken by a body which is accredited to evaluate against forest management standards.	<p>Partially addressed</p> <p>Until 30 June 2008 MTCC authorized assessors on the basis of compliance with the MTCC <i>Assessment Procedures</i> and from April 2007 'only those which have been accredited as CBS with Standards Malaysia under the relevant ISO Guides such as Guides 62, 65 or 66 under other programmes [such as the ISO 9001 (quality management system) and ISO 14000 (environmental management system)] will continue to be appointed to conduct assessments and surveillance visits for forest management and chain-of-custody (CoC) certification under the MTCS' (see 2.1).</p> <p>MTCS has published the document <i>Malaysian Timber Certification Scheme (MTCS) and its Implementation Arrangement</i>. 12 May 2008. MTCS 1/2008. The document states that the new institutional arrangements will be implemented on 1<sup>st</sup> July 2008, such that only CBS that have already applied to DSM for MTCS accreditation will continue to be recognised. Section 8 of the MTCS submission to PEFC for endorsement states that 'MTCC recognizes a transitional period until 31 December 2008 for the transition from non-accredited certifications to accredited certifications by the CBS.'</p>	1	✓	✓
2.3 The requirements for certification audits must include assessment of systems and documentation together with verification of outcomes in the forest adequate to ensure that both system and performance requirements in the standard are being met.	<p>Fully addressed</p> <p>The MTCC <i>Assessment Procedures</i> cover all stages of the assessment process for forest certification, as undertaken by the approved assessor. The procedures require that the process includes document review, assessment of systems and field verification.</p>	2	✓	✓

Criteria	Findings	Score	L	S
<p>2.4 The certification audit must include sufficient consultation with external stakeholders to ensure that all relevant issues are identified relating to compliance with the requirements of the standard.</p>	<p>Partially addressed</p> <p>The MTCC Assessment Procedures cover all stages of the assessment process for forest certification, as undertaken by the approved assessor. This includes stakeholder consultation (section 2.2.4), which states:</p> <p><i>“The Main Assessment Itinerary must also include time for consultation with interested parties in that FMU, including, as appropriate:-</i></p> <ul style="list-style-type: none"> <li><i>i. Environmental and Social Organisations.</i></li> <li><i>ii. Local Communities.</i></li> <li><i>iii. Local and National Government Officials.</i></li> <li><i>iv. Forestry Departments.</i></li> <li><i>v. Educational and Research Bodies.</i></li> <li><i>vi. Workers Unions and Trade Representatives.”</i> <p>This does not specifically require that stakeholder consultation must be designed to ensure the identification of all relevant issues.</p> <p>MTCC have also stated [email to CPET] that they compile any complaints, feedback and media reports received during the interim period before the due assessment/surveillance visit, and submit them to the auditors for follow-up consultations with the affected parties/relevant stakeholders during the assessment conducted.</p> </li></ul>	1		✓
<p>2.5 A summary of the results of the certification audit (excluding confidential information) must be publicly available to interested parties.</p>	<p>Fully addressed</p> <p>The <i>MTCC Assessment Procedures</i> cover all stages of the assessment process for forest certification, as undertaken by the approved assessor. The procedures require that a summary of information relating to a certified forest area is made publicly available (section 4.5). This is repeated (section 2.6.6) in the <i>Procedures in MTCC Timber Certification Scheme (2004)</i> document.</p> <p>These requirements have been interpreted to date in the form of a public summary of the certification report for each MTCC-certified forest management unit, which is available on the MTCC website.</p>	2		✓

Criteria	Findings	Score	L	S
2.6 There is an accessible and functioning mechanism for dealing with complaints and disputes which is open to any interested party.	<p>Partially addressed</p> <p>New arrangements, replacing the procedures set out in <i>Procedures in MTCC Timber Certification Scheme (2004)</i>, are set out in the document <i>Procedure for the Investigation and Resolution of Complaints and Appeals, 28 February 2008</i>.</p> <p>The document <i>Malaysian Timber Certification Scheme (MTCS) and its Implementation Arrangement. 12 May 2008. MTCS 1/2008</i> paragraph 11.2 states: '<i>Appeals, disputes and complaints concerning the certification process or its results will be dealt with by the respective CB according to the requirements covered by the accreditation.</i>'</p> <p>The new arrangements came into force on 1 July 2008 with a transitional period to 31 December 2008. The MTCC is requested to inform CPET when the transition has been completed.</p>	1	✓	✓

