



## GLOBAL FORESTRY SERVICES

Registered Office: 2446 N. San Gabriel Blvd., Suite #C, Rosemead, CA 91770, USA.  
 Contact Address: 33-19-1 Sri Penaga, Jalan Medang Serai, 59100 Kuala Lumpur, Malaysia.  
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## LEGAL VERIFICATION SERVICES

### Sarawak Audit Checklist / Report STLVS Principles 1 - 4

<b>Licensee</b>	Samling Plywood (Lawas) Sdn. Bhd. (153126-X)	<b>Reference #</b>	GFSS 018-013a
<b>Contact Person</b>	Mr. James Ho Yam Kuan (Chief Operating Officer) Mr. Tsen Teck Fen (Head of Planning & Development Department)	<b>Report Date</b>	7 July 2019
<b>Office Address</b>	Wisma Samling, Lot 296, Jalan Temenggong Datuk Oyong Lawai Jau, 98007 Miri, Sarawak, Malaysia.	<b>Date of close out</b>	16 September 2019
<b>Site Address</b>	T/0405 Telang Usan, Ulu Baram	<b>Telephone</b>	+6085 413 099
<b>Email</b>	hoyk@samling.com.my tsentf@samling.com.my	<b>Fax</b>	+6085 412 751 +6085 413 713
		<b>Approved By</b>	Dr. Kevin T. Grace

#### Statements

GFS Statement of Compliance #	GFS 086 LVS		
Issuance Date	16 September 2019	Expiration Date	15 September 2020

#### Assessment Details

Assessment dates	1-5 July 2019
Scope of Assessment	Forest Timber License No. T/0405
Species	<i>Shorea spp.</i> (Meranti), <i>Shorea spp.</i> (Selangan batu), <i>Sapotaceae spp.</i> (Nyatoh), <i>Mangifera spp.</i> (Asam), <i>Tristanopsis spp.</i> (Selunsor), <i>Dyera spp.</i> (Jelutong), <i>Dipterocarp spp.</i> (Keruing), <i>Dryobalanops spp.</i> (Kapur), <i>Shorea spp.</i> / <i>Lithocarpus spp.</i> (Empenit), <i>Eugenia spp.</i> (Ubah), <i>Dialium spp.</i> (KerANJI), Lauraceae (Medang), <i>Gluta spp.</i> (Rengas hutan), <i>Durio spp.</i> (Durian), <i>Octomeles sumatrana</i> (Binuang), (Tampar hantu), <i>Camposperma spp.</i> (Terentang), <i>Intsia palembanica</i> (Merbau), Parartocarpus or Artocarpus (Terap), <i>Myristica spp.</i> (Kumpang), <i>Mezzettia spp.</i> (Kepayang Babi)
GFS Lead Assessor	Kevin Grace
GFS Assessor(s)	Christoph Muziol, Franklin Emang
Others	NA

#### Document Control

GFS-FORM-006-STLVS-3.1	Title: STLVS P1-4 Checklist & Report	Issue: v01	Date: 31 Jan 2018
------------------------	--------------------------------------	------------	-------------------

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Samling Plywood (Lawas) / FTL No. T/405

Page 1



## GLOBAL FORESTRY SERVICES

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### OBJECTIVES:

- The objective of this checklist is to verify compliance to the Criteria listed in the Sarawak Legality Standard as defined by STLVS Principles 1-4 (v01) for Sarawak dated **31 January 2018**.
- Compliance is defined when all applicable criteria are observed to be compliant. A **Minor Gap** to any indicator **does not** constitute non-compliance to a criterion. A **Major Gap** to any applicable indicator **does** reflect non-compliance to a criterion. Compliance for a criterion where multiple minor gaps are identified in indicators under the criterion **may** reflect non-compliance to the criterion.
- All issues identified under this standard shall be considered appropriate to the scale and degree of forestry operations undertaken by the parties under the agreement.

## Summary Information

### Overview of Licensee

#### Organization Information:

The Samling Group of Companies has a number of associated companies that include **Samling Plywood (Lawas) Sdn. Bhd. [Samling Plywood (Lawas)]**. Samling Group of Companies has multiple Forest Timber Licenses (FTL) as well as License for Planted Forests (LPF) within Sarawak, Malaysia. Current Licenses includes 14 FTLs and 9 LPFs of which 3 overlapped with the existing timber licenses. The total licensed area under Samling management covers nearly 1.5 million ha.

