



**THE MINISTRY OF ENVIRONMENT AND FORESTRY
DIRECTORATE GENERAL OF FORESTRY ENTERPRISES**

REGULATION OF DIRECTOR OF GENERAL FORESTRY BUSINESS DEVELOPMENT

NUMBER:P.14/VI-BPPHH/2014

CONCERNING

**STANDARD AND GUIDELINE OF PERFORMANCE ASSESSMENT IMPLEMENTATION
OF SUSTAINABLE PRODUCTION FOREST MANAGEMENT AND TIMBER LEGALITY
VERIFICATION**

WITH THE BLESSING OF ONE ALMIGHTY GOD

DIRECTOR OF GENERAL OF FORESTRY BUSINESS DEVELOPMENT

- Considering :
- a. in order to implement the Regulation of the Minister of Forestry Number P.43/Menhut-II/2014 concerning Performance Assessment Implementation of Sustainable Production Forest Management and Timber Legality Verification on license holders or private forests, it is stipulated the Regulation of the Director of General of Forestry Business Development Number P.5/VI-BPPHH/2014 concerning Standard and Guideline of Performance Assessment Implementation of Sustainable Production Forest Management and Timber Legality Verification;
 - b. that the Regulation of the Minister of Forestry Number P.43/Menhut-II/2014 as referred to point a was amended by the Regulation of the Minister of Environment and Forestry Number P.95/Menhut-II/2014;
 - c. that referred to points a and b above, it is necessary to re-establish the Regulation of the Director of General Forestry Business Development concerning the Standard and Guideline of Performance Assessment Implementation of Sustainable Production Forest Management and Timber Legality Verification;

- In view of :
1. Act Number 41 of 1999 on Forestry (State Gazette of the Republic of Indonesia Number 167 of 1999, Supplement to State Gazette of the Republic of Indonesia Number 3888) as amended by Act Number 19 of 2004 on Stipulation of Regulation of Government in lieu of Act Number 1 of 2004 on amendment of Act Number 41 of 1999 on Forestry to become a law (State Gazette of the Republic of Indonesia Number 86 of 2004, Supplement to State Gazette of the Republic of Indonesia Number 4412);
 2. Act Number 18 of 2013 on Prevention and Elimination of Deforestation (State Gazette of the Republic of Indonesia Number 130 of 2013) Supplement to State Gazette of the Republic of Indonesia Number 5432);
 3. Regulation of the Government Number 102 of 2000 on National Standardization (State Gazette of the Republic of Indonesia Number 1999 of 2000, Supplement to State Gazette of the Republic of Indonesia Number 4020);
 4. Regulation of the Government Number 6 of 2007 on Forest Administration and the Establishment of Forest Management Planning, and Forest Utilization (State Gazette of the Republic of Indonesia Number 22 of 2007, Supplement to State Gazette of the Republic of Indonesia Number 4696) as amended by Regulation of the Government Number 3 of 2008 (State Gazette of Republic of Indonesia Number 16 of 2008, Supplement to State Gazette of Republic of Indonesia Number 4814);
 5. Regulation of the Government Number 72 of 2010 on State Owned Forestry Enterprise (Public Company/Perum) (State Gazette of Republic of Indonesian Number 142 of 2010);
 6. Regulation of the President Number 24 of 2010 on Position, Task and Function of State Ministry as well as Organisation Structure, Task and Function of Echelon I of State Ministry, as amended several times, the latest amendment by Regulation of the President Number 135 of 2014
 7. Regulation of the President Number 165 of 2014 on the

