



## GLOBAL FORESTRY SERVICES

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## LEGAL VERIFICATION SERVICES

### Sabah Timber Legality Assurance System (Sabah TLAS – Effective 01 May 2024)

#### Principles 1-4: (Forest Management)

##### Principle 1. Right to Harvest

###### Criterion 1.1: Licenses, Titles & Permits

1.1.1 The Organization shall be a legal registered entity or private titled landowner.

1.1.2 The organization shall demonstrate clear valid rights to land use and management for the forest or plantation area, such as Long-Term License Agreement (LTL), Sustainable Forest Management License Agreement (SFMLA), Form 1 License, Gazettement, Country Lease, etc.

1.1.3 The organization shall demonstrate clear valid harvest rights to the management unit that include, as appropriate, Coupe Permit, and Harvest Plan (CHP/ CPP).

1.1.4 Maps depicting the management unit and harvest rights shall be clear, correct as to ground conditions and approved by the Sabah Forestry Department (SFD) or other government agency, as appropriate.

1.1.5 The contractor shall be responsible to conduct a baseline inventory of the area to be harvested to support the application for Form 1 license.

1.1.6 The Form IIB permit holder shall have a valid title/or letter of confirmation of land applicant from the Assistant Collector of Land Revenue on the land status and receipt of payment of land premium/quit rent.

1.1.7 The Form IIB / ITP (SL/AL) landowner shall have a letter of agreement / contract / Power of Attorney with the contractor to remove logs and wood residues.

###### Criterion 1.2: Environment Assessment & Mitigation

1.2.1 The organization shall identify areas for production and protection according to regulatory requirements.

1.2.2 For management/project areas of 500 ha or more, the organization/landowner shall conduct an Environmental Impact Assessment (EIA) that is approved by the Director of Environment Protection Department (EPD).

1.2.3 For management/project areas of 100 ha or more but less than 500 ha, the organization/landowner shall have a Proposal for Mitigation Measures (PMM) Report that is approved by the Director of EPD.

1.2.4 The organization shall implement measures to mitigate environmental impacts in accordance with the EIA & PMM.

1.2.5 The organization shall comply with EPD requirement by submitting Environmental Compliance Report (ECR).

###### Criterion 1.3: Forest Management Plan (FMP)

1.3.1 Organizations with SFMLA / LTL management units shall develop a 10-year FMP that is approved by SFD.

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1.3.2 The FMP shall describe the policy and management systems for the sustainability of forest resources, environmental protection and social benefits associated with the SFMLA / LTL.

1.3.2.1 Policy Statement

1.3.2.2 Inventory results defining forest conditions based on SFD forest quality stratification (Strata 1-5) in support of management planning and scheduling operational activities.

1.3.2.3 Environmental & Social Impact Assessments.

1.3.2.4 Zoning of forest area into Production, Conservation, Social, etc.

1.3.2.5 Delineations of compartments.

1.3.2.6 Net production area.

1.3.2.7 Sustainable yield & AAC

1.3.2.8 Plans for rehabilitation & silvicultural treatments.

1.3.2.9 Plans for the establishment of Industrial Timber Plantations (ITP) in relation to forest quality strata (*Note: Areas with tree cover below 10% are EUDR compliant*).

1.3.2.10 FMU / Land use map (production, conservation and non-forested, community settlement area).

1.3.2.11 Planned annual harvest schedule by compartment.

1.3.2.12 Management Prescriptions for monitoring sustainability of forest resources & impacts to environment and local communities.

1.3.2.13 Forest Fire Management Plan (FFMP) shall be approved with respect to protection of natural forest and plantation areas.

1.3.3 The FMP shall be reviewed every 5 years as defined in the SFMLA.

#### **Criterion 1.4: Plantation Development Program (PDP)**

1.4.1 Organizations that plan to establish Industrial Timber Plantations shall develop a 10-year PDP defining the area to be developed into timber plantations that is approved by SFD.

