



<b>Our Reference:</b>	<b>Project:</b> SGS TLTV LP Standard with Sarawak Verifiers	<b>10 March 2009</b>	
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Dear Stakeholder,

SGS has developed a service geared at assisting forestry companies demonstrate that their products have been legally produced, acquired and/or sold: the **SGS 'Timber Legality & Traceability Verification' (TLTV) Programme**. 'Legality-Verified' timber is further traced down the supply chain through Chain-of-Custody (CoC) verification. TLTV provides credible assurance to manufacturers, traders and end buyers that the timber not only originates from a verifiable origin, but also from a forest source that is legally compliant and that integrity of the CoC is respected throughout the processing and trading chain.

Companies can achieve SGS TLTV status via a 2-step process: Verified Origin (VO) followed by verified Legal Production (LP) verification. The SGS TLTV VO Standard consists of 5 Principles, Criteria, Indicators and Verifiers adopted from the full TLTV Standard:

1. The Company is authorised to conduct business in accordance with company laws and other legal requirements of the country where it operates. (*Principle 1 of the full TLTV Standard*)
2. The company has the necessary approvals or authorizations to conduct the relevant activities at the locations under verification. (*Principle 2 of the full TLTV Standard*)
3. The Company adheres to regulations of forest declarations and taxes. (*Principle 5 of the full TLTV Standard*)
4. The Company maintains the necessary registers (for laws/regulations and disputes). (*Principle 8 of the full TLTV Standard*)
5. The Company has management and chain-of-custody monitoring systems in place which ensure adequate control and traceability of its productions. (*Principle 9 of the full TLTV Standard*)

SGS TLTV VO status is the first step to full TLTV Legal Production which adds a further 4 Principles (*Principles 3, 4, 6 & 7 of the attached Standard*) covering *inter alia* social, environmental and forest management laws and regulations as well as the status of actual implementation thereof. Companies that achieve SGS TLV VO status have to commit to a time bound progress from Verification of Origin (VO) to verification of Legal Production (LP) within 2 years. Upon completion of a successful LP-audit (including all 9 Principles) the company will be issued with a full TLTV-LP statement.

SGS' approach to verification consists of evaluating forest management against the generic requirements of the TLTV Standard, supplemented by specific performance criteria relevant to local conditions thus forming a '*Local Standard*'.

The purpose of this letter is to seek the views of stakeholders regarding the local Verifiers to be used by SGS when performing TLTV Verified Origin (VO) or Legal Production (LP) audits in the State of Sarawak, Malaysia. For each client evaluation we will also contact key external stakeholders to obtain their views on forest management issues relevant to our client and forest practices in the locality.

It should be noted that to date, SGS clients in Sarawak are seeking only to be evaluated against the TLTV Verified Origin Standard (i.e. against 5 of the attached 9 Principles in the TLTV Standard).

## **YOUR ROLE**

You have been identified as an important stakeholder for this evaluation, i.e. an individual, or representative of an organisation, whose knowledge of the Laws and Regulations applicable in the State of Sarawak, Malaysia, need to be taken into account in ensuring that the local version of the SGS Standard is not only accurate, but also appropriate and obtainable.

We would therefore appreciate any comments you might have about the local Verifiers SGS is adopting when assessing a Sarawak-based forest company against the Generic TLTV Standard.

## **INFORMATION ON ENCLOSURES**

Attached to this letter you will find the following enclosure:

- SGS TLTV Generic Standard (ver. 10 March 2009) with Sarawak Verifiers (draft).

## **ADDITIONAL INFORMATION THAT IS AVAILABLE**

To further assist you with your role in the verification process, the following additional information and/or documentation can be made available on request:

- The SGS TLTV Programme list of TLTV statement holders can be accessed on the SGS website ([www.forestry.sgs.com/forestry](http://www.forestry.sgs.com/forestry)),
- The SGS TLTV reference document on complaints and appeals,
- A summary of legality of production and/or Chain of Custody verification, explaining the objectives and processes involved,
- The SGS TLTV Code of Practice,
- The SGS Standard Conditions for TLTV Services, and/or
- The SGS procedure for the handling of complaints and appeals.

## **YOUR RESPONSE**

We would be most grateful if you would take some time to read the draft Sarawak, Malaysia version of the SGS Generic TLTV Standard and send any comments to us as soon as possible. If we have not received your reply within 28 days of the date that appears at the top of the form, we will assume that you do not wish to participate in the process. You are however, welcome to participate at any time in the future and your comments and input will be considered during future field evaluations. It will also be appreciated if you could provide us with the names and contact details of stakeholders that we should include in our list.

As a guide to help you reply:

- Please send your comments to SGS, using the address/fax number above, as soon as possible.
- Your comments will be kept confidential, unless you indicate otherwise.
- All your comments will be kept on file and available for reference.
- Note that any comments supported by objective evidence will take on a much greater significance.

**OUR ACTIONS**

Depending on the issues you raise and their possible impact on the outcome of this verification, we may contact you for a meeting or a telephone interview during the course of the consultation period. If so, we will attempt to arrange a suitable time as soon as possible after we receive your reply. **Please also note:** Your identity will not be disclosed to any one outside SGS.

Thank you very much for your assistance.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'A. J. P.' with a stylized flourish.

**SGS**