

**DIRECTOR GENERAL OF FORESTRY PRODUCTION DEVELOPMENT'S REGULATION**  
**Number : P. 02/VI-BPPHH/2010**

**CONCERNING**

**GUIDELINES ON ASSESSMENT OF  
SUSTAINABLE PRODUCTION FOREST MANAGEMENT PERFORMANCE AND  
VERIFICATION OF TIMBER LEGALITY**

**DIRECTOR GENERAL,**

- Considering : a. whereas based on Article 5 of Forestry Minister's Regulation Number P.38/Menhut-II/2009 concerning Standard and Guidelines on Assessment of Sustainable Production Forest Management Performance and Verification of Timber Legality in License Holders or in Right Forests, Director General of Forestry Production Development has issued Regulation Number P.6/VI-Set/2009 concerning Standard and Guidelines on Assessment of Sustainable Production Forest Management Performance and Verification of Timber Legality;
- b. whereas to have a unified understanding on Assessment of Sustainable Production Forest Management Performance and Verification of Timber Legality between parties, it is considered necessary to issue guidelines on assessment and verification that as a supplementary regulation to aforesaid Director General of Forestry Production Development's Regulation Number P.6/VI-Set/2009;
- c. whereas in regard to the matter above, it is necessary to stipulate a Director General of Forestry Production Development's Regulation concerning Guidelines on Assessment of Sustainable Production Forest Management Performance and Verification of Timber Legality.
- Recalling : 1. Law Number 41 Year 1999 concerning Forestry jo. Number 19 of 2004;
2. Government Regulation Number 102 of 2000 concerning National Standardization;
3. Government Regulation Number 6 of 2007 jo. Government Regulation Number 3 of 2008 concerning Forest System and Preparation of Forest Management Work Plan, and Forest Utilization;
4. Republic of Indonesia's Presidential Decree Number 78 of 2001 concerning National Accreditation Committee;

5. Republic of Indonesia's Presidential Decree Number 84/M of 2009 concerning the Establishment of United Indonesia Cabinet II;

6. The Republic .....

6. The Republic of Indonesia's Presidential Regulation Number 9 of 2005 concerning Position, Task, Function, Organizational Structure and Working Arrangement of the Republic of Indonesia's State Ministry as amended several times, the last being with the Republic of Indonesia's Presidential Regulation Number 20 of 2008;
7. The Republic of Indonesia's Presidential Regulation Number 10 of 2005 concerning Organization Unit and Tasks of the Republic of Indonesia's State Ministry Echelon I, as amended several times, the last being with the Republic of Indonesia's Presidential Regulation Number 50 of 2008;
8. Forestry Minister's Regulation Number P.13/Menhut-II/2005 concerning Organization and Working Procedure of the Ministry of Forestry, as amended several times, the last being with the Forestry Minister's Regulation Number P.64/Menhut-II/2008;
9. Forestry Minister's Regulation Number P.38/Menhut-II/2009 concerning Standard and Guidelines on Assessment of Sustainable Production Forest Management Performance and Verification of Timber Legality in License Holder or in Right Forest;
10. Director General of Forestry Production Development's Regulation Number P.6/Menhut-VI/2009 concerning Standard and Guidelines on Assessment of Sustainable Production Forest Management Performance and Verification of Timber Legality.

**HAS DECIDED:**

**To stipulate : DIRECTOR GENERAL OF FORESTRY PRODUCTION DEVELOPMENT'S REGULATION CONCERNING GUIDELINES ON ASSESSMENT OF SUSTAINABLE PRODUCTION FOREST MANAGEMENT PERFORMANCE AND VERIFICATION OF TIMBER LEGALITY.**

- FIRST : 1. Guidelines on Assessment of Sustainable Production Forest Management Performance, as set forth in Annex 1 to this Regulation.
2. Guidelines on Verification and Certification of Timber Legality:
- a. In Holder of IUPHHK-HA/HPH, IUPHHK-HT/HTI, IUPHHK-RE; Holder of IUPHHK-HTR, IUPHHK-HKm; License Holder of Right Forest; and Holder of IPK, as set forth in Annex 2;
  - b. In IUIPHHK and Advanced IUI, as set forth in Annex 3;
3. Independent Monitoring in Assessment of Sustainable Production Forest Management Performance (PHPL) and Timber Legality Verification System, as set forth in Annex 4;

4. Submission and Settlement of Objections in Assessment of Sustainable Production Forest Management Performance (PHPL) and Verification of Timber Legality, as set forth in Annex 5;
5. Criteria and Requirements for Personnel and Auditor in Assessment of Sustainable Production Forest Management Performance (PHPL) and Verification of Timber Legality, as set forth in Annex 6;

SECOND .....

- SECOND : Guidelines for Assessment as referred to in the FIRST dictum figure 1 is to be used by the Assessment Institution in carrying out the assessment of IUPHHK-HA/HT holder's performance.
- THIRD : Guidelines on Verification as referred to in the FIRST dictum figure 2 is to be used by Independent Appraisal and Verification Agency in carrying out the Verification and Certification of Timber Legality of IUPHHK-HA/HPH, IUPHHK-HT/HTI, IUPHHK-RE Holder; IUPHHK-HTR, IUPHHK-Hkm Holder; License Holder of Right Forest; and IPK Holder, and in IUIPHHK and Advanced IUI Holder
- FOURTH : Guidelines on Independent Monitoring as referred to in FIRST dictum figure 3 are to be used by Independent Monitoring Agency in order to monitor activities related to Assessment of Sustainable Production Forest Management Performance (PHPL) and Timber Legality Verification System.
- FIFTH : Guidelines on Submission and Settlement of Objections as referred to in FIRST dictum figure 4 is to be used by related parties in the event of objection to the ongoing process and the output obtained as a result of Assessment of Sustainable Production Forest Management Performance (PHPL) and Verification and Certification of Timber Legality.
- SIXTH : Guidelines on Criteria and Requirements for Auditor Personnel as referred to in FIRST dictum figure 5 are to be used to stipulate general criteria and requirements in the appointment of Lead Auditor, Auditor and Auditor Candidate as well as Decision-maker.
- SEVENTH : This regulation shall begin to take effect as from the date of stipulation.

Stipulated in Jakarta

On :

DIRECTOR GENERAL,

DR. IR. ING. HADI DARYANTO, DEA  
NIP 19571020 198203 1 002

Copy of this Regulation has been sent to. :

1. Minister of Forestry;
2. Echelon I Officials in Ministry of Forestry;
3. Echelon II Officials in Directorate General of Forestry Production Management.

**Annex 1** : Director General of Forestry Production Development's Regulation  
Number : P.02/VI-BPPHH/2010  
Date : February 10, 2010  
On : Guidelines on Assessment of Sustainable Production Forest Management  
Performance and Verification of Timber Legality

## GUIDELINES ON ASSESSMENT OF SUSTAINABLE PRODUCTION FOREST MANAGEMENT (PHPL) PERFORMANCE

### I. PREFACE

#### A. BACKGROUND

These guidelines are prepared as a reference for the assessment in order to fulfill the principles of credibility and traceability in the Assessment of Sustainable Production Forest Management Performance (PHPL) as mandated by Forestry Minister's Regulation Number P.38/Menhut-II/2009 concerning Standard and Guidelines on Assessment of Sustainable Production Forest Management Performance and Verification of Timber Legality in License Holders or in Right Forests.

These guidelines contain requirements, process and procedures to be met and followed in the Assessment of PHPL Performance both by the assessment institution and other related and interested parties.

#### B. OBJECTIVE

These guidelines aim to guide the Assessment of PHPL Performance in order to guarantee the quality of the implementation.

#### C. SCOPE

1. These guidelines include requirements, process and procedures for Assessment of PHPL Performance in Timber Forest Product Utilization Business License in Natural Forest and Timber Plantation (IUPHHK-HA/HT).
2. The Assessment of PHPL Performance will use the standard set out in Annex I to Director General of Forestry Production Development's Regulation Number P.6/VI-Set/2009 concerning Standard and Guidelines on Assessment of Sustainable Production Forest Management Performance and Verification of Timber Legality.

#### D. REFERENCES

1. Forestry Minister's Regulation Number P.38/Menhut-II/2009 concerning Standard and Guidelines on Assessment of Sustainable Production Forest Management Performance and Verification of Timber Legality in License Holders or in Right Forests.

2. Director General of Forestry Production Development's Regulation Number P.6/VI-Set/2009 concerning Standard and Guidelines on Assessment of Sustainable Production Forest Management Performance and Verification of Timber Legality.
3. ISO/IEC 19011:2002 Guidelines on Quality and/or Environmental Management Systems Auditing.
4. ISO/IEC 17021:2006 Conformity Assessment – Requirement for Bodies Providing Audit and Certification of Management Systems.
5. INS 19-19011-2005 Guidelines on Quality and/or Environmental Management Systems Audit.
6. NAC DPLS 13 Rev. 0 Document: Additional Requirements and Rules on Accreditation of Assessment Institution for Sustainable Production Forest Management (LP PHPL).
7. Other regulations related to sustainable production forest management (PHPL).

#### E. DEFINITIONS

1. Independent Appraisal and Verification Agency (LP&VI) is a state-owned or private-owned company with a corporate body accredited to carry out assessment of sustainable production forest management performance (PHPL) and/or verification of timber legality.
2. Institution for Assessment of Sustainable Production Forest Management (LP-PHPL) is a state-owned or private-owned company with a corporate body accredited to carry out Assessment of Sustainable Production Forest Management Performance (PHPL).
3. Independent Monitoring Agency is an institution that may perform supervisory/monitoring functions related to public service in forestry sector such as issuing PHPL or LK Certificate. This institution may include non-governmental organizations (NGO) in forestry sector.
4. Decision Maker is a staff member in the LP-PHPL, qualified and appointed as decision maker for PHPL Performance Assessment.
5. License Holder is a Holder of License for Utilization of Timber Forest Products in Natural Forest hereinafter abbreviated to IUPHHK-HA (formerly HPH), and/or Holder of License for Utilization of Timber Forest Products in Timber Plantation hereinafter abbreviated to IUPHHK-HT (formerly. HPHTI).
6. Auditee is a License Holder being audited.
7. Lead Auditor is a staff member qualified and competent to be a lead auditor, and assigned by LP-PHPL to lead the implementation of PHPL performance assessment.
8. Auditor is a staff member qualified and competent to be an auditor, and assigned by LP-PHPL to carry out PHPL Performance Assessment.
9. Indicator is the indicator referred to in Annex I to Director General of Forestry Production Development's Regulation Number P.6/VI-Set/2009.

10. Verifier is an apparatus performing the function of calibrating the indicator status in the PHPL performance standard.
11. Verification method is a procedure for operating the verifier.
12. Verification instrument is the tool and material needed in operating the verifier.
13. Public consultation is a process of conveying the planned PHPL Performance Assessment to the public for obtaining information related to auditee.
14. Entry Meeting is a meeting between the Auditor Team and related services/agencies and partners in the provincial capital, to communicate field work plan, work method and time frame for PHPL Performance Assessment.
15. Exit Meeting is a meeting between the Auditor Team and related services/agencies and partners in the provincial capital, to report that the implementation of field assessment has been done and it is expected to obtain additional data and information.

## II. ACTIVITIES

### A. APPLICATION FOR ASSESSMENT

1. The License Holder will submit an application for PHPL Performance Assessment to LP-PHPL which contains at least the scope of certification, profile of the License Holder and other information needed in the process of PHPL Performance Assessment.
2. LP-PHPL will settle the matters relating to work contract with the License Holder.
3. LP-PHPL will study the application for PHPL Performance Assessment. The PHPL Performance Assessment will require at least the information on the applicant's organization and its management system.
4. LP-PHPL will communicate the decision on the study of application for PHPL Performance Assessment to the License Holder. In case the study decided that the License Holder does not meet the minimum requirements for the next process, the License Holder would be required to complete the requirements concerned.
5. In case the study decided that the License Holder has met the minimum requirements, therefore the process of PHPL Performance Assessment would be started.
6. In the event that the Implementation of PHPL Performance Assessment is financed by the Government, therefore the assessment will not go through application by License Holder to LP-PHPL, but by the Government's decision and the Government will issue a Letter of Notice to the License Holder that will be assessed.

### B. ASSESSMENT PLANNING

1. Preparation
  - a. Recruitment and mobilization of PHPL performance assessment team

- 1) LP-PHPL will recruit Auditor, Lead Auditor, and Decision Maker in accordance with their respective requirements and competence.
- 2) LP-PHPL will settle the matters relating to work contract with Auditor, Lead Auditor, and Decision Maker, ensure capability, prepare the team's internal protocol, and complete the insurance.
- 3) LP-PHPL will guarantee that Auditor, Lead Auditor, and Decision Maker will be in the place and time consistent with the working schedule of PHPL Performance Assessment.

b. Logistics

- 1) LP-PHPL will prepare the financing in an amount sufficient for the work of Auditor, Lead Auditor, and Decision Maker, and make it timely available.
- 2) LP-PHPL will provide working instruments for Auditor, Lead Auditor, and Decision Maker.
- 3) LP-PHPL will provide administrative needs for the smooth running of Auditor's, Lead Auditor's, and Decision Maker's works.

2. Audit Plan

LP-PHPL must set an audit plan that enables the audit implementation to meet the ISO 17021:2006 requirements, Forestry Minister's Regulation Number P.38/Menhut-II/2009 and Director General of Forestry Production Development's Regulation Number P.6/VI-Set/2009.

## C. THE ASSESSMENT

1. Stage I of the Audit

Audit Team will carry out stage I of the audit in accordance with the audit plan that has been set.

2. Stage II of the Audit

a. Public Consultation

- 1) Prior to field assessment, the auditor must carry out public consultation with the community, related agencies and partners on the planned performance assessment of the License Holder concerned. Public consultation will provide LP-PHPL with information on matters related to the License Holder's activities.
- 2) The public consultation will be carried out by announcing the plan for PHPL Performance Assessment which contains, among others, the name and address of LP-PHPL, the name and address of auditee, location, and an assessment period, and this information will be uploaded to the Ministry of Forestry's website ([www.dephut.go.id](http://www.dephut.go.id)) and posted in the mass media no later than in 7 (seven) calendar days, and at least 1 (one) meeting session with the community will be held.

b. Entry Meeting

Audit Team must report the plan for assessment activities to the forestry service/agency at provincial level before carrying out field assessment.

c. Exit Meeting

After completing field assessment, audit team must inform the forestry service/agency at provincial level that the field assessment has been completed, and provide data clarification when necessary.

d. Audit procedures

Procedures for audit in the field will be based on ISO/IEC 19011:2002 or INS 19-19011-2005 standard.

#### D. REPORTING

1. Audit Team will prepare a report on audit result based on ISO/IEC 19011:2002 or INS 19-19011-2005 standard, including the systematics as set out in Annex 1.2. and submit them to LP-PHPL, along with the Official Report on report submission.
2. LP-PHPL must present a report on audit result to auditee as set out in Section 9 paragraph (1) of Forestry Minister's Regulation Number P.38/Menhut-II/2009. In the event that based on audit result there are matters requiring improvement, then the auditee will be given an opportunity to lodge objections no later than 10 (ten) workdays since the report on audit result is received.
3. To resolve objections, LP-PHPL will establish an Ad Hoc Team, and decision on approval or refusal of objections will be presented to auditee no later than 10 (ten) calendar days since the objections are received.
4. The resulting resolution of objections by the Ad Hoc Team along with an improved report on the assessment will be submitted to Decision Maker as a basis for making a decision on the assessment.
5. LP-PHPL must submit a report on audit result and decision on the assessment to the Government c.q. the Ministry of Forestry.
6. In the event that the financing of the assessment comes from the government's funds, and there remain objections from auditee to the decision on the assessment, therefore the process and financing of objection resolution will become the auditee's responsibility.
7. The assessment should be completed in no later than 6 (six) months since the signing of the contract. In case the assessment fails to be completed within the time limit of 6 (six) months, therefore the assessment will be declared to have failed and the auditee must submit a repeat application for assessment that will restart from the beginning at the full expense of the auditee.

### III. THE DECISION-MAKING

A. Decisions will be made by a Decision Maker who meets the following requirements:

1. A permanent staff member of the LP-PHPL concerned.
2. Having an understanding about PHPL Performance Assessment system.
3. When necessary, a Decision Maker can establish a supporting team of competent staff members and/or auditors who are not involved in the audit of the auditee concerned.



- B. Decisions on the assessment will be made based on the report on audit result. Decisions on PHPL performance assessment will be made through giving a final score of "GOOD" or "POOR". Guidelines on giving a final score are as follows :
1. For auditee whose license is less than 5 (five) years-old  
Good performance is determined by the performance of 13 (thirteen) key indicators that must have good scores. The key indicators concerned are:
    - a. Precondition Criteria : Indicators 1.2; 1.3; 1.4 and 1.5;
    - b. Production Criteria : Indicators 2.1; 2.3 and 2.6;
    - c. Ecology Criteria : Indicators 3.1; 3.2 and 3.4;
    - d. Social Criteria : Indicators 4.2; 4.3 and 4.4.
  2. For auditee whose license is 5 (five) years-old or more  
Good performance is determined by the performance of 14 (fourteen) key indicators that must have good scores, on condition that a minimum of 15 (fifteen) indicators of the 24 (twenty-four) existing indicators have good scores. Key indicators that must have good scores are:
    - a. Precondition Criteria : Indicators 1.2; 1.3; 1.4 and 1.5;
    - b. Production Criteria : Indicators 2.1; 2.3; 2.4 and 2.6;
    - c. Ecology Criteria : Indicators 3.1; 3.2 and 3.4;
    - d. Social Criteria : Indicators 4.2; 4.3 and 4.4.
  3. For auditee whose license is expiring in 2 (two) years  
Good performance is determined by the performance of 14 (fourteen) key indicators that must have good scores, on condition that a minimum of 16 (sixteen) indicators of the 24 (twenty-four) existing indicators have good scores. Key indicators that must have good scores are:
    - a. Precondition Criteria : Indicators 1.2; 1.3; 1.4 and 1.5;
    - b. Production Criteria : Indicators 2.1; 2.3; 2.4 and 2.6;
    - c. Ecology Criteria : Indicators 3.1; 3.2 and 3.4;
    - d. Social Criteria : Indicators 4.2; 4.3 and 4.4.
- C. In case it is decided that the PHPL certificate will be awarded to auditee (after getting a GOOD score) but there remain some indicators with poor scores, therefore auditee will be given an opportunity to improve the poor indicators in accordance with the number of indicators required to have good scores according to the licensing age.
- D. In case it is decided that the PHPL certificate will not be awarded to auditee (after getting a POOR score), auditee will be given an opportunity to improve the indicators with poor scores no later than 6 (six) months until the indicators required to have good scores have finally fulfilled the provisions as required according to the license age. If within a period of 6 (six) months the auditee cannot improve the required indicator scores, then the assessment will be discontinued. If the auditee

desires to obtain a PHPL certificate, then the assessment will restart from the initial stage.

#### IV. CERTIFICATE ISSUANCE

1. A certificate will only be awarded to the auditee with "GOOD" performance score. LP-PHPL must submit the copy of each report on the assessment (both on those obtaining the certificate and not) and/or any issued certificate to the Government c.q. the Ministry of Forestry.
2. In the event that the issued PHPL certificate is a revision to the existing certificate, then it is necessary to mark a difference between a revised certificate and an expired certificate.
3. LP-PHPL must publicize each issuance, change, and postponed revocation of a certificate along with the résumé of the audit result in the mass media and the Ministry of Forestry's website ([www.dephut.go.id](http://www.dephut.go.id)) shortly after the decision is made.

#### V. SURVEILLANCE

- A. LP-PHPL must have procedures for surveillance based on ISO/IEC 17021:2006 standard and Forestry Minister's Regulation Number P.38/Menhut-II/2009, on the following conditions:
  1. Surveillance should be conducted based on the prevailing PHPL Performance Assessment standard.
  2. Surveillance should be conducted with the auditee's knowledge.
  3. Work plan for the surveillance must be described clearly (type of indicator, assessment method, and implementation period).
  4. Surveillance should be conducted through field assessment.
  5. Surveillance result should be set out in a written report and submitted to auditee.
- B. In a certain condition such as when there is input/recommendation from the Independent Monitoring Agency, LP-PHPL can accelerate/increase the surveillance.

#### VI. RE-CERTIFICATION

LP-PHPL must have Re-Certification procedures based on ISO/IEC 17021:2006 standard and Forestry Minister's Regulation Number P.38/Menhut-II/2009.

#### VII. SPECIAL AUDIT

LP-PHPL must have procedures for special audit based on ISO/IEC 17021:2006 standard and Forestry Minister's Regulation Number P.38/Menhut-II/2009.