#### Key regulations:

The legal framework is provided in the following laws (ordinances), rules and regulations:

- Statement of Forest Policy (1954)
- Forest Ordinance (2015)
- Forest Rules (1954)
- National Parks Ordinance (1956)
- National Parks and Nature Reserves Ordinance (1998)
- Wildlife Protection Ordinance (1958)
- Sarawak Timber Industry Development Corporation Ordinance (1973)
- Sarawak Timber Industry (Registration) Regulations (2008)
- Sarawak Forestry Cooperation Ordinance (1995)
- State of Sarawak Forest Timber License (FTL)
- Inter-agency Standard Operating Procedures (SOPs) for Performance of Forestry Functions in Sarawak (Ministry of Resource Planning and Environment, 2012)
- Minimum Wages (Amendment) (No.3) Order 2013
- Sarawak Labour Ordinance (Cap.76)
- Employment Act 1955

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GFS-FORM-006-STLVS-3.1	Title: STLVS P1-4 Checklist & Report	Issue: v01	Date: 31 Jan 2018
------------------------	--------------------------------------	------------	-------------------

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Samling Plywood (Lawas) / FTL No. T/405

Page 2



## GLOBAL FORESTRY SERVICES

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### Description & License:

Samling Plywood (Lawas) holds the Forest Timber License No. T/0405 (Apoth Palutan Magoh Forest) granted by the Forest Department Sarawak (FDS) for timber harvesting operations within a licensed area of 158,692 ha of natural forest. The area was revised to exclude NCR areas reducing the total area to 158,661 ha as depicted on the map issued by FDS (Ref. #: WPO.627.536.2 (VI)-91).

The revised General Harvesting Plan (GP) has been approved by the FDS on 24<sup>th</sup> June 2016 (Ref. #: WPO.627.536.2 (VII)-54) that covers 158,661 ha of the licensed concession.

### Management / Land Tenure:

The license tenure based on the Forest Timber Licence T/0405 was issued and approved to Samling Plywood (Lawas) on 15<sup>th</sup> May 1993 for a period of 20 years; which expired on the 14<sup>th</sup> of May 2013. FTL No. T/0405 was renewed on 9<sup>th</sup> January 2013 for a period of 20 years to 14<sup>th</sup> May 2033 (Ref.#: WPO.627.536.2(VI) – 96).

### Management planning (FMP):

Forest Timber License No. T/0405 is under Management Plan area and the license issued by the Director of the Forest Department Sarawak. Management Plan period and expiry date are identical with the Forest Timber License No. T/0405, i.e. from 15<sup>th</sup> May 1993 and extended to 14<sup>th</sup> May 2033. The revised General Harvesting Plan (GP) was approved by the FDS on 24<sup>th</sup> June 2016 (Ref. #: WPO.627.536.2(VII)-54) consists of 26 annual working Coupes which covers 158,661 ha of the licensed concession with a net operable area of 93,276 ha.

### Operational activities:

Syarikat Samling Timber Sdn. Bhd. (Syarikat Samling Timber) is the registered logging contractor for FTL No. T/0405. Syarikat Samling Timber is engaged by the licensee as the contractor to fell, extract, harvest and sell all merchantable timber from the T/0405 licensed area.

Syarikat Samling Timber is currently conducting timber harvesting operation in Coupe 12A (Block 25 and 30) of FTL No. T/0405 area. Coupe 12A has a valid PEC approved by SFC (Block No.: 033 – 043, approved on 13<sup>th</sup> February 2018) and (Block No.: 006, 020 & 024 – 032, approved on 3<sup>rd</sup> May 2018).

### Land use classification:

Land classification	General Harvesting Plan (ha)
Total Licensed Area FTL No. T/0405*	158,661
Total Coupe Area	122,106
Production Area (Natural Forest Management - NFM)	93,276
Licence For Planted Forests (LPF No. 0020) – overlapping with FTL No. T/0405	30,102
LPF No. 0011 and LPF No. 0017 - overlapping within FTL No. T/0405	13,423
Protected & Inoperable Areas** (K, IV, MDI, MDR, WSC)	5,950
Tenyok Nature & Wildlife Reserve *	3,081

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GFS-FORM-006-STLVS-3.1	Title: STLVS P1-4 Checklist & Report	Issue: v01	Date: 31 Jan 2018
------------------------	--------------------------------------	------------	-------------------

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Samling Plywood (Lawas) / FTL No. T/405

Page 3



## GLOBAL FORESTRY SERVICES

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Shifting Agriculture (SA) & Community Land Use (CLU)	9,457
Penan Conservation *	2,756
Major Rivers	616

Note\*: The FTL No. T/0405 area has been revised to 158,661 ha which excludes NCR lands (Ref. #: WPO.627.536.2(VII)-91) dated 16<sup>th</sup> November 2012). Note\*\*: (K= Kerangas; IV= steep slopes 35<sup>0</sup>+; MDI= Mixed Dipterocarp Remnant Forest; MDR= Mixed Dipterocarp Forest; WSC= Water Catchment Area)

### Environmental context:

The current vegetation is predominantly Mixed Dipterocarp Forest (MDF), followed by some occurrences of Kerangas Forest and secondary forest in the ex-shifting agriculture sites. The existing MDF had been logged at least once and most of the forests have lost their original form and structure with sparse, scattered big trees attaining 35m heights and 60cm diameter. Samling Plywood (Lawas) conducts a 10% enumeration sampling of harvestable commercial timber at Block level (ranging from 50-100 ha in size), based on regulatory requirements, no overall forest management inventory has been carried out. Minimum cutting limits are 60 cm dbh for Dipterocarp species and 45 cm for Non-Dipterocarp species.

