



## GLOBAL FORESTRY SERVICES

Registered Office: 2446 N. San Gabriel Blvd., Suite #C, Rosemead, CA 91770, USA.  
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## LEGAL VERIFICATION SERVICES

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

<b>Licensee</b>	Shin Yang Industries (Bintulu) Sdn. Bhd. (268914-V)	<b>Reference #</b>	GFSS 024-013
<b>Contact Person</b>	Andy Wong Ko Hock (Executive Director) Lau Keiw Hieng (Team Leader) Gary Law Lik Sheng (STLVS In-charge)	<b>Report Date</b> <b>Date of close out</b>	30 July 2021 -
<b>Office Address</b>	Lot 515, Jalan Datuk Edward Jeli, Piasau Industrial Estate, 98000 Miri, Sarawak, Malaysia.	<b>Telephone</b> <b>Fax</b>	+6085 656 699 +6085 668 299
<b>Site Address</b>	Danum Forest Management Unit Belaga-Danum Area, Kapit, Sarawak, Malaysia	<b>Telephone</b> <b>Fax</b>	- -
<b>Email</b>	andywong@shinyang.com.my khlau@shinyang.com.my garylaw@shinyang.com.my	<b>Approved By</b>	Dr. Kevin Grace

#### Statements

<b>GFS Statement of Compliance #</b>	GFS 073 LVS		
<b>Issuance Date</b>	02 August 2021	<b>Expiration Date</b>	01 August 2022

#### Assessment Details

<b>Assessment dates</b>	26 – 30 July 2021
<b>Scope of Assessment</b>	STLVS P1-4: FTL No. T/3342 (Danum FMU)
<b>Species</b>	<i>Shorea</i> spp. (Meranti), <i>Shorea</i> spp. / <i>Lithocarpus</i> spp. (Empenit), <i>Octomeles sumatrana</i> (Binuang), <i>Eugenia</i> spp. (Ubah), <i>Mangifera</i> spp. (Asam), <i>Tristaniopsis</i> spp. (Selunsor), <i>Beilschmiedia</i> spp. / <i>Litsea</i> spp. / <i>Dehaasia</i> spp. / <i>Phoebe</i> spp. / <i>Magnolia</i> spp. / <i>Nothaphoebe</i> spp. / <i>Ternstroemia</i> spp. / <i>Actinodaphne</i> spp. / <i>Cinnamomum</i> spp. (Medang), <i>Artocarpus</i> spp. (Terap), <i>Buchanania</i> spp. (Terentang), <i>Agathis</i> spp. (Bindang), <i>Mezzettia</i> spp. (Kepayang babi), <i>Dipterocarpus</i> spp. (Keruing), <i>Vatica</i> spp. / <i>Cotylelobium</i> spp. (Resak), <i>Cephalomappa</i> spp. (Arau), <i>Gluta</i> spp. (Rengas hutan), Sapotaceae (Nyatoh), <i>Dialium indum</i> (KerANJI), <i>Durio</i> spp. (Durian), <i>Dryobalanops</i> spp. (Kapur), <i>Xanthophyllum</i> spp. (Nyalin), <i>Alstonia</i> spp. / <i>Kibatalia</i> spp. (Pelai), <i>Cratoxylum</i> spp. (Geroggang), <i>Anisoptera</i> spp. (Mersawa), <i>Parishia</i> spp. (Upi), <i>Parkia</i> spp. (Petai), <i>Dyera</i> spp. (Jelutong), <i>Sindora coriacea</i> (Sepetir)
<b>GFS Lead Assessor</b>	Franklin Emang
<b>GFS Assessor(s)</b>	-
<b>Others</b>	Lau Keiw Hieng (Shin Yang Certification in-charge), Jimmy Atat (FMU Surveyor Coordinator), Sia Nan Wee (Safety Supervisor), Gary Law Lik Sheng (STLVS in-charge), Su How Ming (Camp Manager), Sia Sie Jai (Surveyor), Ronald (In-charge of community documents)

#### Document Control

GFS-FORM-006-STLVS-3.1	Title: STLVS P1-4 Checklist & Report	Issue: v04	Date: 01 Mar 2020
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Shin Yang Industries (Bintulu) Sdn. Bhd. / FTL No. T/3342

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	<h2>LEGAL VERIFICATION SERVICES</h2>

**OBJECTIVES:**

- The objective of this checklist is to verify compliance to the Criteria listed in the Sarawak Timber Legality Verification System as defined by **STLVS Principles 1-4 (v02)** dated **29 January 2019**.
- 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 company in accordance to the standard.

