



Legality Verification

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Policy Applicable To	All Staff conducting legality and chain of custody verification
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1. Policy Background

1.1. Introduction

CertiSource Third Party Verification is designed to provide independent assurance that exported timber products can be classified as Verified Legal Timber against country specific standards. This policy deals with verification for timber sourced in Indonesia against "CertiSource Legality Assessment Criteria for Verified Legal Timber, Indonesia" (version 4 series).

1.2. Scope

Certification Body employees carrying out legality and chain of custody verification.

1.3. Definitions

For purposes of this policy, unless otherwise stated, the following definitions shall apply:

Backtrack	An audit process that ensures traceability of a batch of export/sales products back to the concession/stump, through all stages of production.
Batch	A known volume of timber ready for export/sales.
Chain of Custody (CoC)	Chain of custody is the path taken by raw materials from the forest to the consumer, including all successive stages of processing, transformation, manufacturing and distribution.
Concession	In Indonesia a Forest Concession is an initial permit issued to carry out mechanical logging in the natural forests based on Governmental Regulations. Physically it is an area of forest.
Entity	In this policy entity refers to either a concession, a manufacturer (e.g. sawmill) or a third party trader.
IAF	International Accreditation Forum. The IAF is the world association of Conformity Assessment Accreditation Bodies related to conformity assessment in the fields of management systems, products, services, personnel and other similar programmes of conformity assessment.
Log Reconciliation	Reconciling log transportation document with mill receipt records.

NCO	Non-conformance and observations.
Supply Chain	The supply chain encompasses all activities associated with the flow and transformation of goods from the raw materials stage through to the end user.
Supply Chain Verification	The first stage of the CertiSource verification process that aims to verify that no elements of the supply chain are clearly illegal and that chain of custody procedures agreed with all parties have been complied with.

2. Policy Standards

2.1 Introduction

A Certification Body may, at its own discretion, combine any number of objectives. A single visit for example may be used to carry out a batch CoC verification and an annual surveillance audit.

Full assessment and surveillance audits may be combined with audits of other management systems (such as timber legality within SVLK). The reporting should then clearly indicate the aspects relevant for each management system.

Audits may also be combined with other audits and activities such as auditing progress against NCOs or log reconciliation.

Where audit objectives and/or activities are combined or integrated, that combining/integration shall never adversely impact on the objectives of the audit criteria or the audit obligations.

Certification Bodies can raise NCOs as a result of any of the audit mechanisms.

2.2 Legality Verification Processes

The verification process consists of the following elements:

Forest Concession Entities:

- Full assessment verification audits every three years;
- Review of progress against NCOs;
- Annual surveillance audit.

Sawmills and Third Party Traders:

1. Full assessment verification audits every three years;
2. Annual surveillance audit;
3. Random surveillance;
4. Review of progress against NCOs;
5. Backtrack for verification of the Chain of Custody (CoC) for a specific batch of logs;
6. Log reconciliations.

See Policy 05: Certification for details on certification, recertification.

2.3 Full Assessment Verification

All entities shall undergo a full assessment every three years.

The Certification Body ensures that the entity is compliant with all applicable requirements of the CertiSource System.

2.4 Annual Surveillance Audits

Following a successful issuance of verification statement surveillance audits will be scheduled on an annual basis up until the expiration of verification period.

The aim of surveillance audits is to ensure an entity still meets the requirements of the CertiSource System.

The Certification Body shall develop its surveillance activities so that representative areas and functions covered by the applicable requirements of the CertiSource System are monitored for effectiveness and continual improvement on a regular basis.

During surveillance audits compliance with the requirements of the CertiSource system will be reviewed. The Certification Body will consider all the applicable requirements of the CertiSource System in a manner sufficient to determine compliance.

Whilst the scopes will be the same, surveillance audits can be (and normally are) less rigorous than at verification or re-verification audits. Surveillance audits also review any actions concerning issues arising from previous surveillance.