**Appendix 1.1.** : Regulation of DG of Forest Production Development  
Number : P.02/VI-BPPHH/2010  
Date : 10 February 2010  
Subject : Guidelines on Implementation of Evaluation on Performance of Sustainable Production Forest Management and Verification of Wood Legality

## GUIDELINES ON EVALUATION OF PERFORMANCE OF SFM (PHPL)

No	EVALUATION STANDARD				EVALUATION GUIDELINES		
	CRITERIA	INDICATOR	IMPLICATION	EVALUATION TOOLS	EVALUATION METHOD	VALUATION GUIDELINE*)	
						VALUE	ELABORATION
1	2	3	4	5	6	7	8
1.	<b>PRE-REQUISITE</b>	<b>1.1. Area Security of Permit Holder</b>	<p>Area security status of IUPHHK-HA/HT/HTI management unit (MU) against land use, regional spatial land and forest use plan give a guarantee on the security of the area being utilized.</p> <p>Activity on border delineation is one activity to acquire recognition of the existence of IUPHHK-HA/HT/HTI area by the community and other land users as well as by related institutions.</p> <p>Border marker is one form of signpost pointing to the fact that the area inside the border has been legalized by a permit.</p>	<p>1. Available legal documents on border administration.</p> <p>2. Compatibility of IUPHHK-HA/HT/HTI with its function and allotment.</p> <p>3. Border realization</p> <p>4. IUPHHK border legitimacy</p> <p>5. Acknowledgement of stakeholders on the existence of IUPHHK area.</p> <p>6. Clear, effective impact of area use outside forestry sector if any.</p>	<p>1. Extent and percentage of production forest, integrated and comprehensive plan on forest utilization, detailed according to forest functions, which are: production forest, protection forest, nature preservation area and nature reserve, area for other uses.</p> <p>2. Extent and percentage per forest type within IUPHHK detailed on forest type classification: high elevation tropical forest, low elevation tropical forest, brackish water forest/ mangrove, wetland forest and others.</p> <p>3. Check impact of use outside forestry sector</p>	<b>Good</b>	Existence of complete legal and administrative documents (among others in the form of Border Delineation, Map and/or decree of enactment), Border marking in the field has been done without conflict, forest function commensurate with allocation as production forest.
						<b>Poor</b>	Partial availability of legal and administrative documents i (Decree of Enactment, Border delineation, Maps), conflict with other parties still exists, use of area outside forestry sector found (mining), so that forest function is not in accord with its allocated function as a production forest.

No	EVALUATION STANDARD				EVALUATION GUIDELINES		
	CRITERIA	INDICATOR	IMPLICATION	EVALUATION TOOLS	EVALUATION METHOD	VALUATION GUIDELINE*)	
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1	2	3	4	5	6	7	8
					including impact, if any.		
		<b>1.2. Commitment of Permit Holder (IUPHHK-HA/HT/HTI)</b>	Statement of vision and mission and purpose of permit holder company and its implementation by the IUPHHK-HA/HT/HTI to practice forest utilization in a sustainable manner during the period of its business permit.	1. Availability of documents on vision, mission and aim of enterprise commensurate with PHL. 2. Socialization of vision, mission and aim of enterprise. 3. Compatibility of vision and mission with implementation of PHL.	1. Check authenticity of document content 2. Field check if necessary.	<b>Good</b>	Existence of written statement to do PHPL in the vision and mission of company and clearly doing activities in area governance, planning, forest development and protection, environmental management and human resource development.
						<b>Poor</b>	Existence of written statement to implement PHPL in the vision and mission of company but no actual activity is observed in area governance, planning, tending, forest protection, environmental management and human resource development.
		<b>1.3. Health of Company/ Holding Company</b>	Company capital in the form of fund originating from shareholder (owner), as well as from loan for investment and the presence of asset for long term funding and to finance PHPL that need adequate investment capital.	1. Increase of capital of company. 2. Invested capital returns to forest. 3. Realization of physical activities of forest development.	1. Check authenticity of document content 2. Field check.	<b>Good</b>	Existence of capital re-investment and increase of forest as capital.
						<b>Poor</b>	Existence of capitalization but not re-invested in forest management.

No	EVALUATION STANDARD				EVALUATION GUIDELINES		
	CRITERIA	INDICATOR	IMPLICATION	EVALUATION TOOLS	EVALUATION METHOD	VALUATION GUIDELINE*)	
						VALUE	ELABORATION
1	2	3	4	5	6	7	8
		1.4. <b>Conformity with legal framework, existing policy and regulation in accordance with Sustainable Forest Management (SFM)</b>	IUPHHK-HA/HT/HTI implement forest utilization based on legitimacy, policy and existing regulation on the utilization of production forest in a sustainable manner (rules on silvicultural system, the use of heavy machineries, manpower, administration of forest products etc.) IUPHHK-HA/HT/HTI must refer to the forest inventory results in the framework of guaranteeing sustainable forest management.	1. Completeness of referred laws and regulation. 2. Compatibility of technical implementation of forest management with laws and regulation referred to. 3. Adequacy of work area forest stands in accordance with existing regulation.	1. Check documents 2. Field check, doing forest inventory according to existing rules in primary as well as in logged over area.	<b>Good</b>	Complete regulation and prerequisites referred to by permit holder is available and technical implementation field forest management in accord with rules and regulations is in place.  Work area has a larger or equal potential with the minimum standard commensurate with existing regulation.
						<b>Poor</b>	Availability of part of prerequisites and regulations as referral by permit holder and technical implementation field forest management is not in par with existing law and regulations.  Work area has less potential than minimal standard commensurate with existing regulations.
		1.5. <b>Number and adequacy of trained professional and technical manpower at all levels to</b>	To ensure sustainability of enterprise and forest resource in IUPHHK-HA/HT/HTI, adequate professional staff in production planning, forest development or forest	1. Availability of professional staff and technical workforce in the field in every aspect of forest management activity.	1. Check documents 2. Staff interview	<b>Good</b>	Professional and technical manpower in forestry planning, development, forest protection, production, environmental management, human resource development, and research in ample number.



No	EVALUATION STANDARD				EVALUATION GUIDELINES		
	CRITERIA	INDICATOR	IMPLICATION	EVALUATION TOOLS	EVALUATION METHOD	VALUATION GUIDELINE*)	
						VALUE	ELABORATION
1	2	3	4	5	6	7	8
		<b>Arrangement of work area in the long term SFM</b>	and planting blocks and plots in accordance with the silvicultural system in use by considering sustainable social and ecological aspects.	<p>been agreed upon by authorized official, covering:</p> <ol style="list-style-type: none"> <li>RKUPHH document &amp; its appendices, compiled based on IHMB and done by Ganis PHPL – Canhut.</li> <li>Map on work area administration plan made by Ganis PHPL-Canhut.</li> </ol> <ol style="list-style-type: none"> <li>Implementation of work area administration in the field in accordance with RKUPHHK.</li> <li>Maintenance of borders of felling block and plots.</li> </ol>	<p>RKT based on delineation map / agreed area spatial plan with the purpose of :</p> <ol style="list-style-type: none"> <li>RKT block where felling has been done.</li> <li>RKT block where felling has not been done.</li> <li>Felling Plot.</li> </ol>		forestry planning, compartmentalization and production regulation.
		<b>2.2. Level of sustainable harvest for every major wood</b>	To keep forest sustainable, harvesting rule must conform with the forest stand growth or in accord with fixed planting cycle.	<ol style="list-style-type: none"> <li>SOP on making of PUP (permanent sample plot) and increment measurement.</li> </ol>	<p>RKT and PUP document checking through:</p> <ol style="list-style-type: none"> <li>Wood production potential based on volume and species,</li> </ol>	<b>Poor</b>	There is discrepancy between planning and implementation in forest area administration in compartmentalization and production regulation.
						<b>Good</b>	Growth and increment measurement have been done, but is not used as yet for making harvesting plan.

No	EVALUATION STANDARD				EVALUATION GUIDELINES		
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1	2	3	4	5	6	7	8
		product and non wood produce in each type of ecosystem		2. Existence of PUP at all types of eco-system. 3. Implementation of PUP measurement every year. 4. Increment data document for every ecosystem. 5. AAC (annual allowable cut) on annual plan (RKT) document compiled based on logged over area of natural forest or forest plantation <i>growth and yield</i> .	detailed per diameter class. b. Wood production potential based on volume and species. c. Potential of endemic flora and fauna / protected and not protected.	<b>Poor</b>	Growth and increment measurement is not done and therefore not used in harvesting plan.
		2.3. Implementing applied silviculture regiment to ensure forest regeneration	Steps in silviculture system that is in accordance with proper procedure will ensure forest regeneration and minimize damage due to harvesting activities.	1. Availability of SOP for all stages of silviculture system activities, including reduced impact logging (RIL). 2. SOP implementation for all stages of silviculture system activities. 3. Legal documents	1. Investigation on truth of SOP content compared to implementation in the field. 2. Evaluate effectiveness of SOP implementation for every activity in the field. 3. Compare intensity of implementation of logged over forest area tending and regeneration	<b>Good</b>	SOP exist for all stages of activities and implemented in the field.





No	EVALUATION STANDARD				EVALUATION GUIDELINES		
	CRITERIA	INDICATOR	IMPLICATION	EVALUATION TOOLS	EVALUATION METHOD	VALUATION GUIDELINE*)	
						VALUE	ELABORATION
1	2	3	4	5	6	7	8
			tions (liquid), long term readiness (solvable) and is a profitable business unit in economic aspect (rentable).	3. Solvability. 4. Rentability.			
						<b>Poor</b>	Liquidity < 100%, solvability and rentability < interest rate.
		<b>2.6. Felling realization according to felling work plan / harvesting / utilization within the work area</b>	Sustainable production can be attained if volume of annual tree felling is commensurate with felling plan regulation based on valid map and data source.	1. Available annual work plan (RKT) document compiled based on RKU and legalized by authorized official or legalized by means of <i>self approval</i> . 2. Availability of work map commensurate with RKT/BKU, covering: a. Work map that shows area where felling / harvesting / utilization / tending / including area for protection / conservation / <i>buffer zone</i> / gene pool preservation / religion / culture / facilities and infrastructure / R&D (research and	1. Analysis of matching AAC with realization of forest product with area harvested. 2. Comparing realization of implementation with guideline. 3. Interview with field staff.	<b>Good</b>	Annual wood production is equal to fixed production plan by taking into consideration local environmental condition and market condition.
						<b>Poor</b>	Annual wood production is not commensurate with fixed plan which is made without taking into consideration local environmental factors and market condition.

No	EVALUATION STANDARD				EVALUATION GUIDELINES		
	CRITERIA	INDICATOR	IMPLICATION	EVALUATION TOOLS	EVALUATION METHOD	VALUATION GUIDELINE*)	
						VALUE	ELABORATION
1	2	3	4	5	6	7	8
				development). b. Implementation of work map is in the form of border marks for felling block / harvested area / utilized / planted / tended / including area fixed as protection forest (for conservation / <i>buffer zone</i> / preservation of gene pool / religion / culture / facilities and infrastructure and R&D).			
		<b>2.7. Adequate investment and re-investment level fulfilling the need of forest management, administration, research and development as well as enhancing the ability of the human resource.</b>	In materializing sustainable forest resource utilization, adequate fund is needed for planning, protection, forest development, facility and infrastructure construction, tools and equipments, research and development and the strengthening of human resource.	1. Realization of adequate funding allocation. 2. Realization of proportional funding allocation. 3. Realization of smooth funding.	1. Evaluate annual financial report of permit holder. 2. Evaluate plan of activities and budget of permit holder. 3. Public accountant. 4. Field investigation.	<b>Good</b>	Available, adequate and smooth funding allocation.
						<b>Poor</b>	Inadequate available funds.
<b>3</b>	<b>ECOLOGY</b>	<b>3.1.</b>	The function of forest as a	1.Scope of protected	1. Document checking.	<b>Good</b>	Allocated protected area has

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1	2	3	4	5	6	7	8
		<b>Existence, stability and condition of area is protected in every type of forest</b>	life support system of various species and a source of biodiversity could be reached if enough protection area is allocated. The allocation of protected area must consider forest ecosystem types, biophysical condition, as well as existing specific condition. Protected area must be organized to function properly, and is recognized by the various stakeholders.	area. 2. Administration of protected area (percentage already marked, border marks identifiable). 3. Condition of protected area. 4. Recognition by stakeholders on the protected area. 5. Report on protection forest management as the result of spatial planning / <i>landscaping</i> / macro and micro delinena-tion.	2. Analysis of satellite imagery / aerial photo for forest condition deter-mined as protection area. 3. Analysis of incline class map /contour lines and soil map. 4. Observation to location of protected area to see the existence of spatial activities and area protection.		clear and in good condition border marks in the field and is acknowledged and easily recognized by stakeholders.
		<b>3.2. Forest protection and safeguarding</b>	Forest resource must be saved from disturbances that include forest fire, illegal logging, wild grazing, illicit use of forest, hunting, pest and diseases. Forest protection is an effort to prevent and overcome forest disturbances, through pre-emptive, preventive as well as repressive actions. For forest protection to be implemented, it should be supported by implementing	1. Availability of pro-tection procedure in accordance with types of available disturbances; 2. Facilities and infra-structure for forest protection from disturbances; 3. Forest protection manpower; 4. Implementation of forest protection	1. Examining SOP document. 2. Examining activity report. 3. Interview with staff to know existence of training and forest disturbances. 4. Interview with locals to know the presence of grazing, wood pilfering and illegal forest use and occupation.	<b>Poor</b>	Border of protected area is well administered, border marks placed properly in the field and recognized by all with area of less than 60% of total area that must be protected and is in good condition.  The fixed protection area has no border signs in the field and is difficult to recognize by some stakeholders.
						<b>Good</b>	Availability of procedures and institutions, control implement-ation goes well resulting in no disturbance.
						<b>Poor</b>	Availability of procedures and institutions but there is no implementation

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						VALUE	ELABORATION
1	2	3	4	5	6	7	8
			work unit, consisting of a qualified procedure, facility and infrastructure, human resource and ample fund.	from disturbance (preventive/curative / repressive); 5. Report on implementation of safeguarding and protection of forest.	5. Field observation,		
		<b>3.3 Management and monitoring of impact on soil and water caused by forest use</b>	<p>Activities in forest utilization (PWH, or harvesting) must consider the overcoming of its negative impact on soil and water commensurate with its ecosystem type. Negative impact could be in the form of reducing the soil physical and chemical qualities, increase of erosion, subsidence, sedimentation, debit river flow and lowering water quality.</p> <p>To overcome the negative impact, an implementing work unit must be provided, consisting a qualified procedure, facility and infrastructure, human resource and adequate funding.</p> <p>The availability of standard operational procedure to evaluate the changes in water quality, to know the</p>	<p>1. Availability of procedure for impact management and monitoring on soil and water.</p> <p>2. Facilities for management and monitoring of impact on soil and water.</p> <p>3. Manpower for impact management and monitoring on soil and water.</p> <p>4. Plan and implementation of impact management on soil and water (structural and plants).</p> <p>5. Plan and implementation of impact monitoring on soil and water.</p> <p>6. Impact on soil and water.</p> <p>7. Report on imple-</p>	<p>1. Examining SOP document.</p> <p>2. Examining activity report.</p> <p>3. Interview with staff to know existence of training and activities field erosion control.</p> <p>4. Field observation.</p>	<p><b>Good</b></p>	<p>1. Procedure available</p> <p>2. Implementation goes well, but in some locations soil compaction and erosion still occurs</p> <p>3. Good vegetation growth</p>
						<b>Poor</b>	<p>1. Procedure not available</p> <p>2. Implementation has not run well, therefore there are still soil compaction and erosion in many locations causing disturbance in vegetation growth in former skidding tracks, log decks and other places where heavy machineries operated.</p>

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						VALUE	ELABORATION
1	2	3	4	5	6	7	8
			magnitude of importance of the permanent negative impact could provide early information on the conflict potential that might possible arise.	mentaion of effort in prevention of erosion and surface run-off through soil conservation techniques or planting easily erodible open areas and measuring of erosion and surface run-off by means of SPAS and erosion basin.			
		<b>3.4 Identification of protected and/or rare, endangered, threatened and endemic species of flora and fauna</b>	Identification of protected flora and fauna is important for IUPHHK HA/HT/HTI in decision making about management of forest that support a sustainable biodiversity. The said identification effort ought to be supported by the existence of a procedure and the result documented.	1. Availability of identification procedure for flora and fauna that are protected, endangered, rare, threatened by extinction and endemic referring to existing law and regulation. 2. Implementation of identification activities. 3. Availability of data and information on results of identification of flora and fauna that are protected, endangered, rare, threatened by extinction and endemic covering all forest types, done	Examination of documents to know efforts to identify flora and fauna which are endangered, rare and threatened by extinction.	<b>Good</b>	Availability of procedure for identification of flora and fauna which are endangered, rare and threatened by extinction, implemented for all forest types done periodically. Available data of flora and fauna with its status and spread within the IUPHHK work area.
						<b>Poor</b>	Availability of procedure to identify species of flora and fauna which are endangered, rare and threatened by extinction but there is no implementation. Unavailable data of flora and fauna according to status and spread in the IUPHHK work area.

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						VALUE	ELABORATION
1	2	3	4	5	6	7	8
				periodically.			
		<b>3.5. Flora management for:</b> <b>1. Defined area within production forest that is not disturbed and not destroyed</b>  <b>2. Protection on protected and/or rare, endangered, threatened and</b>	The contribution of IUPHHK-HA/HT/HTI in the conservation of biodiversity could be sought by holding to the principle of allocation, by means of conserving certain part of the forest representing all forest types within the production forest to be kept intact and undisturbed; and the principle of technology implementation oriented at flora protection of species categorized as protected, as well as protecting typical biological	1. Availability of procedure on the management of protected flora referring to existing regulation and law. 2. Implementation on activities of flora management in accordance with plan. 3. Availability of data and information as the result of management of protec-	1. Examining documents to see existence of guideline on flora management. 2. Interview with staff to know existing effort in protection of pilfered flora and fauna. 3. Interview with locals to know about flora theft. 4. Field observation to know efforts in protection and preservation of flora which is endangered,	<b>Good</b>	Available procedure for management of flora that is endangered, rare and threatened by extinction and endemic and its implementation is being done properly in the protected area, causing therefore staff and personnel of IUPHHK aware on the ecology and spread of especially endemic flora within its work area.

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1	2	3	4	5	6	7	8
		<b>endemic species of flora</b>	identity that is important in the effective production area. The availability and implementation of the above procedure becomes part of an important input and process in decision making of IUPHHK to reduce impact of production management on the existence of protected flora species.	ted flora covering certain area of undisturbed production forest. 4. Condition of floral species that are protected, endangered, rare, threatened by extinction and endemic.	rare and threatened by extinction.	<b>Poor</b>	Availability of procedure for management of endangered, rare and threatened by extinction and endemic flora but there is no implementation.
		<b>3.6 Flora management for:</b> <b>1. Defined area of undisturbed and undestroyed production forest.</b>	The contribution of IUPHHK-HA/HT/ HTI in the conservation of biodiversity could be through the principle of allocation, by means of conserving a certain area of all forest type in the production forest to be kept intact and	1. Availability of procedure for the management of protected fauna referring to existing regulation and law, including activities in planning, implementing, and monitoring.	1. Document examination to know existence of fauna management guideline. 2. Interview with staff to know of existence of effort to protect pilfered flora and fauna. 3. Interview with locals to	<b>Good</b>	Availability of procedure for management of endangered, rare and threatened by extinction and endemic flora with proper implementation in the protected area so that all the said species are protected.



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1	2	3	4	5	6	7	8
		2. <b>Protection on protected and/or rare, endangered, threatened and endemic species of fauna</b>	undisturbed and through the principle of technology implementation to protect faunal species categorized as protected and covering the biological characteristic that is important in the effective production area The availability and implementation of the above procedure becomes part of an important input and process in decision making of IUPHHK to reduce impact of production management on the existence of protected fauna species.	2. Realization of activity implementation in the management of fauna commensurate with what was planned; 3. Availability of data and information resulting from management of protected fauna covering certain area of undisturbed production forest. 4. Condition of fauna that are protected, endangered, rare, threatened by extinction and endemic. 5. Report and SOP on construction of fauna corridor facilitating <i>home range</i> for protected fauna.	find out about existence of fauna thefts. 4. Field observation to know existence of efforts in protection and preservation of flora and fauna which are endangered, rare and threatened by extinction.	<b>Poor</b>	Availability of procedure for management of endangered, rare and threatened by extinction and endemic flora but there is no implementation.
4	<b>SOCIAL</b>	4.1. <b>Definite area and border with traditional communities and/or local community that</b>	Traditional right of the traditional or local communities to own, govern and utilize land area and forest resource must be recognized and respected. The governance of forest resource must accommo-	1. Clarity of area and borders of working area of IUPHHK with the community. 2. Data and information on traditional or local community	1. Make survey to observe area borders. 2. Check existing documents. 3. Overlay map reconstruction with concession area	<b>Good</b>	Clear border marking between IUPHHK area and traditional and or local communities, participative process of border marking, available mechanism to overcome potential conflicts.