- administration of Task and Function of Working Cabinet;
8. Decree of the President of the Republic of Indonesia Number 78 of 2001 on National Accreditation Committee;
 9. Regulation of the Minister of Trade Number 97/M-DAG/PER/12/2014 on the Provision of Export of Forestry Industry Product;
 10. Regulation of the Minister of Forestry Number P.30/Menhut-II/2012 on the administration of Forest Product derived from Private Forest (Official Gazette of Republic of Indonesia Number 737 of 2012);
 11. Regulation of the Minister of Forestry Number P.40/Menhut-II/2010 on the Organization and Working Procedure of the Ministry of Forestry as amended by Regulation of the Minister of Forestry Number P.33/Menhut-II/2012 (Official Gazette of the Republic of Indonesia Number 779 of 2012);
 12. Regulation of the Minister of Forestry Number P.41/Menhut-II/2014 on the administration of Timber Forest Product derived from Natural Forest (Official Gazette of Republic of Indonesia Number 775 of 2014);
 13. Regulation of the Minister of Forestry Number P.42/Menhut-II/2014 on the Administration of Timber Forest Product derived from Plantation Forest on Production Forest (Official Gazette of Republic of Indonesia Number 776 of 2014);
 14. Regulation of the Minister of Forestry Number P.43/Menhut-II/2014 on Performance Assessment of Sustainable Management of Production Forest and Timber Legality Verification on License Holders or Private Forests (Official Gazette of Republic of Indonesia Number 883 of 2014) as amended by Regulation of the Minister of Environment and Forestry Number P.95/Menhut-II/2014 (State Gazette of the Republic of Indonesia Number 1992 of 2014)
 15. Decree of the Minister of State Owned Corporation Number SK-10/MBU/2014 on Discontinuation, Amendment of Nomenclature on Position and

Appointment of Member of Board of Directors of State
Owned Forestry Enterprises (Perum);

DECIDED:

to Stipulate : REGULATION OF THE DIRECTOR OF GENERAL FORESTRY
BUSINESS DEVELOPMENT CONCERNING THE STANDARD AND
GUIDELINE OF PERFORMANCE ASSESSMENT
IMPLEMENTATION OF SUSTAINABLE PRODUCTION FOREST
MANAGEMENT (PHPL) AND TIMBER LEGALITY VERIFICATION
(VLK)

Article 1

Definition of terms in this regulation:

1. Licences holder are the holders of UPHHK-HA, IUPHHK-HT, IUPHHK-HTR, IUPHHK-RE, IUPHHK-HKM, IUPHHK-HD, IUPHHK-HTHR, IPK, IUIPHHK, IUI or TDI, Non-Producer ETPIK as well as TPT
2. Registered Timber Depot is a place for collecting logs and/or processed timber derived from one or several sources, owned by entities or individual that is defined by the competent Authority in accordance with legislation.
3. Business Licences of Timber Forest Product Primary Industry (IUIPHHK) is a licence to process logs and or small logs into one or several type of products on a particular location granted to a licence holder by competent authority.
4. Industry Business License herein (IUI) is Business License for Advance Timber Processing Industry that have total investment above IDR 200,000,000 (two hundred million rupiahs), exclude land and building of business location.
5. Industry Registered Number (TDI) is Business License for Advance Timber Processing Industry that have total investment up to IDR 200,000,000 (two hundred million rupiahs), exclude land and building of business location.
6. Concession right holder is state owned enterprises in forestry sector which receives grant in implementing forest management in accordance with provision of laws and regulations.
7. Private forest is a forest within a land that burdened land right outside forest area and it is proven by land title or land right.

8. Home industry/craftsman is a home scale small industry with the investment value up to IDR 5,000,000 (five million rupiahs) exclude land and building and/or having 1 to 4 workers .
9. Small Industry is an industry with total investment of up to IDR 200,000,000 (two hundred million rupiahs), exclude land and building of business location.
10. Small and Medium Industry (IKM) is the Industry that hold Industry Registered Number (TDI) and Industry Business License (IUI) with limit of the investment value up to IDR 10,000,000,000 (ten billion rupiahs) exclude land and building.
11. Non-Producer Registered Exporter of Forestry Industry Product (ETPIK Non-Produsen) is a Forestry Industry company that has recognition to undertake export on forestry industry product.
12. Forestry Product Registered Importer is a company that undertake import of forestry product for the purpose of business activity by trading and/or transferred to other party.
13. Registered Exporter of Furniture Forestry Industry Product (ETPIK Mebel) is the ETPIK that produces forestry industry product included in Tariff/HS Post of Furniture group that is regulated by the ministry responsible for trading sector.
14. Registered Exporter of Processing Timber Forestry Industry Product (ETPIK Kayu Olahan/Processing Timber) is the ETPIK that produces forestry industry product included in Tariff/HS Post of processing timber group that is regulated by the ministry responsible for trading sector.
15. National Accreditation Committee (KAN) is an organisation to accredit Assessment and Independent Verification Bodies.
16. Independent Monitoring (PI) is a civil society either individual or institution which has indonesia legal entity undertake monitoring function related to public services in forestry sector such as issuance of S-PHPL or S-KL or DKP.
17. Standard and guidance of sustainable forest management is a requirement to meet sustainable forest management that include standard, criteria, indicator of assessment tool, assessment method and assessment guidance.
18. Standard and guidelines of timber legality verification is a requirement to meet timber/product legality made based on agreements between forestry stakeholders that include standard, criteria, indicator, verifier, verification method and assessment norm.
19. Timber Legality Assurance System (TLAS/SVLK) is a system that ensures sustainable management of forest and/or timber legality as well as timber

