



**Timber Legality &
Traceability Verification
(TLTV)**

Doc. Number:	AD-TLTV-33-01
Version date:	18 August 2008
Validated by:	M. van der Linde
Page:	1 of 49

GENERIC PNG SGS

TIMBER LEGALITY & TRACEABILITY STANDARD

This checklist presents the Generic SGS GIS (Governments and Institutions Services Division) standard for Legality and Traceability against the TLTV Principles and Criteria. This standard forms the basis for:

- Development of a regional standard and /or standard
- Scoping assessment (where necessary and appropriate)
- Certification assessment
- Surveillance assessment
- Information to stakeholders on the assessment criteria used by SGS GIS

PHYSICAL ADDRESS

1, place des Alpes, P.O. Box 2152,
CH-1211 Geneva 1

CONTACT

Person: **A. de La Rochefordière**
Telephone: +41-22 739.91.11
Facsimile: +41-22 739.98.86
Email : Antoine.deLaRochefordiere@sgs.com
Version : **Version 1.1**

ADAPTATION OF STANDARD TO MEET REGIONAL, LOCAL AND COMPANY REQUIREMENTS AS WELL AS THRESHOLDS

The objective of adaptation of the Generic SGS TLTV Standard is to:

- i. identify any aspects or condition of the TLTV standard that may, in a particular instance, not be applicable or appropriate in the area in which the standard is to be used. If such an aspect or condition has been identified, the Company and SGS shall evaluate it for the purposes of certification which evaluation shall include discussions with the involved or affected parties.
- ii. identify any aspects of the generic TLTV standard, which specify performance thresholds lower than the minimum legal requirement in the country concerned. If any such differences are identified the relevant thresholds shall be modified to ensure that they meet or exceed the minimum national requirements.
- iii. add specific indicators (with appropriate means of verification if required) and/or cross-references to the identified documentation to evaluate compliance with key requirements of the national and local forest laws, administrative requirements and multi-lateral environmental agreements related to the TLTV Principles 1 - 9.
- iv. take account of the national context within which the Company operates any aspect regarding legality in relation to forest management; timber processing; timber production; national environmental, social and economic perspectives; and relevant financial and trade requirements.
- v. ensure that the TLTV standard is applicable, appropriate and practical in the country concerned.

Note: Any adaptation may not reduce the implementation of the Generic TLTV standard or lead to the application of a lower benchmark than the Generic TLTV standard, be it directly or indirectly.

SGS GIS will in consultation with the local service provider, Company and/or any other relevant parties consent to such an adaptation. Such consent will be done having due regard to:

- i. SGS GIS knowledge of the indicators and means of verification that have been included in other adaptations of the Generic TLTV Standard and its feasibility;
- ii. The nature and extent of a particular adaptation and its impact on the scope and objective of the TLTV Standard.
- iii. Unique and contextual characteristics of each case.

