| **ISSUE** | **Sofreco Review** | **LCFRII Review** |
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| **Principle 1: Legal Existence/Recognition & Eligibility to Operate in Forestry Sector** | | |
| 1. Legal Existence (Associations Law Section 12.1; 1.7(2) NFRL Section 1.3 (Persons- legal and natural ) & 5.1 2. Prohibited Persons (Section 5.2(b) of NFRL) Regulation 103-7(21-22) Regulation 104-07(62); Sections 44, PPCA; CRL 4.1(e) Regulation 103-07 Sections 21 & 23 (Debarment) | **The company is partially compliant with this principle.**   * The declaration of ownership and notarized affidavit declaring that the company’s owners do not include prohibited persons were unavailable for review. | * Atlantic was registered in 2007. There is no evidence that the registration was subsequently renewed. * The Articles of Incorporation does not list the shareholders and neither was any ownership declaration made   + The Amended Articles of Incorporation (unsigned, but apparently from 2014) indicate 20% ownership for both Han Dong Chun and Yong Nyan Siong, both of Monrovia, and a change of the remaining 60% ownership from PDT to Premium Estate Investment Ltd (of the BVI)   + Global Witness (2017) claims PDT owns 5% of Samling Global, which has a controlling interest in Alpha Logging (FMC A) through its ownership of Woodman   + Was this transfer of ownership approved by the FDA? * Ownership is said to be Liberian on the 2007 registration Certificate   + However, there is no declaration of beneficial ownership of either PDT or Premium Estate Investment Ltc.   + There is no debarment listing to confirm debarment      * SIIB Report recommended permanent debarment of Atlantic (including prosecution of its owners/officers) after illegal logging & fraudulent activities during the PUP episode. “Atlantic Resource Limited should be required to pay all tax arrears on FMC “P” and be permanently barred from engaging in commercial forestry activities for violation of NFRL 20.6(a)(i) and NFRL 20.6(a)(ii) and for orchestrating fraudulent activities in Liberia’s forest sector.” * Sarawa Report indicates that Atlantic’s shareholder (Samling) has been implicated in many logging-related illegalities around the world, hence the necessity to be debarred in Liberia. |
| **Principle 2: Forest Allocation** | | |
| 1. For CFMA- completion of the 11 steps CRL 2.2(c); CRL Regulation 2.2, 2.6, 2.5, 2.8, 2.7, 2.9, 2.10, 3.4, 3.8, 3.11, 7.1; For FMC & TSC 2. FMC- Competitive Bidding and Pre-qualification requirements PPCC Act NFRL (3.3 &5.2(a)); CRL 6.3; PPCA (115(1) & (2) and 116); and FDA Regulations 104, Section 31-36 3. Consultation with Affected Communities ( Social-Impact Study) for FMCs & TSCs NFRL (4.1-4.5); Regulation 102-07(21-22) Regulation 104-07(62) Section 87 of the PPCA 4. Obtain Concession Certificate from MFDP Regulation 104-07 (5.2(a)(i)); PPCA (46) 5. Pre-qualification requirements (including performance bond) NFRL (3.3; 5.2(a)(i); Regulation 103-07 (41-46); CRL Regulation (10.3, 10.4) | **The company is not compliant with this principle.**   * All documents created prior to the allocation of the forestry contract and held by the FDA were declared lost and therefore unavailable for review. | * No documentation provided to confirm competitive bidding process and the allocation requirements were met, according to, for example, the PPCC Act. * A Performance Bond [was issued in 2012 by Continental General & Life Insurance (expired 2013). The bond does not state any value. * There is no evidence of any subsequent performance bond. * The performance bond is related to Tartwah Commuinty Forest and not FMC P * The Social Agreements (2015) executed covers the communities in River Gee, Maryland, and Grand Kru Counties. The names of CFDCs are annexed to the SAs. * A Pre-qualification certificate was issued in 2016 for 3 years duration. * No Concession Certificate from MFDP was presented. * Front Page Africa (2017) reported collusion between Atlantic and Southeast Resources, as both companies submitted their bids in the same envelope (Global Witness 2017). The SIIB also recommended Southeast Resources be permanently barred. |
| **Principle 3: Social & Financial Obligations & Benefit Sharing** | | |