traceability through PHPL Assessment Certification, Timber Legality (LK) Certification and Supplier Conformity Declaration (DKP).

20. Certificate of Sustainable Production Forest Management (S-PHPL) is a reference letter given to licence holders or concession right holders that explain the successful of sustainable forest management.
21. Certificate of Timber Legality (S-LK) is a reference letter given to licence holders, concession right holders or private forest owners states that the licence holders, concession right holders or private forest owners meet timber legality standard.
22. Supplier Conformity Declaration (DKP) is a conformity statement done by supplier based on evidence that they meet the requirements.
23. Import Declaration is a statement letter from the importer states that forestry product to be imported is in accordance with due diligence implementation.
24. Export Declaration is a statement from IKM ETPIK Owner that the product to be exported utilise the source of raw material that meet legality requirements.
25. Random inspection is an examination activity on timber and timber product legality made randomly at any time by Government or third party assigned by Government to maintain the credibility of supplier conformity declaration.
26. Special inspection is an examination activity on timber and timber product legality made in the event of non conformance and or untruth of conformity declaration issued by supplier.
27. V-Legal sign is a sign affixed to timber, timber product or packaging states that timber and timber product meet the PHPL Standard of VLK Standard.
28. V-Legal Document is a document states that timber product for export designation meet timber legality verification standard in accordance with the provision of Government of Republic of Indonesia.
29. Transportation Document is a document that accompany timber forest product derived from state forest or private forest, in the form of valid certificate of forest products (skshh)/ Certificate of Origin/Transportation Memo.
30. Assessment Body and Independent Verification (LP&VI) are accredited Indonesian Legal Entities to undertake performance assessment of Sustainable Production Forest Management (PHPL) and/or Timber legality verification.
31. Assessment Body of Sustainable Production Forest Management (LPPHPL) is a LP&VI undertake performance assessment of sustainable production forest management.

32. Timber Legality Verification Body (LVLK) is the LP&VI which undertake Timber Legality Verification (LK).
33. Ministry is a ministry that is assigned task and responsibility in environmental and forestry sector.
34. Minister is a minister that is assigned task and responsibility in environmental and forestry sector.
35. the Director of General is a Director of General that is assigned task and responsibility in Forestry Business Development.
36. the Director is a Director that is assigned task and responsibility in Processing and Marketing of Forest Product sector.

Article 2

- (1) Performance Assessment Standard of Sustainable Production Forest Management (PHPL) on:
 - a. IUPHHK-HA as listed in attachment 1.1
 - b. IUPHHK-HTI as listed in attachment 1.2
 - c. IUPHHK-RE as listed in attachment 1.3; and
 - d. Concession Rights as listed in attachment 1.4.
- (2) Timber Legality Verification (VLK) Standard on:
 - a. IUPHHK-HA, IUPHHK-HTI, IUPHHK-RE, and Concession Rights as listed in attachment 2.1;
 - b. State Forests that managed by society (HTR, HKm, HD, HTHR) as listed in attachment 2.2;
 - c. Private Forests as listed in attachment 2.3;
 - d. IPK holders as listed in attachment 2.3;
 - e. IUIPHHK Holders with capacity > 6000 m³/year and IUI with an investment more than RP.500.000.000,- as listed in attachment 2.5;
 - f. IUIPHHK Holders with capacity ≤ 6000 m³/year and IUI with an investment up to RP.500.000.000,- as listed in attachment 2.6;
 - g. TDI as listed in attachment 2.7;
 - h. Home Industries/Craftsmen as listed in attachment 2.8;
 - i. TPT as listed in attachment 2.9 and;
 - j. Export Trader or Non-Producer ETPIK as listed in attachment 2.10;
- (3) Implementation Guideline of Performance Assessment of Sustainable Production Forest Management as listed in attachment 3.1.