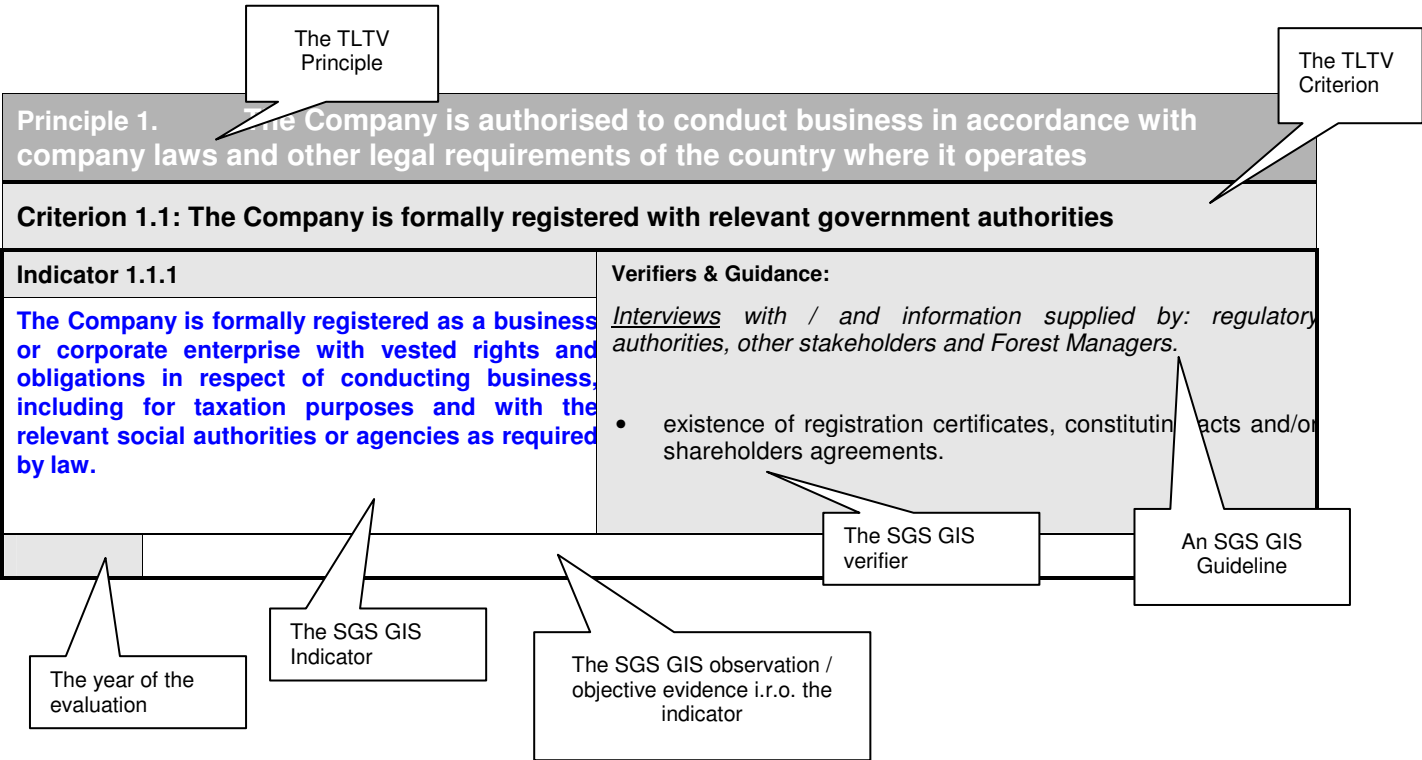
SGS GIS should be able to demonstrate that the requirements of the adapted generic standard are broadly in line with the requirements of the Generic TLTV Standard.

LAYOUT OF THE STANDARD:

The standard follows 9 Principles and 32 Criteria of Timber Legality & Traceability Verification (TLTV). This Checklist is divided into 9 sections, each corresponding to one of the TLTV Principles with the Criteria listed underneath each Principle.

Each page of the Standard is divided into 3 columns. The standard also serves as the checklist that is used during an assessment and for every criterion the following is provided:

The SGS GIS Requirement:	
Indicator	This outlines the norm or indicators that GIS requires for compliance with the specific TLTV criterion. A potential source of information or evidence that allows an auditor to evaluate compliance with an indicator.
Verifiers	Verifiers are examples of what the SGS assessor will look for to ascertain if the specific norm or indicator has been met. This list is not exhaustive and the assessor may use other means of verifying the relevant indicator.
Guidance	Guidance assists the assessor in understanding the requirement of the specific indicator.



PRINCIPLE 1. THE COMPANY IS AUTHORISED TO CONDUCT BUSINESS IN ACCORDANCE WITH COMPANY LAWS AND OTHER LEGAL REQUIREMENTS OF THE COUNTRY WHERE IT OPERATES

Criterion 1.1 The Company is formally registered with relevant government authorities

Indicator 1.1.1

The Company is formally registered as a business or corporate enterprise with vested rights and obligations in respect of conducting business, including for taxation purposes and with the relevant social authorities or agencies as required by law.

Verifiers & Guidance:

Interviews with / and information supplied by: regulatory authorities other stakeholders and Forest Managers.

Documentation Control of required legal documentation, policies operational procedures and standards demonstrate compliance with requirements.