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## Summary Information

### Overview of Licensee

#### Organization Information:

Shin Yang Sdn. Bhd. (97865-T) was incorporated on 24<sup>th</sup> February 1983, with the incorporation of Shin Yang many sister companies and subsidiaries developed over time. As of today, Shin Yang group of companies has become a powerful leading corporation with diversified business activities such as construction, shipping (domestic & international), real estate, forest timber licenses, agricultural and forestry plantations, quarrying and other small businesses. Shin Yang Sdn. Bhd. has been registered as a Member of Sarawak Timber Association (has renewed their membership) (MI 0174 – expiry date on 31 December 2021) that requires annual renewal.

#### 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

#### Description & Licenses:

Shin Yang Industries (Bintulu) Sdn Bhd. [Shin Yang Industries (Bintulu)] holds the Forest Timber License (FTL) No. T/3342 granted by the Forest Department Sarawak (FDS) for timber harvesting operations. A revised General Harvesting Plan (GP) with scale of 1:50,000 was approved by FDS 23/05/2019 (Ref. #: (33)JHS/600-3/7/110/Jld.2). The revised GP has been amended to 200,383 ha. The revised FTL No. T/3342 is divided into 30 Coupes with sizes of between 5,257 ha and 7,993 ha.

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### Management / Land Tenure:

The license tenure based on the FTL No. T/3342 was issued and approved to Shin Yang Industries (Bintulu) on 17<sup>th</sup> June 1997 and expires on 16<sup>th</sup> June 2022.

### Management Planning (FMP / GP):

On the 9<sup>th</sup> November 2018, the “Submission of 3<sup>rd</sup> Revised Forest Management Plan (FMP): Danum FMU (T3342) under Shin Yang Industries (Bintulu) Sdn. Bhd.” was approved together with the revised GP on 23/05/2019 (Ref. #: (33)JHS/600-3/7/110/Jld.2) that consists of 30 Annual Coupes which covers 200,383 ha of the licensed concession with a net operable area of 152,338.2 ha. The 30 coupes consist areas ranging from 5,257ha to 7,993ha.

Based on the letter from FDS, the department has approved the FMP after meeting with the Forest Management Certification Technical Committee (FMCTC) No.3, 2018 held on 30 – 31 October 2018 (Ref. #: (86)JHS/600-3/7/102/Jld.2).

According to the approved FMP, the yield regulation is based on an Allowable Cutting Area (ACA) of 5,078 ha/year under a planned rotation of 30 years, with an estimated production area of 152,338.2 ha at Mean Annual Increment (MAI) 1 m<sup>3</sup>/ha/yr for 60cm DBH mixed dipterocarp trees. The estimated Annual Allowable Cut (AAC) for FTL no. T/3342 are 98.715m<sup>3</sup> under the cutting limit for Dipterocarp is 50+ cm DBH and non-Dipterocarp is 45+ cm DBH.

### Operational activities:

Shin Yang Sdn. Bhd. (Shin Yang) is the registered logging contractor for FTL No. T/3342. The company implements all forest operations of infrastructure development and maintenance, timber harvesting and log transportation from the licensed area to the Forest Checking Stations.

Shin Yang is currently operating in Coupe 01AR.

- Coupe#: 01AR; Coupe area = 7,057ha; Total Blocks = 82
- Detailed Harvesting Plan – approved on 23/07/2019 (Ref#: SFC.600-3/2/1(29)Jld.4)
- Permit to Enter Coupe (PEC Heading 5) is endorsed by FDS for active Block 14 & 16 – Logging operation in July 2021.

### Land use classification:

Land classification	GP area (ha) (31 March 2008)	Revised GP Area (ha) (23 May 2019)
Total Licensed Area	207,169	200,383
Coupe Licensed Area		200,383
Production Area	155,066	152,338.2
Planted areas - (LPF)	0	0
Protected Forest & Conservation Areas	51,534	31,383.8
Social Community & Shifting Agriculture	569	895
Heli-Operation area		15,766.0

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### Environmental context:

- The forest resources in FTL No. T/3342 mainly consist of Mixed Dipterocarp Forest (MDF) that has been logged at least once since 1997. Apart from the obligatory 10% commercial timber inventories, no comprehensive Forest Resource Assessment has been carried out that provides a general resource overview. Detailed forest sub-types have not been identified as the original forest structure has been significantly affected.
- The key commercial species of the Dipterocarpaceae occurring in the area include Meranti (*Shorea spp.*), Selangan Batu (*Shorea spp.*), Keruing (*Dipterocarpus spp.*), Kapur (*Dryobalanops spp.*) and Mersawa (*Anisoptera spp.*). Non-Dipterocarp species include Asam (*Mangifera spp.*), Purang roman and Merakubong (*Macaranga spp.*), Geronggang (*Cratoxylum spp.*), and Nyatoh (*Ganua and Isonandra spp.*).
- The company holds an EIA Report, which was prepared in October 2015 and approved by the Natural Resource and Environment Board (NREB) on 3<sup>rd</sup> December 2015.
- Environmental services: Terrain Class VI comprises about 21% of the gross licensed area with slopes generally exceeding 25°.