- (4) Implementation Guideline of Timber Legality Verification on:
 - a. IUPHHK-HA/RE/Concession Rights/IPK Holders or State Forest managed by society as listed in attachment 3.2;
 - b. Private Forest Owners as listed in attachment 3.3;
 - c. IUIPHHK and IUI Holders as listed in attachment 3.4;
 - d. TDI Holders as listed in attachment 3.5;
 - e. Home Industries/Craftsmen as listed in attachment 3.6;
 - f. TPT as listed in attachment 3.7; and
 - g. Non-Producer ETPIK as listed in attachment 3.8.
- (5) Implementation Guideline of Private Forest DKP, TPT, Home Industries/Craftsmen, and Imported Timbers and Timber Products as listed in attachment 3.9.
- (6) Implementation Guideline for DKP Inspection as listed in attachment 3.10.
- (7) Guideline of Criteria and Requirement of Personnel and Auditors in Implementing Performance Assessment of Sustainable Production Forest Management and Timber Legality Verification as listed in attachment 3.11.
- (8) Guideline for Developing Implementation Report:
 - a. Performance Assessment of Sustainable Production Forest Management as listed in attachment 3.12, and
 - b. Timber Legality Verification as listed in attachment 3.13.
- (9) Procedure and Guideline for Independent Monitoring on Performance Assessment Implementation of Sustainable Production Forest Management, Timber Legality Verification and DKP Issuance as listed in attachment 4.
- (10) Guideline of Submission and Settlement of Complaint and Appeals on Performance Assessment Implementation of Sustainable Production Forest Management, Timber Legality Verification as well as DKP Issuance as listed in attachment 5.
- (11) Usage Guideline of V-Legal Signs as listed in attachment 6.
- (12) Issuance Guideline of V-Legal Document as listed in attachment 7.
- (13) Issuance Guideline of Export Declaration as listed in attachment 8.

Article 3

Attachments as referred in Article 2, is a unity and integral part of this regulation.

Article 4

Standard and Guideline of Performance Assessment Implementation of Sustainable Production Forest Management and Timber Legality Verification used by:

- a. Assessment Body of Sustainable Production Forest Management (LPPHPL);
- b. Timber Legality Verification (LVLK) Body;
- c. Independent Monitoring;
- d. Licence Holders
- e. Concession Right Holders
- f. Private Forest Owners;
- g. Home Industries/Craftsmen; and
- h. Non Producer ETPIK,

in the implementation of PHPL performance assessment or VLK.

Article 5

- (1) The Holders of IUIPHHK, IUI, TDI, TPT, Home Industries/Craftsmen, and Non-Producer ETPIK that receive logs and/or processing timber equipped with DKP, to verify the legitimate of DKP on suppliers and origins of the logs to ensure the logs legality
- (2) The verification as referred to paragraph (1), is to ensure the suitability between the DKP form and the truth of suppliers, logs origin, logs type, and volume that supplied.
- (3) Verification results as referred to paragraphs (1) and (2), is made in the form of verification result report
- (4) The receiver of timbers and/or timbers product that equipped with DKP is required to submit a monthly timbers and/or timbers product received report to head of department in charge of forestry in the district/city with a copy to the head of department in charge of forestry in province.
- (5) IUIPHHK holders, the receiver of private forest timbers, facilitate the private forest's business group that still using DPK to obtain S-LK.
- (6) in order to maintain the DKP credibility, random inspection may be carried out anytime by government or third party that is LVLK appointed by the government at government expenses or other unbinding party.
- (7) In term of issuing DKP is found or reasonably suspected of non-conformity and/or there is untruth of one of the declarations, a special inspection to be carried out by the Government or third party that is LVLK appointed by the Government at the

government expense or other unbinding party.