Members of the dipterocarp dominated as the most important timber stocks, occupying the top canopy at estimated heights of 30 m to 40 m. The main groups are Meranti (*Shorea spp.*), in particular Red Meranti, Meranti Serang Punai, Meranti Melantai, Meranti Langgai, Engkabang Pinang Licin, and Meranti Tembaga. Selangan batu was another Shorea group, with species like Selangan Batu Biawak, Selangan Batu Bukit, and Kumus. Other commercial species include *Sapotaceae spp.* (Nyatoh), *Mangifera spp.* (Assam), *Tristaniopsis spp.* (Selunsor), *Dyera spp.* (Jelutong), *Agathis spp.* (Bindang), *Neolamarckia cadamba* (Kelampayan), *Dacryodes* and *Santiria spp.* (Seladah), *Lithocarpus spp.* (Empenit), *Dipterocarpus spp.* (Keruing), *Dryobalanops spp.* (Kapur), Kumpang (Myristicaceae), Lauraceae (Medang), *Eugenia spp.* (Ubah), and *Cratoxylum arborescens* (Geronggang).

Mammals reported from the licensed area include squirrels (*Callosciurus notatus*), tree shrews (*Tupaia glis* and *T. tana*), bearded pigs (*Sus barbatus*), barking deer (*Muntiacus spp.*), sambar deer (*Cervus unicolor*), common civet cat (*Paradoxurus hermaphroditus*), Malay civet (*Viverra zangalunga*), mousedeers (*Tragulus javanicus* and *T. napu*), giant squirrels (*Ratufa affinis*) and leaf monkeys.

Common birds found in the licensed area are eagles, owls, babblers, barbets, drongos, flycatchers, broadbills, falconets, pigeons, doves, cuckoos, common coucals, ioras, kingfishers, bee-eaters, swiftlets, pied fantails, bulbuls, leafbirds, magpie robins, white-rump shamas, common mynas, sunbirds, spiderhunters, and flowerpeckers.

Some of the reptiles reported in the licensed area are hill terrapins, soft-shelled turtles, hard-shelled tortoises, geckos, skinks, and snakes such as vipers, elapids, pythons, racers, and the paradise tree snake.

### Environmental Impact Assessment:

EIA report was conducted by Ecosol Consultancy Sdn. Bhd. as the registered EIA consultant. The Natural Resources and Environment Board (NREB) has approved two EIA reports for previously harvested areas within Forest Timber License No. T/0405:

#	Project name	NREB reference #	Date of Approval
1	Re-entry Hill Logging Under Timber Licence No. T/0405 At The Batang Baram –	(11) NREB/6-3/2H/20	3 <sup>rd</sup> May 2010

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GFS-FORM-006-STLVS-3.1	Title: STLVS P1-4 Checklist & Report	Issue: v01	Date: 31 Jan 2018
------------------------	--------------------------------------	------------	-------------------

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Samling Plywood (Lawas) / FTL No. T/405

Page 4



## GLOBAL FORESTRY SERVICES

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Sungai Tutoh Area, Miri Division, Sarawak.
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### Social context

#### Social Assessment:

Samling Plywood (Lawas) has not conducted a Social Impact Assessment, as the license provisions do not require for such assessment. The Company, however, maintains a detailed database of most of the longhouses and settlements within and adjacent to the licensed area. The company has also successfully negotiated agreements with many of the communities affected by its operations (further details about the agreements between Samling Plywood (Lawas) and FTL No. T/0405 community are described in Checklist 4.1.3).

The region is mostly settled by Penan communities, followed by few Kayan communities and Kenyah communities. The Penan are predominantly farming communities, however, hunting and gathering lifestyle/village culture are still practiced.