Appropriate methods of assessment include desk reviews of documentation and interviews with relevant personnel.

2.5 Random Surveillance

The Certification Body is at liberty to carry out random surveillance as it deems necessary.

To ensure that personnel needed for such a visit are available a maximum of two day's notice can be made of the visit plan.

2.6 Backtrack Verification of Chain of Custody of a Specific Batch of Logs

CertiSource will always ensure that the every batch of logs that is processed is compliant with agreed procedures.

This is done through backtrack verification which is an audit process that ensures traceability of a batch of export/sales products back to the concession/stump, through all stages of production.

Verification of a specific batch of logs will be carried out once only at the final point before export. This can be either at the sawmill or third party trader level.

Backtracks will be carried out on every batch of CertiSource Verified Legal export/sales products in accordance to Policy 15: Backtrack.

2.7 Auditing Progress Against NCOs

These audits will review the progress of agreed action against NCOs that have been raised.

2.8 Transitional Timeframes

A transitional period for compliance will be specified, where applicable, following new requirements contained in CertiSource documents such as policies and the CertiSource Legality Assessment Criteria for Verified Legal Timber, Indonesia.

Timeframes for compliance if and when established will be on a case by case basis and specified within a dedicated section of the associated CertiSource document (see section 4 'Transition to Change'. Once informed of any changes and associated transitional periods the Certification Body will subsequently take on the the responsibility of communicating this information to the relevant partners within five working days.

As a general guideline:

- For significant changes such as a transition to a new version of the scheme rules, CertiSource typically adopts a 12 month transition timeframe. In some cases however significant changes require immediate effect.
- For less significant changes a 2 or 3 month period is generally acceptable (with 3 months preferred) with implementation to be determined at the next scheduled assessment.
- At times implementation may need to be established prior to the next scheduled assessment (either by a special onsite or offsite assessment).

2.9 Certification Body Audit Resources

CertiSource aims to operate by the highest international standards.

Any Certification Body carrying out the verification processes described above, and the Certification Body audit employees must meet the minimum requirements as set out in Policy 13: Certification Body Audit Resources.

3. Related Information

3.1 Related Policies and Documents

This policy has connections to the following CertiSource Policy Statements and external documents.

Policy 01: Policy Statement

Policy 02: Policy Development

Policy 05: Certification

Policy 06: Product Labelling and Identification

Policy 07: Non-Conformance

Policy 11: Sustainable Forest Management Commitment

Policy 13: Certification Body Audit Resources

Policy 15: Backtrack

ISO 2859: Sampling procedures for inspection by Attributes.

3.2 Policy Review

To ensure that this policy statement remains relevant it will be reviewed regularly at a minimum frequency of every six months. Revisions will be made when necessary to provide solutions to any practical problems encountered.

4. Document History

Version	Date Approved	Description
5.00	August 1, 2013	<ol style="list-style-type: none"> 1. Section 2.5 added incorporating use of ISO for backtrack calculation; 2. Document history added (i.e. this section).
6.00	September 14, 2014	<ol style="list-style-type: none"> 1. Requirements to verify against "CertiSource Legality Assessment Criteria for Verified Legal Timber, Indonesia, v3.02", changed to version 4.02. 2. Requirement to follow ISO/IEC Guide 65 updated to ISO/IEC Guide 17065 (section 2.7). 3. Other Related Standard Operating Procedures (Section 3.2) deleted. 4. All references to SOPs removed. 5. In the "approvals" space the date of the next revision is deleted. This is to avoid confusion as to whether or not a policy is still valid (e.g. the date of the next revision in the past failed to be changed after a review if nothing was changed in a policy). 6. Section 2: "Prescriptions of the acceptable quantities needed for the various verification processes, along with any acceptable amount of errors, will be adhered to and fully reported on. Acceptable levels of error will be reviewed, and based on such reviews levels can be altered to a higher or lower percentage. However, the level of error will never exceed 5%." The last sentence (acceptable levels.....) deleted. 7. Section 2.1: " The Certification Body ensuresunder the "CertiSource Legality Assessment Criteria for Verified Legal Timber, Indonesia, v4.02".