Is the company legally constituted and committed to legality?

- Registration with the PNG Investment Promotion Authority.
- Existence of registration certificates, constituting acts and/or shareholders agreements. In PNG this includes the Company Number (TC No.)
- Registration with applicable industry and trade bodies/councils (registration certificates, membership certificates and any other relevant correspondence or documentation). In PNG this includes registration as a Forest Industry Participant.
- Verify whether a company is a formally registered business for taxation purposes with the Internal Revenue Commission.. (tax registration, tax returns, payments are up to date). In PNG verify the Company Tax No. & the Group Tax No.
- Registration with social authorities (if applicable).
- Legality of contractors or subcontractors (company policy internal audits, contractors' agreements).

Indicator 1.1.2

Verifiers & Guidance:

<p>The Company is adhering to the requirements of relevant organizations including, where applicable, appropriate industry and trade bodies or councils.</p>	<p><i>Interviews with Managers and relevant operational staff.</i></p> <p><i>Documentation Control of required legal documentation, policies operational procedures and standards demonstrate compliance with requirements.</i></p> <p><u>Is the company registered with relevant bodies and are they adhering to their obligations?</u></p> <ul style="list-style-type: none"> • Registration with applicable industry and trade bodies/councils (registration certificates, membership certificates and any other relevant correspondence or documentation). In PNG, check Nasfund. <i>Note: Membership to Forest Industries Association and the Chamber of Commerce is voluntary.</i> <hr/> <ul style="list-style-type: none"> • Are they complying with requirements of such bodies?
<p>Criterion 1.2 The Company is a legitimate operator in the forestry business</p>	
<p>Indicator 1.2.1</p> <p>The Company holds a valid licence to operate in the forestry/timber sector.</p>	<p>Verifiers & Guidance:</p> <p><i>Interviews with PNG Forest Authority, Forest Managers and other relevant stakeholders.</i></p> <p><i>Documentation Control of required legal documentation, policies operational procedures and standards demonstrate compliance with requirements.</i></p> <p><u>Operating in Forestry /Timber Sector:</u></p> <ul style="list-style-type: none"> • Does the company have a legal title to the land (title deed or contractual arrangement with land owner)? • Does company have authorisation to participate in forestry sector (Forest permit/licence or certificate from government)? In PNG the Forestry Authority grants registration as a Forestry Industry Participant. • May the particular land on which it operates be used for forestry operations (Forest permit/licence or certificate from government)? In PNG the Forestry Authority grants registration as a Forestry Industry Participant. • Does any restriction exist in relation to land use (environmental, social, historical, contractual, other)?
<p>Indicator 1.2.2</p>	<p>Verifiers & Guidance:</p>

<p>The Company's activities are not suspended as a result of administrative or judiciary action by any government or third parties.</p>	<p><i>Interviews with Government Authorities, Forest Managers and other relevant stakeholders..</i></p> <ul style="list-style-type: none"> • Dispute register (external, internal, stakeholder). • Validity of permits and authorisations. • Evaluation of potential risk of suspension (payment of taxes, compliance with labour laws, respecting rights of local communities and compliance with environmental obligations) • In PNG consultation with government departments such as PNGFA, the Provincial Government, Dept. of Environment & Conservation and Internal Revenue Commission is required.

<p>Indicator 1.2.3</p> <p>The Company or its owners are not known as being associated with criminal activities.</p>	<p>Verifiers & Guidance:</p> <ul style="list-style-type: none"> • Dispute register (external, internal, stakeholder). • Consultation with stakeholders, industry bodies and affected communities. • In PNG consultation with government departments Police.
<p>PRINCIPLE 2. THE COMPANY HAS THE NECESSARY APPROVALS OR AUTHORIZATIONS TO CONDUCT THE RELEVANT FORESTRY RELATED ACTIVITIES AT THE LOCATIONS UNDER VERIFICATION</p>	
<p>Criterion 2.1</p> <p>The Company has legal access and harvesting rights to the forest land on which it operates</p>	
<p>Indicator 2.1.1</p>	<p>Verifiers & Guidance:</p>