#### Village Locations with GPS Coordinates in FTL No. T/0405

No.	Race	Village Name	GPS Coordinates (Timbalai)	Coupe	Remark(s)
1	Kayan	Lg. Anyat	N 3° 34' 47.40" E 114° 45' 17.13"	04A(II)	Visited 2018
2	Penan	Lg. Lilim	N 3° 34' 54.40" E 114° 48' 57.05"	04A(I), 04A(II), 04A(III) Excluded	Visited 2018
3	Penan	Lg. Lutin (Luteng)	N 3° 32' 14.91" E 114° 44' 47.65"	04A-12A 04A(III) Excluded	Harvested Coupe 12A: 2018 <b>Visited 2019</b>
4	Penan	Lg. Daloh	N 3° 34' 46.78" E 114° 45' 12.84"	05A	
5	Penan	Lg. Daloh Bestari	N 3° 34' 29.26" E 114° 45' 12.71"	05A	
6	Penan	Lg. Kawi	N 3° 27' 9.45" E 114° 44' 51.69"	11A	Harvested Coupe 11A: 2017 Visited 2017
7	Penan	Lg. Sayan	N 3° 39' 38.99" E 114° 42' 51.88"	05A	
8	Penan	Lg. Lunyim	N 3° 32' 27.71" E 114° 30' 15.05"	08A and 09A (Partly)	
9	Penan	Lg. Tepen	N 3° 33' 0.22" E 114° 29' 0.22"	08A and 09A Part 07A and 05A	
10	Kayan	Lg. Liam	N 3° 19' 41.17" E 114° 45' 26.89"	12A (Partly)	Harvested Coupe 12A: 2018
11	Kayan	Lg. Keliman	N 3° 19' 56.75" E 115° 45' 25.80"	12A (Partly)	Harvested Coupe 12A: 2018
12	Penan	Lg. Sengayan	N 3° 20' 45.54" E 114° 35' 56.60"	06A <b>Not clearly defined</b>	
13	Kayan	Lg. Naah	N 3° 34' 46.78" E 114° 36' 18.16"	12A and 13A	Harvested; Coupe 12A: 2018 Coupe 13A: 2014/2015
14	Penan	Lg. Item	N 3° 27' 53.82" E 114° 45' 44.32"	04A(III)	SST does not operate in this coupe as Lg. Item.

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GFS-FORM-006-STLVS-3.1	Title: STLVS P1-4 Checklist & Report	Issue: v01	Date: 31 Jan 2018
------------------------	--------------------------------------	------------	-------------------

Intellectual property of Global Forestry Services (USA) Inc. - GFS

Samling Plywood (Lawas) / FTL No. T/405

Page 5



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## LEGAL VERIFICATION SERVICES

					has no agreement with SST
15	Penan	Lg. Kevok	N 3° 48' 02.06" E 114° 54' 19.09"	02A(ii)	Visited 2017
16	Penan	Lg. Kahoh (Lutin C)	N 3° 31' 07.22" E 114° 43' 59.31"	05A and 07A	New breakaway group from Long Lutin. SST has yet to establish communication with this longhouse.
17	Kayan	Lg. Bemang	N 3° 50' 57.78" E 114° 35' 37.04"	01A	
18	Penan	Lg. Jenalong	N 3° 47' 48.55" E 114° 48' 01.55"	02A(i)	
19	Penan	Lg. Kawa	N 3° 48' 14.56" E 114° 56' 32.38"	Part of 15A; 16A; 17A; 19A	Harvest scheduled; Coupe 15A: 2020 Coupe 16A: 2021 Coupe 17A: 2022 Coupe 19A: 2024 <b>To visit 2020</b>
20	Penan	Lg. Bareh	N 3° 53' 57.98" E 115° 00' 21.53"	17A <b>Not clearly defined</b>	Planned harvest scheduled in Coupe 17A: 2022
21	Penan	Lg. Siang	N 3° 47' 45.53" E 115° 01' 21.95"	16A <b>Not clearly defined</b>	Planned harvest scheduled in Coupe 16A: 2021
22	Penan	Lg. Puak	N 3° 49' 46.10" E 115° 02' 32.97"	16A <b>Not clearly defined</b>	Planned harvest scheduled in Coupe 16A: 2021
23	Penan	Lg. Nen	N 3° 40' 24.91" E 114° 53' 46.70"	Coupe 14A	Harvest Schedule 2019 <b>Visited 2019</b>
24	Penan	Lg. Leng	N 3° 44' 16.42" E 114° 53' 05.23"	10A	Harvested Coupe 10A: 2016
25	Penan	Lg. Kerangan	N 3° 46' 29.84" E 114° 50' 15.52"	2A(i)	
26	Kayan	Lg. Bedian	N 3° 47' 36.23" E 114° 43' 57.49"	2A(i)	
27	Penan	Lg. Latik	N 3° 47' 43.58" E 114° 48' 44.93"	2A(ii)	<b>Visited 2018</b>
28	Penan	Lg. Urang	N 3° 46' 14.30" E 114° 55' 25.85"	10A	Harvested Coupe 10A: 2016
29	Penan	Lg. Belok	N 3° 42' 42.44" E 114° 41' 34.82"	<b>No Claims inside T/0405</b>	NA
30	Penan	Lg. Liwok	N 3° 51' 02.08" E 114° 55' 09.62"	17A	Harvest scheduled in Coupe 17: 2022