Article 6

- (1) Certification on concession rights may apply multi-site (several site) certification
- (2) Implementation of multi-site certification as referred to paragraph (1) may be undertaken in term of:
 - a. management processing for every location/site are the same and shall be operated with the same method and procedure;
 - b. there is a management system that is centralised controlled and administrated; and or
 - c. Auditee is able to collect and analyse the data in the form of changes of document and system, management review, complaint, evaluation of corrective actions, internal audit plan and result evaluations, as well as changes of existing requirements.

Article 7

- (1) Entire raw materials derived from auction timber must be segregated and equipped with SAL or FAKB/FAKO advanced auction results document, accompanied with the minutes of the auction
- (2) in term of auditee which in the production process utilise raw materials from auction timber as referred to paragraph (1), then the production from the auction timber must be segregated
- (3) auditee is not allowed to use V-Legal signs and is not allowed to apply V-Legal document for the product from raw materials of auction timbers
- (4) LVLK is not allowed to issue the V-Legal Document to the product that use auction logs as the raw materials
- (5) in case, auditee receives the auction timber upon issuance of S-LK, then auditee must immediately report it to LVLK to be carried out special audit

Article 8

In term there is an indication or a third party reports that LP&VI carried out an inappropriate actions that is not in accordance with the law regulations, the Director of General on behalf of The Minister may revoke the stipulation of LP&VI after proving of violation

Article 9

- (1) for proving of violation as referred in Article 8, the Director of General establish a follow-up team
- (2) follow-up team as referred to paragraph (1) consists of government elements and/or independent monitors
- (3) the expenses of the follow-up team as referred to paragraphs (1) and (2), is to be charged to the government budget and/or other unbinding party in accordance with the provision of regulations

Article 10

- (1) Proving result of violation as referred to Article 9 is submitted to the Director of General for a consideration in proposing of revocation of stipulation as LP&VI by the Director of General on behalf of the Minister
- (2) based on the result of the follow-up team, LP&VI does not proven in carried out violation, The Director of General provide clarification of untruth of indication report as referred to Article 9.

Article 11

The revocation of LP&VI stipulation by the Director of General on behalf of the Minister as referred to in Article 10, is submitted to the KAN for further consideration in accreditation.

Article 12

In term there is misuse and/or falsification of S-PHPL/S-LK and/or V-Legal Sign and/or V-Legal Document will be imposed a sanction in accordance to the provision of legislation.

Article 13

- (1) In case, there is a report from the third party that LPPHPL auditor or LVLK auditor carried out inappropriate action which is not in accordance to the provision of legislation, the aforementioned report is submitted to the Profession Certification Institute (LSP) and to relevant LPPHPL and/or LVLK.
- (2) The third party report as referred to in paragraph (1) shall be distributed to the

Director of General

- (3) Report delivered as referred to in paragraph (1) as a follow-up action to the authorized agency in accordance with the provisions of the legislations
- (4) Director of General conduct a follow-up evaluation against the reports as referred to in paragraph (3)

Article 14

With the enactment of this regulation, The Director of General of Forestry Business Development Number P.5/VI-BPPHH/2014 concerning Standard and Guidelines on Performance Assessment Implementation of Sustainable Production Forest Management (PHPL) and Timber Legality Verification (VLK), is repealed and declared that it is no longer valid.

Article 15

This regulation shall be applied on the date its stipulated.

Stipulated in Jakarta
on the date of 29 December 2014

**THE DIRECTOR OF GENERAL
OF FORESTRY BUSINESS DEVELOPMENT**

Signature

BAMBANG HENDROYONO

Copies of this regulation are distributed to:

1. The Minister of Environment and Forestry
2. Echelon I Officer within Ministry of Environment and Forestry
3. The Director of General of Foreign Trading of the Ministry of Trade
4. The Director of General of Agriculture of the Ministry of Industry
5. The Director of General of Small and Medium Industry of the Ministry of Industry
6. The Director of General of Custom and Excises of the Ministry of Finance
7. Echelon II Officer within Directorate of General of Forestry Business Development