



Reviewing and Revising CertiSource Legality Assessment Criteria for Verified Legal Timber, Indonesia

Policy 03 v4.00

1 August 2017



Original Issue	8 August 2009
Revision Date	1 August 2017
Effective Date	1 August 2017
Policy Applicable To	All CertiSource Staff
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1. Policy Background

1.1. Introduction

The CertiSource Legality Assessment Criteria for Verified Legal Timber, Indonesia (CertiSource Legality Standard Indonesia) is designed to provide independent assurance that exported timber products from Indonesia can be classified as Verified Legal Timber.

The objective of this policy is to specify the system for reviewing and revising the CertiSource Legality Standard Indonesia.

1.2. Scope

This policy applies to all CertiSource members of senior management, staff members and Directors.

1.3. Definitions

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

Centre for International Forestry Research	CIFOR conducts internationally relevant research to serve its mission of poverty alleviation and environmental protection.
DfID	UK Department for International Development: The Department for International Development (DFID) is the part of the UK government that manages Britain's aid to poor countries and works to get rid of extreme poverty. They also have projects and research related to sustainable forestry management.
FLEG	The donor-led Forest Law Enforcement and Governance (FLEG) process is the outcome of a number of consultations, conferences and national initiatives organised by multilateral and bilateral donors that focused on combating the threat posed to forests by illegal logging and trade, corruption and poaching.
FSC	The Forest Stewardship Council (FSC) is an international network that promotes the responsible management of the world's forests. FSC brings people together to find solutions to the problems created by bad forestry practices and to reward good forest management.
International Tropical Timber Organisation (ITTO)	ITTO develops internationally agreed policy documents to promote sustainable forest management and forest conservation and assists tropical member countries to adapt such policies to local circumstances and to implement them in the field through projects. ITTO also collects, analyses and disseminates information on the production and trade of tropical timber.

Reviewing	The process of analysing comments and feedback received to determine a Standard's continued effectiveness. A review shall consider whether the Standard should be formally and publicly revised.
Stakeholder	Stakeholders broadly defined are those groups or individuals: (a) that can reasonably be expected to be significantly affected by an organization's products, services and activities; or (b) whose actions can reasonably be expected to affect the ability of an organization to successfully implement its strategies and achieve its objectives ¹ .
<i>WWF's GFTN</i>	The GFTN is WWF's initiative to eliminate illegal logging and improve the management of valuable and threatened forests. By facilitating trade links between companies committed to achieving and supporting responsible forestry, the GFTN creates market conditions that help conserve the world's forests while providing economic and social benefits for the businesses and people that depend on them. WWF's GFTN believes that a combination of a stepwise approach to forest management and the responsible purchase of forest products, as guided by credible forest certification, should underpin the search for solutions to the problems that are associated with the trade in forest products.

¹Source for this definition: *GRI Sustainability Reporting Guidelines*

2. Policy Standards

2.1 General

As the CertiSource Legality Standard Indonesia evolved, CertiSource developed a set of base principles and criterion. These key generic principles and criterion are duplicated in Annex 5: Base Legality Assessment Principles and Criteria for Indonesia².

2.2 Development of CertiSource Legality Standard Indonesia

For further and future development of CertiSource Legality Standard Indonesia, CertiSource will depend on the Base Legality Assessment Principles and Criterion for Indonesia as the foundational guidelines.

These basic principles and criteria will be further combined with and supplemented by Indonesian's timber legality requirements.

CertiSource might also consider additional available protocols and requirements to integrate within CertiSource's generic base standard.

These might include (but are not limited to):

1. Additional relevant Government documents,
2. Studies/recommendations from organizations such as DFID, USAID, ITTO, FLEG.
3. Documents from other certification companies such as SGS, Smartwood.
4. Documents from International NGOs such as Proforest, WWF, Greenpeace, FSC.
5. Documents from local national NGOs active in forestry and the environment.
6. Relevant research studies carried out by organizations such as national Universities and international organizations such as the Centre for International Forestry Research.
7. Protocols such as those by Keurhout (Netherlands Timber Trade Association).

2.3 Review CertiSource's Legality Standard

To maintain the quality and relevance of the CertiSource Legality Standard Indonesia requirements must be reviewed regularly.

Proposals to review and/or revise CertiSource Legality Standard Indonesia may be submitted by any interested party and shall be logged centrally in the 'issues log' by the CertiSource Programme Director.

The CertiSource Legality Standard Indonesia shall be reviewed on an ongoing basis, with the period between reviews not exceeding 3 years. The date of any subsequent scheduled review shall be made publicly available.

After a formal review, a decision shall be made by CertiSource Senior Management on whether a revision shall be recommended.