According to the EIA report, certain areas within the licensed area are subject to NCR claims by the local people based on their shifting cultivation areas or native farmlands along with resource use such as hunting or fishing. However, FTL No. T/0405 has been revised to exclude the NCR lands accordingly by FDS (Ref. #: WPO.627.536.2(VI)-91) dated 16<sup>th</sup> November 2012. On top of that, Samling Plywood (Lawas) has set aside of about 2,756 ha as Penan Conservation Area. In addition, the company also excluded the shifting cultivation area (about 9,457 ha), protected forest areas (about 5,950 ha), and

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GFS-FORM-006-STLVS-3.1	Title: STLVS P1-4 Checklist & Report	Issue: v01	Date: 31 Jan 2018
------------------------	--------------------------------------	------------	-------------------

Intellectual property of Global Forestry Services (USA) Inc. - GFS

Samling Plywood (Lawas) / FTL No. T/405

Page 6



## GLOBAL FORESTRY SERVICES

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## LEGAL VERIFICATION SERVICES

Tenyok Nature and Wildlife Reserve (about 3,081 ha) within the licensed area from logging activities and these areas were reflected in the GP. In addition, the Company observes the tribal customs and provides support to foster amicable relationships with local communities.

### Social Monitoring:

Samling Plywood (Lawas) has not conducted a formal Social Monitoring Program under a scheduled system of communication with longhouses. However, regular communication and mutual consultation between Samling Plywood (Lawas) and local communities has been demonstrated over the years since the commencement of the logging operations. Any community claims or issues are recorded, monitored and dealt with according to the Company's Standard Operating Procedures. The company compensates the local communities for any damage or losses to claimed forest resources through signing written agreements on the type and amount of compensation given. Meetings between the Company and the local communities are recorded and issues or questions raised in the meetings have been documented.

### Scope of Assessment

- The scope of the evaluation is to verify compliance of FTL No. **T/0405 (Samling Plywood (Lawas) Sdn. Bhd.)** with the STLVS P1-4 Standard (v01) 31 January 2018.
- Site evaluation to verify and report the level of compliance by the **Company**; Samling Plywood (Lawas) Sdn. Bhd. and its **Contractor**; Syarikat Samling Timber Sdn. Bhd. to the standard in respect to each of the criteria within this report.
- Compliance is defined when the auditee demonstrates that the indicators consist of only minor gaps or no gaps against any applicable criteria of the standard. Non-compliance to the Sarawak Legality Standard occurs when the auditee does not demonstrate adequate compliance to a criterion.

### Itinerary of Assessment

Date	Activities	GFS Staff	Mandays
1 July 2019 Monday	Morning: Opening Meeting followed by a document review. Afternoon: Travel to Luteng Camp in FTL No. T/0405. Overnight at Luteng Camp.	Dr. Kevin Grace Franklin Emang Chris Muziol	3
2 July 2019 Tuesday	Site visit: I. & T/0191, FTL No. T/0405 & FTL No. T/9089 & T0364, FTL No. T/0405 & OT/9204. II. Coupe boundary for Coupe 14A (Block 50) & LPF0020 (Samling Reforestation (Bintulu) Sdn. Bhd.). III. Stream buffer zones at Coupe 14A (Blocks 25 & 26), Coupe 14A (Blocks 48 & 49) and Coupe 14A (Blocks 38 & 34). IV. Block boundary within Coupe 14A (Block 59 / Block 49, Block 34 / Block 33, Block 34 / Block 32, Block 35 / Block 32, Block 33 / Block 31, Block 32 / Block 31, Block 20 / Block 25, Block 25 / Block 21, Block 38 / Block 34, Block 45 / Block 39, Block 48 / Block 45 and Block 49 / Block 48). V. Sampling of stumps at Block 34 of Coupe 14A. VI. Visit PoRM at Layun Camp (no logs observed). VII. Visit a security check post (manned gate) erected at	Dr. Kevin Grace Franklin Emang Chris Muziol	3

### Document Control

GFS-FORM-006-STLVS-3.1	Title: STLVS P1-4 Checklist & Report	Issue: v01	Date: 31 Jan 2018
------------------------	--------------------------------------	------------	-------------------