| 1. Execution of a social agreement with authorized representatives of affected communities Regulation 105-07 (31&32); NFRL 5.6(d)(vi) 2. Minimum contents of Social Agreement included NFRL (5.3(b) &5.6(d)), Regulation 105-07 (33); Regulation 117-17 3. Minimum contents of CUC included CRL (3.1(d), 6.5); CRL Regulation (9.1, 10.2, 10.3, 10.4, 10.5, 11.1, 11.2, 11.3, 11.4) 4. Attestation by FDA on Social Agreements and CUCs Regulation 105-07 (36) COCS SOP (9) 5. Timely payments of fees under SA and CUC Regulation 105-07(36)10 Regulation 107-07 (33); CRL Regulation 9.1, 9.7, 9.8 | **The company is not compliant with this principle.**   * Obligations of the holder are missing; however, it can be found in the paragraphs of the previous SA; * There is no evidence that a specific bank account was opened by the holder for the payment of the concerned communities; * A receipt shows that a payment by check was made to the community concerned, but it was not possible to relate the payment to any specific fee; * The content of the SA complies with the regulation with the exception of the escrow account setting up. | * Three SAs (2015; none notarized) were signed by the concession holder and the Chair of the CFDCs for the 3 counties, with each having annexed to it a list of identified and registered CFDC members (who did not sign). * There is no explanation provided on the signing of these SAs after 5 years since the FMC was ratified (2009). * No evidence that the SAs were renewed or reviewed after the first 5 years * No evidence that complaints were filed with the FDA by the affected communities. However, the SIIB Report reported violations of the laws to FDA for action. * No evidence that a specific bank account was opened by the holder for payments to the concerned communities; * No attestation by the FDA of payments made to the community by the company * The CFMB M&E indicate non-compliance (see Annex 1) * Attestation by FDA on the Social Agreement has been provided * The SA has minimum contents contained therein. The duration of the SA was extended for the duration of the FMC, which is in violation of Reg. 105-07 Section 31 (b) setting the duration for a SA at 5 years for FMCs.   [See Annex 1] |
| **Principle 4: Forest Management Operations & Harvesting** | | |
| 1. Annual operations plan, 5yFMP & 25 years, Strategic forest management plan in place NFRL (4.5, 5.3,5.4, 5.6) Regulation 104-07 (62a); EPML (23); COCS SOP (9); CRL Regulation (10.3, 10.4); CFHP (2.2); FMC Contract (B3.1 2. Compliance with the plans NFRL (3.2;3.4) & COCS SOP (7-11) 3. Business Plan FMC Contract (B3.11, B3.13) 4. FDA Approval Contract (B3.11) 5. Annual Harvest Certificate FMC Contract (B3.14, B6.13) 6. Annual Compliance Audit FMC Contract (B8.81) 7. Five-year Management Review FMC Contract (B8.82)   For CFMAs:   * 1. Preconditions CFRL Reg.      1. Community Assembly🡪CFMB   2. Community Forest Management Agreement Reg. 7.1      1. Acceptance by Community Reg. 7.5      2. Acceptance by FDA Reg 7.7   c. Community Forest Management Plan Reg. 8.1  d. No third party can operate on >250,000 ha at a time Reg. 10.4 | **The company is not compliant with this principle.**   * Neither the SFMP, 5YFMP or the AOP were found compliant; * The company was granted a harvesting certificate despite its weaknesses on the management documents. | * + The 25 years FMP was provided, but there is no evidence as to whether Atlantic operated within the first 5 years of the contract, and no evidence the SFMP has been updated.   + The AOP (2017) was approved by the FDA, despite not being compliant. * No 5YFMP was provided   + The FDA issued the company harvesting certificate for 2019 & 2020 without evidence of Performance Bond & AOP for these years.   + No evidence that a Compliance audit was performed by FDA |
| **Principle 5: Environmental Obligations** | | |
| 1. ESIA report and ESIA Permit obtained EPML (6,21-23); Reg (105-107) COCS SOP (9); Regulation 112-08 the Forest Products Processing and Marketing (11); FMC Contract (B3.11) 2. Compliance with environmental standards and ESIA Report EPML (24-27), 3. Compliance with Code of harvesting practices EPML (parts IV & V), CFHP 2.5.1; GFMP; FMC Contract (B3.43, B6.41) 4. Compliance with Forest Management Guidelines NFRL (8.1) 5. Compliance with Wildlife rules Sections 9.11 and 9.12 of the NFRL; EPML (parts IV & V), CFHP (2,5.3); NWL Chapter 6; FMC Contract (B6.3) 6. Reforestation within 5 years FMC Contract (B6.42 | **The company is partially compliant with this principle.**   * The company meets most of its obligations regarding the supply of documents in LiberTrace. However, the EPA and FDA did not provide tangible evidence on their inspections and audits. | • EIA Permit was renewal issued in 2017 and it expired in 2020.  • No evidence of ESIA report, nor annual environmental audits |
| **Principle 6: Timber Transportation & Traceability** | | |