1.4.2 The PDP shall define areas and preferred species to be planted in relation to current forest strata for Industrial Timber Plantations (ITP).

1.4.3 Establishment of new ITP areas post 31<sup>st</sup> December 2020 shall not be compliant with the EUDR.

1.4.4 PDP shall define areas for protection as stream buffers and wildlife corridors, as applicable.

1.4.5 PDP shall have defined schedules for salvage logging for site preparation & planting, maintenance, and harvesting of planted trees.

1.4.6 PDP should include nursery, R&D and chemical use approved by the SFD for plantation development & maintenance.

1.4.7 PDP shall include a monitoring system for fire, pests, diseases, mortality and plantation growth.

#### **Criterion 1.5: Annual Work Plan (AWP)**

1.5.1 The Organization (SFMLA/LTL) shall develop an AWP containing detailed activities to be carried out during the year, along with maps that are approved by SFD prior to operations.

1.5.2 The AWP should include details appropriate to its planned operations, such as CHP / CPP, infrastructure, harvesting, planting, silviculture, maintenance, training, monitoring of forest / plantation resources and its operations with respect to environmental / social impacts and resource protection.

1.5.3 The organization shall demonstrate implementation of activities listed in the AWP.



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### Criterion 1.6: Operational Planning (CHP/CPP/PDp)

1.6.1 A CHP shall be developed by a registered CHP contractor and approved for harvesting compartments within NFM areas in accordance with RIL Guidelines.

1.6.2 The CHP shall define protected and production areas, estimated log production, list of roads and skid trails, list of trees to be harvested, harvesting volume, species/diameter limits.

1.6.3 The CHP shall include a map of protected areas, feeder roads, skid trails, log landings and locations of harvest trees and permanent sample plots as applicable.

1.6.4 CPP shall define conservation areas, salvage logging, and site preparation for ITP planting areas based on SFMLA requirements. (*Note: Areas less than 10% tree cover are EUDR compliant*).

1.6.5 The CPP shall include a map of conservation areas, feeder roads, planting trails, log landings and planting areas by species.

1.6.6 The CHP / CPP (PDp) must be approved prior to start of harvesting operations.

### Criterion 1.7: Area Demarcation and Mapping

1.7.1 The organization shall identify and demarcate on the ground, the boundary of the licensed area, Coupe Permit for harvesting / planting, as applicable.

1.7.2 The organization shall have updated and approved Map(s) of Coupe Permits / CHP / CPP / planting areas at the required scale and level of detail.

1.7.3 Areas prohibited from harvesting such as riparian zones, buffer zones, steep slopes, etc., are mapped and marked as appropriate for protection.

1.7.4 Forest / plantation roads, skid trails, log landings, etc., shall be mapped in the CHP / CPP and clearly identified on the ground, as appropriate.

1.7.5 Private / alienated land areas for salvage logging for any development shall be mapped and have the boundary demarcated on the ground to support the Form IIB permit.

## Principle 2. Forest Operation

### Criterion 2.1: Harvesting Operations

2.1.1 NFM Areas: All NFM areas shall be harvested in accordance with Reduced-Impact Logging (RIL) Guidelines.

2.1.2 RIL areas: The Organization shall use registered RIL logging contractors.

2.1.3 RIL areas: Harvesting operations are according to RIL Guidelines and the approved CHP.

2.1.4 RIL areas: Only marked / numbered harvest trees listed in the CHP harvest tree list should be felled and recorded in a daily felling record.

2.1.5 RIL / NFM areas: Commercial trees not listed in the CHP harvest tree list shall not be felled without approval by the SFD.

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2.1.6 RIL / NFM areas: Logs and stumps shall be numbered with reference to the CHP harvest tree # and clearly identified on the end of each log and on the stump.

2.1.7 ITP / Salvage Logging: Registered logging contractors shall harvest trees based on approved CPP (PDp) for areas zoned for ITP.