Reasons why a review process may be recommended and initiated are:

² The Principles and Criteria have been extracted from CertiSource Legality Standard Indonesia, which itself underwent extensive consultation in accordance with 'Setting Social and Environmental Standards ISEAL Code of Good Practice', and CertiSource Policy 08: Stakeholder Engagement.

- Stakeholder and/or Certification Body and/or internal CertiSource feedback or developments;
- New developments in timber verification and/or relevant international best practices in the field;
- Changes in legislation relevant to the CertiSource Legality Standard Indonesia;
- Any other significant change in the associated timber legality certification supply chain industry;
- 3 years have elapsed since a previous review.

2.4 Revision of CertiSource Legality Standard Indonesia

A Working Group (WG), appointed by CertiSource Senior Management Team (SMT), shall be established to:

- a) Draft terms of reference for the revision which include objectives, a list of key stakeholders and work plan (including decision making process);
- b) Produce drafts of the revised Standard both prior to and following stakeholder feedback, including justification of the proposed changes, and an assessment of risks and impact of each change;
- c) Provide recommendations and seek input after each development activity.

The WG shall as a minimum include a designated Manager from CertiSource, a qualified auditor from a Certification Body auditing against the Standard under review, and an external consultant, if necessary.

A summary of the finalised terms of reference and work plan shall be made publicly available, and the CertiSource website shall be regularly updated with information on the status of the Standard revision activities.

CertiSource Policy on Certification Complaints, Appeals and Dispute Resolution shall be referred to when complaints about the content of the Standard and/or procedural matters are received.

2.5 Consultation

Consultation will be carried out in accordance with 'Setting Social and Environmental Standards ISEAL Code of Good Practice', and CertiSource Policy 08: Stakeholder Engagement.

The launch of a public consultation shall be officially announced on the CertiSource website.

The announcement shall include:

- a) A brief and clear description of the scope and objectives of the proposed Standard or proposal to revise an existing Standard;
- b) The justification of the need to introduce or revise the Standard;
- c) The estimated timeline for completion of the proposed Standard or revision;
- d) The opportunity to submit written comments on the specific issues and approaches that should be addressed;
- e) That the process shall be in compliance with the ISEAL Code of Good Practice and in accordance to CertiSource Policy 08: Stakeholder Engagement;
- f) Contact details.

2.6 Standard Contents

At a minimum the Standard must contain:

Scope:

The parties and geographic location to which the Standard is applicable and a brief description as to what the Standards are derived from and to what principles pertain.

Scope will also contain a brief description of any limitations where applicable.

Standard Effective Date:

The date the Standard will be effective from and the date of and details as to the scheduling of updates. The Standard will be reviewed annually.

References:

Details of related and cited documents.

Terms and definitions:

An explanation of terms, definitions of specialized language and definitions of acronyms used.

Standards and Requirements:

The main body of the document containing the list of legality Standards, criteria and verifiable indicators. Also included should be information on the purpose of the Standards, background information relevant to their development and an indication as to permissible claims related to the Standard.

Annex

This annex is intended as a key supplement to a CertiSource Legality Standard.

The annex will be separated from the main body of the Standard compliance requirements to allow relevant supporting and supplementary information to be added and indicated, and/or amended, without altering the main compliance document directly.

2.7 Standard Transition

When a Standard has been updated or a new Standard finalised, CertiSource will grant a period of transition to allow clients (including Certification Bodies and auditees) sufficient time to adapt practices and related documentation to ensure compliance.

Transition periods will be decided by CertiSource depending on the nature and extent of new requirements. Timeframes for transition will never be less than two months, and normally never exceed one year.

2.8 Non-Substantive Changes

Typographical errors and minor inconsistencies may be corrected with the approval of the CertiSource SMT.

The CertiSource Programme Director may propose non-substantive changes, such as formatting, sentence construction (so long as meaning is not altered), layout, design and organization to the CertiSource SMT.

An updated Standard shall be clearly identified as such with a new version number and date and the most recent version shall be posted on the CertiSource website and circulated to all known users.

3. Related Information

3.1 Related Policies and Documents

This policy has connections to the following CertiSource Policy Statements

Policy 01: Policy Statement

Policy 02: Policy Development

Policy 08: Stakeholder Engagement

Policy 10: Certification Complaints, Appeals and Dispute Resolution

3.2 Related Standard Operating Procedures and External Documents

No related SOPs.

This policy has connections to the following external documents:

- Setting Social and Environmental Standards ISEAL Code of Good Practice
- AA1000 Stakeholder Engagement Standard Exposure Draft: AA1000SES, London (2005).
- The Stakeholder Engagement Manual Volume i: The Guide To Practitioners' Perspectives On Stakeholder Engagement - Stakeholder Research AssociatesCanada Inc, United Nations Environment Programme, AccountAbility.
- The Stakeholder Engagement Manual Volume ii: The Guide To Practitioners' Perspectives On Stakeholder Engagement - Stakeholder Research AssociatesCanada Inc, United Nations Environment Programme, AccountAbility.
- Global Reporting Initiative (GRI) Sustainability Reporting Guidelines- GRI.