| 1. Timber placed in the Chain of Custody system COCS SOP (10-19); Reg. 108-07; FMC Contract (B6.63) 2. FDA compliance with rules on auctioning confiscation and abandoned timber or timber products Regulation 118-17 (4, 5, 6); 116-117 (4,7) | **The company is partially compliant with this principle.**   * The annual compliance audit report was not sighted by the review team; | * Access to Libertrace is needed to confirm compliance with this principle.   • Confirmation/Attestation is required that Atlantic does not have abandoned logs in the forest, but no evidence was provided.   * Atlantic is allegedly involved with manipulating data required to input into the log tracing system. FDA instead attributes the significant incorrect data to “human errors”. No investigative report from FDA available on the issue |
| **Principle 7: Transformation & Timber Processing** | | |
| 1. Sawmill, ply/veneer mill (expenditures) requirement: FMC contract (A2) 2. Sawmill Permit required References: Regulation 107-07 (46); COCS SOP (20, 26); Regulation 112-08 the Forest Products Processing and Marketing (7,8) 3. Logs harvested or imported for processing have assigned COC ID# COCS SOP (15, 19 & 20); Regulation 112-08 the Forest Products Processing and Marketing (9); FMC Contract (B6.63)   Traceability of products from Sawmill permit NFRL 13.5; COCS SOP (19) | **This principle is not applicable as the company has no transformation and timber processing plant.** | * -No evidence that the findings in the Sofreco report relative to this principle has changed. |
| **Principle 8: Workers Rights, Health Safety & Welfare** | | |
| 1. Preference for Liberians; Work permits duly issued for foreign workers Section 45.1(a) DWA 2. Payment of minimum wage DWA (5.1-5.6, 13.1, 16.1, 16.2, 16.3) 3. Standard labor practices ( rest period/ child labor/social security/Health and safety requirements/) DWA (Chapters 17-20) (2.2, 21.4) NSSWL (89.8, 89.16, 89.41) CFHP (2.3); DWA (24.1, 24.2, 25.1, 25.2, 25.3, 25.4, 25.5) | **The company is not compliant with this principle.**   * The reports which should have been produced by the Ministry of Labor, NASSCORP and FDA were not sighted by the review team; * The review team couldn’t find enough objective evidence that the workers’ rights, health, safety and welfare requirements were being met either by the companies or regulatory authorities. | * No FDA Compliance Audit report * No report from MOL. * Nasscorp records show a total of 439 employees enrolled in the schemes, but its contribution history ranges from 20\_\_\_ only up to 20\_\_\_\_. * No payroll information provided to confirm minimum wage payments nor on which salary base these payments were made |
| **Principle 9: Taxes, Fees & Other Payments** | | |
| Settlement of taxes, fess, levies, tax arears Section 2108 of Tax Code, Section 14.2 of the NFRL, Regulations 107-0761-63 , COCS SOP (9) | **The Company is not compliant with this principle.**   * No records were sighted regarding community payments; | * No records were sighted regarding the community payments; * The tax clearance certificate provided was issued in 2007 * No evidence of payment to communities, pending response from NUCFMB and CMFMB * Sector specific fees and levies: Of a total invoiced amount of USD **2,350,253.13**, Atlantic has paid   USD **95,658.87** as at March 1, 2023, with outstanding arrears of USD **2,254,594.26**  (LiberTrace as at March 1, 2023). Area fees, annual contract administration fees, annual coupe inspection fees, barcode tag fees, bid premium, and waybill sticker fees are the outstanding fees.   * Tax payment information are pending response from LRA. Tax clearance status to be provided by LRA if available |
| **Principle 10: Export, Processing & Trade Requirements** | | |
| 1. Annual registration of exporter with FDA Regulation 108-07 (41) 2. Confirmation that all logs/timbers to be exported were enrolled in the COC system Regulation 108-07 (42); COCS SOP (23-37); NFRL 13.5 3. Pricing in accordance with LVD Regulation 108-07 (43); COCS SOP (18 &21) | **The company is partially compliant with this principle.**   * The MIDB report was not sighted by the review team; * The official FOB prices had not been reviewed for at least the last four years prior to the review. | * No Export permit was shared. * No export volume was reported. * No Proof of payment of export fees was provided * Access to Libertrace was needed to verify the existence or non-existence of these documents, but it has not been forthcoming. * In 2014, an SGS investigation discovered that Atlantic had paid money to Market Bridge International (MBI) to assist in processing chain of custody data, while a SGS employee held a managerial role at MBI (Global Witness 2017). . No evidence that any action was taken against Atlantic by the FDA, although SGS fired the employee “for having inappropriate financial relationship with a logging company”. (Global Witness 2017) * Report on export volume pending access to LiberTrace * LiberTrace records as at March 1, 2023 indicate full payment of export fees of USD 46,936.60 |