### 3. Accreditation

Criteria	Findings	Score	L	S
3.1 Accreditation must be undertaken by a national or international body whose organisation, systems and procedures are consistent with ISO 17011:2004 <i>Conformity assessment -- General requirements for accreditation bodies accrediting conformity assessment bodies</i> or equivalent.	<p>Partially addressed</p> <p>Before 30 June 2008 there was no accreditation for the MTCC certification process but MTCC forest certification and chain of custody assessments were undertaken by certification bodies internationally accredited for management systems certification (see criterion 2.2), by accreditation bodies that are ISO 17011: 2004 compliant.</p> <p>Accreditation is being phased in during a transition period due to end on 31 December 2008. Department of Standards Malaysia (DSM - Standards Malaysia), the national accreditation body, is establishing an accreditation programme for MTCS certification (see criterion 2.2). According to its website information, DSM's accreditation systems operate in accordance with MS ISO/IEC 17011. This is demonstrated through DSM's status as signatories to the International Accreditation Forum's Multilateral Agreement for both ISO Guides 62 and 66.</p>	1	✓	✓

Criteria	Findings	Score	L	S
	The MTCC is requested to inform CPET when the transition has been completed.			

#### 4. Chain of custody

Criteria	Findings	Score	L	S
4.1 Assessment of chain of custody must be undertaken by a certification body operating in accordance with ISO Guide 65 or equivalent and accredited by an accreditation body operating in accordance with ISO 17011 or equivalent.	<p>Partially addressed</p> <p>According to information provided by MTCC via email (dated 11 April 2008), '<i>In April 2007, MTCC implemented the transitional step in which, from among the MTCC-registered assessors, only those which have been accredited as CBs with Standards Malaysia under the relevant ISO Guides such as Guides 62, 65 or 66 under other programmes [such as the ISO 9001 (quality management system) and ISO 14000 (environmental management system)] will continue to be appointed to conduct assessments and surveillance visits for forest management and chain-of-custody (CoC) certification under the MTCS.</i>' As such, two CBs (SGS Malaysia and SIRIM QAS) and six CBs (SGS Malaysia, SIRIM QAS, Moody International, Control Union, Certification and Timber Grading and BM Trada) are currently approved to carry out forest management assessments and chain of custody assessments respectively.</p> <p>New institutional arrangements for chain of custody are being phased in with a stated transitional period from 1 July 2008 to 31 December 2008.</p> <p>The MTCC is requested to notify CPET when the transitional arrangements for the accreditation of certification bodies have been completed.</p>	1	✓	✓
4.2 There must be a certified chain of custody in place from the forest of origin to the final certified product which provides a link between the certified material in the product or product line and certified forests.	<p>Fully addressed</p> <p><i>RCOC (26 August 2004), section 1.1 'Each processing facility along the chain, as well as importers and traders who break up packages/parcels/crates/containers and resell goods in different forms/units from what was purchased, must obtain a chain-of-custody certificate until the wood product reaches the final consumer'.</i></p> <p>Section 2 Systems For Chain-of-Custody details '<i>Chain-of- custody procedures must be implemented at all key points where the product</i></p>	2	✓	✓