3.3 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
1.01	3 January 2013	1. Development of a Legality Standard includes major revisions.
1.02	1 August 2013	1. Document history added (i.e. this section). 2. Transferred to this new template. 3. Programme Manager changed to Programme Director.
2.00	1 October 2014	1. Previous reference to using Smartwood's VLC as the generic base was a footnote. This has been added into the main text in section 2.1. 2. Requirement to "update" Standard annually changed to "review" annually. 3. Definitions deleted. Obvious ones such as NGO. 4. 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.
	1 December 2014	5. Section 2.5 on Standard Transition added.
2.01	16 July 2015	1. Change email contact to info@certisource.org
3.00	1 January 2016	1. Add definition of reviewing; 2. Add sections 2.3, 2.4,2.5 and 2.8 3. Change title from "Setting Legality Standards" to "Setting, Reviewing and Revising"
3.01	28 June 2016	1. Transfer to new template
4.00	1 August 2017	1. Reference to use of Smartwood's generic VLC standard as generic base deleted. This is replaced by referencing CertiSource's own generic legality assessment requirements and adding Annex 5. 2. Changed Policy title from: "Setting, Reviewing and Revising Legality Standards" to Reviewing and Revising CertiSource Legality Assessment Criteria for Verified Legal Timber, Indonesia 3. Section 2.1 Deleted: "CertiSource does not create its own legality assessment criteria, but rather uses generic guidelines as a foundation and combines this generic base with relevant national standards" and replaced this with "As the CertiSource Legality Standard Indonesia evolved, CertiSource developed a set of base principles and criterion. These key generic principles and criteria are duplicated in Annex 5: Base Legality Assessment Principles and

- Criteria for Indonesia³.
4. Footnote 2 added: “The Principles and Criteria have been extracted from CertiSource Legality Standard Indonesia, which itself underwent extensive *consultation in accordance with ‘Setting Social and Environmental Standards ISEAL Code of Good Practice’, and CertiSource Policy 08: Stakeholder Engagement*”.
 5. Deleted: “Country Specific Standards Non-Existent. Section 2.2 now Indonesia specific. Replaced 2.2 opening lines with: “For further and future development of CertiSource Legality Standard Indonesia, CertiSource will depend on the Base Legality Assessment Principles and Criterion for Indonesia as the foundational guidelines.
 6. Section 2.5 made Indonesian specific (as with whole of Policy).
 7. Section 2.5 - updated and highlighted the reference and need to comply with ISEAL Standard: “Setting Social and Environmental Standards ISEAL Code of Good Practice”.

³ The Principles and Criteria have been extracted from CertiSource Legality Standard Indonesia, which itself underwent extensive *consultation in accordance with ‘Setting Social and Environmental Standards ISEAL Code of Good Practice’, and CertiSource Policy 08: Stakeholder Engagement*.

5. Annex: Base Legality Assessment Principles and Criteria for Indonesia

PART I: Requirements for All Enterprises in the Timber Supply Chain

Principle 1:	Legal Registration, Transport and Trade: Enterprises shall be legally registered and approved for conducting the defined business and adhere to applicable transport, trade, import or export regulations, procedures and restrictions.
Criterion 1.1	Enterprises shall be legally registered and licensed as a business and approved for conducting the defined business activities with the relevant authorities as required by law.
Principle 2	Payment of Fees and Taxes <i>Enterprises shall fulfil all obligatory taxes, fees and/or royalty payments associated with maintaining the legal right to operate.</i>
Criterion 2.1	All applicable and legally prescribed fees, royalties, taxes and other charges shall be paid.
Principle 3	Quality System: Enterprises shall implement key quality control systems of the CertiSource Verified Legal Timber product lines.
Criterion 3.1	CoC responsibilities related to the CertiSource Verified Legal Timber product lines are clearly defined, controlled and documented.
Criterion 3.2	Internal audits of the CertiSource Verified Legal Timber product lines are implemented.
Criterion 3.3	Enterprises shall implement non-conformance policies and/or procedures related to the CertiSource Verified Legal Timber product lines.
Criterion 3.4	Relevant staff members will be trained in the procedures to ensure compliance with CertiSource requirements of CertiSource Verified Legal Timber product lines.
Criterion 3.5	CertiSource Verified Legal Timber product groups and verified materials will be documented and controlled.
Criterion 3.6	Paper-based tracking and traceability records and documentation are kept for each transported batch of timber of CertiSource Verified Legal Timber processed, and enterprises shall adhere to applicable wood and wood products transport regulations and/or restrictions.
Criterion 3.7	Enterprises shall keep up to date records and documentation of CertiSource Verified Legal Timber at key stages of the process.
Principle 4	Material Segregation: CertiSource Verified Legal Timber has not been mixed with unverified material throughout all stages of production.
Criterion 4.1	Only products that have not been mixed with other unverified material can be classified as CertiSource Verified Legal Timber.