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						VALUE	ELABORATION
1	2	3	4	5	6	7	8
		<b>is agreed upon by stakeholders</b>	date basic rights of local and traditional communities (the right to live, acquisition of food, clothing, shelter and culture).	that are related, dependent, influenced by the activity of forest resource management.  3. Mechanism and implementation of area border marking done with the participation of local communities and overcoming area border conflicts.  4. Agreement of stakeholders on size and border of the IUPHHK work area.	4. Interview stakeholders.		
		<b>4.2 Type and number of agreement with traditional and or local communities in</b>	The issuance of concession right by the government to IUPHHK in forest area has the consequences for the IUPHHK to include traditional and local communities	1.Existence of documents related to responsibility of right and duties of IUPHHK toward community in the manage-	1. Survey . 2. Interview/FGD. 3. Check agreement in local institutions. 4. Data could be acquired	<b>Poor</b>	1. Border between IUPHHK and traditional law area is unclear. 2. There is conflict between IUPHHK and traditional community. 3. No mechanism of conflict resolution
						<b>Good</b>	Permit holder has mechanism / procedure and implement it to overcome complains on equal rights of traditional law and or local communities in forest management.

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	CRITERIA	INDICATOR	IMPLICATION	EVALUATION TOOLS	EVALUATION METHOD	VALUATION GUIDELINE*)	
						VALUE	ELABORATION
1	2	3	4	5	6	7	8
		<b>par responsibility of management sharing.</b>	fairly and in par in the management of the forest area, taking into account the right and obligations of all stakeholders proportionally and responsibly.	<p>ment of the forest resource.</p> <p>2. Sosialization of community understanding about the right and duty of IUPHHK toward community in managing the forest resource.</p> <p>3. Availability of mechanism and implementation of fulfilling duties to the community.</p> <p>4. Realization of duty and responsibility fulfillment to the community.</p>	from mahagement unit.	<b>Poor</b>	Permit holder has mechanism / procedure to overcome complains on equal rights of traditional law and or local communities in forest management but does not implement it.
		<b>4.3 Availability of mechanism and implementation of fair benefit distribution amongst the shareholders</b>	Availability of incentive distribution mechanism and a fair and even distribution of cost and incentive proportionally amongst the various stakeholders, and implemented consistently.	<p>1. Availability of IUPH HK legal document guaranteeing the distribution of incentives and distribution of cost and benefit to all stakeholders.</p> <p>2. Existence of benefit identification, distribution of incentive</p>	<p>1. Verification of secondary data.</p> <p>2. Interview with local leader and related officials.</p>	<b>Good</b>	<p>1. Availability of written mechanism on distribution of benefit amongst stakeholders.</p> <p>2. Existence of documented benefit distribution for stakeholders in accordance with agreement.</p>

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	CRITERIA	INDICATOR	IMPLICATION	EVALUATION TOOLS	EVALUATION METHOD	VALUATION GUIDELINE*)	
						VALUE	ELABORATION
1	2	3	4	5	6	7	8
				as well as cost and benefit distribution to shareholders. 3. Mechanism for distribution of benefit to rightful shareholders. 4. Solution to claims on incentive distribution and distribution of cost and benefit		<b>Poor</b>	1. Existence of benefit distribution mechanism for stakeholders but not implemented. 2. Existence of conflict in benefit distribution.
		<b>4.4. Planning and implementation of forest management takes into consideration the legal right of traditional and local community.</b>	Traditional and legal right of traditional or local communities to own, govern, and utilize land and forest resource ought to be admitted and respected. The management of forest resource must accommodate the basic rights of local and	1. Existence of forest utilization plan that accommodates basic rights of traditional and local communities in relation to the forest resource. 2. Clear basic rights of traditional and local	1. Check books on planning and realization. 2. Field survey. 3. Interview with local leader.	<b>Good</b>	1. Availability of planning document which involve traditional and local communities. 2. Availability of written plan and realization of compensation on the use of rights of traditional and or local communities.

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	CRITERIA	INDICATOR	IMPLICATION	EVALUATION TOOLS	EVALUATION METHOD	VALUATION GUIDELINE*)	
						VALUE	ELABORATION
1	2	3	4	5	6	7	8
			traditional communities (the right to live, acquisition of food, clothing, shelter and culture).	community in forest resource planning. 3. Availability of mechanism and implementation plan and utilization of forest resource by the MU that accomodates the basic rights of traditional and local communities. 4. Realization in accomodating basic rights of traditional and local communities in the management of the forest resource.		<b>Poor</b>	Availability of planning document compiled unilaterally by permit holder; 1. Some subject matter in planning document realized by permit holder. 2. Plan for compensation for the use of rights of traditional and or local communities is not written down.
		<b>4.5 Increase in participation and economic activities of traditional and local communities who lead forest based</b>	Economic activities of traditional and local communities that is forest based has increased be it in the form of participation of communities in the management of forest as well as in the economic	1. Existence of planning document of IUPHHK supporting enhancement of participation and activitvy of forest based economy. 2. Clear participation	1. Check books on planning and realization. 2. Field survey. 3. Interview local leader.	<b>Good</b>	Proofs are available in the form of data and information of permit holder from the planning stage until implementation regarding effort on increasing participation and forest based economic activities of local communities.

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	CRITERIA	INDICATOR	IMPLICATION	EVALUATION TOOLS	EVALUATION METHOD	VALUATION GUIDELINE*)	
						VALUE	ELABORATION
1	2	3	4	5	6	7	8
		<b>economy lives.</b>	development in harmony with presence of IUPHHK. To provide opportunity to the community to become a supplier for the need of IUPHHK and members of community could develop forest based economies in wood as well as non-wood.	and and activities of to be developed economies of traditional and local communities. 3. Mechanism of process and implementation of enhancing role and economy of traditional law and/or local communities by the Management Unit. 4. Increasing participation and economic activity (quality and quantity) of traditional law and/or local community.		<b>Poor</b>	Availability of plan of permit holder related to increasing participation and forest based economic activity of local community, but has not been proven in data form, information as well as documentation.

**Annex 1.2.** : Director General of Forestry Production Development's Regulation  
Number : P.02/VI-BPPHH/2010  
Date : February 10, 2010  
On : Guidelines on Assessment of Sustainable Production Forest Management Performance and Verification of Timber Legality

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**Recapitulation table of PHPL performance indicators.**

Indicators	Scores by Auditor	Description/ argument	Validation by Decision Maker (PK)	Correction Result by PK	Note
1	2	3	4	5	6
1.1					
1.2					
1.3					
1.4					
1.5					
1.6					
Precondition Scores					
2.1					
2.2					
2.3					
2.4					
2.5					
2.6					
2.7					
Production Scores					
3.1					
3.2					
3.3					
3.4					
3.5					
3.6					
Ecology Scores					
4.1					
4.2					
4.3					
4.4					
4.5					
Social Scores					
Performance Final Score					

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  - e. Questionnaire result
  - f. Result of filling the checklist for field activity demonstration
  - g. Result of quantitative/statistical analysis
  - h. Result of digital analysis
  - i. Result of laboratory analysis
- XI. PHOTOS AND RECORDINGS FROM THE ASSESSMENT PROCESS
- XII. MAPS

**Annex 2.** : Regulation of Director General of Forestry Production Development  
Number : P.02/VI-BPPHH/2010  
Date : 10 February 2010  
Concerning : Procedures of Performance Assessment of Sustainable Production Forest  
Management and Timber Legality Verification

## TIMBER LEGALITY VERIFICATION AND CERTIFICATION PROCEDURES FOR THE HOLDERS OF IUPHHK-HA/HPH, IUPHHK-HT/HTI, IUPHHK-RE; THE HOLDERS OF IUPHHK-HTR, IUPHHK-HKM; THE HOLDERS OF HUTAN HAK LICENSE (FOREST OVER LAND TITLE SECURED PLOTS); AND THE HOLDERS OF IPK LICENSE

### I. INTRODUCTION

#### A. BACKGROUND

To implement Forest Governance, law enforcement and legal timber trade promotion, a Timber Legality Assurance System (TLAS) or also known as Timber Legality Verification System (SVLK) has been developed with participation of all stakeholders either during SVLK preparation or its institution development adopting Governance, Credibility and Representativeness principles.

In view of such stakeholder participation the Minister of Forestry issued Forestry Minister Decree Number P.38/Menhut-II/2009 concerning Standards and Procedures of Performance Assessment of Sustainable Production Forest Management and Timber Legality Verification for the Holders of Licenses or Hutan Hak (forests over land title secured plots) and Regulation of Director General of Forestry Production Development Number P.6/Set-VI/2009, for which its implementation manual is necessary.

Prior to the enactment of SVLK, the Ministry of Forestry has developed Forest Product Administration System, which basically constitutes "Timber Tracking System" to assure the legality of timber. This provision is set forth into Forestry Minister Decree Number P.55/Menhut-II/2006 and its amendment concerning the Administration of Forest Products from National Forests. Forest product administration as set out in such Forestry Ministerial Decree is basically to regulate the administration of forest products ranging from production plan, production process, forest product transport and inspection in every activity node from upstream to downstream.

Under this Forestry Minister Decree Number P.55/Menhut-II/2006 the administration of forest products is differentiated into two zones, i.e. upstream (within concession areas) and downstream zone (outside concession areas) on the consideration that forest products in upstream are owned by the state and their document issuance/approval mechanism is made based on official assessment. As for forest products that have been verified and the associated liabilities to the State (PSDH/DR fees) have been complied with, they will become private properties and the administration is that of self assessment character.

Basically timber legality verification (LK) is to track back the timber to the origin where such timber comes from and to identify the compliance of and adherence to

the applicable laws in consistent manner. Product forest administration mechanism is a control system and can be used as timber tracking. It is expected that this administration policy of timber tracking system capable of providing legal certainty to costumers/communities.

In addition, the Ministry of Forestry has issued a ministerial decree Number P.51/Menhut-II/2006 and its amendment regulation concerning the use of Certificate of Origin (SKAU) for timber coming from community-based forests/people's lands as legality document.

To avoid any misunderstanding in timber legality verification among the related parties, it is deemed necessary to establish an implementation manual.

## B. OBJECTIVES

These Timber Legality Verification Procedures aim to guide the related parties in performing timber legality verification in the field dedicated to the holders of IUPHHK-HA/HPH, IUPHHK-HT/HTI, IUPHHK-RE; the holders of IUPHHK-HTR, IUPHHK-HKm; the holders of Hutan Hak License (forests over land title secured plots) and the Holders of IPK license covering:

1. Verification Application .
2. Verification Planning.
3. Verification Implementation.
4. Reporting.
5. Decision Making.
6. Certificate Issuance and Re-Certification .
7. Surveillance.
8. Special Audit.

## C. SCOPE

1. The objects of Timber Legality Verification are the holders of IUPHHK-HA/HPH atau IUPHHK-HT/HTI or IUPHHK-RE or the Holders of UPHHK-HTR or IUPHHK-HKm or the holders of Hutan Hak License (forests over land title secured plots) or the holders of IPK Lincense.
2. Verification is made to the documents of IUPHHK-HA/HPH, IUPHHK-HT/HTI holders and IUPHHK-RE holders as specified in Annex 2; IUPHHK-HTR, IUPHHK-HKm holders as specified in Annex 3; Hutan Hak License holders as specified in Annex 5; and IPK license holders as specified in Annex 6 of Regulation of Director General of Forestry Production Development Number P.6/VI-Set/2009 for the last one year period.
3. The scope of LK verification includes administration and physical examination consisting of document accuracy verification, document consistency and physical accuracy in every node ranging from upstream to downstream until the compliance of liabilities to the state that can be performed through tracking. In addition, in the context of management verification to legal compliance is made

as set out in Annex 2, Annex 3, Annex 5 and Annex 6 of Regulation of Director General of Forestry Production Development Number P.6/VI-Set/2009.

#### D. REFERENCES

1. Law No. 32 of 2009 concerning Environmental Protection and Management.
2. Forestry Minister Decree Number P.67/Menhut-II/2005 concerning Forest Inventory Criteria and Standards .
3. Forestry Minister Decree Number P.51/Menhut-II/2006 concerning the Use of Certificate of Origin (SKAU) for the Transport of Timber from Hutan Hak (forest over land title secured plots) as severally amended with the last amendment of Forestry Minister Decree Number P.33/Menhut-II/2007.
4. Forestry Minister Decree Number P.55/Menhut-II/2006 concerning the Administration of Forest Products from National Forests as severally amended with the last amendment of Forestry Minister Decree Number P.45/Menhut-II/2009.
5. Forestry Minister Decree Number P.18/Menhut-II/2007 concerning Technical Guideline of Charging, Collection and Payment of Forest Resources Fees (PSDH) and Reforestation Fund (DR).
6. Forestry Minister Decree Number P.23/Menhut-II/2007 concerning Application Procedure of Timber Exploitation Permit in Community-Based Forests within Plantation Forest.
7. Forestry Minister Decree Number P.37/Menhut-II/2007 concerning National Forests Dedicated to Community Empowerment (Hutan Kemasyarakatan).
8. Forestry Minister Decree Number P.38/Menhut-II/2009 concerning Standards and Manual of Performance Assessment of Sustainable Production Forest Management and Timber Legality Verification to License Holders or Concessionaire Forests.
9. Regulation of Director General of Forestry Production Development Number P.6/VI-Set/2009 concerning Standards and Manual of Performance Assessment of Sustainable Production Forest Management and Timber Legality Verification
10. ISO/IEC Guide 65:1996 *General Requirements for Bodies Operating Product Certification Systems*.
11. ISO/IEC Guide 23:1982 *Methods of Indicating Conformity with Standards for Third-Party Certification Systems*.
12. KAN 12-2004 concerning Manual on the Use of KAN Logo.

#### E. DEFINITIONS

License holders are the holders of IUPHHK-HA/HPH or IUPHHK-HT/HTI or IUPHHK-RE or the holders of IUPHHK-HTR or IUPHHK-HKm or the holders of Hutan Hak (forests over land title secured plots) or the holders of IPK License.



1. Verification Standard is all elements within Principle, Criteria, Indicator and Verifier as indicated in Annex 2, 3, 5 and 6 Regulation of Director General of Forestry Production Development Number P.6/VI-Set/2009.
2. Independent Assessment and Verification Agency (LP&VI) is legal entity owned by the state or private accredited to carry out Performance Assessment of Sustainable Production Forest Management (PHPL) and/or Timber Legality Verification.
3. Timber Legality Verification Agency (LV-LK) is LP&VI performing timber legality verification to the holders of IUPHHK-HA/HPH or IUPHHK-HT/HTI or IUPHHK-RE or the holders of IUPHHK-HTR or IUPHHK-HKm or the holders of Hutan Hak License (forest over land titled secured plots) or the holders of IPK License.
4. Independent Monitoring Agency is an institution that can perform supervisory/monitoring functions to public services in forestry affairs such as the issuance of PHPL Certificate or LK Certificate, inclusive of NGOs engaged in forestry affairs.
5. Surveillance is an activity to assess consistency on systematic and repeat manner as a basis to maintain the validity of consistency.
6. Special Audit or sudden audit is audit activity to investigate complaint (objection) or any matter relating to significant changes or as a follow up by License Holder, which the certificate is suspended.
7. Management Representative is the representative of the holders of IUPHHK-HA/HPH or IUPHHK-HT/HTI or IUPHHK-RE or the holders of IUPHHK-HTR or IUPHHK-HKm or the holders of Hutan Hak License (forest over land titled secured plots) or the holders of IPK License verified by LV-LK, which is well-informed about the entire system within IUPHHK-HA/HPH or IUPHHK-HT/HTI or IUPHHK-RE or IUPHHK-HTR or IUPHHK-HKm or Hutan Hak (forest over land title secured plots) or IPK License and reserves the right to accompany auditor in verification process and sign Timber Legality Verification Report.
8. Auditor is personnel complying with requirements and capable of performing audit and tasked by LV-LK to carry out timber legality verification.
9. National Accreditation Committee (KAN) is institution accrediting Independent Assessment and Verification Agency (LP&VI).
10. Minister is the Minister of Forestry of Republic of Indonesia.
11. Director General is Director General tasked and held responsibility in Forestry Production Development.

## II. ACTIVITIES

### A. VERIFICATION APPLICATION

1. License Holder to send verification application to LV-LK containing at least scope of verification, License Holder profile and other information as relevant for LK verification process.
2. Before conducting field verification, LV-LK must review the verification application and maintain the records to assure that:
  - a. Requirements for verification are clearly defined, well understood and soundly documented;
  - b. Avoid any misinterpretation between LV-LK and License Holder;
  - c. LV-LK able to render LK verification service as applied, and to access the operation locations of License Holder.
3. LV-LK deals with contractual affairs with License Holder.
4. If the verification is financed by the Government, such verification shall not be made based on application by License Holder to LV-LK, instead decided by the Government, for which the Government will issue Notice to License Holder to be verified.
5. LV-LK announces the LK verification plan to License Holder in mass media and website of the Ministry of Forestry ([www.dephut.go.id](http://www.dephut.go.id)) minimum 7 (seven) calendar days prior to the date of verification so that Independent Monitoring Agency will have opportunity to provide input or information relating to the verification to the said License Holder.

### B. VERIFICATION PLAN

#### 1. Preparation

LV-LK must prepare verification plan covering:

- a. The assigned Auditor personnel consisting of Lead Auditor and Auditor;
- b. Verification implementation schedule;
- c. Auditor document.

#### 2. Verification Plan

LV-LK informs to License Holder concerning documents required and asks License Holder to appoint Management Representative responsible for timber legality verification set forth into Power of Attorney and/or Work Order. This information must be noticed no later than 7 (seven) calendar days before the verification.

## C. VERIFICATION IMPLEMENTATION

In the field verification consists of three stages, i.e. Kick-Off Meeting, Document Verification and Field Observation and Wrap-Up Meeting.

### 1. Kick-Up Meeting

- a. It is the meeting between Auditor Team and the management of License Holder aiming to point out the objectives of verification, scope of verification, schedule, methodology and procedure and ask Power of Attorney and/or Work Order for Management Representative as indicated in point B.2.
- b. From the meeting it is expected that data required by Auditor Team be furnished by License Holder.
- c. Minutes of Meeting are set forth into Kick-Off Meeting Report attached with List of Attendance.

### 2. Document Verification and Field Observation

- a. LV-LK must perform LK verification against the documents owned by IUPHHK-HA/HPH, IUPHHK-HT/HTI holders and IUPHHK-RE holders as specified in Annex 2; IUPHHK-HTR, IUPHHK-HKm holders as specified in Annex 3; Hutan Hak License holders (forest over land titled secured plots) as specified in Annex 5; and IPK license holders as specified in Annex 6 of Regulation of Director General of Forestry Production Development Number P.6/VI-Set/2009.
- b. LV-LK must track the origin of timber from node to node starting from TPK (Timber Depot) and/or TPK Antara (Temporary Timber Depot) of License Holder until logging site to track back the origin of timber, and ensure that the timber has complied with its legal compliance and legality.
- c. Document verification is an activity to collect, examine and analyze data and documents to assure their accuracy. Document verification is made using criteria and indicators established for IUPHHK-HA/HPH, IUPHHK-HT/HTI holders and IUPHHK-RE holders as specified in Annex 2; IUPHHK-HTR, IUPHHK-HKm holders as specified in Annex 3; Hutan Hak License (forest over land titled secured plots) holders as specified in Annex 5; and IPK license holders as specified in Annex 6 of Regulation of Director General of Forestry Production Development Number P.6/VI-Set/2009 for the last one year period and its elucidation as contained in Annex 2.1 of these procedures.

### 3. Wrap-Up Meeting

- a. It is a meeting between Auditor Team and License Holder to present the output of verification and confirm field findings.
- b. In case of document(s) that can't be furnished, License Holder has opportunity to furnish such missing document(s) no later than 10 (ten) calendar days since the date of wrap-up meeting, and failure to demonstrate the said document(s) in such deadline License Holder shall be declared as non-compliant.
- c. Minutes of Wrap-up Meeting are set forth into Wrap-Up Meeting Report attached with list of attendance.

- d. If Management Representative refuses to sign Wrap-Up Meeting Report, a Closing Report will be prepared.

#### D. Reporting

##### Verification Report:

1. Contain complete information and presented in clear-cut and sequential order for decision making relating to LK certificate issuance.
2. Prepared with reference to reporting format indicated in Annex 2.2 of this manual.
3. Presented in hardcopy and softcopy for submission to License Holder no later than 14 (fourteen) calendar days since Wrap-Up Meeting.

### III. DECISION MAKING

- A. Decision to issue LK certificate shall be made by LV-LK Decision Maker based on auditor report. In case of incompetent Decision Maker, he/she must be accompanied by competent official other than auditor to conduct verification.
- B. Decision to issue LK Certificate shall be given if all assessment norms for each verifier of Timber Legality Verification Standards to License Holder are assessed as "Compliance".
- C. In case of "Non-Compliance", LV-LK shall submit verification report to License Holder and LV-LK shall give opportunity to License Holder to improve the "Non-Compliance" verifier no later than 10 (ten) calendar days since License Holder receives Verification Report.
- D. LV-LK shall not be allowed to delegate this decision making entitlement to other parties or institution to issue, maintain, expand, suspend or revoke LK Certificate.
- E. LV-LK must furnish LK Certificate document signed by Decision Maker to License Holder complying with all SVLK assessment norms.