2.1.8 Areas prohibited from harvesting identified in the CHP / CPP (PDp) such as steep slopes, riparian reserves and buffer zones shall be protected and excluded from harvesting.

2.1.9 The Organization shall notify the Director of Wildlife Department one month before commencing logging operations for any area to be harvested.

2.1.10 The Organization shall demonstrate compliance with felling regulations regarding diameter limits, species and slope limits as defined in the CHP / CPP.

2.1.11 The Organization shall not harvest any prohibited species or trees identified for protection within NFM.

2.1.12 The Organization shall not harvest trees specified by the Chief Conservator of Forests that are prohibited from felling within ITP area.

2.1.13 The Organization shall maintain daily records of logs produced under RIL / Salvage logging that include log #, species, diameter & volumes in relation to the CHP / CPP.

2.1.14 ITP: The Organization shall harvest planted trees in accordance with the CPP and maintain daily records of log production through volume or weigh scale systems, as appropriate.

2.1.15 The Organization shall maintain Compartment felling records and submit quarterly log production summary reports to SFD.

2.1.16 The Organization shall be responsible to scale logs produced from RIL or salvage logging in accordance with SFD log grading rules for natural forest timber.

2.1.17 RIL logs shall be incised with a log number traceable to the harvest tree number in the CHP.

2.1.18 All logs produced under salvage logging for ITP must be numbered and traceable to the compartment.

2.1.19 Logs produced under Form1 or Form IIB permit areas must be numbered and traceable to the harvested area or license as applicable.

2.1.20 ITP: Logs from planted trees shall be identified & quantified by volume or weigh scale in relation to CPP and registration to SFD for obtaining a Removal Pass.

### **Criterion 2.2: Transportation Permits**

2.2.1 The organization / smallholder shall obtain transport permits (Removal pass / TDP) for forest produce based on log registration, scaling and inspection by SFD, as required.

2.2.2 Transported logs shall be accompanied with a Transit Pass / CS Form, Removal Pass and Timber Disposal Permit as required that corresponds the logs being transported (species, log numbers, quality, volume and dimensions).

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2.2.3 Removal Passes shall reference as applicable:

- Payment receipt #
- Forest reserve
- Coupe #
- Compartment #
- License / permit #
- Geo-location
- Sabah TLAS / (EUDR) stamp
- Destination

2.2.4 Logs from natural forest areas (SFMLA, Form I & IIB) to be transported shall have a Property Hammer Mark, SFD Inspection Hammer Mark / SFD Royalty Hammer Mark, as appropriate.

2.2.5 ITP: Log quantity / volume/ weight of planted trees under ITP areas shall be recorded in the Removal Pass.

2.2.6 Forest produce transported from a one area to another shall only take place between 07:00am to 07:00pm, unless the SFD approves transport outside the stipulated time period.

2.2.7 Logs produced from areas that have been assessed as Sabah TLAS compliant shall be identified on the Removal Pass as (Sabah TLAS or Sabah TLAS EUDR) by SFD as appropriate.

### **Criterion 2.3: Monitoring**

2.3.1 The organization shall develop and implement systems to protect forest from illegal exploitation and/or encroachment such as:

- Systems for entry and access control to concession - (e.g. entry gate registry)
- Forest security and patrolling measures for encroachment, illegal logging and poaching - (monitoring schedule, personnel and training records)
- Identification of illegal activities & reporting to authorities - (security records)

2.3.2 The organization shall monitor implementation of RIL, with respect to CHP & RIL guidelines and salvage logging against CPP (PDp) conditions.

2.3.3 The organization shall establish a system of Permanent Sample Plots (PSP) within NFM and ITP areas and monitor impacts of operations, growth & sustained yield of timber resources in relation to the FMP & PDP.

2.3.4 The organization shall implement and monitor mitigation measures to minimize environmental impacts and protect areas identified for conservation, such as stream buffer zones, steep slopes, wildlife corridors, protected and habitat trees, etc., as required by the EPD & SFD.