| **Principle 11: Transparency & General Disclosure** | | |
| 1. Bi-annual publication by companies of payments made to GOL on the contracts(no later than 15 March and 15 September) NFRL (5.8) 2. Companies compliant with LEITI disclosure requirements LEITI Act (4.1 & 5.4)   FDA makes publicly available forest contracts and bid evaluation report LEITI Act (4.1 & 5.4); Freedom of information Act (Section 2.6) | This was not previously reviewed | * No records available on publications from Alpha Logging or FDA * LEITI’s has the FMC contract published |

Annex 1 Obligations under the various Social Agreements

>> please indicate, with evidence, all that are implemented

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| **FMC P Atlantic-Maryland (2942)** |  |  |  |
| **terms** | **date for delivery** | **implemented** | **not implemented** |
| 30% ($$2.50/ha land rental) |  |  |  |
| $1.50/m3 |  |  |  |
| First preference for skilled and unskilled labour |  |  |  |
| Transportation in case of emergency or major development project | as needed, ongoing |  |  |
| Local water sources are protected and maintained |  |  |  |
| Will not cause damage to farms or cash crops |  |  |  |
| Will not operate on taboo days, sacred sites, on taboo animals/species, medicinal plant sites, hunting grounds or NTFP sites |  |  |  |
| Will not harvest palm trees for bridges, processing or export |  |  |  |
| Participate in community development projects (human resource development, construction of schools, clinics, etc) |  |  |  |
| Maintain/recondition roads adjacent to contract area and connect nearby towns |  |  |  |
| Make available timber products for community development projects |  |  |  |
| Construct schools for education of employees dependants | After 1st year of operation |  |  |
| Annual contribution of US$6000 for scholarship for citizens of Maryland County | Annually |  |  |
|  |  |  |  |
| **FMC P Atlantic- Grand Kru (2943)** |  |  |  |
| **terms** | **date for delivery** | **implemented** | **not implemented** |
| 30% ($$2.50/ha land rental) |  |  |  |
| $1.50/m3 |  |  |  |
| First preference for skilled and unskilled labour |  |  |  |
| Transportation in case of emergency or major development project | as needed, ongoing |  |  |
| Local water sources are protected and maintained |  |  |  |
| Will not cause damage to farms or cash crops |  |  |  |
| Will not operate on taboo days, sacred sites, on taboo animals/species, medicinal plant sites, hunting grounds or NTFP sites |  |  |  |
| Will not harvest palm trees for bridges, processing or export |  |  |  |
| Participate in community development projects (human resource development, construction of schools, clinics, etc) |  |  |  |
| Maintain/recondition roads adjacent to contract area and connect nearby towns |  |  |  |
| Make available timber products for community development projects |  |  |  |
| Construct schools for education of employees dependants | After 1st year of operation |  |  |
| Annual contribution of US$6000 for scholarship for citizens of Maryland County | Annually |  |  |
| Construction of a school in each community where operations have reached | Within 2 years of operation |  |  |
| Construction of 2 hand pumps in each large town and 1 pump in each small town of Atlantic's operation area |  |  |  |
| Transportation in emergency of major development project | as needed, ongoing |  |  |
| Construction of concrete and iron bridges on primary roads |  |  |  |
| Annual contribution of US$8000 for scholarship for citizens of Grand Kru County |  |  |  |
|  |  |  |  |
| **FMC P Atlantic-Maryland, Grand Kru, River Gee (2946)** |  |  |  |
| **terms** | **date for delivery** | **implemented** | **not implemented** |
| 30% ($$2.50/ha land rental) |  |  |  |
| $1.50/m3 |  |  |  |
| First preference for skilled and unskilled labour |  |  |  |
| transportation in emergency or major development project | as needed, ongoing |  |  |
| Local water sources are protected and maintained |  |  |  |
| Will not cause damage to farms or cash crops |  |  |  |
| Will not operate on taboo days, sacred sites, on taboo animals/species, medicinal plant sites, hunting grounds or NTFP sites |  |  |  |
| Will not harvest palm trees for bridges, processing or export |  |  |  |
| Participate in community development projects (human resource development, construction of schools, clinics, etc) |  |  |  |
| Maintain/recondition roads adjacent to contract area and connect nearby towns |  |  |  |
| Will not construct logged bridges on primary roads |  |  |  |
| Make available timber products for community development projects |  |  |  |
| Construct schools for education of employees dependants |  |  |  |



