



Forest Peoples Programme

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Allan E Moss, AO
Chief Executive Officer
Macquarie Group
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Email: allan.moss@macquarie.com

10th of April, 2007

Dear Mr. Moss,

It has come to our attention that Macquarie Securities is one of several international banks that provided financial services for Samling Global Ltd. in its public listing on the Hong Kong stock exchange. According to the information available to us, Macquarie Securities' support for this public listing has given the company access to approximately HK\$2.18 billion for expansion and debt-repayment. Macquarie Securities backing for this public listing provides support for unsustainable and socially destructive extractive logging, not only in Malaysia but throughout the global holdings of Samling Group.

The Samling Group is currently involved in forestry and logging activities in the Upper Baram Basin in Sarawak in direct conflict with the indigenous peoples in the region who have been protesting against the company's logging operations since 2000. The Penan people, whose lands are covered by the concessions managed by Samling Group, have been running a long-standing protest against the company's activities¹ including through constructing non-violent blockades of logging access roads. On the 7th of February 2007 their road block was forcibly dismantled by the police².

While activities in Malaysia are currently of most concern, Samling's global operations demonstrate the same disregard for the social and environmental impacts of their activities. Samling Global Ltd. has holdings, either past or present, in Cambodia, Guyana, New Zealand, China, Papua New Guinea and Malaysia. In Cambodia, their management practices and their inability to submit government required management plans have led to the cancelling of all Samling logging activities. An independent review at the time found Samling Global Ltd. among the worst of the extractive industry investors in Cambodia³. In Guyana, its majority owned subsidiary, Barama Company Limited, has been in long term conflict with indigenous peoples. In January 2007, due to significant and continuing non-compliance with certification requirements, its Forest Stewardship Council certification was suspended⁴. Given the

¹ See for example the Penan protest letter sent to the Malaysian Timber Certification Council (MTCC) against certifying Samling logging operation at Sela'an-Linau as Forest Management Unit, Feb 25, 2005

² Bruno Manser Fonds Press Release <http://www.bmf.ch/en/news/?show=22>

³ GFA Terra Systems, August 2004, Cambodia. "Results of the Independent Review of Strategic Forest Management Plans prepared by Concession Companies Operating in Cambodia," Hinrichs, Alexander; McKenzie, Catherine, Phnom Penh, Cambodia. See also Chris Lang, 'Deforestation in Vietnam, Laos and Cambodia', in Vajpeyi, D.K. (ed.) (2001) *Deforestation, Environment, and Sustainable Development: A Comparative Analysis*. Praeger: Westport, Connecticut and London, pp. 111-137

⁴ Rengah Sarawak Press Statement. <http://www.rengah.c2o.org/news/article.php?identifer=de0485t>

behaviour of the company in non-certified areas and proven non-compliance in certified areas of forest, we have grave concern about any support from your bank that would allow these practices to be expanded over a greater area.

By cooperating with Samling Global Ltd on the occasion of its listing on the Hong Kong stock exchange, Credit Suisse, HSBC and Macquarie Securities are making themselves part of the irresponsible and destructive logging practices and human rights violations of the Samling group. We do not believe that Macquarie Securities should be involved in any way in the activities of the Samling Group as the company has consistently been shown to be in violation of national and international laws and safeguards.

We understand that Macquarie Securities have not made any public commitments to ensuring social and environmental responsibility in your investments. Please let us know if such commitments do indeed exist. If Macquarie Securities have yet to make such public commitments to equitable and socially responsible investment, then we would ask for an explanation of why Macquarie Securities is lax in its observance of internationally accepted standards such as the Equator Principles and if the Bank has any plans to improve its performance in this critical area of corporate accountability.

In light of the poor record of the Samling Group in its operations in Malaysia, Guyana and Cambodia, we ask that Macquarie Securities cease their involvement with Samling immediately and stop their business relationship with the Malaysian logging group. We also ask for an explanation of how it was that the Macquarie Securities became involved in this listing without due diligence and observation of internationally accepted social responsibility safeguards.

We look forward to learning how Macquarie Securities plans to deal with the concerns that we have raised in this letter.

Sincerely,

Dr. Marcus Colchester
Director, Forest Peoples Programme

Helen Leake
Policy Advisor, Forest Peoples Programme