2.3.5 The organization shall monitor for pest & diseases for planted areas and Fire Risk in accordance with the approved FFMP.

### **Criterion 2.4: Workers Rights, Safety & Health**

2.4.1 The organization shall have procedures to comply with Sabah Labour Ordinance with respect to employment and contracting labour.

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2.4.2 All workers shall be legally employed. All workers have an employment agreement that defines job description, wages and benefits in compliance with the Sabah Labour Ordinance. Workers have Certificate of Identity (Col) issued from SFD as required.

2.4.3 NFM / ITP: Working and living conditions shall be in line with Sabah Labour Ordinance requirements with respect to safety and health. There is no evidence of forced or compulsory labour.

2.4.4 The organization shall not prevent workers from participating in workers' organizations (*Freedom of Association*) and have a system for communication & dispute resolution with workers as appropriate to scale of operations.

2.4.5 The organization shall provide training based on job function and maintain records that include safety measures / personnel protective equipment.

2.4.6 The organization shall provide protective clothing and safety equipment in relation to job function in accordance with the RIL Operation Guide Book.

2.4.7 The organization shall undertake remedial measures as directed by relevant authorities (Department of Occupational Safety and Health (DOSH) and SFD) following their inspection.

2.4.8 The organization shall maintain monthly records of contribution to SOCSO & EPF for all staff as required and report (accidents that requires 4 or more days leave) to DOSH & SOCSO.

### **Principle 3. Statutory Charges**

#### **Criterion 3.1: Royalty & Fees**

3.1.1 The organization shall pay all applicable license fees upon the issuance of a license and other charges prior to the issuance of harvesting license.

3.1.2 The Organisation shall pay all royalties due based on volume and species, premium (unless exempted), Community Forestry Cess, Forest Conservation Fees, Forest Rehabilitation Fees (unless exempted) and maintain records of all payments, as applicable.

3.1.3 The Organisation shall pay Removal Pass fees before removal of timbers.

### **Principle 4. Other User Rights**

#### **Criterion 4.1: Land use rights and benefits to local communities**

4.1.1 The organization shall conduct a Social Baseline Survey / Impact Assessment of the licensed area as part of the preparation of a 10-year FMP, which shall include:

- Identification of local communities directly associated with the licensed area.
- Identification of areas used by communities.
- Identification of potential impacts.
- Mitigation measures.

4.1.2 Native Customary Right (NCR) claims shall be identified and excluded from a Temporary Occupation License (TOL) by the Lands & Survey Department.

4.1.3 Areas identified for traditional use by local communities shall be excluded from all activities unless a formal management agreement exists that can include Community Forestry Areas.

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4.1.4 Licensed area is free of third party disputed claims to use rights or ownership or a formal system to resolve such claims is in place and harvesting is not permitted on outstanding disputed areas.

4.1.5 The organization shall have a system for consultation and dispute resolution for local communities.

4.1.6 The organization shall record and document communications and consultation with communities.

4.1.7 The organization shall endeavour to work with local communities with respect to employment, supply of goods & services and to promote their health and well-being, as appropriate.

## Principles 5-6: (Mill Operations & Trade)

### Principle 5. Mill Operations

#### Criteria 5.1: License / Permits & Administration of Operations

5.1.1 Companies shall have valid registration and permits to conduct business in Sabah / Malaysia.

5.1.2 All wood processing facilities shall hold a valid license / permits from the Sabah Forestry Department (SFD) for its operations and machinery used in the mill.

5.1.3 Organizations shall comply with mill license conditions of operations including submission of monthly Mill Production Returns and maintenance of Material Arrival Book.

5.1.4 The company shall have a clear organization structure for its operations and an appointed Management Representative to train, monitor and ensure compliance with Sabah TLAS requirements.

5.1.5 The company shall have a documented manual / procedure for Chain of Custody to identify and trace material and products based on **Sabah TLAS Status (Sabah TLAS / Sabah TLAS EUDR / Non-TLAS)** from purchasing through production, sales and export.