### IV. CERTIFICATE ISSUANCE AND RE-CERTIFICATION

#### A. CERTIFICATE ISSUANCE

1. LK Certificate shall contain information including but not limited to the name of company or license holder, license number, name of LV-LK and the logo, KAN Logo, date of issuance, validity period and certificate identification number, and LK standard reference.
2. The validity of LK Certificate shall continue for 3 (three) years.
3. The use of KAN Logo in LK Certificate shall refer to KAN 12-2004 Guide.
4. The verified timber shall be identified as follows:
  - a. For timber coming from PHPL certified forests, the Logo will be in "Green" color.

- b. For timber coming from LK certified forests, the Logo will be in "Yellow" color.
- 5. LV-LK must furnish recapitulated LK Certificates to the Director General every 3 (three) months for publication in the website of the Ministry of Forestry. ([www.dephut.go.id](http://www.dephut.go.id)).
- 6. LV-LK must publish any certificate issued, revised, suspended and revoked attached with audit summary in mass media and website of the Ministry of Forestry ([www.dephut.go.id](http://www.dephut.go.id)) soon after decision to issue, revise, suspend and revoke a certificate is taken.

#### B. RE-CERTIFICATION

- 1. Re-Certification is carried out prior to the expiration date of Certificate held by License Holder;
- 2. License Holder must propose in writing re-certification application to LV-LK no later than 6 (six) months prior to the expiration date of LK Certificate.
- 3. Re-certification audit shall be carried out no later than 2 (two) months prior to the expiration date of LK Certificate.
- 4. Any costs incurred from Re-Certification shall be charged to License Holder.

### V. SURVEILLANCE

- A. LV-LK must maintain soundly documented procedures for LK verification surveillance.
- B. Surveillance shall be carried out every 1 (one) year during the validity period of LK Certificate and performed no later than 12 (twelve) months since Wrap-Up meeting.
- C. LV-LK must instruct License Holder to report any significant change [to the license] should the following occur:
  - 1. Any matter that will affect timber legality system, or
  - 2. Any change in the ownership, or
  - 3. Organizational or management structure of License Holder
- D. In the event of any change referred to in point C, and if necessary, LV-KL can make further verification.
- E. LV-LK must conduct further verification in case of any changing LK verification standard that must be complied with by the verified License Holder.
- F. LV-LK must set forth surveillance into a Surveillance Report.
- G. If the surveillance recommends the revocation of LK Certificate, discussion on such LK Certificate revocation shall be organized under Decision Making mechanism.
- H. Any cost incurred from surveillance shall be charged to License Holder.

### VI. SPECIAL AUDIT

- A. Special audit or also known as sudden audit aims to investigate any complaint (objection) with regard to:
  - 1. Other information indicating that LK requirements as provided for in Annex 2 or Annex 3 or Annex 5 or Annex 6 of Regulation of Director General of Forestry Production Development Number P.6/VI-Set/2009 are no longer relevant.
  - 2. Significant change to License Holder.
- B. Prior to special audit, LV-LK must confirm the time of audit to License Holder no later than 7 (seven) calendar days before its commencement.
- C. Any cost incurred from special audit shall be charged to License Holder.

**Annex 2.1.** : Regulation of Director General of Forestry Product Development  
**Number** : P.02/VI-BPPHH/2010  
**Date** : 10 February 2010  
**Concerning** : Procedures of Performance Assessment in Sustainable Production Forest Management and Timber Legality Verification

**A. LEGALITY VERIFICATION PROCEDURES FOR TIMBER FROM NATIONAL FORESTS (IUPHHK-HA/HPH, IUPHHK-HTI/HPHTI, IUPHHK RE)**

Verification Standards					Verification Manual		Remarks
No	Principle	Criteria	Indicator	Verifier	Verification Method	Assessment Norms	
1	2	3	4	5	6	7	8
1.	P1. Confirm the affected areas and their right to use	K1.1 Forest management unit area located in production forest.	1.1.1 The license holder to prove the validity of Forest Timber Product Utilization Permit (IUPHHK).	a. Forest Concession Rights Documents (SK IUPHHK-HA/HPH, IUPHHK-HTI/HPHTI, IUPHHK RE)	1. Verify the validity and completeness of SK IUPHHK-HA/HPH, IUPHHK-HTI/HPHTI, IUPHHK RE documents 2. Verify the annexed maps 3. Verify the maps for their consistency to the related forest areas and water or the Agreed Forest Use Plan /TGHK.	Compliance: Completeness and validity of SK IUPHHK-HA/HPH, IUPHHK-HTI/HPHTI, IUPHHK RE documents fully complied with.	-
				b. Payment evidence for Forest Timber Exploitation Fees (IUPHHK).	1. Verify the Payment Order (SPP) of IUPHHK. 2. Verify payment slip to bank receiving IUPHHK fees as indicated in SPP	Compliance: IUPHHK paid according to SPP.	-
2.	P2. Follow the legal logging system and procedure	K2.1 The holders of license have logging plan for forest areas approved by the competent officials	2.1.1 Annual Work Plant (RKT/ Blue Print) approved by the competent officials.	a RKT/ Blue Print . approved by the competent officials	Verify the validity of RKT/ Blue Print document	Compliance: Completeness and validity of RKT/ Blue Print fully complied with.	-
				b Maps showing areas . where logging is not allowed and evidence of its compliance in the	Verify the accuracy of locations (using GPS or other devices as appropriate) where logging is not allowed inclusive of: – Buffer zone with protected	Compliance: Maps indicating the locations where logging is not allowed are made with correct	<ul style="list-style-type: none"> <li>GPS used in field verification should be compared with the maps made by License Holders and the device should be same as the one used by License Holder in</li> </ul>

Verification Standards					Verification Manual		Remarks
No	Principle	Criteria	Indicator	Verifier	Verification Method	Assessment Norms	
1	2	3	4	5	6	7	8
				field	forests, conserved forests or areas where the boundaries have yet to be established. – Steep area (slope >40% for natural forest and >25% for plantation). – Wildlife habitat and or endangered plants (wildlife enclave & germ plasm areas). – Areas with religious and cultural values (cross-check to local community). – River banks, areas adjacent to springs, cliffs, etc.	procedures available and such locations truly exist in the field.	mapping. <ul style="list-style-type: none"><li>To avoid misinterpretation concerning the accuracy of RKT/Work Blue Print, it is necessary to apply maximum tolerance of 200m.</li></ul>
				c Clear markings of logging/RKT blocks in the maps and the associated evidence in the field	1. Verify the validity of logging blocks approved in Maps annexed to RKT. 2. Verify the accuracy of logging block borders in the field using GPS or other devices as appropriate. 3. Verify the visibility of logging block markings in the field according to the applicable manual.	Compliance: Logging block maps legalized (stamped), accurate position of logging blocks and truly existing in the field.	<ul style="list-style-type: none"><li>GPS used in field verification should be compared with the maps made by License Holders and the device should be same as the one used by License Holder in mapping.</li><li>To avoid misinterpretation concerning the accuracy of RKT/Work Blue Print, it is necessary to apply maximum tolerance of 200m</li></ul>
		K2.2 Valid Work Plan	2.2.1 The holders of forest concession right have valid work plan according to the applicable laws and regulations	a Forest Timber Exploitation Work Plan (RKUPHHK) (perhaps still in progress) and the annexes	1. Verify the completeness and validity of RKUPHHK documents (sometimes, the preparation of these documents is still in progress). 2. Verify the preparation and legalization process of RKUPHHK, for which License Holder shall hold the responsibility.	Compliance: Completeness and validity of RKUPHHK documents fully complied with.	-



Verification Standards					Verification Manual		Remarks
No	Principle	Criteria	Indicator	Verifier	Verification Method	Assessment Norms	
1	2	3	4	5	6	7	8
				b The consistency of location and volume of timber logging in natural forests over the permitted areas dedicated to the preparation of industrial forests (HTI).	1. Verify the location and volume of timber logging in natural forests over the permitted areas as indicated in RKT HPHTI/ IUPHHK documents for industrial forest (HTI) preparation. 2. Verify the accuracy of location and volume of timber logging in natural forests over the permitted areas for HTI preparation.	Compliance: Volume of timber logging in natural forest for HTI preparation is consistent.	<ul style="list-style-type: none"> <li>The logging volume may not exceed RKT target over areas dedicated to HTI preparation.</li> <li>The consistency of location and volume of timber logging in natural forests over the permitted areas for HTI preparation.</li> </ul>
			2.2.2 Equipment used in haversting is certified and physically exists in the field.	Equipment permit and transfer	Verify the consistency of equipment permit and its physical existence in the field.	Compliance: Equipment is consistent with the awarded permit.	To include equipment depreciation report
		K2.3 License holders assure that all timber transported from Timber Depot (TPK) to Temporary Depot (TPK Antara) and from TPK Antara to primary forestry product industries (IPHH)/market is certified with valid physical identity and documents	2.3.1. Log timber cut/harvested/used certified with LHP document	LHP documents endorsed by the competent officials	(1) Cross-check LHP and LHC documents (2) Random sampling between the endorsed PHP and physical timber.	Compliance: a. LHP and LHC consistent b. Physical and LHP consistent	<ul style="list-style-type: none"> <li>Verification of criteria indicator and verifier K2.3 refers to Permenhut P.55/Menhut-II/2006.</li> <li>Verification of Forest Inventory refers to Permenhut Nomor P.67/Menhut-II/2005.</li> <li>Verification of LHP document and LHC document covers the types and number of trees.</li> </ul>
			2.3.2. Timber transported outside the permitted areas certified with valid documents.	Forest Product Certification Notice (SKSHH) and the annexes from Timber Depot (TPK) to TPK Antara and from TPK Antara to primary forest product industries and or log traders.	(1) Cross-check list of log transported from Timber Depot (TPK) to TPK Antara and from TPK Antara to primary forest product industry (IPHH) and or log traders. (2) Cross-check with other transport documents	Compliance: list of log transported from Timber Depot (TPK) to TPK Antara and from TPK Antara to primary forest product industry and or log traders.	<ul style="list-style-type: none"> <li>Document/record of transport mode used and invoice (for sales);</li> <li>Verification of TPn, TPK locations to their decrees.</li> <li>Note: for any difference due to trimming, it must be justified/recorded – grader report and clear accountability. Volume rationality (control) and transport</li> </ul>

Verification Standards					Verification Manual		Remarks
No	Principle	Criteria	Indicator	Verifier	Verification Method	Assessment Norms	
1	2	3	4	5	6	7	8
							mode evidence.
			2.3.3 Log (KB) from the holders of IUPHHK-HA/HPH, IUPHHK-HTI/HPHTI, IUPHHK RE licenses	a PUHH marking/ · <i>barcode</i> for the log owned by the holders of IUPHHK-HA/HPH, IUPHHK-HTI/ HPHTI, IUPHHK RE licenses can be traced.	Check the legality of timber barcode	Compliance: Legality of log barcode consistent with the documents	In case that license holders not yet required to make SIPUHH online, the verification of timber legality will refer to P.55/Menhut-II/2006
				b Timber identity · consistently applied by license holders.	Check log barcode applied by license holders that can be tracked back to logging plots or groups of plots for swamp areas (at least for the current year).	Compliance: Tracking system and timber identity consistently applied.	- Timber identity tracking refers to P.55/Menhut-II/2006
		2.3.4 License holders able to demonstrate records indicating the transport of timber outside TPK		SKSHH file and Forest Product List (DHH) attached (for natural forest); transport invoice (for plantation forest)	1. Verify the completeness and validity of skshh for timber transport from license holders. 2. Verify the authority of official preparing timber administration document. 3. Verify Timber Inspection Report (BAP) by Official Issueing Log Validity Certificate (P2SKSKB).	Compliance: Completeness and validity of skshh documents (made by the competent officials).	<ul style="list-style-type: none"> <li>LMKB with clear report (balancing sheet, to see the balance of volume received and delivered for certain period).</li> <li>Qualification verification and P2SKSKB Appointment Decree still valid.</li> </ul>
		K2.4 License holders comply with their liabilities relating to fees collected from timber	2.4.1 License holder to demonstrate payment receipt of Reforestation Fund (DR) and Forestry Resources Fees (PSDH).	a SPP (Payment Order) issued and paid.	Verify and compare the realization of PSDH DR and SPP documents (classification, volume and tariff)	Compliance: The realization of PSDH DR consistent with SPP document	<ul style="list-style-type: none"> <li>PP No.51/1998 concerning PSDH</li> <li>Peraturan Menteri Kehutanan No.P.18/Menhut-II/2007.</li> <li>Permendag No. 8/Mendag/Per/II/2007</li> </ul>
				b Payment receipt of · PSDH and DR fees (for license holders	1. Check the validity and consistency of PSDH – DR receipts with SPP-PSDH and	Compliance: PSDH and DR paid according to SPP	

Verification Standards					Verification Manual		Remarks
No	Principle	Criteria	Indicator	Verifier	Verification Method	Assessment Norms	
1	2	3	4	5	6	7	8
				of natural forests) or PSDH (for license holders of plantation forests).	DR 2. Compare SPP-PSDH and DR against payment receipts and/or agreement for the payment of delinquent timber fees		
				c Consistency of PSDH and DR tariffs for natural forest timber (including for the preparation of plantation forest development) and PSDH tariffs for plantation forest timber.	1. Verify the dimension of small log (KBK) to natural forest timber with diameter ≥30cm, and the length must be ≤130cm. 2. Verify the consistency of DR tariff payment to KBK payment receipts.	Compliance: Natural forest timber classified as KBK consistent with the specified dimension and paid according to the corresponding tariff.	
3.	P3. The compliance of environmental and social aspects relating to logging activities n	K3.1 License holders have prepared Environmental Impact Assessment (EIA) and performed thier obligations as provided for in EIA document.	3.1.1 License holders have prepared IEA documents consisting of ANDAL, RKL (Environmental Management Plan) and RPL (Environmental Monitoring Plan) approved according to the applicable laws and regulations covering the licensed areas.	EIA documents (ANDAL, RKL and RPL).	1. Verify the completeness and validity of EIA documents (Andal, RPL/RKL_ and significant finding report. 2. Verify EIA preparation process 3. Verify the quality of EIA documents.	Compliance: EIA documents complete and approved.	In case of changing areas, the last EIA documents will be verified.
			3.1.2 License Holders prepare RKL/RPL implementation report to show actions that have	a RKL and RPL documents	Verify the validity of RKL and RPL documents and their consistency with other planning documents covering physical-chemical, biological and social	Compliance: RKL/RPL documents refer to the approved EIA documents.	Consistency between RKL and RPL information and EIA documents.

Verification Standards					Verification Manual		Remarks
No	Principle	Criteria	Indicator	Verifier	Verification Method	Assessment Norms	
1	2	3	4	5	6	7	8
			been taken to deal with environmental impacts and to provide social benefits.		aspects.		
				b Report of significant . impact management and monitoring	Verify the implementation of significant impact management in terms of physic-chemical, biology and social inclusive of: – Hidro-orologi and the associated monitoring facilities and infrastructure. – Pollution. – Endangered species (cross-check with Wildlife Inventory and Endangered Plants) – Improved positive social impacts. – Forest fire prevention and management system and facilities.	Compliance: Environmental management and monitoring implemented according to the plan and significant impacts found in the field.	Field verification and observation to ensure consistency of License Holders' report and actual implementation in the field in terms of physics-chemical, biology and social.

## B. LEGALITY VERIFICATION MANUAL FOR TIMBER FROM NATIONAL FORESTS MANAGED BY LOCAL COMMUNITIES (IUPHHK-HTR, IUPHHK-HKM)

Verification Standards					Verification Manual		Remarks
No	Principle	Criteria	Indicator	Verifier	Verification Method	Assessment Norms	
1	2	3	4	5	6	7	8
1	P1. Confirm the affected areas and their right to use	K1.1 Forest management unit area located in production forest.	1.1.1 The license holder to prove the validity of Forest Timber Product Utilization License (IUPHHK)	a. SK IUPHHK-HTR, IUPHHK- HKm documents	1. Verify the validity and completeness of SK IUPHHK-HTR, IUPHHK- HKm documents 2. Verify the annexed maps 3. Verify the maps for their consistency to the related forest areas and water or the Agreed Forest Use Plan /TGHK.	Compliance: Completeness and validity of SK IUPHHK-HTR, IUPHHK- HKm documents fully complied with.	-
				b. Payment evidence for Forest Timber Exploitation Levies (IUPHHK).	3. Verify the Payment Order (SPP) of IUPHHK. 4. Verify payment slip to bank receiving IUPHHK levies as indicated in SPP	Compliance: IUPHHK paid according to SPP.	-
	P2. Follow the legal logging system and procedure	K2.1 The holders of license have logging plan for forest areas approved by the competent officials	2.1.1 Annual Work Plant (RKT/ Blue Print) approved by the competent officials.	a. RKT/ Blue Print approved by the competent officials	Verify the validity of RKT/ Blue Print document	Compliance: Completeness and validity of RKT/ Blue Print fully complied with.	-
				b. Maps showing areas where logging is not allowed and evidence of its compliance in the field	Verify the suitability of locations (using GPS or other devices as appropriate) where logging is not allowed: – Buffer zone with protected forests, conserved forests or areas where the boundaries have yet to established. – Steep area (slope >40% for natural forest and >25% for plantation). – Wildlife habitat and or endangered plants (wildlife enclave & germ plasm areas). – Areas with religious and	Compliance: Maps indicating the locations where logging is not allowed made with correct procedures available and such locations truly exist in the field.	<ul style="list-style-type: none"> <li>GPS used in field verification should be compared with the maps made by License Holders and the device should be same as the one used by License Holder in mapping.</li> <li>To avoid misinterpretation concerning the accuracy of RKT/Work Blue Print, it is necessary to apply maximum tolerance of 200m.</li> </ul>

Verification Standards					Verification Manual		Remarks
No	Principle	Criteria	Indicator	Verifier	Verification Method	Assessment Norms	
1	2	3	4	5	6	7	8
					cultural values (cross-check to local community). – River banks, areas adjacent to springs, cliffs, etc.		
				c. Clear markings of logging/RKT blocks in the maps and the associated evidence in the field	1. Verify the validity of logging blocks approved in Maps annexed to RKT. 2. Verify the accuracy of logging block borders in the field using GPS or other devices as appropriate. 3. Verify the visibility of logging block markings in the field according to the applicable manual .	Compliance: Logging block maps legalized (stamped), accurate position of logging blocks and truly existing in the field.	<ul style="list-style-type: none"> <li>GPS used in field verification should be compared with the maps made by License Holders and the device should be same as the one used by License Holder in mapping.</li> <li>To avoid misinterpretation concerning the accuracy of RKT/Work Blue Print, it is necessary to apply maximum tolerance of 200m</li> </ul>
		K2.2 Valid Work Plan	2.2.1 The holders of forest concession right have valid work plan according to the applicable laws and regulations	a. Forest Timber Exploitation Work Plan (RKUPHHK) (perhaps still in progress) and the annexes	2. Verify the completeness and validity of RKUPHHK documents (sometimes, the preparation of these documents is still in progress). 2. Verify the preparation and legalization process of RKUPHHK, for which License Holder shall hold the responsibility.	Compliance: Completeness and validity of RKUPHHK documents fully complied with.	RKT IUPHHK-HTR, IUPHHK- HKm
				b. The consistency of location and volume of timber logging in natural forests over the permitted areas dedicated to the preparation of industrial forests (HTI)	1. Verify the location and volume of timber logging in natural forests over the permitted areas as indicated in RKT IUPHHK-HTR, IUPHHK- HKm documents dedicated to industrial forest (HTI) preparation. 2. Verify the accuracy of location and volume of timber logging in natural	Compliance: Volume of timber logging in natural forest for HTI preparation is consistent.	<ul style="list-style-type: none"> <li>The logging volume may not exceed RKT target over areas dedicated to land preparation.</li> <li>The consistency of location and volume of timber logging in natural forests over the permitted areas for HTR - HKm preparation.</li> </ul>