<p>The Company has a legal title to the land on which it operates and to the forest resource.</p>	<p><i>Interviews with Management, Governmental authorities and other relevant stakeholders.</i></p> <p><i>Document review: title deeds, lease agreements, forestry authorisations.</i></p> <p>In PNG, ownership is retained by customary land owners. The company must, however, indicate that it has a legal right to the land and that it may use the land for the purpose it intends to use i.e forestry:</p> <ul style="list-style-type: none"> • Title deeds, lease agreements, Concession documents government authorisations for forestry operations. • Where obligatory and relevant, the Company has consulted with interested parties as appropriate. • Specific aspects to verify in PNG include: <ol style="list-style-type: none"> 1. Does the PNGFA hold a valid Timber Rights Purchase Agreement (TRP) or Forest Management Agreement (FMA)? 2. Does the Company hold a valid Timber Permit, Local Forest Area, Timber Licence or Timber Authority as provided for in the Forest Act? <p style="text-align: center;"><u>Or</u></p> <ol style="list-style-type: none"> 1. In the event of a Contractor, are the land owner company able to demonstrate the above & does the Company hold a valid Logging and Marketing Agreement (LMA)? <p><i>Note: All aspects contained in relevant documentation must be verified with the position on the ground (in the field)</i></p>
<p>Indicator 2.1.2</p> <p>The land is dedicated to logging under clear and legal land classification and tenure conditions.</p>	<p>Verifiers & Guidance:</p> <p><i>Interviews with Management, governmental authorities, local communities & stakeholders.</i></p> <p><i>Document review: title deeds, lease agreements, forestry authorisations, policy, procedures, agreements and relevant contracts.</i></p> <p><i>Note: As far as possible, aspects contained in relevant documentation must be verified with the position on the ground (in the field)</i></p> <ul style="list-style-type: none"> • Where obligatory and relevant, the Company has consulted with interested parties as appropriate. • In PNG, the production forest areas are designated on the National Forest Plan. This must be verified with the PNGFA. <p style="text-align: center;"><i>Note: Timber Authority (TA) areas are not subject to this legal condition.</i></p>
<p>Indicator 2.1.3</p>	<p>Verifiers & Guidance:</p>

<p>The Company holds the necessary access rights to relevant activity areas both inside and outside permit.</p>	<p><i>Interviews with Management, governmental authorities, local communities & stakeholders.</i></p> <p><i>Document review: lease agreements, servitudes, forestry authorisations, policy, procedures, agreements and relevant contracts.</i></p> <p>Such activities would include activities both inside permit or outside permit. Consideration must be given to aspects such as public roads construction, concessions within a greater area owned by another (third party or state). Transporting across similar conditions, etc.</p> <ul style="list-style-type: none"> • Where obligatory and relevant, the Company has consulted with interested parties as appropriate. • Specific aspects to verify in PNG include: <ol style="list-style-type: none"> 1. See PNG specific verifiers under Indicators 2.1.1 2. Was an approved Environmental Impact Statement and Waste Management Plan obtained from Department of Environment and Conservation? 3. Consideration must be given to land lease for mill or camp site outside the concession area, wharf/harbour or other sea access plus access roads through other areas. 4. Verify any agreements for gravel supplies & compensation payments for damaged crops – using the Valuer General's official list.
<p>Criterion 2.2 The Company has obtained the necessary approvals for its forest and other related operations</p>	
<p>Indicator 2.2.1</p> <p>Where relevant and obligatory, the Company has carried out forest inventories and has received due official approval for it.</p>	<p>Verifiers & Guidance:</p> <p><i>Interviews with staff & governmental authorities</i></p> <p><i>Document review: inventories, data-bases, authorisations, policy & procedures.</i></p> <ul style="list-style-type: none"> • Official approval. • Time- frames (appropriate & authorised). • Where obligatory and relevant, the Company has consulted with interested parties as appropriate. • Note: On PNG, the planning & approval process for PNG forest operations is well defined. (See: PNGFA Manual "Planning Monitoring and Control Procedures for Natural Forest Logging Operations under Timber Permit" issued by the PNGFA on 7 December 1995.)
<p>Indicator 2.2.2</p>	<p>Verifiers & Guidance:</p>