Intellectual property of Global Forestry Services (USA) Inc. - GFS

Samling Plywood (Lawas) / FTL No. T/405

Page 7



## GLOBAL FORESTRY SERVICES

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## LEGAL VERIFICATION SERVICES

	the access road to the Layun Camp for security purposes. (N 03° 47' 13.6"; E 114° 44' 02.7") Overnight at Luteng Camp.		
3 July 2019 Wednesday	Site visit: I. Local community of Long Nen (Coupe 14 A) II. Local community of Long Lutin (afternoon). Overnight at Luteng Camp.	Dr. Kevin Grace Franklin Emang Chris Muziol	3
4 July 2019 Thursday	Luteng Camp evaluation Visit to Long Banyok log pond & document review at Long Banyok log pond office Travel to Miri (Overnight in Miri)	Dr. Kevin Grace Franklin Emang Chris Muziol	3
5 July 2019 Friday	Morning: Document review Afternoon: Closing Meeting Overnight in Miri.	Dr. Kevin Grace Franklin Emang Chris Muziol	3
6-7 July 2019	Reporting: GFSS 018-013	Dr. Kevin Grace Franklin Emang Chris Muziol	2
<b>Total</b>			<b>17</b>

### Highlights of Assessment

(Major Gap = 2 / Minor Gap = 0 / Observation = 1)

September 2019: (Major Gap = 0 / Minor Gap = 0 / Observation = 1)

**Samling Plywood (Lawas) Sdn. Bhd.** has complied with the Sarawak Legality Standard (Principles 1-4) as no non-compliance was identified during the assessment on 9<sup>th</sup> – 14<sup>th</sup> July 2018.

#### Principle 1.

Samling Plywood (Lawas) has demonstrated compliance to the license requirements; EIA requirements and environmental mitigation measures were adequately implemented. Management planning GP; DP and PEC were all approved by FDS that include identification of areas for production and protection.

#### Principle 2.

Samling Plywood (Lawas) has demonstrated compliance with forestry operation standards, specifically standards pertaining to demarcation of boundaries and areas for protection, tree enumeration, control of timber production, log transportation, worker safety and health.

Boundaries and areas designated for protection such as buffer zones were observed marked with signs and painted stakes as reflected on the Detailed Harvesting Plan map.

Samling Plywood (Lawas) has a system to protect the area from illegal activities that includes security gates and forest surveyor teams that are responsible for patrolling within the licensed area while conducting forest surveys. An aerial survey is conducted annually. Reports were documented and maintained.

The licensee adhered to cutting limits as stipulated in the license conditions and monthly production limit as approved by FDS. The allowable cutting limits for FTL No. T/0405 are DBH 45 cm and above for Non-Dipterocarp species and DBH 60 cm and above for Dipterocarp species. The current code of practice of harvesting for Coupe 14A is based on conventional harvesting. The PEC for Coupe 14A was approved on 27 June 2019 and Samling Plywood (Lawas) just started harvesting on 2 July 2019. 7 measured logs were observed extracted on 2 July in coupe 14A and within permitted diameter limits. Logs measured from

#### Document Control

GFS-FORM-006-STLVS-3.1	Title: STLVS P1-4 Checklist & Report	Issue: v01	Date: 31 Jan 2018
------------------------	--------------------------------------	------------	-------------------

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Samling Plywood (Lawas) / FTL No. T/405

Page 8





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### Highlights of Assessment

Coupes 14A and 12A complied with the permitted diameter cutting limits.

Field workers sampled had valid documents and were covered by SOCSO and insurance.

All field workers were equipped with PPE. Training was provided to workers and the workers were fully aware of the safety and health procedures. Trainings for logging operations were conducted by STA and records were maintained.

#### Principle 3.

Samling Plywood (Lawas) demonstrated compliance with payment of Royalty Fees and other charges as required.

Logs randomly sampled in the field, stumping and log pond were royalty assessed. Related documents on production, royalty payment and transportation were adequately maintained for cross checking and inspection.

#### Principle 4.

Samling Plywood (Lawas) has conducted a Social Assessment for longhouses associated with the FTL No. T/0405. The records are available in document of 'Community Profile: T/0405, Layun' dated 25<sup>th</sup> June 2018. The assessment references: population, ethnic group, GPS location, (in relation to adjacent coupes), site of water catchment area and etc. Samling Plywood (Lawas) also has a Summary Village Data: 'T/0405 - June 2018' that includes a comprehensive list of longhouses claim areas and agreements.

The approved General Harvesting Plan (GP) map dated 7<sup>th</sup> August 2017 and associated records did include the locations of all the 30 settlements associated with FTL No. T/0405 area. Community Land Use (CLU) and Shifting Agriculture (SA) areas were also marked in the approved GP map.

Samling Plywood (Lawas) has been successful in obtaining agreements with many longhouse communities that are associated with the FTL No. T/0405. Many of the agreements are based on goodwill payments to the longhouse and committee members.

#### July 2018: Observation 001-2018

Samling Plywood (Lawas) has yet to develop a comprehensive map of claimed areas in conjunction with the Summary Village Data (that includes some over lapping land claims) and planned future harvesting schedule.