Verification Standards					Verification Manual		Remarks
No	Principle	Criteria	Indicator	Verifier	Verification Method	Assessment Norms	
1	2	3	4	5	6	7	8
					forests over the permitted areas for HTI preparation.		
			2.2.2 Equipment used in harvesting is certified and physically exists in the field.	Equipment permit and transfer	Verify the consistency of equipment permit and its physical existence in the field.	Compliance: Equipment is consistent with the awarded permit.	To include equipment depreciation report
		K2.3 License holders assure that all timber transported from Timber Depot (TPK) to Temporary Depot (TPK Antara) and from TPK Antara to primary forestry product industries (IPHH)/market is certified with valid physical identity and documents	2.3.1. Log timber cut/harvested/used certified with LHP document	LHP documents endorsed by the competent officials	(1) Cross-check LHP and LHC documents (3) Random sampling between the endorsed PHP and physical timber.	Compliance: a. LHP and LHC consistent b. Physical and LHP consistent	<ul style="list-style-type: none"> <li>Verification of criteria indicator and verifier K2.3 refers to Permenhut P.55/Menhut-II/2006.</li> <li>Verification of Forest Inventory refers to Permenhut Nomor P.67/Menhut-II/2005.</li> <li>Verification of LHP document and LHC document covers the types and number of trees.</li> </ul>
			2.3.2. Timber transported outside the permitted areas certified with valid documents.	Forest Product Certification Notice (SKSHH) and the annexes from Timber Depot (TPK) to TPK Antara and from TPK Antara to primary forest product industries and or log traders.	(1) Cross-check list of log transported from Timber Depot (TPK) to TPK Antara and from TPK Antara to primary forest product industry and or log traders. (2) Cross-check with other transport documents	Compliance: list of log transported from Timber Depot (TPK) to TPK Antara and from TPK Antara to primary forest product industry and or log traders.	
			2.3.3 Log (KB) from the holders of SK IUPHHK-HTR, IUPHHK- HKm licenses	a. PUHH marking/ <i>barcode</i> for log owned by the holders of SK IUPHHK-HTR, IUPHHK- HKm licenses can be tracked.	Check the legality of timber barcode	Compliance: Legality of log barcode consistent with the documents	Timber identity tracking refers to P.55/Menhut-II/2006
				b. Timber identity consistently applied by license holders.	Check log barcode applied by license holders that can be tracked back to logging plots or groups of plots for swamp	Compliance: System that can be tracked back and timber identity	Timber identity tracking refers to P.55/Menhut-II/2006

Verification Standards					Verification Manual		Remarks
No	Principle	Criteria	Indicator	Verifier	Verification Method	Assessment Norms	
1	2	3	4	5	6	7	8
					areas (at least for the current year).	consistently applied.	
			2.3.4 License holders able to demonstrate records indicating the transport of timber outside TPK	FAKB (Log Transport Invoice) file	1. Verify the completeness and validity of FAKB document for timber transport from license holders. 2. Verify the authority of official preparing timber administration document. 3. Verify Timber Inspection Report (BAP) by Official Issueing Log Transport Invoice (FAKB).	Compliance: Completeness and validity of FAKB documents (made by the competent officials).	<ul style="list-style-type: none"> <li>LMKB with clear report (balancing sheet, to see the balance of volume received and delivered for certain period).</li> <li>Qualification verification and FAKB Appointment Decree still valid.</li> </ul>
		K2.4 License holders comply with their liabilities relating to fees collected from timber	2.4.1 License holder to demonstrate payment receipt of Reforestation Fund (DR) and Forestry Resources (PSDH) fees	a SPP (Payment Order) issued and paid.	Verify and compare the realization of PSDH DR and SPP documents (classification, volume and tariff)	Compliance: The realization of PSDH DR consistent with SPP document	All criteria in K2.4 refer to: <ul style="list-style-type: none"> <li>PP No.51/1998 concerning PSDH</li> <li>Permenhut No.P.18/Menhut-II/2007.</li> <li>Permendag No.8/Mendag/Per/II/2007</li> </ul>
				b. PSDH payment slip	1. Check the validity and consistency of PSDH – DR receipts with SPP-PSDH and DR 2. Compare SPP-PSDH and DR against payment receipts and/or agreement on the payment of dilinquent fees	Compliance: PSDH and DR paid according to SPP	
				c. Consistent PSDH tariff	1. Verify the dimension of small log (KBK) to natural forest timber with diameter $\geq 30\text{cm}$ , and the length must be $\leq 130\text{cm}$ . 2. Verify the consistency of DR tariff payment to KBK	Compliance: Natural forest timber classified as KBK consistent with the specified dimension and paid according to the corresponding	



Verification Standards					Verification Manual		Remarks
No	Principle	Criteria	Indicator	Verifier	Verification Method	Assessment Norms	
1	2	3	4	5	6	7	8
					payment receipts.	tariff.	
	P3. The compliance of environmental and social aspects relating to logging activities	K3.1 License holders have prepared Environmental Impact Assessment (EIA) and performed their obligations as provided for in EIA document.	3.1.1 License holders have prepared IEA documents consisting of ANDAL, RKL (Environmental Management Plan) and RPL (Environmental Monitoring Plan) approved according to the applicable laws and regulations covering the licensed areas.	EIA documents (ANDAL, RKL and RPL).	1. Verify the completeness and validity of EIA documents (Andal, RPL/RKL_ and significant finding report. 2. Verify EIA preparation process 3. Verify the quality of EIA documents.	Compliance: EIA documents complete and approved.	In case of changing areas, the last EIA documents will be verified.
			3.1.2 License Holders prepare RKL/RPL implementation report to show actions that have been taken to deal with environmental impacts and to provide social benefits.	a. RKL and RPL documents	Verify the validity of RKL and RPL documents and their consistency with other planning documents covering physical-chemical, biological and social aspects.	Compliance: RKL/RPL documents refer to the approved EIA documents.	Consistency between RKL and RPL information and EIA documents.
				b. Report of significant impact management and monitoring	Verify the implementation of significant impact management in terms of physic-chemical, biology and social inclusive of: – Hidro-orologi and the associated monitoring facilities and infrastructure. – Pollution. – Endangered species (cross-check with Wildlife Inventory and Endangered Plants)	Compliance: Environmental management and monitoring implemented according to the plan and significant impacts found in the field.	Field verification and observation to ensure consistency of License Holders' report and actual implementation in the field in terms of physics-chemical, biology and social.

Verification Standards					Verification Manual		Remarks
No	Principle	Criteria	Indicator	Verifier	Verification Method	Assessment Norms	
1	2	3	4	5	6	7	8
					<ul style="list-style-type: none"> <li>– Improved positive social impacts.</li> <li>– Forest fire prevention and management system and facilities.</li> </ul>		

### C. LEGALITY VERIFICATION MANUAL FOR TIMBER FROM CONCESSIONAL FORESTS

Verification Standards					Verification Manual		Remarks
No	Principle	Criteria	Indicator	Verifier	Verification Method	Assessment Norms	
1	2	3	4	5	6	7	8
1.	P1. The validity of timber ownership title secured	K1.1 The validity of ownership title in connection with its areas, timber and commerce	1.1.1 The license holders of concession forests to prove the validity of their concessionaire rights.	(a) Valid land title document (or other recognized title/document)	Verify Land Title Certificate, i.e. Hak Milik, Leter C, Leter B, Girik; and Certificate of Right to Use (HGU); or other valid land titling documents.	<u>Compliance:</u> The documents complete and valid (they may consist of Land Titling Certificates, Leter C, Leter B, Girik, HGU Certificate or other valid land titling document)	
				(b) Maps showing the affected forest areas and borders in the field	Verify the existence of location maps.  Verify the visibility of forest area borders	<u>Compliance:</u> Location maps exist  <u>Compliance:</u> Visible border markings (consisting of poles, or dikes or border plants).	In the absence of visible markings (either poles, dikes or border plants) the verification shall be made by checking the consistency of area borders mentioned in the maps to land title legality documents.
			1.1.2 Community-based management unit able to demonstrate valid timber transport documents.	(a) SKAU or SKSKB document stamped with KR (Public Timber)	Verify the validity of SKSKB held by the farmers/traders and local agency.  Verify the validity of Letter of Origin (SKAU) held by the farmers/traders and local agency for particular timber.  Verify the consistency of recapitulated logging license with skshh.	<u>Compliance:</u> SKSKB stamped with KR (Public Timber) and issued by the competent official  <u>Compliance:</u> (a) SKAU issued by Village Head/Lurah or other equal officials where the timber is about to be transported	<ul style="list-style-type: none"> <li>All verification of criteria, indicators and verifier K2.3 refer to P.51/Menhut-II/2006 and the subsequent amendment(s)</li> <li>In the absence of P2SKSKB official the verification shall be made to the qualifications as official issuing SKAU and the appointment decree.</li> </ul>

Verification Standards					Verification Manual		Remarks
No	Principle	Criteria	Indicator	Verifier	Verification Method	Assessment Norms	
1	2	3	4	5	6	7	8
				(b) Sales invoices	Verify the validity and consistency of invoices attached to timber transport.	<p>(b) Type of timber mentioned in SKAU document consistent with the type indicated in decree of Forestry Minister now in effect.</p> <p><u>Compliance:</u> Recapitulated logging license consistent with SKSKB Cap KR or SKAU</p> <p><u>Compliance:</u> (a) Invoices issued by the owner of timber. (b) Invoices consistent with the physical condition of timber. (c) Invoices mention the destination of timber transport.</p>	<ul style="list-style-type: none"> <li>Verification is carried out under random sampling with regard to the consistency of type of timber with its SKAU document for tracing back to the logging site..</li> </ul> <p>The above documents must be valid for the last one year period before the date of verification</p>

## D. LEGALITY VERIFICATION MANUAL FOR TIMBER OF IPK HOLDERS

Verification Standards					Verification Manual		Remarks
No	Principle	Criteria	Indicator	Verifier	Verification Method	Assessment Norms	
1	2	3	4	5	6	7	8
1.	P1. Other valid timber exploitation licenses	K1.1 Timber exploitation licenses over [forest] areas used for non-forestry enterprises without changing the status of forests.	1.1.1 Business actors possess Other Valid Licenses (ILS)/IPK over the lease-use areas within productive forests.	(a) ILS/IPK license for the lease-use areas	Verify the validity and completeness of ILS	<u>Compliance:</u> ILS refers to areas that have been approved and legalized as lease-use areas.	
				(b) Maps annexed to ILS/IPK for the leased-used areas attached with the related lease-use permit.	Verify the validity and completeness of maps annexed to ILS.	<u>Compliance:</u> The sites of ILS secured areas consistent with the locations dedicated to lease-use areas.	
		K1.2 Timber exploitation licenses over [forest] areas used for non-forestry enterprises without changing the status of forests.	2.2.1. Business actors possess IPK license for converted areas located within HPK areas	(a) Business permit and the maps (the IPK license holder is same as the holder of business permit)	Verify the validity and completeness of: 1. Non-forestry enterprise permit 2. [Forest] area release permit for non-forestry farming areas The annexed maps show that the applied areas are truly located in non-forestry farming areas.	<u>Compliance:</u> Forest area release permit consistent with the license issued and attached with the endorsed maps.	Verification and observation made based on the latest [forest] area release decree.
				(b) IPK for converted areas	Verify the validity and completeness of IPK	<u>Compliance:</u> IPK secured areas situated in the areas approved and legalized as non-forestry farming areas.	
				(c) Maps annexed to IPK	Verify the validity and completeness of maps annexed to IPK	<u>Compliance:</u> The sites of IPS secured areas consistent with the locations indicated in the corresponding license	
				(d) The valid documents contain changing status of	Verify the validity and completeness of changing status of the affected areas	<u>Compliance:</u> [Forest] area release decree is issued in	

Verification Standards					Verification Manual		Remarks
No	Principle	Criteria	Indicator	Verifier	Verification Method	Assessment Norms	
1	2	3	4	5	6	7	8
				the affected areas (the IPK license holder is same as the holder of business permit)	and their release stages. Documents to be verified is that of [forest] area release decree	adherence to the applicable stages and signed by the competent official.	
2.	P2. Consistency with logging and timber transport system and procedures	K2.1 Consistency of IPK/ILS plan and implementation with the designed land-use.	2.1.1 IPK/ILS holders have the approved work plans	(a) IPK/ILS holders' work plan documents (potential survey)	Verify the validity and completeness of IPK/ILS holders' work plans (forest clearing work plan)	<u>Compliance:</u> IPK/ILS holders' work plan consistent with the awarded license.	
				(b). Equipment permit still valid	Verify registration documents and their consistency with the equipment operated in the field	<u>Compliance:</u> Registration documents consistent with physical equipment used in the field.	To include equipment depreciation report
			2.1.2 Business actors able to demonstrate that the log is from IPK/ILS areas and its validity can be traced back	(a). Document indicating stands potential to grow in conversed areas	Verify the completeness, validity and existence of sampling potential survey documents.	<u>Compliance:</u> The output of potential stand calculation available	
				(b). Timber production document (LHP)	Verify the completeness, validity and existence of timber production document	<u>Compliance:</u> Timber Production Report (LHP) verified by the competent official.	Verification of qualifications and appointment decree P2LHP official
		K2.2 Comply with liabilities for timber exploitation related charges set by the government and the validity of timber transport	2.2.1 Business actors to demonstrate forestry charges evidences	(a) DR and PSDH payment slips	Verify the completeness, validity and existence of DR and PSDH payment slips	<u>Compliance:</u> UM demonstrates DR and PSDH payment slips consistent with SPP	All criteria in K2.2 refer to: • PP No.51/1998 concerning PSDH • Forestry Minister Decree No.P.18/Menhut-II/2007. • Trade Minister Decree No.8/Mendag/Per/II/2007
			2.2.2 IPK/ILS holders to demonstrate valid timber transport documents.	(a) FAKB and the annexes for KBK	Verify the completeness, validity and existence of transport invoice and skshh documents	<u>Compliance:</u> All KBK transport attached with timber transport invoices	
				(b) SKSKB and the annexes for KB	Verify the validity and completeness of skshh	<u>Compliance:</u> All skshh attached with DHH.	



**Annex 2.2.** : Regulation of Director General of Forestry Production Development  
Numberr : P.02/VI-BPPHH/2010  
Date : 10 February 2010  
Concerning : Procedures of Performance Assessment of Sustainable Production Forest Management and Timber Legality Verification

**Timber Legality (LK) Verification Reporting Manual for the Holders of IUPHHK-HA/HPH or IUPHHK-HT/HTI or IUPHHK-RE or the Holders of IUPHHK-HTR or IUPHHK-HKm or the Holders of *Hutan Hak* license (forests over land title secured plots or IPK (timber utilization license)**

Timber Legality Verification Report must include but not limited to:

1.1. Document Identity

1.1.1. Document Naming

Document presenting information concerning the findings of field assessment is named as TIMBER LEGALITY VERIFICATION REPORT. It consists of two inseparable parts, i.e.:

- a. Book I – Timber Legality Verification Report for the holders of IUPHHK-HA/HPH or IUPHHK-HT/HTI or IUPHHK-RE or the holders of IUPHHK-HTR or IUPHHK-HKm or the holders of *Hutan Hak* license (forest over land title secured plots) or IPK license verified containing assessment method and procedure, unverifiable indicators and the acceptable grounds, compliance of each indicator, and other information as relevant;
- b. Book II – Annex to Timber Legality Verification Report for the holders of IUPHHK-HA/HPH or IUPHHK-HT/HTI or IUPHHK-RE or the holders of IUPHHK-HTR or IUPHHK-HKm or the holders of *Hutan Hak* license (forest over land title secured plots) or IPK license verified containing annexes to corroborate the assessment results.

1.1.2. Pagination

Every single page of document must be attached with page number indicating certain part IN the entire document. Pagination is made for each page inserted in the lower middle part of page, including title page sheets by indicating the corresponding page of overall pages.

1.2. The Identity of Verification Agency (LV-LK) and Field Assessment Team.

Elucidation of LV-LK name, address, head of agency, and the composition of field assessment team indicating personnel held responsibility for field assessment performed. The report must be signed by Head of LV-LK and the chairperson of field assessment team.

1.3. The identities of IUPHHK-HA/HPH or IUPHHK-HT/HTI or IUPHHK-RE or the Holders of IUPHHK-HTR or IUPHHK-HKm or the Holders of *Hutan Hak* license (forests over land title secured plots) or IPK License verified.



Brief information concerning the names of IUPHHK-HA/HPH or IUPHHK-HT/HTI or IUPHHK-RE or the Holders of IUPHHK-HTR or IUPHHK-HKm or the Holders of Hutan Hak (forests over land title secured plots) and IPK License, the address of head office and branch office, location verified, name and position of board of directors at central level or at assessment site, and other general information, as relevant.

1.4. Verification Method

Verification process is carried out with reference to these Timber Legality Verification Procedures.

1.5. Verification Findings

The findings of verification must be presented in concise, clear and systematic fashion consisting of:

1.5.1. Justifications for the unverified Principle, Criteria, Indicator and Verifier.

Description of the accountable grounds and evidences to support the unverified Principle, Criteria, Indicator and Verifier.

1.5.2. Analysis Output

Concise and accurate description of field data analysis for every verification standard. Field data, maps and referential regulations and other written evidences relevant to data analysis or to point out verification output of each verification standard must be mentioned in annex. Referential number of annex to complete the description of field data analysis must be indicated in the elucidation of verification output concerned.

1.5.3. Conclusion to the compliance of each Verification Norm.

Description on the compliance of each indicator including elaboration and argument must be presented in clear manner, and quote regulatory basis as assessment reference compared with actual conditions in the field.

1.6. Annexes

Contain field data, maps, or other written evidences used in data analysis or explaining the verification output for each indicator. List of annexes must be presented in early section of annex document.

**Annex 3.** : Regulation of Director General of Forestry Production Development  
Number : P.02/VI-BPPHH/2010  
Date : 10 February 2010  
Concerning : Procedures of Performance Assessment of Sustainable Production Forest  
Management and Timber Legality Verification

## **TIMBER LEGALITY (LK) VERIFICATION AND CERTIFICATION PROCEDURES FOR IUIPHHK LICENSE AND IUI LANJUTAN**

### **I. INTRODUCTION**

#### **A. BACKGROUND**

To implement Forest Governance, law enforcement and legal timber trade promotion, a Timber Legality Assurance System (TLAS) or also known as Timber Legality Verification System (SVLK) has been developed with participation of all stakeholders either during SVLK preparation or its institution preparation adopting Governance, Credibility and Representativeness principles. In view of such stakeholder participation the Minister of Forestry issued Forestry Minister Decree Number P.38/Menhut-II/2009 concerning Standards and Procedures of Performance Assessment of Sustainable Production Forest Management and Timber Legality Verification for the Holders of Licenses or Concessionaire Forests and Regulation of Director General of Forestry Production Development Number P.6/Set-VI/2009, for which its implementation manual is necessary.

LK verification especially made to the Holders of IUIPHHK license (i.e. Business License to Engage in Primary Industries based on Forest Timber Products) and Business License to Secondary Industries (or IUI Lanjutan) shall be made by Timber Legality Verification Agency (LV-LK) accredited by National Accreditation Committee (KAN) according to ISO/IEC Guide 65:1996, and assigned by Director General on behalf of the Minister.

LV-LK performing LK verification to IUIPHH and IUI Lanjutan will issue LK Certificate for industries complying with all verification standards as set forth in Regulation of Director General of Forestry Production Development Number P.6/VI-Set/2009 and Procedures of Timber Legality Verification and Certification to IUIPHHK and IUI Lanjutan.

To avoid any misunderstanding in timber legality verification among the related parties, it is deemed necessary to establish an implementation manual.

#### **B. OBJECTIVES**

These procedures aim to guide the related parties in performing timber legality verification in the field dedicated to IUIPHHK and IUI Lanjutan, covering:

1. Verification Application.
2. Verification Planning.
3. Verification Implementation.

4. Reporting.
5. Decision Making.
6. Certificate Issuance and Re-Certification.
7. Surveillance.
8. Special Audit.

#### C. SCOPE

1. The scope of LK verification to IUIPHHK and IUI Lanjutan shall cover IUIPHHK and IUI Lanjutan concerned. To secure the legality of timber from sources not yet certified by Sustainable Production Forest Management Certificate (PHPL) or LK Certificate, provisions provided for in regulations concerning forest product administration shall be referred to including Forestry Minister Decree Number P.55/Menhut-II/2006 and its amendment and/or Forestry Minister Decree Number P.51/Menhut-II/2006 and its amendment.
2. LK verification by LV-LK shall follow verification standards contained in Annex 4 of Regulation of Director General Number P.6/VI-Set/2009. In the event that criteria/indicator/verifier not necessarily to be verified by auditor, such auditor must provide sufficient justification.
3. Verification shall be made to documents attached to IUIPHHK and IUI Lanjutan valid for the last one (1) year period. For LK verification to IUIPHHK and IUI Lanjutan no tracking for raw materials under IUIPHHK and IUI Lanjutan until their origin/source shall be made.

#### D. REFERENCES

1. Law Number 6 of 1983 concerning General Tax Procedures.
2. Law Number 17 of 2006 concerning Amendment to Law No. 10 of 1995 concerning Customs.
3. Law Number 32 of 2009 concerning Environmental Protection and Management.
4. Presidential Decree Number 43 of 1978 concerning the Ratification of *Convention on International Trade in Endangered Species (CITES) of Wild Fauna*.
5. Decree of Industry and Trade Minister Number 68/MPP/Kep/2/2003 concerning Registered Interinsular Timber Trades.
6. Decree of Finance Minister Number 92/PMK.02/2005 concerning Certain Types of Export Goods and Export Tax Tariff as severally amended with last amendment under Number 72/PMK.011/2008.
7. Decree of Forestry Minister Number P.51/Menhut-II/2006 concerning the Use of Certificate of Origin (SKAU) for the Transport of Timber from Concessionaire Forests as severally amended with the last amendment of Forestry Minister Decree Number P.33/Menhut-II/2007.