<p>Where obligatory, the Company has developed a forest management plan and has received due official approval for it.</p>	<p><i>Interviews with staff & governmental authorities</i></p> <p><i>Document review: inventories, data-bases, authorisations, policy, procedures & maps.</i></p> <ul style="list-style-type: none"> • Official approval • Time- frames (appropriate & authorised) • Where obligatory and relevant, the Company has consulted with interested parties as appropriate. • Note: On PNG, the planning & approval process for PNG forest operations is well defined. (See: PNGFA Manual “Planning Monitoring and Control Procedures for Natural Forest Logging Operations under Timber Permit” issued by the PNGFA on 7 December 1995.)

<p>Indicator 2.2.3</p> <p>The Company demonstrates that the necessary environmental permissions are in place and valid.</p>	<p>Verifiers & Guidance:</p> <p><i>Interviews with staff, governmental authorities and other relevant stakeholders.</i></p> <p><i>Document review: authorisations, policy, procedures & maps.</i></p> <ul style="list-style-type: none"> • Where obligatory, has Environmental Impact Assessments (EIA) been done and approved? • Environmental authorisations include: <ul style="list-style-type: none"> ✓ Waste management (general, disposal sites, storage) ✓ Hazardous substances (chemicals used) ✓ Water management (Catchment areas, wetland delineation, water use, conservation, diversion) ✓ Biodiversity (endangered species, conservation) ✓ Indigenous forests (allowable species, amounts harvested, etc) • Where obligatory and relevant, the Company has consulted with interested parties as appropriate. • In PNG, it must be verified that the EIS has been approved by Department of Environment and Conservation. (Note: This is required only for Level 1 FMAs where annual production exceeds 70,000m³. Separate approvals are required for processing mills). Also see: PNGFIA website.
<p>Indicator 2.2.4</p>	<p>Verifiers & Guidance:</p>

<p>The Company has a valid harvesting licence/permit.</p>	<p><i>Interviews with staff & governmental authorities</i></p> <p><i>Document review: authorisations, policy, procedures & maps.</i></p> <p><i>Field Inspections: Verify that current and previous harvesting locations are in line with licensing requirements.</i></p> <ul style="list-style-type: none"> • Validity • Time period (annual or other) • Geographical location • Species to be harvested • Amounts to be harvested • Verify areas of operation(s) in field against permit • Where obligatory and relevant, the Company has consulted with interested parties as appropriate. • Note: On PNG, the planning & approval process for PNG forest operations is well defined. (See: PNGFA Manual "Planning Monitoring and Control Procedures for Natural Forest Logging Operations under Timber Permit" issued by the PNGFA on 7 December 1995.) <p><u>Note:</u> Quantities are verified under Principle 6.</p>
<p>Indicator 2.2.5</p> <p>The Company has the necessary approvals for ancillary and associated activities at the locations where it operates.</p>	<p>Verifiers & Guidance:</p> <p>In PNG, such approvals include:</p> <ul style="list-style-type: none"> • Sawmill Registration certificate from PNGFA. • Factory Licence from Province if applicable • Environmental Certificate including approved Waste Management Plan • Other possibilities to check include: <ul style="list-style-type: none"> ○ Pressure Vessels (Dept. of Labour) ○ Explosives (Dept. of Labour) ○ Overhead cranes, industrial machinery (Dept. of Labour) ○ Vessels (Dept. Transport Survey) ○ Building Permits (Provincial Building Board)
<p>Criterion 2.3 The Company can demonstrate that its approval(s) for forest and other related operations was (were) properly obtained</p>	
<p>Indicator 2.3.1</p>	<p>Verifiers & Guidance:</p>