### Social context

#### Social Assessment:

A Social Impact Assessment (SIA) had been carried out within FTL No. T/3342 in March 2019 followed by an SIA monitoring (on-going) conducted by Shin Yang SIA Practitioner Team. A total of 4 local communities were identified living within and adjacent to FTL No. T/3342, which are Long Lidem, Long Tanyit, Long Kajang and Long Abit based on the land use and land claims within FTL No. T/3342. Two of the community lives within FTL No. T/3342, namely, Long Tanyit located within Coupe 30AR (renumbered) and Long Lidem located at Coupe 05AR (renumbered).

#### Key findings of social assessment:

- Identified communities dependent on the FTL / LPF  
Community dependency on forest percentage was analysed using guidelines designed by University Putra Malaysia. Shin Yang SIA Practitioner Team has made some changes in accordance to Sarawak local cultures. The result shows 4 local communities are still highly dependent on FTL No. T/3342.

Community	Dependency on forest (%)	Significant level
Long Lidem	47	Moderate
Long Tanyit	62	High
Long Kajang	69	High
Long Abit	59	High
<b>Average</b>	<b>60</b>	<b>High</b>

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- Maps of longhouse exists  
 Four (4) local communities are mapped on the Social Map. Areas claimed by the 4 local communities for livelihood are also outlined on the Social Map, which has been mutually agreed and acknowledged by the longhouse's representative (head of the longhouse / *Pengerusi JKKK*). A copy of Social Map was distributed to each longhouse indicating Shin Yang recognises the land use right of the longhouses.

### Village Locations with GPS Coordinates in FTL No. T/3342

No.	Race	Village Name	GPS Coordinates (Timbalai)	Renumbered Coupe#	Remark(s)
1	Punan Busang	Long Lidem	N 02° 20' 10.2" E114° 40' 41.9"	C05AR	
2	Penan	Long Tanyit	N 02° 22' 25.0" E114° 33' 16.2"	C30AR	
3	Penan	Long Kajang	N 02° 22' 32.7" E114° 30' 47.9"		Located outside the licensed area
4	Penan	Long Abit	N 02° 24' 08.6" E114° 26' 27.7"		

- Native Customary Rights – Agreements  
 The Company has a formal procedure to resolve land claim issues and other disputes. Goodwill Agreement and an agreement on compensation for timber extraction were signed between the longhouses (Long Tanyit, Long Kajang and Long Abit) and the Company. The agreement identifies coupes (blocks) claimed and marked on the agreed Social Map.

### Social Monitoring:

- Summary records of meeting

Meetings between the company and local communities are recorded and documented. All community claims or issues are recorded, monitored and dealt with according to the company's Standard Operating Procedures. The community or company initiates meetings as and when needed to discuss or resolve issues that arise. Often communities request assistance from the company to support infrastructure projects such as site levelling for new longhouse construction or road maintenance.

Shin Yang Industries (Bintulu) provides log commission and Goodwill contributions based on agreements with the longhouses. The company also provides free medical treatment for all longhouses that has been recognized in their region to support health care in the communities.

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## LEGAL VERIFICATION SERVICES

### Scope of Assessment

- The scope of the evaluation is to verify compliance of FTL No. **T/3342 Shin Yang Industries (Bintulu) Sdn. Bhd.** with the Principles 1-4 of the STLVS Standard (v02) 29 January 2019.
- Site evaluation to verify and report the level of compliance by **Shin Yang Industries (Bintulu) Sdn. Bhd.** and **Shin Yang 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 a Major Gap is issued against an indicator and associated criterion.

### Itinerary of Assessment

Date	Activities	GFS Staff	Mandays
26 July 2021 Monday	I. Travel to Abit camp located in FTL No. T/3342 (a.m. – p.m.) II. Opening meeting (p.m.) III. Document review (p.m.)	Franklin Emang	1
27 July 2021 Tuesday	I. Field visit to Coupe 01AR - licensed boundaries, coupe boundaries, block boundaries, blocks 14 & 16 (checking stumps, skid trails and PCTs etc) and stream buffer river (SBR) and HCV area. (a.m. – p.m.) II. Document review (p.m.)	Franklin Emang	1
28 July 2021 Wednesday	I. Check logs at PoRM (a.m.) II. Check Danum base camp (workshop, scheduled waste store, oil / lubricant store, workers' quarters, diesel depot and etc (a.m.) III. Document review (a.m. – p.m.) IV. Closing meeting Camp (p.m.)	Franklin Emang	1
29 July 2021 Thursday	Travel to Miri (a.m. – p.m.)	Franklin Emang	1
30 July 2021 Friday	Finalizing report	Franklin Emang	1
31 Jul-01 Aug 2021	Reporting: GFSS 024-013	Dr. Kevin Grace Franklin Emang	2
Total			7

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### Highlights of Assessment

**Shin Yang Industries (Bintulu) Sdn. Bhd.** and its logging contractor have complied with the Sarawak Legality Standard (Principles 1-4) as no non-compliance was identified during the assessment on **26 – 30 July 2021**.

