



***TROPICAL FOREST FOUNDATION***



***VERIFICATION OF LEGAL ORIGIN***

***... a program in responsible supply chain  
management***

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## *Tropical Forest Foundation*

### *What is the Tropical Forest Foundation*

*TFF is a coalition of industry, conservation and scientific leaders working together to achieve sustainable management of tropical timber in the major tropical timber producing regions of the world.*



# TFF's REGIONAL PROGRAMS



**TFF MISSION STATEMENT**

*TFF's primary mission is to promote sustainable tropical forest management by gathering and disseminating information about its benefits and by demonstrating and teaching proper management practices.*







## *Tropical Forest Foundation*

### *What does TFF do?*

- + Training in RIL & SFM*
- + Technical assessments and advice*
- + Forest-market linking activities (“RIL Verified” & “RIL Legal” programs)*
- + Chain-of-Custody & Legality*
- + Certification support activities*



*Tropical Forest Foundation*

*VLO : a program in responsible supply chain management*

- *Business to Business - beneficiary*
- *Participating manufacturers & their supplying FMUs*
- *Tropical Forest Foundation - facilitator*
- *3<sup>rd</sup> party - independent auditor*



*Tropical Forest Foundation*

## *PROGRAM ELEMENTS*

- 1. Verification of the "Right to Harvest"*
- 2. Verification of "Legal Origin" -  
Establish independently verified  
Chain-of-Custody*
- 3. (Implementation of sustainable  
harvesting practices)*



## Legality

### *Why is legality an issue ??*

- 💣 *poor government oversight has led to a breakdown of credibility in the market place*
- 💣 *rapidly diminishing resource base*
- 💣 *illegal logging & poor compliance with regulations*
- 💣 *growing global consensus regarding the need to eliminate illegal logging*
- 💣 *business risk of consumer boycotts and targeted environmental campaigns*







## *Legality*

### *Development of an Indonesian Legality Standard, 3+ years in the making*

- ☑ *First draft included “everything” and was not realistic*
- ☑ *Various initiatives to define legality tested*
- ☑ *LEI assumes a leadership role in an NGO led initiative to develop a realistic legality standard*
- ☑ *MoF becomes involved as talks with the EU under the FLEG process and VPA get more serious*
- ☑ *Agreement reached on legality standard and approved by MoF*



## *Legality*

### *‘Degrees’ of Legality’*

- ☞ *“Right to Harvest”*
  - *License, cutting permits, etc.*
- ☞ *“Legality of Origin”*
  - *Tenure, transportation, (CoC)*
- ☞ *“Full Compliance” = New Indonesian Legality Standard (SVLK)*
  - *Relevant laws, regulations, etc.*



## *Legality*

### *Objectives & Limitations of the VLO Program*

- *Need to minimize risk of negative publicity and consumer boycott*
- *Corporate decision to implement a 'legal' wood policy*
- *Program initially limited to VLO*
- *Long-term goal is "full legal compliance" and a sustainably managed wood supply*



## *Chain-of-Custody Systems*

### *Definition*

**“Chain of Custody”**: a system of protocols and procedures designed to provide assurance regarding the origin of materials associated with specific product claim(s) (ie. FSC certified, legal, RIL Verified, etc.)