8. Decree of Forestry Minister Number P.55/Menhut-II/2006 concerning the Administration of Forest Products from National Forests as severally amended with the last amendment of Forestry Minister Decree Number P.45/Menhut-II/2009.
9. Decree of Laws and Human Rights Number M.01-HT.01.10 of 2006 concerning Procedure for Application and Legalization of Company Establishment Deed, Approval, Report Submission and Notice of Articles of Association Amendment Deed.
10. Decree of Forestry Minister Number P.16/Menhut-II/2007 jo. Number P.43/Menhut-II/2009 concerning Amendment to Decree of Forestry Minister Number P.16/Menhut-II/2007 concerning Raw Material Supply (RPBBI) of Primary Timber-Based Products.
11. Decree of Trade Minister Number 36/M-Dag/Per/9/2007 concerning the Issuance of Business License.
12. Decree of Finance Minister Number 129/PMK.011/2007 concerning Import Tax Tariff Setting for Import Goods.
13. Decree of Forestry Minister Number P.35/Menhut-II/2008 jo. Number P.9/Menhut-II/2009 concerning Business License (IUI) for Primary Forest Timber Based Industries.
14. Decree of Industry Minister Number 41/M-Ind/Per/6/2008 concerning Procedure for the Award of Industrial Business License (IUI), Extended License, and Industry Registration Number.
15. Decree of Finance Minister Number 223/PMK.011/2008 concerning Export Goods charged with Export Tax and Export Tax Tariff.
16. Decree of Trade Minister Number 20/M-DAG/PER/5/2008 concerning Forestry Industry Product Export Provisions.
17. Forestry Minister Decree Number P.38/Menhut-II/2009 concerning Standards and Manual of Performance Assessment of Sustainable Production Forest Management and Timber Legality Verification to License Holders or Concessionaire Forests.
18. Regulation of Director General of Forestry Production Development Number P.6/VI-Set/2009 concerning Standards and Manual of Performance Assessment of Sustainable Production Forest Management and Timber Legality Verification.
19. Regulation of Director General of Forestry Production Development Number P.13/VI-BPPHH/2009 concerning Processed Timber Residual from Primary Forest Timber Industries.
20. ISO/IEC Guide 65:1996 *General Requirements for Bodies Operating Product Certification Systems*.
21. ISO/IEC Guide 23:1982 *Methods of Indicating Conformity with Standards for Third-party Certification Systems*.
22. Regulation of Director General of Customs and Excise Number P-06/BC/2009 concerning Amendment to Regulation of Director General of Customs and Excise Number P-40/BC/2008 concerning Custom Procedure in Exports.

23. KAN 12-2004 concerning Manual on the Use of KAN Logo.

#### E. DEFINITION

1. Business License for Primary Forest Timber Based Industries (IUIPHHK) is license awarded to industries engaged in the processing of log timber and/or small log timber into semi finished or finished products.
2. Business License to Secondary [Forest Timber Based] Industries (IUI Lanjutan) is license awarded to industries engaged in downstream forest timber product processing.
3. License Holders are the holders of IUIPHHK license and IUI Lanjutan license.
4. National Accreditation Committee (KAN) is agency accrediting independent assessment and verification institution (LP&VI).
5. Independent Assessment and Verification Institution (LP&VI) is legal entity owned by state or private accredited to execute performance assessment of sustainable production forest management (PHLP) and/or timber legality verification.
6. Timber Legality Verification Agency (LV-LK) is LP&VI performing timber legality verification to IUIPHHK or IUI Lanjutan.
7. Independent Monitoring Agency is an institution that can perform supervisory/monitoring functions to public services in forestry affairs such as the issuance of PHPL Certificate or LK Certificate, inclusive of NGOs engaged in forestry affairs.
8. Verification Standard is all elements within Principle, Criteria, Indicator and Verifier as indicated in Annex 4 Regulation of Director General of Forestry Production Development Number P.6/VI-Set/2009.
9. Surveillance is an activity to assess consistency on systematic and repeat manner as a basis to maintain the validity of consistency.
10. Special Audit or sudden audit is audit activity to investigate complaint (objection) or any matter relating to significant changes or as a follow up by License Holder, which the certificate is suspended.
11. Auditor is personnel complying with requirements and capable of performing audit and tasked by LV-LK to carry out timber legality verification.
12. Management Representative is the representative of the holders of IUPHHK License and IUI Lanjutan License verified by LV-LK, which is well-informed about the entire system within IUPHHK and IUI Lanjutan, and reserves the right to accompany auditor in verification process and sign Timber Legality Verification Report.
13. List of Certification Agency Supports (DPLS) 14 is requirements and rules/procedures established by KAN and must be complied with by LV-LK to be accredited.
14. Minister is the Forestry Minister of Republic of Indonesia.
15. Director General is Director General tasked in and held responsibility for Forestry Production Development.

## II. ACTIVITIES

### A. VERIFICATION APPLICATION

1. License Holder to send verification application to LV-LK containing at least scope of verification, License Holder profile and other information as relevant for LK verification process.
2. Before conducting field verification, LV-LK must review the verification application and maintain the records to assure that:
  - a. Requirements for verification are clearly defined, well understood and soundly documented;
  - b. Avoid any misinterpretation between LV-LK and License Holder;
  - c. LV-LK able to render LK verification service as applied, and to access the operation locations of License Holder.
3. LV-LK deals with contractual affairs with License Holder.
4. If the verification is financed by the Government, such verification shall not be made based on application by License Holder to LV-LK, instead decided by the Government, for which the Government will issue Notice to License Holder to be verified.
5. LV-LK announces the LK verification plan to License Holder in mass media and website of the Ministry of Forestry ([www.dephut.go.id](http://www.dephut.go.id)) minimum 7 (seven) calendar days prior to the date of verification so that Independent Monitoring Agency will have opportunity to provide input or information relating to the verification to the said License Holder.

### B. VERIFICATION PLAN

#### 1. Preparation

LV-LK must prepare verification plan covering:

- a. The assigned Auditor personnel consisting of Lead Auditor and Auditor.
- b. Verification implementation schedule.
- c. Auditor document.

## 2. Verification Plan

LV-LK informs to License Holder concerning documents required and asks License Holder to appoint Management Representative responsible for timber legality verification set forth into Power of Attorney and/or Work Order. This information must be noticed no later than 7 (seven) calendar days before the verification.

## C. VERIFICATION IMPLEMENTATION

In the field verification consists of three stages, i.e. Kick-Off Meeting, Document Verification and Field Observation and Wrap-Up Meeting.

### 1. Kick-Up Meeting

- a. It is the meeting between Auditor Team and the management of License Holder aiming to point out the objectives of verification, scope of verification, schedule, methodology and procedure and ask Power of Attorney and/or Work Order for Management Representative.
- b. From the meeting it is expected that data required by Auditor Team be furnished by License Holder.
- c. Minutes of Meeting are set forth into Kick-Off Meeting Report attached with List of Attendance.

### 2. Document Verification and Field Observation

- a. Document verification is an activity to collect, examine and analyze data and documents to assure their accuracy. The findings of document verification shall be analyzed using criteria and indicators as set out in Annex 4 of Regulation of Director General of Forestry Production Development Number P.6/VI-Set/2009 including any information contained in Annex 3.1 of these Procedures.
- b. Field observation is to observe, record, take random sampling so as to verify the accuracy of data. The findings of field observation shall be analyzed using the specified criteria and indicators to identify the compliance.

### 3. Wrap-Up Meeting

- a. It is a meeting between Auditor Team and License Holder to present the output of verification and confirm field findings.
- b. In case of document(s) that can't be furnished, License Holder has opportunity to furnish such missing document(s) no later than 10 (ten) calendar days since the date of wrap-up meeting, and failure to demonstrate the said document(s) in such deadline License Holder shall be declared as non-compliant.
- c. Minutes of Wrap-up Meeting are set forth into Wrap-Up Meeting Report attached with list of attendance.
- d. If Management Representative refuses to sign Wrap-Up Meeting Report, a Closing Report will be prepared.

#### D. REPORTING

##### Verification Report:

1. Contain complete information and presented in clear-cut and sequential order for decision making relating to LK certificate issuance.
2. Prepared with reference to reporting format indicated in Annex 3.2 of this manual.
3. Presented in hardcopy and softcopy for submission to License Holder no later than 14 (fourteen) calendar days since Wrap-Up Meeting.

### III. DECISION MAKING

- A. Decision to issue LK certificate shall be made by LV-LK Decision Maker based on auditor report. In case of incompetent Decision Maker, he/she must be accompanied by competent official other than auditor to conduct verification.
- B. Decision to issue LK Certificate shall be given if all assessment norms for each verifier of Timber Legality Verification Standards to IUIPHHK and IUI Lanjutan are assessed as "Compliance".
- C. In case of "Non-Compliance", LV-LK shall submit verification report to License Holder and LV-LK shall give opportunity to License Holder to improve the "Non-Compliance" verifier no later than 10 (ten) calendar days since License Holder receives Verification Report.
- D. LV-LK shall not be allowed to delegate this decision making entitlement to other parties or institution to issue, maintain, expand, suspend or revoke LK Certificate.
- E. LV-LK must furnish LK Certificate document signed by Decision Maker to License Holder complying with all SVLK assessment norms.

### IV. CERTIFICATE ISSUANCE AND RE-CERTIFICATION

#### A. CERTIFICATE ISSUANCE

1. LK Certificate shall contain information including but not limited to the name of company or license holder, license number, name of LV-LK and the logo, KAN Logo, date of issuance, validity period and certificate identification number, and LK standard reference.
2. The use of KAN Logo in LK Certificate shall refer to KAN 12-2004 Guide.
3. For timber products from raw materials certified by PHPL certificate, LK or in compliance with Decree of Forestry Minister Number P.55/Menhut-II/2006 and/or Number P.51/Menhut-II/2006 or their combination will be identified as follows:
  - a. For timber products, which their raw materials 100% from PHPL certified forest, the Logo shall be in "Green" color.
  - b. For timber products, which their materials from mixed PHPL and LK certified forests, the Logo shall be in "Blue" color.



- c. For timber products, which their raw materials 100% from LK certified forests, the Logo shall be in "Yellow" color.
  - d. For timber products, which their raw materials from the combination of PHLP, LK and Non LK certified forests and the latter complies with Decree of Forestry Minister Number P.55/Menhut-II/2006 and/or Number P.51/Menhut-II/2006, or from LK and Non LK certified forests that have complied with Decree of Forestry Minister Number P.55/Menhut-II/2006 and/or Number P.51/Menhut-II/2006, the Logo shall be in "Brown" color.
  - e. For timber products, which their raw materials 100% just complying with Decree of Forestry Minister Number P.55/Menhut-II/2006 and/or Number P.51/Menhut-II/2006, the Logo shall be in "Red" color.
- 4. LV-LK must furnish recapitulated LK Certificates to the Director General every 3 (three) months for publication in the website of the Ministry of Forestry. ([www.dephut.go.id](http://www.dephut.go.id)).
  - 5. LV-LK must published any certificate issued, revised, suspended and revoked attached with audit summary in mass media and website of the Ministry of Forestry ([www.dephut.go.id](http://www.dephut.go.id)) soon after decision to issue, revise, suspend and revoke a certificate is taken.

#### B. RE-CERTIFICATION

- 1. Re-Certification is carried out prior to the expiration date of Certificate held by License Holder;
- 2. License Holder must propose in writing re-certification application to LV-LK no later than 6 (six) months prior to the expiration date of LK Certificate.
- 3. Re-certification verification shall be made no later than 2 (two) months prior to the expiration date of LK Certificate.
- 4. Any costs incurred from Re-Certification shall be charged to License Holder.

### V. SURVEILLANCE

- A. LV-LK must maintain soundly documented procedures for LK verification surveillance.
- B. Surveillance shall be carried out every 1 (one) year during the validity period of LK Certificate and performed no later than 12 (twelve) months since Wrap-Up meeting.
- C. LV-LK must instruct License Holder to report any significant change [to the license] should the following occur:
  - 1. Any matter that will affect timber legality system, or
  - 2. Any change in the ownership, or
  - 3. Organizational or management structure of IUIPHHK or IUI Lanjutan.
- D. In the event of any change referred to in point C, and if necessary, LV-KL can make further verification.

- E. LV-LK must conduct further verification in case of any changing LK verification standard that must be complied with by the verified License Holder.
- F. LV-LK must set forth surveillance into a Surveillance Report.
- G. If the surveillance recommends the revocation of LK Certificate, discussion on such LK Certificate revocation shall be organized under Decision Making mechanism.
- H. Any cost incurred from surveillance shall be charged to License Holder.

## VI. SPECIAL AUDIT

- A. Special audit or also known as sudden audit aims to investigate any complaint (objection) with regard to:
  - 1. Other information indicating that LK requirements as provided for in Annex 2 or Annex 3 or Annex 5 or Annex 6 of Regulation of Director General of Forestry Production Development Number P.6/VI-Set/2009 are no longer relevant.
  - 2. Significant changes or as follow up by License Holder for certificate suspension.
- B. Prior to special audit, LV-LK must confirm the time of audit to License Holder no later than 7 (seven) calendar days before its commencement.
- C. Any cost incurred from special audit shall be charged to License Holder.

**Annex 3.2.** : Regulation of Director General of Forestry Production Development  
Number : P.02/VI-BPPHH/2010  
Date : 10 February 2010  
Concerning : Procedures of Performance Assessment of Sustainable Production Forest Management and Timber Legality Verification

### **Timber Legality (LK) Verification Reporting Manual**

Timber Legality Verification Report must include but not limited to:

#### **1.1. Document Identity**

##### **1.1.1. Document Naming**

Document presenting information concerning the findings of field assessment is named as TIMBER LEGALITY VERIFICATION REPORT. It consists of two inseparable parts, i.e.:

- a. Book I – Timber Legality Verification Report for IUPHHK or IUI Lanjutan verified containing assessment method and procedure, unverifiable indicators and the acceptable grounds, compliance of each indicator, and other information as relevant;
- b. Book II – Annex to Timber Legality Verification Report of IUPHHK or IUI Lanjutan verified containing annexes to corroborate the assessment results.

##### **1.1.2. Pagination**

Every single page of document must be attached with page number indicating certain part IN the entire document. Pagination is made for each page inserted in the lower middle part of page, including title page sheets by indicating the corresponding page of overall pages.

#### **1.2. The identity of Verification Agency (LV-LK) and Auditor Team**

Elucidation of LV-LK name, address, head of agency, and the composition of field assessment team indicating personnel held responsibility for field assessment performed. The report must be signed by Head of LV-LK and Lead Auditor.

#### **1.3. The Identities of IUIPHHK or IUI Lanjutan**

The identities of IUPHHK or IUI Lanjutan containing the name, address of central office and branch office, locations of IUIPHHK or IUI Lanjutan verified, name and position of board of directors within IUIPHHK or IUI Lanjutan holders at central level or at assessment site, and other general information relevant to IUIPHHK or IUI Lanjutan.

#### **1.4. Verification Method**

Verification process is carried out with reference to these Timber Legality Verification Procedures.

#### **1.5. Verification Findings**

The findings of verification must be presented in concise, clear and systematic fashion consisting of:

1.5.1. Justification for the unverified Principle, Criteria, Indicator and Verifier.

Description of the acceptable grounds and evidences to support the unverified Principle, Criteria, Indicator and Verifier.

1.5.2. Analysis Output

Concise and accurate description of field data analysis for every verification standard. Field data, maps and referential regulations and other written evidences relevant to data analysis or to point out verification output of each verification standard must be mentioned in annex. Referential number of annex to complete the description of field data analysis must be indicated in the elucidation of verification output concerned.

1.5.3. Conclusion to the compliance of each Verification Standards

Description on the compliance of each indicator including elaboration and argument must be presented in clear manner and quote regulatory basis as assessment reference compared with actual conditions in the field.

1.6. Annexes

Contain field data, maps, or other written evidences used in data analysis or explaining the verification output for each indicator. List of annexes must be presented in early section of annex document.

**Annex 3.1. : Regulation of Director General of Forestry Product Development**

Number : P.02/VI-BPPHH/2010

Date : 10 February 2010

Concerning : Procedures of Performance Assessment in Sustainable Production Forest Management and Timber Legality Verification

**LEGALITY VERIFICATION PROCEDURES FOR TIMBER FROM IUIPHHK and IUI Lanjutan**

Verification Standards				Verification Manual		Remarks
Principle	Criteria	Indicator	Verifier	Verification Method	Assessment Norms	
1	2	3	4	5	6	7
<b>P1.</b> Timber Manufacturing Industries to support legal timber trading.	<b>K1.1</b> Business Units: a) Manufacturing industries, and b) Exporters of processed products to hold valid licenses	<b>1.1.1</b> Manufacturing industries hold valid licenses	(a) Company Establishment Deed	(1) Verify the validity and completeness (2) In case of owner change, verify the validity and completeness	<u>Compliance:</u> Completeness and validity complied with.	Verify the validity, check the consistency of scope of business to those indicated in the deed.
			(b) Business License (SIUP).	Verify Business License and the validity of business	<u>Compliance:</u> Business License still valid and consistent with the performed business activities	Verify the validity of business license and consistency with the business run.
			(c) Company Registration Number (TDP)	Verify the validity	<u>Compliance</u> Valid TDP exists.	As defined by "valid" here is the validity and consistency between information contained in TDP and actual conditions in the field.
			(d) Tax Payer Identification Number (NPWP)	Verify the validity	<u>Compliance:</u> NPWP number exists	Verify Registration Certificate (SKT) / Taxable Firms (PKP) to confirm the consistency of information on business type with business activities actually run.
			(e) EIA/Environmental Management and Monitoring Measures (UKL/UPL) / Environmental Management Statement (SPPL)	Verify the validity and completeness of EIA/UKL-UPL/SPPK document and significant finding records including the subsequent revised documents	<u>Compliance:</u> EIA/UKL-UPL/SPPK documents approved by the competent officials including the subsequent revised documents available	<ul style="list-style-type: none"> <li>Verification is made consistent with the requirements set for the industry concerned.</li> <li>Conduct field verification to check report and field implementation</li> </ul>
			(f) Industrial Business License (IUI) or Industrial	Verify the validity and completeness (agency issuing the license, year of issuance,	<u>Compliance:</u> IUI orTDI consistent with business activities and capacity specified by	

Verification Standards				Verification Manual		Remarks
Principle	Criteria	Indicator	Verifier	Verification Method	Assessment Norms	
1	2	3	4	5	6	7
			Registration Number (TDI)	renewal permit, type of industrial business).	the agencies issuing such license)	
			(g) Industrial Raw Material Supply Plan ( RPBBI) for Primary Forest Product Industries (IPHH)	Verify the completeness and consistency of documents furnished to the competent agencies.	<u>Compliance:</u> RPBBI furnished to the competent agencies	Verification is only made for primary forest product industries using RPBBI online or manual as set out in P.16/Menhut-II/2007 jo P.43/Menhut-II/2009
		1.1.2 The exporters of processed timber-based products are producer exporters holding valid licenses	(a) Company Establishment Deed	(1) Verify the validity and completeness (2) In case of owner change, verify the validity and completeness	<u>Compliance:</u> Completeness and validity complied with.	Verification is made if the industry is also exporter. Focused on verification to the consistency of scope of business so indicated in the Deed as exporter.
			(b) Company Establishment Deed (SIUP)	Verify Business License and the validity of business	<u>Compliance:</u> Business License still valid and consistent with the run business activities	Verification is made if the industry is also exporter. Verification to indicator 1.1.1. (b)
			(c) Company Registration Number (TDP)	Verify the validity	<u>Compliance:</u> Valid TDP exists.	Verification is made if the industry is also exporter. Verification to indicator 1.1.1. (c)
			(d) Tax Payer Identification Number (NPWP)	Verify the validity	<u>Compliance:</u> NPWP number exists	Verification is made if the industry is also exporter. Verification to Registration Certificate (SKT) to identify the consistency of industrial Business Field Classification (KLU) in the capacity of exporter.
			(e) EIA/Environmental Management and Monitoring Measures (UKL/UPL) / Environmental Management Statement (SPPL).	Verify the validity and completeness of EIA/UKL-UPL/SPPK document and significant finding records including the subsequent revised documents	<u>Compliance:</u> EIA/UKL-UPL/SPPK documents approved by the competent officials including the subsequent revised documents available	Verification is made if the industry is also exporter. Verification to indicator 1.1.1. (e)
			(f) Industrial Business License (IUI) or Industrial Registration	Verify the validity and completeness (agency issuing the license, year of issuance, renewal permit, type of	<u>Compliance:</u> IUI or TDI consistent with business activities and capacity specified by the agencies issuing such license)	Verification is made if the industry is also exporter. Verification to indicator 1.1.1. (f)

Verification Standards				Verification Manual		Remarks
Principle	Criteria	Indicator	Verifier	Verification Method	Assessment Norms	
1	2	3	4	5	6	7
			Number (TDI)	industrial business).		
			(g) Industrial Raw Material Supply Plan ( RPBBBI) for Primary Forest Product Industries (IPHH)	Verify the completeness and consistency of documents furnished to the competent agencies.	<u>Compliance:</u> RPBBBI furnished to the competent agencies	Verification is made if the industry is also exporter. Verification to indicator 1.1.1. (g)
			(h) Have status of Registered Exporters for Forestry Industrial Products (ETPIK).	Verify the validity, completeness and consistency of products indicated in ETPIK with other licenses. Verify the consistency of industrial classification/ETPIC product with physical condition in the field.	<u>Compliance:</u> Business license must be consistent with the location and type of business given.	Verification is made if the industry is also exporter. Verification to the accuracy of ETPIK data compared with other documents mentioned in ETPIK acknowledgment statement.
<b>P2.</b> Business Units prepare and introduce timber tracing system to assure timber tracing from the origin	<b>K2.1</b> Raw material and processed product system put in place and implemented	<b>2.1.1</b> IPHH and other timber manufacturing industries able to prove that the timber they receive from legal sources	(a) Transaction document and or raw material supply contract	Verify the validity and completeness	<u>Compliance:</u> Transaction document must be consistent with physical condition of timber sold/purchased or skshh document.	Verification of physical condition of timber with skshh document refers to P.55/Menhut-II/2006 and its amendment and/or No. P.51/Menhut-II/2005 and its amendment made on per transaction document basis for the last one year period.
			(b) Timber hand over report	Verify the validity and completeness	<u>Compliance:</u> All timber attached with skshh document and conferred by the competent official.	Verification of completeness of Timber Hand Over Report for the last one year period.
			(c) Import timber attached with Import Goods Notice (PIB) indicating the origin of timber	Verify the validity, completeness and consistency of documents including: (1) Import Goods Notice (PIB) from DG Customs and Excise (2) Packing List (P/L). (3) Bill of Lading (B/L). (4) Other documents, such as CoO (Certificate of Origin).	<u>Compliance:</u> Import documents must include list of import timber and certificate of origin.	Verification to the documents shall be made for the last one year period, if the import of timber is made by land, it is not necessary to verify B/L document, instead Company Notes and other documents.
			(d) SKSKB and or FAKB and or SKAU	Verify the accuracy of PUHH document according to the	(e) <u>Compliance:</u> SKSKB and or FAKB and or SKAU	Refer to P.55/Menhut-II/2006 and its amendment and/or No.