#### July 2019: Observation 001-2018 (Addressed)

Samling Plywood (Lawas) has mapped the land claim areas for Lg Liam and Lg Keliman in regards to the latest agreement; DP & PEC. Long Liam and Long Keliman identified claimed areas in Coupe 12A are south of existing road, S-3-1 that serves as a boundary between claimable and non-claimable areas.

#### July 2018: GAP 003/2017 (Minor) Outstanding – Checklist 4.1.3

Payment was issued to Lg Naah on 30 May 2018 for log commission for 2014-2015 with no reference to the coupe areas and blocks harvested in areas claimed by Lg Naah. Log Commission Agreement for Coupe 11A harvested in 2017 with Lg Kawi was signed on 17 April 2017. Samling issued monthly payment vouchers for log commission of RM 2.00/ton that was revised to RM 10/ton 18 July 2017 and again to RM 13/ton based on an undated letter. Payment vouchers did not define the Coupe Area / block areas or volumes extracted. Log Commission payment records do not clearly identify the log volumes

#### Document Control

GFS-FORM-006-STLVS-3.1	Title: STLVS P1-4 Checklist & Report	Issue: v01	Date: 31 Jan 2018
------------------------	--------------------------------------	------------	-------------------

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Samling Plywood (Lawas) / FTL No. T/405

Page 9



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## LEGAL VERIFICATION SERVICES

### Highlights of Assessment

extracted from claimed coupe areas (Example Lg Naah & Kawi).

#### **July 2019: GAP 003/2017 (Raised to Major)**

Payments for Log Commission to Lg Na'ah and Lg Luteng in 2018 did not reference the agreement; coupe #; volumes and blocks in relation to the payment value issued. No payment vouchers for Lg Liam/Lg Keliman in 2018 were available during the assessment.

#### **September 2019: GAP 003/2017 (Raised to Major) - Closed**

Payment for Log Commission to Lg Na'ah; Lg Liam & Lg Keliman dated 13 Aug 2019 referenced coupe 12A and corrected volumes payable for the period of April 2018 – May 2019.

#### **July 2019: Gap 004/2019 (Major) – Checklist 4.1.3a**

Records of production within Coupe 12A and the payments associated with the agreements on log commission within claimed areas of coupe 12A were not correct for Lg Na'ah; Lg Liam/ Lg Keliman.

#### **September 2019: Gap 004/2019 (Major) – Closed**

Samling Plywood (Lawas) rectified the short payments for Lg Na'ah; Lg Liam & Lg Keliman based on payment vouchers dated 13 August 2019 to the communities. Log commission payments for corrected volumes for Lg Na'ah was 7540.95 tons and for Lg Liam & Lg Keliman was 7,835.60 tons.

#### **July 2019: Observation 001-2019 – Checklist 4.1.3a**

Samling Plywood (Lawas) incorrectly made payments to Lg Kawi for Coupe 12A without an agreement as Lg Kawi only has an agreement for Coupe 11A.

Meetings or communication with the longhouse communities are held as and when necessary only, whether called by the company or by the individual communities. These meetings held in the camps or at the company Head Quarter are not held periodically or prescheduled. Most of these meetings are recorded. Some of the meetings were held with camp personnel are not recorded as the camp staff are not used to writing minutes. Often community leaders will frequently visit the camps and even the company's Head Quarter to seek assistance.

Visits were conducted to Lg Nen and Lg Luteng on 3 July 2019. Both communities acknowledged the goodwill and log commission agreements as well as assistance by Samling Plywood (Lawas). Both communities stated they were grateful with the long-term assistance provided by Samling Plywood (Lawas) to support the community that includes financial and infrastructure such as road maintenance; building materials; and transport.

Samling Plywood (Lawas) has established a Social Policy not to harvest any areas claimed by longhouse communities without a documented agreement that reflects Free Prior Informed Consent (FPIC). Lg Nen has an agreement for Cope 14A while Lg Luteng has agreements for Coupes 4A-12A and the Luteng camp stumping area.

### Document Control

GFS-FORM-006-STLVS-3.1	Title: STLVS P1-4 Checklist & Report	Issue: v01	Date: 31 Jan 2018
------------------------	--------------------------------------	------------	-------------------

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Samling Plywood (Lawas) / FTL No. T/405

Page 10



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### Summary results:

(Major Gap = 2 / Minor Gap = 0 / Observations = 1)

September 2019: (Major Gap = 0 / Minor Gap = 0 / Observation = 1)