**.... Minimization of risk .... Maximization of credibility of product claim**



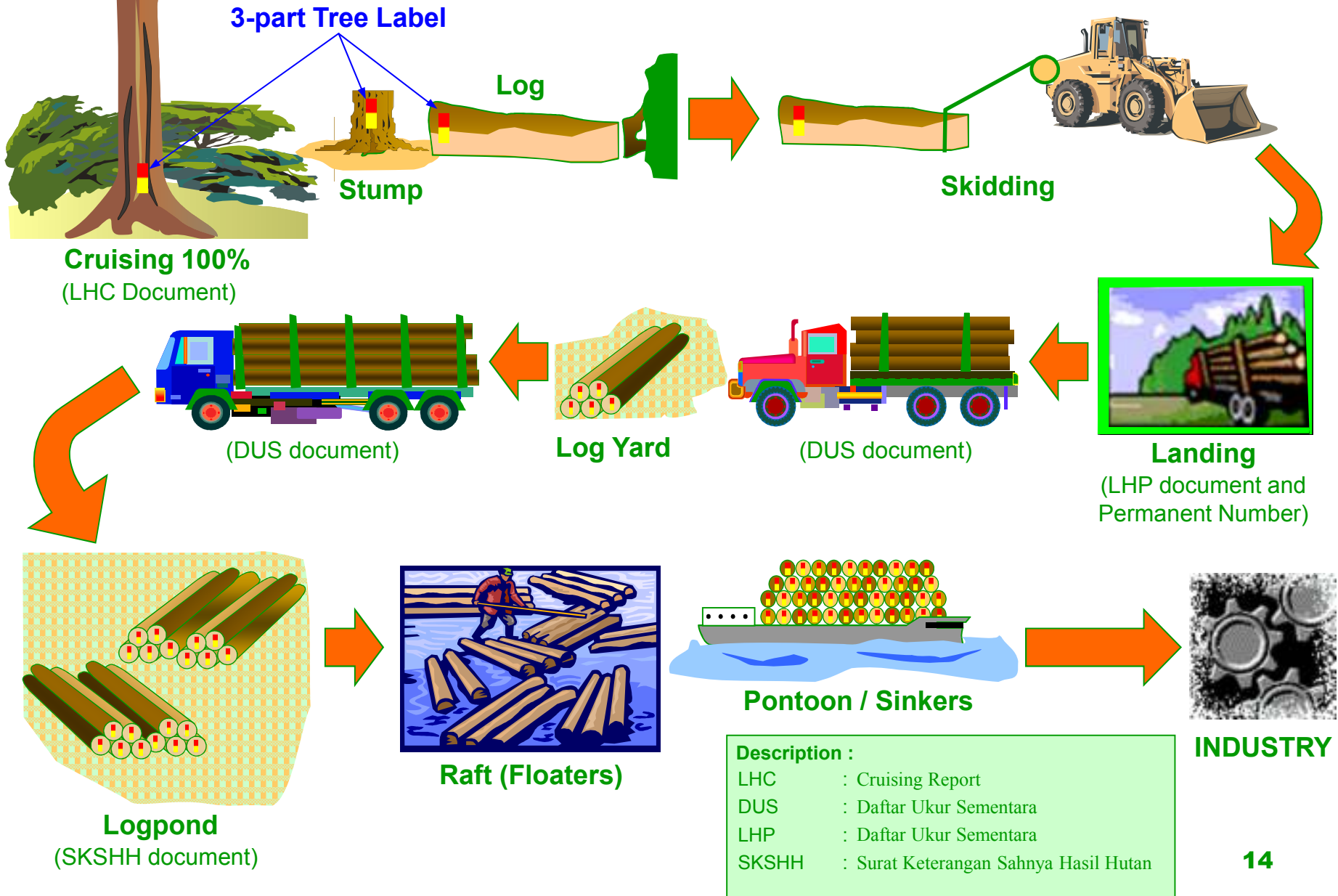
## *Chain-of-Custody Systems*

### *Basic Principles*

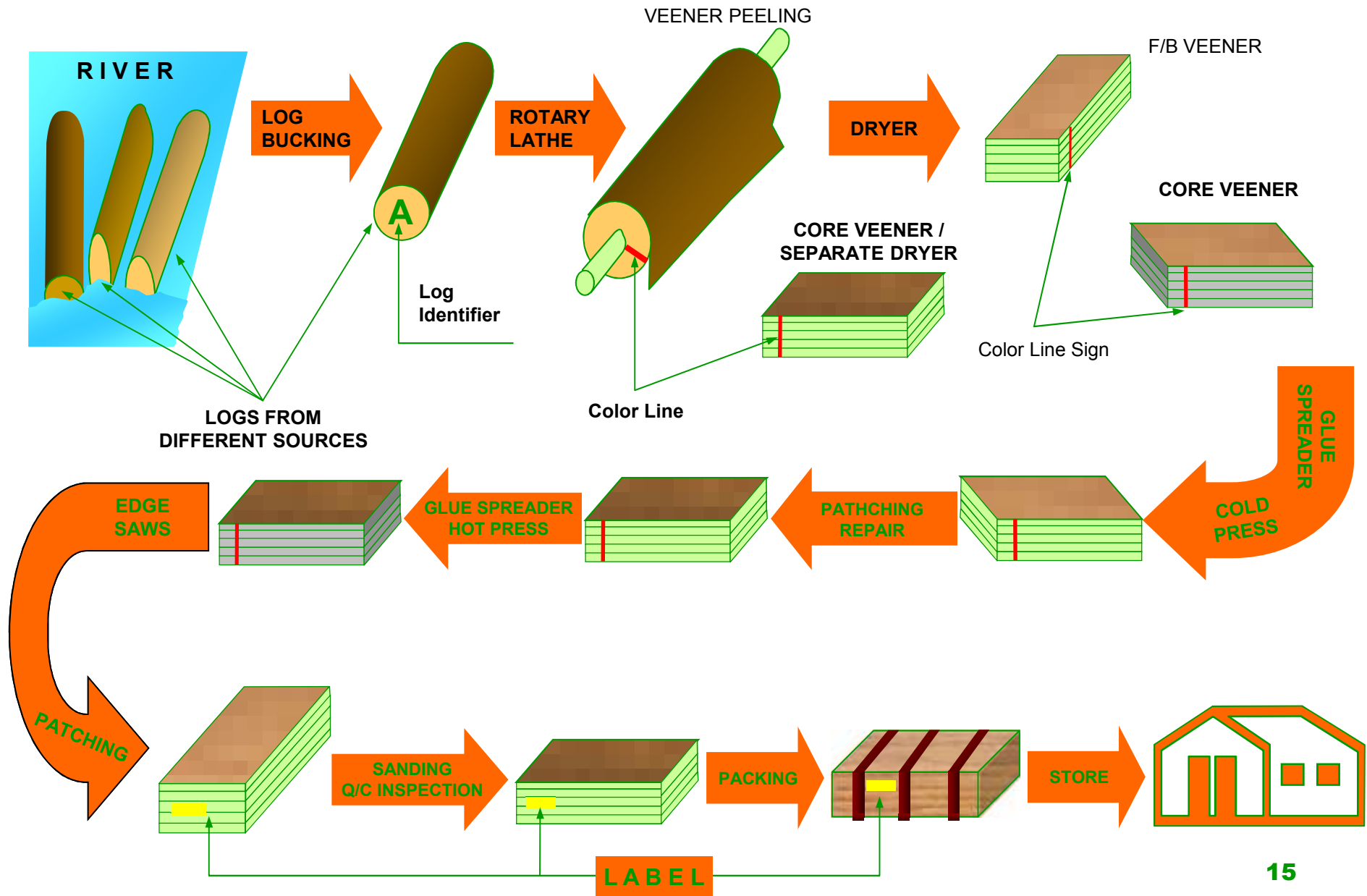
- *Standards well established and internationally recognized.*
- *Standards include clear guidance on issues such as material marking, separation of materials, documentation, system description (manuals), understanding, etc.*
- *Credibility established and maintained by independent, third part auditor in a 'business-to-business' relationship.*



# Log Tracking System



# Chain-of-Custody through Plywood Factory





### *TFF's activities under the Program*

1. *Base-line assessment against legality and CoC standards - from the forest 'to-and-through' the industry*
2. *Output: report describing existing situation, identifying gaps, proposing a course of corrective action.*
3. *Workshops, technical advice, monitoring*
4. *CoC system check in an operating environment - "dry run"*  
*.... Ready for 3<sup>rd</sup> party audit ....*

## END NOTES

- *Need to define the objectives of a CoC system to maximize the benefits.*
- *CoC and legality certificates can be applied to other buyers.*
- *Expect “mandatory” compliance with Indonesian legality standard.*
- *A ‘legal’ wood supply will become a major consideration to ensure ultimate survival.*





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