Verification Standards				Verification Manual		Remarks
Principle	Criteria	Indicator	Verifier	Verification Method	Assessment Norms	
1	2	3	4	5	6	7
			or FAKO/Notes or Auction Transport Certificate (SAL)	applicable regulations (for SAL document, it shall be established in separate regulation).	and or FAKO/Notes documents or Auction Transport Certificate (SAL) valid	P.51/Menhut-II/2005 and its amendment for the last one year period.
			(e). LMKB/LMKBK documents	Verify the validity and consistency of LMKB/LMKBK documents with other supporting documents.	<u>Compliance :</u> The documents consistent with supporting documents.	Verification to LMK/LMKB documents and its supporting documents for the last one year period.
			(f) RPBBi supporting documents (SK RKT)	Verify RPBBi document reporting.	<u>Compliance:</u> RPBBi has been furnished to the competent agency	RPBBi supporting documents (SK RKT) consistent with those furnished to the competent agency
		2.1.2 IPHH and other timber manufacturing industries apply timber tracing system	(a) Tally sheet of raw material consumed and products manufactured	Verify the existence and completeness.	<u>Compliance:</u> Can be traced to the previous stage.	Tally sheet of raw material consumed in early production process can be traced back in skshh documents and tally sheet in production process available.
			(b) Processed Product Report.	Verify the existence and completeness.	<u>Compliance:</u> Production realization supported with legal raw material supply. Thus there is logic relation between input-output, and yield.	Verified for the last one year period, and the yield is calculated for comparison with yield established in Perdirjen BPK No. P.13/VI-BPPHH/2009.
			(c) Industrial production may not exceed the permitted production capacity.	Verify and compare the realized production and permitted production capacity set by the competent agency.	<u>Compliance:</u> The realized production may not exceed the permitted production capacity.	
P3. The legality of processed timber transaction and transfer	K3.1 Interisland and transport and trade.	3.1.1 Business actors engaged in interisland forest product transport certified as Registered Interisland Timber Traders (PKAPT)	(a) Business License (SIUP)	Verify Business License and the validity of business	<u>Compliance:</u> Business permit consistent with business activities performed.	Verification is made in case of PKAPT engaged in industries Verification to indicator 1.1.1 (b)
			(b) Company Establishment Deed	Verify the validity and completeness	<u>Compliance:</u> Validity and completeness fully complied with.	Verification is made in case of PKAPT engaged in industries Verification to indicator 1.1.1 (a)
			(c) Company Registration Number (TDP)	Verify the validity	<u>Compliance:</u> Valid TDP exists	Verification is made in case of PKAPT engaged in industries Verification to indicator 1.1.1 (c)
			(d) Tax Payer Identity	Verify the validity	<u>Compliance:</u>	Verification is made in case of



Verification Standards				Verification Manual		Remarks
Principle	Criteria	Indicator	Verifier	Verification Method	Assessment Norms	
1	2	3	4	5	6	7
			Number (NPWP)		NPWP of business actors exists	PKAPT engaged in industries Verification to indicator 1.1.1 (d)
			(e) PKAPT Document	Verify the validity and completeness	<u>Compliance:</u> Business license consistent with business activities performed	Verification is made in case of PKAPT engaged in industries
		<b>3.1.2</b> Timber or timber-based products must be carried by Indonesian flag ships with legal license.	(a) Document showing ship identity	Verify the validity and completeness of documents certifying Indonesian flag ships.	<u>Compliance:</u> Ships transporting timber are Indonesian flag vessels.	Verification is made in case of PKAPT engaged in industries. The identities of Indonesian flag ships used by industries consistent with the list of Indonesian flag vessel fleet issued by the Ministry of Transportation
			(b) Ship identity consistent with SKSKB and or FAKB and or SKAU or FAKO/Note or Auction Transport Certificate (SAL)	Verify the consistency of ship identity to skshh document (for SAL document, separate provision shall be applied)	<u>Compliance:</u> Ship identities consistent with those mentioned in skshh.	Verification is made in case of PKAPT engaged in industries and the transporting vessel conduction stevedoring activities.
		<b>3.1.3</b> PKAPT able to prove that the transferred timber comes from legal sources	(a) SKSKB and or FAKB and or SKAU or FAKO/Note or Auction Transport Certificate (SAL)	Verify the validity and completeness (for SAL document, separate provision shall be applied)	<u>Compliance:</u> Type, quantity, volume, origin and destination consistent with skshh and DHH.	Verification is made in case of PKAPT engaged in industries Random sampling is only made in case of PKAPT engaged in industries and refers to P.55/Menhut-II/2006
			(b) Permanent identity (in case of log)	Verify the validity and completeness	<u>Compliance:</u> The transported log has physical characteristics as indicated in transport document..	Verification is made in case of PKAPT engaged in industries Random sampling is only made in case of PKAPT engaged in industries and refers to P.55/Menhut-II/2006
	<b>K3.2</b> The shipping or processed products for export	<b>3.2.1</b> The shipping of processed products for export must consistent with PEB documents	(a) Acknowledgment as Registered Forestry Industrial Exporters (ETPIK).	Verify the validity and completeness	<u>Compliance:</u> Exporters licensed as ETPIK.	Verification is made in case of PKAPT engaged in industries Verification to indicator 1.1.2. (h)
			(b) PEB	Verify the validity and completeness	<u>Compliance:</u> The consistency of PEB documents and other export document.	Verification is made if the industry is also as exporter for the last one year period
			(c) Packing list	Verify the validity and completeness	<u>Compliance:</u> The consistency of P/L documents	Verification is made if the industry is also as exporter for the last one

Verification Standards				Verification Manual		Remarks
Principle	Criteria	Indicator	Verifier	Verification Method	Assessment Norms	
1	2	3	4	5	6	7
					with other export documents	year period
			(d) Invoice	Verify the validity and completeness	<u>Compliance:</u> The consistency of invoice documents and other export documents.	Verification is made if the industry is also as exporter for the last one year period
			(e) B/L	Verify the validity and completeness	<u>Compliance:</u> Freight companies possess Bill of Lading	Verification is made if the industry is also as exporter and uses sea transport. Verification is made for the documents valid for the last one year period
			(f) FAKO/Note or SAL	Verify the validity and completeness (for SAL document, separate provision shall be applied)	<u>Compliance:</u> Consistency of invoice document with other export documents	Verification is made if the industry is also as exporter Verification is made for the documents valid for the last one year period
			(g) Export duty payment slip (PE) if charged	Verify the validity and completeness	<u>Compliance:</u> PE duty paid for the export of certain timber products/PE chargeable products.	Verification is made if the industry is also as exporter according to Permenkeu No. 95/PMK.2/2005 and its amendment
		3.2.2 Type of timber and timber based products exported comply with the applicable regulations	(a) Document mentioning the type of timber and timber-based product (endorsement and technical verification)	Verify the export realization to provisions regulating the type of timber or products outlawed for export	<u>Compliance:</u> Not to perform export of the outlawed timber and products.	Verification is made if the industry is also as exporter and exports products as established in Permendag Nomor 20/M-DAG/Per/5/2008 Verification is made for the documents valid for the last one year period.
			(b) Other documents as relevant (e.g. CITES) for timber which its transaction is limited	Verify the validity and completeness.	<u>Compliance:</u> Complete CITES document or other provisions concerning type of timber and timber-based product, which their transactions are limited.	Verification is made if the industry is also as exporter and exports timber, which its transaction is limited. Verification is made for the documents valid for the last one year period.

**Annex 4.** : Director General of Forestry Production Development's Regulation  
Number : P.02/VI-BPPHH/2010  
Date : February 10, 2010  
On : Guidelines on Assessment of Sustainable Production Forest Management  
Performance and Verification of Timber Legality

**GUIDELINES ON INDEPENDENT MONITORING OF  
SUSTAINABLE PRODUCTION FOREST MANAGEMENT (PHPL)  
PERFORMANCE ASSESSMENT  
AND  
VERIFICATION OF TIMBER LEGALITY (LK)**

**I. PREFACE**

**A. BACKGROUND**

Assessment of Sustainable Production Forest Management (PHPL) Performance and Verification of Timber Legality (LK) that have been stipulated by the Forestry Minister's Regulation Number P.38/Menhut-II/2009 and Director General of Forestry Production Development's Regulation Number P.6/VI-Set/2009 and NAC DPLS 13 and 14, ISO/IEC GUIDE 65, ISO 17011, and 17021 will require guidelines on the implementation. One of the required guidelines will be guidelines on monitoring of PHPL Performance Assessment and verification of LK by an independent monitor.

**B. OBJECTIVE**

This guidelines aim to guide Independent Monitor in the monitoring of assessment process and result in the PHPL Performance Assessment and verification of LK carried out by LP&VI.

**C. SCOPE**

These guidelines will serve as a reference for Independent Monitor in monitoring the process and result of PHPL Performance Assessment and verification of LK based on Forestry Minister's Regulation Number P.38/Menhut-II/2009, Director General of Forestry Production Development's Regulation Number P.6/VI-Set/2009, DPLS 13, DPLS 14, ISO/IEC Guide 65, ISO/IEC Guide 17011, and ISO/IEC Guide 17021.

**D. REFERENCES**

1. Forestry Minister's Regulation Number P.51/Menhut-II/2006 on Utilization of Certificate Of Origin (SKAU) for Timber Forest Product Transportation from Right Forests as has been amended several times, the last being with the Forestry Minister's Regulation Number P.33/Menhut-II/2007.
2. Forestry Minister's Regulation Number P.55/Menhut-II/2006 on Administration of Forest Products from State-Owned Forests as has been amended several times, the last being with the Forestry Minister's Regulation Number P.45/Menhut-II/2009.

3. Forestry Minister's Regulation Number P.16/Menhut-II/2007 jo. Number P.43/Menhut-II/2009 on Amendment to Forestry Minister's Regulation Number P.16/Menhut-II/2007 on Planned Supply of Raw Materials for Timber Forest Product Primary Industry (RPBBI).
4. Forestry Minister's Regulation Number P.35/Menhut-II/2008 jo. Number P.9/Menhut-II/ 2009 on Business License for Forest Product Primary Industry.
5. Forestry Minister's Regulation Number P.38/Menhut-II/2009 on Standard and Guidelines on Assessment of Sustainable Production Forest Management Performance and Verification of Timber Legality in License Holders or in Right Forests.
6. Director General of Forestry Production Development's Regulation Number P.6/VI-Set/2009 on Standard and Guidelines on Assessment of Sustainable Production Forest Management Performance and Verification of Timber Legality.
7. ISO/IEC Guide 23:1982 Methods for Indicating Conformity with Standards for Third-Party Certification Systems.
8. ISO/IEC Guide 65:1996 General Requirement for Bodies Operating Product Certification System.
9. ISO/IEC 17011:2004 Conformity Assessment - General Requirements for Accreditation Bodies Accrediting Conformity Assessment Bodies.
10. ISO/IEC 10002:2004 Quality management. Customer Satisfaction. Guidelines on Complaints Handling in Organizations. Guidelines on Complaints Handling in Organizations.
11. ISO/IEC 17021:2006 Conformity Assessment – Requirement for Bodies Providing Audit and Certification of Management Systems.
12. The List of Support for Certification Institution (DPLS) 13 Rev. 0 will be Additional Conditions and Rules for Accreditation of Assessing Institution for Sustainable Production Forest Management.
13. The List of Support for Certification Institution (DPLS) 14 Rev. 0 will be Additional Conditions and Rules for Accreditation of Institution for Timber Legality Verification.

## E. DEFINITIONS

1. Independent Monitor:
  - a. Non Governmental Organizations (NGOs) or civil society in forestry sector can serve as independent monitor.
  - b. Independent monitor from NGOs or civil society may include forestry observer NGO with an Indonesian corporate body, the community living inside or around the area where license holders or owners of right forest are located/operating, and other Indonesian citizens who concerned about forestry sector.
  - c. Institution (including institution personnel) or individual being an independent monitor should have no direct or indirect relationship to or with LP&VI and license holders.

- d. Independent Monitor (PI) will perform supervisory/monitoring functions related to public service in forestry sector such as issuing PHPL Certificate or LK Certificate.
2. Independent Institution for Assessment and Verification (LP&VI) is a state-owned or private-owned company with a corporate body accredited to carry out Assessment of Sustainable Production Forest Management (PHPL) Performance and/or verification of timber legality.
3. National Accreditation Committee (NAC) is an institution accrediting the Independent Institution for Assessment and Verification/ (LP&VI).
4. Timber Legality (LK) Certificate is a certificate awarded to license holders or right forest owners stating that the license holder or the right forest owner has followed the standard for timber legality (legal compliance) in obtaining timber forest products.
5. PHPL Certificate is a certificate explaining the success rate in the implementation of sustainable forest management.
6. License Holder is a holder of license for utilization of timber forest products and holder of industrial license.
7. Holder of License for timber forest product utilization shall include Holder of License for Timber Forest Product Utilization in Natural Forest abbreviated to IUPHHK-HA (formerly HPH), Holder of License for Forest Product Utilization in Timber Plantation abbreviated to IUPHHK-HT (formerly HP-HTI), Holder of License for Forest Product Utilization in Community Forest Plantation abbreviated to IUPHHK-HTR, Holder of License for Timber Forest Product Utilization in Restored Ecosystem abbreviated to IUPHHK-RE, Holder of License for Timber Forest Product Utilization in Social Forest abbreviated to IUPHHK-HKm as referred to in Government Regulation Number 6 Year 2007 jo. Government Regulation Number 3 Year 2008.
8. Holder of License for Timber Forest Product Primary Industry (IUIPHHK) is as referred to in Government Regulation Number 6 Year 2007 jo. Government Regulation Number 3 Year 2008.
9. Holder of Advanced Industry License (Advanced IUI) is a downstream timber forest product processing company, with such products as furniture.

## II. ACTIVITIES

### A. IMPLEMENTATION

1. The monitoring activity regulated in these guidelines is that related to verification of LK and PHPL Performance Assessment, namely certification and Assessment of PHPL Performance for the past 3 (three) years as well as certification and verification of LK for the past 1 (one) year carried out by LP&VI.
2. Independent Monitor will give a close look at the process and result of LP&VI assessment, decision-making process and decision on LP&VI in issuing PHPL/LK certificate.
3. Independent Monitor can use and develop their own monitoring methods that can produce a justifiable monitoring result.

4. In carrying out their activities, Independent Monitor can access any required public information/document and can submit an application for obtaining other required information/documents in writing to holder of the information.
5. Independent Monitor will also monitor the developments in handling of report on objections both from LP&VI and NAC.
6. For reasons of information source's security and safety, Independent Monitor may conceal respondent's and/or informant's identity.

#### B. REPORTING

1. Report on the monitoring from Independent Monitor is a report containing objections to the process and/or result of LP&VI assessment on license holder, and accompanied by the reporter's identity and justifiable, supporting material evidence.
2. Material for objections is the result of monitoring activity for the past 1 (one) year for verification of LK or for the past 3 (three) years for PHPL Performance Assessment or in accordance with the coverage of assessment or verification carried out by LP&VI.
3. Report on the monitoring should be submitted to LP&VI no later than in 20 (twenty) calendar days since the announcement of the assessment result.
4. In the event that LP&VI cannot resolve the objections, then report on the monitoring can be submitted to NAC.
5. After 20 (twenty) calendar days since the announcement of the assessment result (certificate), then new findings can be reported as new monitoring result from Independent Monitor to the Ministry of Forestry and LP&VI.

**Annex 5.** : Director General of Forestry Production Development's Regulation  
Number : P.02/VI-BPPHH/2010  
Date : February 10, 2010  
On : Guidelines on Assessment of Sustainable Production Forest Management  
Performance and Verification of Timber Legality

## GUIDELINES ON SUBMISSION AND RESOLUTION OF OBJECTIONS IN THE ASSESSMENT OF SUSTAINABLE PRODUCTION FOREST MANAGEMENT (PHPL) PERFORMANCE AND VERIFICATION OF TIMBER LEGALITY (LK)

### I. PREFACE

#### A. Background

Objections are written statements of dissatisfaction made by a party submitting the objections accompanied by justifiable evidence. In the Forestry Minister's Regulation Number P.38/Menhut-II/2009, license holder and independent monitor (non governmental organizations or civil society in forestry sector) can submit their objections to the result of assessment carried out by Independent Institution for Assessment and Verification (LP&VI).

#### B. Objective

These guidelines aim to:

1. Develop a mechanism for submission and resolution of objections.
2. Accomplish the management of transparency in and accountability for the process and result of PHPL Performance Assessment and verification of timber legality (LK) carried out by LP&VI.
3. Serve as tool for controlling the worthiness of PHPL and LK Certificates issued by LP&VI for license holders or right forest owners.

#### C. Scope

PHPL Performance Assessment and LK Certificate must be in accordance with the field situation known to and experienced by the parties concerned. These guidelines contain submission and resolution of objections to the status of PHPL and LK Certificates, and serve as guidelines on submission and resolution of objections.

The scope of objection resolution process will include:

1. Objections submitted by license holder to the report on assessment result.
2. Objections submitted by independent monitoring agency to the process and result of the assessment.

#### D. References

1. Forestry Minister's Regulation number P.51/Menhut-II/2006 on Utilization of Certificate of Origin (SKAU) for Transportation of Timber Forest Products from Right Forests as has been amended several times, the last being with the Forestry Minister's Regulation Number P.33/Menhut-II/2007.

2. Forestry Minister's Regulation Number P.55/Menhut-II/2006 on Administration of Forest Products from State-Owned Forests as has been amended several times, the last being with the Forestry Minister's Regulation Number P.45/Menhut-II/2009.
3. Forestry Minister's Regulation Number P.16/Menhut-II/2007 jo. Number P.43/Menhut-II/2009 on Amendment to Forestry Minister's Regulation Number P.16/Menhut-II/2007 on Planned Supply of Raw Materials for Timber Forest Product Primary Industry (RPBBI).
4. Forestry Minister's Regulation Number P.35/Menhut-II/2008 jo. Number P.9/Menhut-II/ 2009 on Business License for Forest Product Primary Industry.
5. Forestry Minister's Regulation Number P.38/Menhut-II/2009 on Standard and Guidelines on Assessment of Sustainable Production Forest Management Performance and Verification of Timber Legality in License Holders or in Right Forests.
6. Director General of Forestry Production Development's Regulation Number P.6/VI-Set/2009 on Standard and Guidelines on Assessment of Sustainable Production Forest Management Performance and Verification of Timber Legality.
7. ISO/IEC Guide 23:1982 Methods for Indicating Conformity with Standards for Third-Party Certification Systems.
8. ISO/IEC Guide 65:1996 General Requirement for Bodies Operating Product Certification System.
9. ISO/IEC 17011:2004 Conformity Assessment - General Requirements for Accreditation Bodies Accrediting Conformity Assessment Bodies.
10. ISO/IEC 10002:2004 Quality management. Customer Satisfaction. Guidelines on Complaints Handling in Organizations. Guidelines on Complaints Handling in Organizations.
11. ISO/IEC 17021:2006 Conformity Assessment – Requirement for Bodies Providing Audit and Certification of Management Systems.
12. The List of Support for Certification Institution (DPLS) 13 Rev. 0 will be Additional Conditions and Rules for Accreditation of Assessing Institution for Sustainable Production Forest Management.
13. The List of Support for Certification Institution (DPLS) 14 Rev. 0 will be Additional Conditions and Rules for Accreditation of Institution for Timber Legality Verification.