Principle 5	Processing: Detailed information and records on the processing of CertiSource Verified Legal Timber products will be kept.
Criterion 5.1	Production records of any CertiSource verified material will be kept.
Principle 6	Transfer, Export and Sales: Transfer of ownership, exports and sales of CertiSource Verified Legal Timber will be carried out in accordance with Indonesian regulations.
Criterion 6.1	Transfer of ownership of logs/timber/product on CertiSource Verified Legal Timber product lines are clearly indicated.
Criterion 6.2	Export of CertiSource Verified Legal Product is done in accordance with Indonesian regulations.
Criterion 6.3	Sales records and documentation shall be kept and completed to ensure traceability of logs/timber/products.
Principle 7	Claims and Public Information: Enterprises shall comply with CertiSource related policy regarding on-product and off-product labeling and trademark use.
Criterion 7.1	Enterprises using the CertiSource trademark shall do so in accordance to CertiSource policy requirements.
Principle 8	Fulfilment of Social Regulations <i>Enterprises shall demonstrate compliance with all local and national laws relating to social issues such as health & safety, labour laws, and third parties' use rights.</i>
Criterion 8.1	Enterprises and contractors shall meet all applicable laws and/or regulations covering health and safety of employees and their families if applicable.
Criterion 8.2	All employees of the enterprise and contractors shall be employed under formal contract if legally required and all employees shall be paid and treated in conformance with national law and international conventions as applicable.
Criterion 8.3	Third party rights ⁴ to own, govern and utilize land area and forest resources (the right to live, acquisition of food, clothing, shelter and culture) are legally recognised and demonstrated and shall be taken into account in the management of forest resources where applicable.
Principle 9	Fulfilment of Environmental Regulations: Enterprises shall demonstrate compliance with all local and national laws relating to environmental regulations, identify, monitor, and implement activities to control unauthorized activities in relation to protected species.
Criterion 9.1	All legal requirements for managing protected species and areas in/near enterprises shall be followed and include at a minimum nature protection controls such as protected areas, set-aside areas, protected species and the control of inappropriate hunting, fishing, and trapping.
Criterion 9.2	Enterprises engaged in the timber supply chain shall have permission to handle, process, trade, or transport protected timber species. Permission shall be documented, and compliance with the applicable provisions and requirements shall be demonstrated.
Criterion 9.3	Unauthorised activities in relation to protected species that may occur shall be identified.

⁴ Encompasses customary user and indigenous/local communities.

Criterion 9.4	Employees of the enterprise shall be prohibited from hunting and trade in wildlife, unless it is legally permitted and they have documented permission from the resource owner.
Criterion 9.5	Environmental and Social Impact Assessments shall be prepared.
Criterion 9.6	Environmental precautions and mitigation required as a result of the impact identified in the environmental assessment shall be implemented and demonstrated.

PART II: Additional Requirements for Timber Sourced from Forest Management Enterprise (FME) on State Forest Land

Principle 10	Legal Right to Harvest: The legal status of the Forest Management Enterprise (FME) shall be clearly defined and boundaries delineated. The FME shall prove that it has validly obtained the legal right to operate and to harvest timber from within the defined forest licensed area.
Criterion 10.1	Clear and documented legal registration of FME with authorization to carry out forest management activities shall exist.
Criterion 10.2	The associated license documents shall indicate the concession boundary areas and evidence shall exist that the area has been legally classified for the type of land-use or commercial activities conducted.
Principle 11	Approved Planning Authorisation and Operations: <i>The FME shall have approved management and annual operating plans as legally required. Plans shall contain accurate information and be adequately implemented to ensure that production restrictions and quotas within the permitted harvest rights are adhered to.</i>
Criterion 11.1	If legally required, a forest annual operating or harvesting plans shall be in place and approved by the relevant authorities.
Criterion 11.2:	The FME shall be in compliance with all relevant local and national laws, and legally binding codes of practice relating to forest management and harvesting operations, and hold valid supporting documentation including forest management plan requirements (annual operating or harvesting plans).
Criterion 11.3	Legally prescribed dimension restrictions and annual allowable cut or production quotas shall clearly be included in applicable planning and operational documents and adhered to in practice, and harvesting and felling shall be strictly confined to areas and species approved for harvesting by national, regional or local regulations.