5.1.6 The Chain of Custody (CoC) manual shall include as applicable to the company's activities to manufacture / trade products based on Sabah TLAS status:

- Administration, training & records
- Purchasing & Risk Assessment
- Receiving & Warehousing
- Production Planning & Control / (batch production unit)
- Subcontracting activities
- Allocation of raw material
- Work in progress
- Finished products / Warehousing
- Sales and Export

#### Criterion 5.2: Raw Material Purchasing, Receiving & Processing

5.2.1 The company shall use a Purchase Order that references Sabah TLAS status of the timber or products being purchased.

5.2.2 The company shall ensure all materials & products received are accompanied by a valid Removal Pass and Timber Disposal Permit (as appropriate) that physically corresponds to the material being transported and **geo-location**).

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5.2.3 The company shall identify Sabah TLAS status of raw material based on Removal Passes, Risk Assessment or Purchase Order / Delivery Note for products as appropriate.

5.2.4 Arrival Book / records shall be maintained for all raw materials (logs, sawn timber, veneer, waste material, etc.) for mills to document materials received under each Removal Pass / Delivery Note, **Geo-location** and Sabah TLAS status.

5.2.5 Raw materials (logs, sawn timber veneer, etc.) received shall be clearly identified to Sabah TLAS status & traceable to the supplier & removal pass / Delivery Note.

5.2.6 Production of Sabah TLAS materials must be under a production batch unit that defines input of Sabah TLAS raw materials to produce Sabah TLAS products within a maximum period of one calendar month or against a barge load of logs.

5.2.7 Sabah TLAS raw materials allocated into the production of a Sabah TLAS batch production unit must be recorded to enable traceability of material to the removal pass that can include log #, bundle or pack number, species, volume etc., as applicable.

5.2.8 All mills shall submit monthly Mill Production Returns Appendices as applicable to the mill license.

5.2.9 Subcontractors to mill licensees must be registered with the SFD in accordance with registered lease agreements.

5.2.10 Mill licensees / subcontractors must comply with legal requirements and CoC procedures for Sabah TLAS materials and production.

5.2.11 All work in progress must be identified to the batch production unit # and Sabah TLAS status from raw materials through packaging and warehousing of final products.

5.2.12 Warehousing and finished goods shall be clearly identified to the batch production unit #, Sabah TLAS status and recorded as inventory prior to sales / export.

**Criterion 5.3: Worker Rights, Safety & Health**

5.3.1 The company shall have procedures to comply with Sabah Labour Ordinance with respect to employment and contracting labour.

5.3.2 All workers shall be legally employed. All workers have an employment agreement that defines job description, wages and benefits in compliance with Sabah Labour Ordinance. Workers have Certificate of Identity (Col) issued from SFD as required.

5.3.3 The company shall not prevent workers from participating in workers' organizations and have a system for communication & dispute resolution with workers as appropriate to scale of operations.

5.3.4 Working and living conditions shall be in line with Sabah Labour Ordinance requirements with respect to safety and health. There is no evidence of forced or compulsory labour.

5.3.5 The company shall maintain monthly records of contribution to SOCSO & EPF for all staff as required and report (any accident that requires 4 or more days leave) to DOSH & SOCSO.





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5.3.6 The company shall provide training (at least annually) on safety, provide adequate precaution for worker's safety in relation to job function and in the event of fire and maintain records of attendance & certificates awarded.

5.3.7 The company shall provide adequate protection equipment (PPE) in relation to job function and enforce its use.

5.3.8 The company shall undertake remedial measures as directed by relevant authorities (DOSH and SFD) following their inspection.

### Principle 6. Trade and Customs

#### Criterion 6.1: Local Trade of Materials & Products

6.1.1 Purchasing of Sabah TLAS materials / products shall be identified on a Purchase Order from companies with Sabah TLAS Compliance Certificate or Low Risk through a Risk Assessment to document Sabah TLAS status.