This is done by verifying:

- Area certainty and utilisation rights;
- Compliance with the legal felling system and procedure;
- Environmental and social factors related to felling;
- Evidence of best practice record keeping.

Further the Certification Body will verify compliance to the CertiSource policy on FSC Forest Management Commitment"

Changed to:

The Certification Body ensures that the forest concession from which a client sources the logs for timber product is compliant with the "Standards of timber legality verification for timber sourced from Forest Management

Enterprises (FME)" under the "CertiSource Legality Assessment Criteria for Verified Legal Timber, Indonesia, (version 4 series)".

Further the Certification Body will verify compliance to the CertiSource policy on Forest Management Commitment.

8. Footnote read: "If changes in sawmill procedures of the manufacturing process are changed, the CoC agreement must be amended accordingly to reflect these changes. In consultation with CertiSource, the Certification Body will review and amend accordingly CertiSource Manual v2.00: Training Plan and Policy-Chain of Custody Procedures for Sawmill Section Heads, Indonesia. Any new training must be conducted by the Certification Body." This is changed to: "If changes in sawmill procedures of the manufacturing process are changed, applicable agreements must be amended accordingly to reflect these changes".
9. Section 2.4: "Ensure every batch of logs that is processed is compliant with agreed CoC procedures, by verifying: responsibility of sawmill operators, training process, procedures for receipt, storage, processing of logs, storage, export of timber, record keeping and reporting". Changed to: "Ensure every batch of logs that is processed is compliant with agreed CoC procedures".
10. Section 2.5. This whole section used to repeat the requirements in Policy 16. Now this section just refers to Policy 16 as guiding document.
11. Section 2.2. Delete:

Prescriptions of the acceptable quantities needed for the various verification processes, along with any acceptable amount of errors, will be adhered to and fully reported on.

This is done by verifying:

- Manufacturing sawmill's implementation of the legal timber trade;
 - Manufacturing sawmill's implementation of the agreed Chain of Custody procedures;
 - Legality of manufactured timber trade or handover.
12. All references to CARs changed to NCO (non-conformance and observations);
 13. Definitions for backtrack and batch revised;
 14. 2.3: Surveillance audits section changed completely. Two surveillance audits deleted and random surveillance replaces this;
 15. Section 2.6 language simplified, although meaning remains.

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| 6.01 | October 3, 2014 | <ol style="list-style-type: none"> 1. Verification process split between concessions and sawmills/traders. 2. Overall the policy now includes a traders as a |
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legitimate enterprise that needs auditing.

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| 6.02 | December 1,
2014 | <ol style="list-style-type: none"> 1. Added: Where audit objectives are combined or integrated, that combining/integration shall never adversely impact on the objectives of the audit criteria or the audit obligations. 2. Section 2.6 wording amended to clarify. |
| 7.00 | September 5,
2015 | <ol style="list-style-type: none"> 1. Full assessment audit frequency changed to every three years; 2. Surveillance audits changed to every year; 3. Section 2.1: Annual Forest Concession Audit changed to Full Assessment Verification; 4. Section 2.2: Bi-Annual Verification changed to Annual Verification; 5. Section 2.6 deleted: 2.6 Extending the Periodicity of Sawmill/Third Party Trader Assessments 6. Contact changed to info@certisource.org 7. 2.1: Sentence: <i>“The Certification Body ensures that the entity is compliant the “Standards of timber legality verification for timber sourced.....”</i> changed to: <i>“The Certification Body ensures that the entity is compliant with all applicable requirements of the “Standards of timber</i> |
| 8.00 | February 1,
2016 | <ol style="list-style-type: none"> 1. Section 2.7 added (and subsequent numbering streamlined). 2. 4: Transition to Change added |
| 8.01 | June 25 2016 | <ol style="list-style-type: none"> 1. Transfer to new template. |