Criteria	Findings	Score	L	S
	<p><i>undergoes transfer of title or is affected significantly by manufacture’.</i></p> <p>However, in practice, chain of custody certification is not applied between the FMU and the first processing stage. “Transfer of title” may be involved, such that a harvesting company with concession rights takes ownership of logs before then selling them on to a primary processor.</p> <p>The MTCC system relies on covering the chain of custody between the FMU and the first processing stage through obligations on the assessors at each of those points.</p> <p>The <i>Assessment Procedures in Using the MC&amp;I MTCC 10 November 2006</i> require the forest assessor to carry out these checks for the forest checking stations relevant to the randomly selected logging areas that are being audited.</p> <p>The <i>Assessment Procedures for COC</i> in Annex 1 section 3.4.2 require the COC assessor to visit randomly selected checking stations to check removal pass records, delivery orders and the origin of the relevant logs. This combination provides adequate scrutiny of the government ‘removal pass’ system and forest checking stations.</p>			
<p>4.3 If mixing of certified and uncertified material in a product or product line is allowed, the uncertified material must be covered by a verifiable system which is designed to ensure that it is from legal sources.</p>	<p>Fully addressed</p> <p><i>RCOC</i> does permit mixing with uncertified material (section 2.2), Section 3.4.5 of the <i>RCOC</i> now requires that non-certified material to be from non “controversial sources” as defined by MTCC, which explicitly states illegality.</p> <p>The <i>RCOC</i> includes the minimum requirement of a signed self-declaration to prove that non-certified sources are not coming from ‘<i>controversial sources</i>’ (see section 3.4.5 of the <i>RCOC</i>). This is echoed in section 3.4.5 of the <i>Assessment Procedures in using the RCOC (AP/COC, 2006)</i> which states as means of assessing compliance ‘<i>when the product contains non-certified wood, at least a signed self-declaration from suppliers that the non-certified raw material or product do not contain raw material from controversial sources</i>’.</p> <p><i>AP/COC</i> section 3.5.1.3 requires that the assessor check the availability of records of Removal Passes or equivalent documentation for</p>	2	✓	

Criteria	Findings	Score	L	S
	incoming uncertified wood materials (Removal Passes for Malaysian materials and equivalent documentation for imported materials, if they are used). The assessor has to verify the records of uncertified wood materials against physical stocks found in the company's premises.			
4.4 If mixing of certified and uncertified material in a product or product line is allowed and the proportion of uncertified material can exceed 30%, then the uncertified material must be covered by a verifiable system which ensures that it is from sustainable forest sources where the requirements for sustainability set out in criteria 1.2.3 – 1.2.6 above are being met.	<p>Not addressed</p> <p>There is no requirement for a system to ensure that the forests of origin of all uncertified material meet the variant specification requirements for sustainable timber.</p> <p>RCOC permits the use of more than 30% of non-certified materials for chip and fibre products as well as for assembled products containing both solid and chip and fibre parts (section 2.2.1 and 3.5.3.5), but does not ensure compliance with the requirements for sustainability set out in criteria 1.2.3-1.2.6.</p>	0		✓
4.5 There is a clearly defined mechanism for controlling all claims made about the certified nature of products which ensures that claims are clear and accurate and that action is taken to prevent any false or misleading claims.	<p>Fully addressed</p> <p><i>Procedures in MTCC Timber Certification Scheme (2004) Annex 11 MTCC Logo Guide for Certificate Holders provides guidance on on-product and off-product logo uses.</i></p> <p>MTCC document <i>Assessment Procedures in using the Requirements for Chain-of-Custody Certification (AP/COC), 10 November 2006, Annex 1 Assessment Forms for the RCOC, section 3.6 sets the means of assessing compliance with the rules for logo use.</i></p> <p>Logo Use Rules Manual, 12 May 2008, LG 1/2008 will come into effect after PEFC endorsement of the MTCC scheme.</p>	2	✓	✓

Criteria	Findings	Score	L	S
<p>4.6 If recycled material is used there must be a verifiable system in place which is designed to ensure that recycled material is from the following categories:</p> <ul style="list-style-type: none"> <li>• Pre-consumer recycled wood and wood fibre or industrial by-products but excluding sawmill co-products</li> <li>• Post-consumer recycled wood and wood fibre</li> <li>• Drift wood</li> </ul>	<p>RCOC does not include any provision for recycled material. The MTCC scheme documentation does not make any reference to recycled material, due to the fact that the use of recycled material in Malaysia is still insignificant. This criterion is not considered applicable.</p>	N/A	✓	✓