6.1.2 All Low Risk / Sabah TLAS materials & products purchased must be accompanied by a Removal Pass (with Geo-location), TDP, Delivery Note, as applicable, clearly identified to the purchase order/contract, identified according to Sabah TLAS status and segregated from other material as appropriate.

6.1.3 All Sabah TLAS (VL) materials & products received must be recorded each month that references Purchase Order, material type, quantity, species, volume, Removal Pass #, as applicable.

6.1.4 Material handling, resizing, rebundling, etc., shall be traceable to the purchase order #, correctly identified to Sabah TLAS status within a defined unit.

6.1.5 Sales of Sabah TLAS materials / products are clearly identified on Sales Invoices and Packing Lists (Log Lists) / Delivery Notes based on the Sabah TLAS Compliance Certificate number.

6.1.6 Transport of all timber materials and products traded locally shall be accompanied by a Removal Pass or Delivery Note, as applicable.

#### Criterion 6.2: Import Regulations

6.2.1 A company intending to import timber and timber products possess a registration certificate as an importer from FDS.

6.2.2 Company / sole proprietor (Enterprise) applies for an import licence for timber products to be imported to the SFD with a valid registration certificate as an importer with CD1 Form and supporting documents such as Log summary, Sales Contract, invoice, Packing List, CITES Import Permit, where applicable.

6.2.3 The company shall conduct a Risk Assessment based on country level risk, material risk & operational risks to document Sabah TLAS status of materials / products imported based on the Risk Matrix (**Appendix 1**).

6.2.4 Purchase of raw materials and products that are not evaluated as Low Risk must not be used in the production or sale of Sabah TLAS products.

6.2.5 Each consignment of imported timber is accompanied by an import licence issued by SFD.

6.2.6 The company intending to import timber products (logs/veneer/sawn timber) is subject to phytosanitary requirements as appropriate.

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6.2.7 Imports from Sarawak require Customs Declaration form (CD3) to SFD and physical inspection upon arrival for timber brought by sea or Removal Pass and inspection fee receipt where applicable for timber brought overland through ICQS Merapok / Sindumin.

6.2.8 Inspection of imported timber and products is conducted by SFD upon arrival and fees for inspection and import duties are paid, as applicable.

6.2.9 Imported logs receive an inspection hammer mark and all imported materials are accompanied by a valid Removal Pass.

### **Criterion 6.3: Export Regulations**

6.3.1 A company intending to export timber and timber products, must possess a certificate of registration as an exporter and timber supplier for export from the SFD.

6.3.2 Company/sole proprietor (Enterprise) declares timber and timber products to be exported to the District Forestry Officer with a valid registration certificate as an exporter and supporting documents.

6.3.3 The export of each consignment is accompanied by an export licence issued by SFD, along with required shipping documents. (Sales Contract, Invoice, Log summary / Packing List, Borang EIS 1/2000 (declaration on the source of processed timber to be exported), CITES Permit, where applicable), receipt of royalty payment and other fees, as applicable.

6.3.4 The company shall ensure that export consignments of Sabah TLAS products are correct to Sabah TLAS status.

6.3.5 Companies that export consignments to EU shall ensure Sabah TLAS EUDR products are correct and reference the geo-locations as required by buyers.

6.3.6 Invoices / shipping documents for Sabah TLAS products must reference the Sabah TLAS Compliance Certificate # & geo-location for EU products as required.

### **Criterion 6.4: Summary Records & Marketing**

6.4.1 The Company shall maintain monthly summary records based on Sabah TLAS status that include:

- Raw material or products purchased.
- Finished goods produced under defined production units.
- Sales records for Sabah TLAS materials & products.

6.4.2 Retention times for records relevant to the CoC system shall be defined based on their use but shall be at least 5 years.

6.4.3 Sales, marketing claims, website information identify the company's Sabah TLAS Compliance Certificate. Claims are factual and not misleading.

6.4.4 Use of Logos for Sabah TLAS products must be in accordance with the requirements of Sabah Forestry Department as applicable.