#### E. Definitions

1. Independent Institution for Assessment and Verification (LP&VI) is a state-owned or private-owned company with a corporate body accredited to carry out Assessment of Sustainable Production Forest Management (PHPL) Performance and/or verification of timber legality.
2. Ad Hoc Team for Objection Resolution is a team authorized to perform document checking, hold consultation with related parties and carry out field verification of objection materials submitted by a party submitting the objections.
3. Independent monitor:



- a. NGOs or civil society in forestry sector can serve as independent monitor.
  - b. Independent monitor from NGOs or civil society may include forestry observer NGO with a corporate body, the community living inside or around the area where license holders or owners of right forest are located/operating, and other Indonesian citizens who are concerned about forestry sector.
  - c. Institution (including institution personnel) or individual being an independent monitor should have no direct or indirect relationship to or with LP&VI and license holders/management unit.
  - d. Independent Monitor (PI) will perform supervisory/monitoring functions related to public service in forestry sector such as issuing PHPL Certificate or LK Certificate.
4. National Accreditation Committee (NAC) is an institution accrediting the Independent Institution for Assessment and Verification (LP&VI).
  5. Timber Legality (LK) Certificate is a certificate granted to license holders or right forest owners stating that the license holder or the right forest owner has followed the standard for timber legality (legal compliance) in obtaining timber forest products.
  6. PHPL Certificate is a certificate explaining the success rate in the implementation of sustainable forest management.
  7. License Holder is a holder of license for utilization of timber forest products and holder of industrial license.
  8. Holder of license for timber forest product utilization shall include Holder of License for Timber Forest Product Utilization in Natural Forest abbreviated to IUPHHK-HA (formerly HPH), Holder of License for Forest Product Utilization in Timber Plantation abbreviated to IUPHHK-HT (formerly HP-HTI), Holder of License for Forest Product Utilization in Community Forest Plantation abbreviated to IUPHHK-HTR, Holder of License for Timber Forest Product Utilization in Restored Ecosystem abbreviated to IUPHHK-RE, Holder of License for Timber Forest Product Utilization in Social Forest abbreviated to IUPHHK-HKm as referred to in Government Regulation Number 6 Year 2007 jo. Government Regulation Number 3 Year 2008.
  9. Holder of License for Timber Forest Product Primary Industry (IUIPHHK) is as referred to in Government Regulation Number 6 Year 2007 jo. Government Regulation Number 3 Year 2008.
  10. Holder of Advanced Industry License (Advanced IUI) is a downstream timber forest product processing company, with such products as furniture.

## II. ACTIVITIES

### A. Submission of Objections

1. Objection Materials
  - a. Objections that can be followed up shall comprise any dissatisfaction expressed by certain parties accompanied by justifiable evidences related to the process of and or decision on certification stipulated by LP&VI.
  - b. Objection Materials being submitted must be based on evaluation stages, namely the ways the LP&VI carries out the stages PHPL assessment and

verification of LK based on the Standard and Guidelines on PHPL Assessment and Verification of LK and the existing conclusions in the assessment result.

- c. Objections can be proven and supported with new comparative data/information or document that has not been used in the assessment process.

## 2. The Party Submitting the Objections

Parties that can submit objections to the process of and or decision on certification are:

- a. License Holder, to the report on assessment result.
- b. Independent Monitor, to the process and result of the assessment (certificate)

## 3. Period for Submitting Objections

- a. Objections from license holder shall be submitted no later than in 10 calendar days after the result of LP&VI assessment is received by the license holder.
- b. Objections from independent monitor shall be submitted no later than in 20 calendar days after the announcement of the certificate issuance.
- c. In case there are new findings from independent monitor after 20 calendar days since the announcement of the certificate issuance, they can be submitted to the Ministry of Forestry and LP&VI.

## 4. Procedures for Submitting Objections

- a. Objections shall be submitted in writing to LP&VI, accompanied by supporting data.
- b. Objections being submitted must be (1) based on assessment stages and/or result of standard fulfillment (criteria and indicators) and (2) supported with new and justifiable data/information that has not been used in the assessment process.
- c. In the event that objections from independent monitoring agency cannot be resolved by LP&VI, Independent Monitoring Agency can submit the objections to NAC.

# B. Resolution of Objections

## 1. Resolution of Objections

- a. LP&VI will establish an Ad Hoc Team to resolve objections submitted by license holder and other mechanisms to resolve the objections submitted by Independent Monitoring Agency.
- b. Ad Hoc Team for Resolution of Objections
  - Ad Hoc Team for Objection Resolution is a team authorized to perform document checking, hold consultation with related parties and carry out field verification of objection materials submitted by the party submitting the objections.
  - Ad Hoc Team for Objection Resolution is established by LP&VI, on an ad hoc basis (not permanent) to help the LP&VI concerned in resolving objections.

- Auditor and Decision Maker (LP&VI), the party submitting the objections, and license holder cannot serve as part of the Ad Hoc Team for Objection Resolution.
- Ad Hoc Team for Objection Resolution will have an odd number of members and consist of at least 3 (three) persons. At a minimum, there should be one who understands, comprehends the issues and interests of a region where the objections are located.
- Ad Hoc Team for Objection Resolution shall comprise 1 (one) chairperson who will concurrently serve as a member and several members.
- Ad Hoc Team for Objection Resolution shall give explanation of/response to the report on objection resolution prepared by the team.
- Members of the Ad Hoc Team for Objection Resolution must:
  - Be independent, representing the parties and experts in the sectors in accordance with objection materials, with a minimum experience of 5 (five) years.
  - Have the capability of assessing the information found in the objection materials;
  - Comprehend the Systems for PHPL Performance Assessment and Verification of LK;
  - Have the capability of mediating conflict resolution;
  - Have an interdisciplinary perspective and capable of cooperating with other members;
  - Have high integrity and hold objectivity in high esteem in the process of objection resolution;

## 2. Period for Resolving Objections

- a. Objections from License Holder shall be resolved by LP&VI in no later than 10 calendar days since the report on objections is received by LP&VI.
- b. Objections from Independent Monitoring Agency shall be resolved LP&VI in no later than 10 calendar days since the report on objections is received by LP&VI;
- c. In the event that the objections from independent monitoring agency cannot be resolved by LP&VI, Independent Monitoring Agency can submit the objections to NAC for resolution in accordance with the procedures for resolving objections existing in NAC

## 3. Procedures for Resolving Objections

- a. Resolution of objections by LP&VI will include the following stages:
  - verification of objection legitimacy and
  - verification of objection materials.
- b. The verification of objection legitimacy will include inspection of material relevance and the party submitting the objections.
- c. Objections will be declared relevant if:
  - submitted data and information are relevant and

- submitted by relevant parties.
- d. Objections will be rejected if considered irrelevant or are not new (novum) evidence.
- e. The verification of objection materials may include consultation with related parties and field verification of objections, and mediation for related parties in objection materials being submitted.
- f. Resolution of objections by LP&VI shall be done by making and stipulating decisions on objections in writing based on the result of stage (a) verification of objection legitimacy and/or (b) verification of objection materials. The report which contains decision on resolution of objections prepared by LP&VI shall be delivered in writing to the party submitting the objections.
- g. In the event that objections from Independent Monitoring Agency cannot be resolved by LP&VI, the Independent Monitoring Agency can submit the objections to NAC for resolution in accordance with the procedures for resolving objections existing in NAC.

**Annex 6.** : Director General of Forestry Production Development's Regulation  
Number : P.02/VI-BPPHH/2010  
Date : February 10, 2010  
On : Guidelines on Assessment of Sustainable Production Forest Management  
Performance and Verification of Timber Legality

## GUIDELINES ON CRITERIA AND REQUIREMENTS FOR THE PERSONNEL AND AUDITOR IN THE ASSESSMENT OF SUSTAINABLE PRODUCTION FOREST MANAGEMENT (PHPL) PERFORMANCE AND VERIFICATION OF TIMBER LEGALITY (LK)

### I. PREFACE

#### A. BACKGROUND

In accordance with Forestry Minister's Regulation Number P.38/Menhut-II/2009 concerning Standard and Guidelines on Assessment of Sustainable Production Forest Management Performance and Verification of Timber Legality in License Holders or in Right Forests, it is stated that accreditation of Institution for Assessment of Sustainable Production Forest Management (LP-PHPL) and Timber Legality Verification Agency (LV-LK) shall be done by the National Accreditation Committee (NAC). For accreditation of LP-PHPL and LV-LK, NAC will apply the rules/procedures to be followed by LP-PHPL and LV-LK.

Assessment of Sustainable Production Forest Management (PHPL) Performance and verification of timber legality (LK), shall be carried out by Auditor team comprising Lead Auditor and Auditor. The Auditor team's understanding of criteria, indicators and verifier will be crucial to determining the result of assessment and verification.

In order that field assessment process can be carried out effectively, it is necessary to regulate general requirements for Auditor that will carry out the process.

#### B. OBJECTIVE

These guidelines aim to stipulate the criteria and general requirements for appointing Lead Auditor, Auditor, and Auditor Candidate.

#### C. SCOPE

These general requirements will serve as a reference for someone that will play the role of an Auditor. Independent Institution for Assessment and Verification (LP&VI) will appoint someone as an Auditor based on the requirements that have been stipulated before the Auditor can carry out the functions.

These guidelines regulate general requirements for:

1. PHPL Performance Assessment Auditor and LK verification Auditor in IUPHHK-HA/HPH, IUPHHK-HT/HTI, IUPHHK-RE; Holders of IUPHHK-HTR, IUPHHK-HKm; Holder of License for Right Forests; and Holder of IPK; and,
2. LK verification Auditor in IUPHHK and Advanced IUI.

#### D. REFERENCES

1. Forestry Minister's Regulation Number 6420/Kpts-II/2002 concerning Requirements and Procedures for Assessment of Capable Independent Appraisal Agency (LPI).
2. Forestry Minister's Regulation Number P.38/Menhut-II/2009 concerning Standard and Guidelines on Assessment of Sustainable Production Forest Management and Verification of Timber Legality in License Holders or in Right Forests.
3. Director General of Forestry Production Development's Regulation Number P.6/VI-Set/2009 concerning Standard and Guidelines on Assessment of Sustainable Production Forest Management Performance and Verification of Timber Legality.
4. ISO/IEC Guide 65:1996 General Requirements for Bodies Operating Product Certification Systems.
5. ISO/IEC 17021:2006 Conformity Assessment-Requirement for Bodies Providing Audit and Certification of Management Systems.
6. INS 19-19011-2005 for Guide to Quality/Environmental Management Systems Audit
7. List of Support for Certification Institution (DPLS) 13 Rev. 0 will be Additional Conditions and Rules for Accreditation of Assessment Institution for Sustainable Production Forest Management.
8. List of Support for Certification Institution (DPLS) 14 Rev. 0 will be Additional Conditions and Rules for Accreditation of Institution for Timber Legality Verification.

#### E. DEFINITIONS

1. Auditor is a staff member capable of performing an audit.
2. National Accreditation Committee (NAC) is an institution accrediting the independent institution for assessment and verification/ or (LP&VI).
3. Independent Institution for Assessment and Verification (LP&VI) is a state-owned or private-owned company with a corporate body accredited to carry out assessment of sustainable production forest management (PHPL) performance and/or verification of timber legality.
4. Institution for PHPL Performance Assessment is the LP&VI that carries out PHPL certification in State-Owned Forests (IUPHHK-HA/HT).
5. Timber Legality Verification Agency (LV-LK) is the LP&VI that carries out verification of timber legality in Holders of IUPHHK-HA/HPH or IUPHHK-HT/HTI or IUPHHK-RE or Holders of IUPHHK-HTR or IUPHHK-HKM or Holders of

License for Right Forests or Holders of IPK or LP&VI that carries out verification of timber legality in IUIPHHK or Advanced IUI.

6. Capable Independent Appraisal Agency (LPI) is a corporate body in the form of Limited Liability Company competent to provide services for assessing the performance of companies as holder of License for Timber Forest Product Utilization in natural forests, previously referred to as forest Concession Right, in the business management unit and that has received recognition from the Minister of Forestry in the previous PHPL scheme.
7. Chain of Custody (CoC) is a timber tracking system that guarantees timber traceability from forest to industries, whose process will include transportation, shipping, product making up to being ready-to-use products.
8. Verification of Legal Origin (VLO) is a system for assessing and verifying that producers of timber and non-timber forest products hold a written official license to fell trees in accordance with the applicable laws and regulations in Indonesia and that the entire points in a supply chain using the forest products maintain the system for documenting and controlling the chain of custody procedures.

## II. CRITERIA DAN REQUIREMENTS

### A. General Requirements for LP&VI Auditor

1. LP&VI personnel must have the capability according to their functions, such as providing the required technical considerations, preparing policies and put them into application.
2. Auditor must possess the skill in performing an audit based on ISO 19011:2002.
3. There should be an instruction that clearly describes the obligations and responsibilities. This should be documented and made available for each staff member. The instruction must be maintained and updated from time to time.
4. There should be no financial relationship and or ownership and/or other relationships with the license holder being assessed or a certain business unit that can lead to a conflict of interests.

### B. Minimum Requirements for Personnel in the Institution for PHPL Assessment

1. Decision Maker should meet the following requirements:
  - a. a staff member who comprehends the System for PHPL Performance Assessment.
  - b. a permanent staff member of the Institution for PHPL Assessment.
  - c. in case the permanent staff member is not competent to make a decision, then he/she can be flanked by a competent staff member, namely a staff member who is not involved in the field verification.
2. Audit Team,

This should at least consist of 4 (four) persons i.e. 1 Lead Auditor and 3 Auditors, comprising production and precondition Auditor, ecology Auditor and social Auditor.

### C. Minimum Requirements for LV-LK Personnel

1. Decision Maker should meet the following requirements:
  - a. a staff member who comprehends the Verification of LK.
  - b. a permanent staff member of the LV-LK.
  - c. in case the permanent staff member is not competent to make a decision, then he can be flanked by a competent staff member, namely a staff member who is not involved in the field verification.
  
2. Audit Team,
 

This should at least consist of 3 (three) persons comprising 1 Lead Auditor and 2 qualified Auditors, with the following fields of expertise:

  - a. In IUPHHK-HA/HT, HTR-HKm, Right Forests, and IPK adjusted to fields of expertise in Production, Ecology and Social.
  - b. In Advanced IUIPHHK and IUI, fields of expertise in Forestry/Industrial Engineering/Mechanical Engineering.

### III. REQUIREMENTS FOR AUDITOR

#### A. PHPL Performance Assessment

1. Auditor Candidate, shall meet the following requirements:
  - a. Education:
 

A minimum educational level of D3 Diploma with 5 years work experience in the field or Bachelor's Degree with 3 years work experience in the field, with the following requirements:

    - 1) Auditor Candidate for the Fields of Precondition and Production
      - A graduate with D3 Diploma in Forestry.
      - A graduate with Bachelor's Degree in Forestry.
    - 2) Auditor Candidate for the Field of Ecology.
      - A graduate with D3 Diploma in Forestry.
      - A graduate with Bachelor's Degree in Forestry, Agriculture, Biology, Environmental Engineering.
    - 3) Auditor Candidate for Social Field
      - A with D3 Diploma in Forestry.
      - A graduate with Bachelor's Degree in Forestry, Anthropology, Sociology, Agricultural Socioeconomics.
  - b. Has passed the PHPL Auditor training provided by Forestry Education and Training Center or other institutions in forestry/environmental sector with a curriculum equal to that of the Forestry Education and Training Center's.
  
2. Auditor shall meet the following requirements:
  - a. Capability in a discipline of science and technology related to PHPL Performance Assessment;



- b. Technically capable of performing an audit of PHPL Performance Assessment;
  - c. Capable of performing field data/information analysis and drawing conclusions for fulfillment of each indicator and presenting them properly in the report on field assessment result;
  - d. Has a great ability to communicate, both orally and in writing;
  - e. Auditor Candidate who has completed an apprenticeship in the audit of PHPL Performance Assessment for 2 (two) times;
  - f. For transitional period, fulfillment of letter e can be substituted/replaced with an experience of performing 2 (two) audit processes with PHPL schemes and has passed the training provided by Forestry Education and Training Center or other institutions in forestry/environmental sector with a curriculum equal to that of the Forestry Education and Training Center's.
3. Lead Auditor shall meet the following requirements:
- a. Has the expertise, educational level, and experience as an Auditor;
  - b. Has the capability to be and experience as a leader to perform the functions effectively in organizing the audit team;
  - c. Capable of carrying out an assessment of the audit team's performance;
  - d. Has a reasonable but firm ability to communicate with the head of auditee, in regard to issues requiring attention;
  - e. Has performed an audit of PHPL Performance Assessment for 4 (four) times as an Auditor;
  - f. Has been supervised as a Lead Auditor for 2 (two) times;
  - g. For transitional period, fulfillment of letters e and f is to be replaced with an experience of performing 3 (three) audit processes with PHPL schemes and has passed the training provided by Forestry Education and Training Center or other institutions in forestry/environmental sector with a curriculum equal to that of the Forestry Education and Training Center's.
- B. Verification and Certification in IUPHHK, HTR-HKm, Right Forests, and IPK
1. Auditor Candidate shall meet the following requirements:
- a. Has a minimum educational level of D3 Diploma (in Forestry, Agriculture, Biology, Sociology) with 5 years work experience in the field or Bachelor's Degree (in Forestry, Agriculture, Biology, Sociology) with 3 years work experience in the field. Fields of expertise will be adjusted to 3 aspects (Production, Ecology and Sociology).
  - b. Has passed the Training in LK Verification Auditor provided by Forestry Education and Training Center or other institutions being active in forestry/environmental sector with a curriculum equal to that of the Forestry Education and Training Center's.
  - c. For transitional period, Capable LPI Auditor who has never performed an audit and has received a training by Forestry Education and Training Center or other institutions being active in forestry/environmental sector with a curriculum equal to that of the Forestry Education and Training Center's.
2. Auditor shall meet the following requirements:

- a. An Auditor Candidate who has completed an apprenticeship in PHPL Performance Assessment for 2 (two) times, particularly for the field of expertise in verification of LK.
  - b. Technically capable of carrying out verification in IUPHHK-HA/HT, HTR-HKm, Right Forests, and IPK.
  - c. For transitional period has performed 2 audit processes with the previous PHPL scheme (Capable LPI) and has received/passed the training provided by Forestry Education and Training Center or other institutions in forestry/environmental sector with a curriculum equal to that of the Forestry Education and Training Center's.
3. Lead Auditor shall meet the following requirements:
- a. An Auditor who has performed an audit of PHPL certification (TLVS) for 4 (four) times; particularly for the field of expertise in verification of LK.
  - b. For transitional period, an Auditor who has performed 3 (three) audit processes with the previous PHPL scheme (Capable LPI) and has received/passed the training provided by Forestry Education and Training Center or other institutions in forestry/environmental sector with a curriculum equal to that of the Forestry Education and Training Center's.
  - c. Has been supervised as a Lead Auditor for 2 (two) times.
- C. Verification and Certification of IUIPHKK and Advanced IUI
1. Auditor Candidate shall meet the following requirements:
- a. An Educational Level of D3 Diploma with a minimum experience of 5 years, in the fields of expertise in Forestry/Industrial Engineering/Mechanical Engineering, or Bachelor's Degree with a minimum experience of 3 years in the fields of expertise in Forestry/Industrial Engineering/Mechanical Engineering.
  - b. Holds a certificate of training in CoC/VLO.
  - c. Particularly for transitional period, is a staff member who holds the certificate of "training made equal to "CoC/VLO" and has followed a refresher course or; holds the CoC certificate and has followed a refresher course or; holds VLO certificate and has followed a refresher course.
2. Auditor shall meet the following requirements:
- a. An Auditor Candidate who has completed an apprenticeship in the audit of CoC/VLO for at least 3 (three) times.
  - b. Technically capable of carrying out verification in IUIPHKK and Advanced IUI.
  - c. Particularly for transitional period, is an Auditor who has performed an audit of VLO/CoC for at least 2 times or a Candidate Auditor with references from a Lead Auditor or a Candidate Auditor, has passed the test of competence from a professional certification agency in forestry/environmental sector.
3. Lead Auditor shall meet the following requirements:
- a. An Auditor who has performed SVLK audit for at least 6 (six) times.
  - b. Has been supervised as a Lead Auditor for 2 (two) times.

- c. Particularly for transitional period, someone who has performed an audit of CoC/VLO for at least 3 (three) times, has been supervised as a Lead Auditor for at least 2 times.