Summary of current status of operations against each principle.

#### Principle 1:

Shin Yang Industries (Bintulu) has demonstrated compliance with license requirements, EIA requirements and management planning guidelines. The company is currently operating in Coupe 01AR. Shin Yang Industries (Bintulu) has redefined coupe areas to 30 coupes and renumbered coupe areas in FTL No. T/3342.

The General Plan consists of a map of the concession-licensed area to identify the coupe areas for production, protection based on steep slopes 35° & above (Terrain class IV) international buffer zones and other areas for protection.

#### July 2020: Gap 009/2020 (Minor) – Checklist 1.2.4

The sanitation and hygiene observed at the workers' quarters were fair. Household rubbish (i.e. plastic containers, bottles, cigarette butt) was observed underneath the quarters. One unit of washing machine and non-degradable materials (i.e. plastic containers, and metal drum) were thrown behind the quarters.

#### July 2021: Gap 009/2020 (Minor) – Closed

The Company carries out ongoing monitoring to ensure the cleanliness of the workers' quarters is maintained. Workers are cooperating with the Company to clean and tidy up their quarters as well. No evidence was observed that the household rubbish and non-degradable materials were thrown improperly.

#### Principle 2:

Shin Yang Industries (Bintulu) has demonstrated compliance with forestry operation standards, demarcation of boundaries and areas for protection, tree enumeration, control of timber production, log transportation, worker safety and health.

Regular monitoring for encroachment of the licence boundary was conducted. Based on monitoring records, no sign of encroachment was reported.

Shin Yang Industries (Bintulu) production was well below the monthly production limit as approved by FDS. No evidence of cutting undersized trees. The current active coupe is Coupe 01AR. Shin Yang conducted 100% harvest tree marking and location mapping for the RIL Logging Plan (RILP). The cutting limit for Dipterocarp is 50+ cm DBH and non-Dipterocarp is 45+ cm DBH.

Related documents on production, royalty payment and transportation were adequately maintained.

Field workers had valid documents and covered under SOCSO and insurance. All field workers were equipped with PPE. Training was provided to workers and they were aware of safety and health

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### Highlights of Assessment

procedures. Training was documented and maintained.

#### Principle 3:

Shin Yang Industries (Bintulu) demonstrated compliance with payment of Royalty Fees and other charges as required.

#### Principle 4:

A Social Impact Assessment (SIA) had been carried out within FTL No. T/3342 in March 2019 followed by a SIA monitoring (on-going) conducted by Shin Yang SIA Practitioner Team. A total of 4 local communities were identified living within and adjacent to FTL No. T/3342, which are Long Lidem, Long Tanyit, Long Kajang and Long Abit based on the land use and land claims within FTL No. T/3342. Two of the community lives within FTL No. T/3342, namely, Long Tanyit located within Coupe 30AR (renumbered) and Long Lidem located at Coupe 05AR (renumbered).

There are no outstanding disputes between local communities and the Company. All issues are discussed and resolved through periodic community meetings.

Shin Yang Industries (Bintulu) provides log commission and Goodwill contributions based on agreements with the local communities. The company also provides free medical treatment for all longhouses that has been recognized in their licensed area to support health care in the communities.

### Summary results:

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

GAPs :				
GAP #	Type	Checklist	Status	Description
009/2020	Minor	1.2.4	Closed	<p><b>July 2020:</b>            The sanitation and hygiene observed at the workers' quarters were fair. Household rubbish (i.e. plastic containers, bottles, cigarette butt) was observed underneath the quarters. One unit of washing machine and non-degradable materials (i.e. plastic containers, and metal drum) were placed behind the quarters.</p> <p><b>July 2021:</b>            The Company carries out ongoing monitoring to ensure the cleanliness of the workers' quarters is maintained. Workers are cooperating with the Company to clean and tidy up their quarters as well. No evidence was observed that the household rubbish and non-degradable materials were thrown improperly.</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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Observations		
Obs #	Checklist	Description
-	-	-

*\*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
Not applicable	-

Recommendations
<p><b>Shin Yang Industries (Bintulu) Sdn. Bhd.</b> has demonstrated compliance with the Sarawak Legality Standard (Principles 1-4) for Forest Timber Licenses No. T/3342 and is recommended to receive a GFS Statement of Compliance and STLVS Certificate of Compliance from FDS.</p> <p>The next monitoring visit will be scheduled in July 2022.</p>

**End of Summary Report**

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Shin Yang Industries (Bintulu) Sdn. Bhd. / FTL No. **T/3342**