GAPs :				
GAP #	Type	Checklist	Status	Description
003/2017	Raised to Major	4.1.3a	Closed	<p><b>July 2018:</b>            Payment was issued to Lg Naah on 30 May 2018 for log commission for 2014-2015 with no reference to the coupe areas and blocks harvested in areas claimed by Lg Naah.            Log Commission Agreement for Coupe 11A harvested in 2017 with Lg Kawi was signed on 17 April 2017. Samling issued monthly payment vouchers for log commission of RM 2.00/ton that was revised to RM 10/ton 18 July 2017 and again to RM 13/ton based on an undated letter. Payment vouchers from Jan 2017 – April 2018 did not define the Coupe Area / block areas or volumes extracted.            Log Commission payment records do not clearly identify the logs volumes extracted from claimed coupe areas (Example Lg Naah &amp; Kawi).</p> <p><b>July 2019:</b>            Payments for Log Commission to Lg Na'ah and Lg Luteng in 2018 did not reference the agreement; coupe #; volumes and blocks in relation to the payment value issued. No payment vouchers for Lg Liam/Lg Keliman in 2018 were available during the assessment.</p> <p><b>September 2019:</b>            Payment for Log Commission to Lg Na'ah; Lg Liam &amp; Lg Keliman dated 13 August 2019 referenced coupe 12A and corrected volumes payable for the period of April 2018 – May 2019.</p>
004/2019	Major	4.1.3a	Closed	<p><b>July 2019:</b>            Records of production within Coupe 12A and the payments associated with the agreements on log commission within claimed areas of coupe 12A were not correct for Lg Na'ah; Lg Liam/ Lg Keliman.</p> <p><b>September 2019:</b>            Samling Plywood (Lawas) rectified the short payments for Lg Na'ah; Lg Liam &amp; Lg Keliman based on payment vouchers dated 13 August 2019 to the communities. Log commission payments for corrected volumes for Lg Na'ah was 7540.95 tons and for Lg Liam &amp; Lg Keliman was 7,835.60 tons.</p>

*\*Note: Major Gap = Non-Compliance / Minor Gap still compliant to criterion. Minor Gap may be upgraded to a Major Gap if not adequately addressed by the date of the next surveillance visit.*

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GFS-FORM-006-STLVS-3.1	Title: STLVS P1-4 Checklist & Report	Issue: v01	Date: 31 Jan 2018
------------------------	--------------------------------------	------------	-------------------

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Samling Plywood (Lawas) / FTL No. T/405

Page 11



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### Observations

Obs #	Checklist	Description
001-2018 Addressed	4.1.2	Samling Plywood (Lawas) has yet to develop a comprehensive map of claimed areas in conjunction with the Summary Village Data (that includes some overlapping land claims) and planned future harvesting schedule. <b>July 2019:</b> Samling Plywood (Lawas) has mapped the land claim areas for Lg Liam and Lg Keliman in regards to the latest agreement; DP & PEC. Long Liam and Long Keliman identified claimed areas in Coupe 12A are south of existing road, S-3-1 that serves as a boundary between claimable and non-claimable areas.
001-2019	4.1.3a	Samling Plywood (Lawas) incorrectly made payments to Lg Kawi for Coupe 12A without an agreement as Lg Kawi only has an agreement for Coupe 11A.

*\*Note: Observations can be upgraded to a Minor Gap if not adequately addressed by the date of the next surveillance visit.*

### Highlights of Close out visit (if applicable)

**Dates** 15 September 2019

#### Gap 003/2017 (Major) - Closed

Payment for Log Commission to Lg Na'ah; Lg Liam & Lg Keliman dated 13 August 2019 referenced coupe 12A and corrected volumes payable for the period of April 2018 – May 2019.

#### Gap 004/2019 (Major) - Closed

Samling Plywood (Lawas) rectified the short payments for Lg Na'ah; Lg Liam & Lg Keliman based on payment vouchers dated 13 August 2019 to the communities. Log commission payments for corrected volumes for Lg Na'ah was 7540.95 tons and for Lg Liam & Lg Keliman was 7,835.60 tons.

### Recommendations

**Samling Plywood (Lawas) Sdn. Bhd.** has now demonstrated compliance with the Sarawak Legality Standard (Principles 1-4) for Forest Timber License No. **T/0405** and is recommended to receive a GFS Statement of Compliance and STLVS Certificate of Compliance from Forestry Department of Sarawak (FDS).

Minor Gap(s)/Observation(s) need to be addressed by the next surveillance visit. Actions required to address the gap(s)/observation(s) identified include:

**Observation 001-2019 – Checklist 4.1.3 (a):** Samling Plywood (Lawas) needs to notify Lg Kawi in respect to payments made for coupe 12A in 2018 that were not associated to land claims or log commission agreement.

The next surveillance visit will be scheduled in **July 2020**.

## End of Summary Report

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GFS-FORM-006-STLVS-3.1 Title: STLVS P1-4 Checklist & Report Issue: v01 Date: 31 Jan 2018

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Samling Plywood (Lawas) / FTL No. T/405

Page 12