<p>Authentic and official documents are in place</p>	<p><i>Interviews with staff, governmental authorities and other relevant stakeholders.</i></p> <p><i>Document review: Application documentation, correspondance & autorisations.</i></p> <p>Auditors must be placed in a position to verify this by either considering original and official documentation <u>or</u> certified copies of the same. Key considerations when evaluating the documentation include:</p> <ul style="list-style-type: none"> • Time periods (validity). • Conditions. • Originality of documents listed in 2.1.1 with the PNGFA headquarters. • If possible verify original Timber Rights Purchase Agreements (may be impossible for very old concessions) and Forest Management Agreements held by PNGFA.
<p>Indicator 2.3.2</p> <p>In obtaining such approvals, both the company and the relevant authorities correctly followed the appropriate procedures.</p>	<p>Verifiers & Guidance:</p> <p><i>Interviews with staff, governmental authorities and other relevant stakeholders.</i></p> <p><i>Document review: Application documentation, correspondance & autorisations.</i></p> <p>Objective evidence must suggest that the acceptable procedures were followed in the issuing of such authorisation.</p> <p>The required documentation submitted by the Company to the authorities as part of the Company's application or request for such approval(s) was complete and presented the requested information correctly, and such information was found accurate on the basis of documentary verification (e.g. maps, calculations).</p> <p>In PNG the following considerations apply:</p> <ul style="list-style-type: none"> • Approval of landowners is essential and in PNG this is entirely a PNG Govt. responsibility. The company is only involved later when asked to tender. Auditors need to verify with the PNGFA. Note: There is a defined 34 step process that the PNGFA follows and each step is supposed to be signed off. • The company must have tendered and followed up according to the set procedure.
<p>Indicator 2.3.3</p>	<p>Verifiers & Guidance:</p>

<p>Information submitted to the authorities for the authorisations was factually correct.</p>	<p><i>Interviews with staff & governmental authorities</i></p> <p><i>Field verification on a sample basis</i></p> <p><u>Note:</u> This will mostly apply in cases of new authorisations and/ or applications. Done on sample basis.</p> <p>Auditors must for instance try and verify the factual correctness. If a particular mill in its application or submission claim that it will employ a few hundred, the auditor needs to assess whether it in fact employs as many.</p>

PRINCIPLE 3. THE COMPANY RESPECTS ITS SOCIAL OBLIGATIONS TOWARDS LOCAL COMMUNITIES, WORKERS, AND CONTRACTORS

Criterion 3.1 The company respects the rights of local communities

Indicator 3.1.1

The Company knows and respects the legal or customary rights of local communities within the allocated areas.

Verifiers & Guidance:

Interviews with representatives of local communities, staff (Management, Forest Managers and relevant operational staff), clients, governmental authorities and stakeholders.

Document review in order to ascertain whether the relationship with local communities has been formalised

In PNG the requirements of Timber Permit, Project Agreement Logging & Marketing Agreement plus Annual Management Plans must be verified and used to draw up a checklist. Other aspects that can be considered are:

- Dispute register (external, internal, stakeholder).
- Have the rights been embodied in a formal company policy?
- Have they been included in the management policy?
- Contractual agreement with local communities (access rights, usage rights, benefit sharing, etc)
- Compensation paid where damaged is caused?

Indicator 3.1.2

Verifiers & Guidance:

<p>The Company respects its obligations towards the local communities.</p>	<p><i>Interviews with representatives of local communities, landowner companies, clan groups and individuals, staff (Management, Forest Managers and relevant operational staff), clients, governmental authorities and stakeholders.</i></p> <p><i>Document review in order to ascertain whether the relationships with local communities are respected. Compliance can be checked.</i></p> <p><i>Field visit: Existence and quality of claimed contribution to community.</i></p> <ul style="list-style-type: none"> • Concession agreement, forest management plan, harvesting permit, invoices of expenditures • Dispute register (external, internal, stakeholder). • Contractual agreement with local communities (access rights, usage rights, benefit sharing, etc) • Newspaper/ employment advertisements (preference given to local communities) • Other points to be considered that relates to local communities include contributions or assistance to training, schooling, development (social & economic), medical facilities/support within the local community <p><i>Note: The verifiers under 3.1.1 can also be considered and the checklist developed.</i></p>

Criterion 3.2	The Company respects the rights of workers as derived from relevant national or international regulations
Indicator 3.2.1	Verifiers & Guidance:

<p>The Company has formalised the relations with its workers in accordance with applicable regulations.</p>	<p><i>Interviews with staff, staff representatives (individuals, shop stewards or union) and representatives from management (Human Resources/Management), Labour Dept. officials and other relevant stakeholders.</i></p> <p><i>Document review: employment contracts, tender documents, service agreements, etc.</i></p> <p><i>Field: consultation with workers and contractors</i></p> <ul style="list-style-type: none"> • In some countries it may be a <u>formal requirement</u> to have an employment agreement in writing. • Are there any specific requirements for contractors (i.e. tenders preferential contractors, legal requirements)? • Contracts must be evaluated against the applicable laws and regulations. • Special consideration for temporary staff/ migrant/ women/ disabled/ minorities workers etc. • In PNG, the following must be considered: <ol style="list-style-type: none"> 1. Work Permits for non-citizen staff (Dept. of Labour) 2. Registered with Nasfund 3. Workers Compensation Insurance 4. Tax office registration for Group Tax 5. Check for existence of a Workplace Agreement & if so, check compliance
<p>Indicator 3.2.2</p>	<p>Verifiers & Guidance:</p>

<p>The Company respects legally prescribed basic working conditions</p>	<p><i>Interviews with staff, staff representatives (individuals, shop stewards or union) and representatives from management (Human Resources/Management), Labour Dept. officials and other relevant stakeholders.</i></p> <p><i>Document review: employment contracts, dispute registers, policies procedures, etc. clock cards/hours logged</i></p> <p><i>Field visit: staff and contractors</i></p> <p>All jurisdictions prescribe minimum conditions of employment under which employees work. This is in line with International Human Rights Standards and Labour Standards. Such conditions include (not limited to):</p> <ul style="list-style-type: none"> • Minimum age of employment • Minimum wages • Working hours & leave (annual, maternity and paternity) • Compulsory day(s) per week (i.e. may not work more 5 or 6 days a week). • Health and Safety requirements (i.e. incident & accident records Personal Protective Equipment, Frequency of accidents) <p>• “Worker’s rights” (Freedom of association, right to join unions collective bargaining rights)</p> <p>In PNG specific consideration must be given to the requirements of the Labour Act and Port Moresby General Award. (Consideration must also be given to different requirements for Urban and Rural areas) :</p> <ul style="list-style-type: none"> • Minimum age • Working hours: 42 per week for Urban & 44 per week for Rural before overtime. • Sick leave: 9 days per year after 3 months employment • Safety clothing/equipment <p><i>Note: The Labour Act prides only minimum conditions for any individual workers on special contracts as these may have additional requirements that must be checked for compliance.</i></p>
--	---

Indicator 3.2.3

Verifiers & Guidance:

<p>The Company remunerates its workers in accordance with applicable legal requirements.</p>	<p><i>Interviews with staff, staff representatives (individuals, shop stewards or union) and representatives from management (Human Resources/Management) . Labour Dept. officials and other relevant stakeholders.</i></p> <p><i>Document review: employment contracts, payslips, actual expenditures, etc.</i></p> <p><i>Field visit: Staff & Contractor (verify the actual pay tally with payslip)</i></p> <ul style="list-style-type: none"> • Minimum wage requirement (General or forestry specific) In PNG National Minimum Wages and Allowances – currently as of 29 March 2006. • Timely payments?
<p>Indicator 3.2.4</p> <p>The Company does not partake in unacceptable labour practices.</p>	<p>Verifiers & Guidance:</p> <p><i>Interviews with representatives from management (Human Resources/Management) Labour Dept. officials and other relevant stakeholders. .</i></p> <p><i>Document review: contracts, service agreements, tenders procurement policies, contractor's registration documentation on file with company etc.</i></p> <p>Aspects include:</p> <ul style="list-style-type: none"> • Child Labour • Forced labour • Sexual harassment • Unfair loan agreements • Working conditions • Living conditions • Other.
<p>Indicator 3.2.5</p>	<p>Verifiers & Guidance:</p>

<p>The company complies, where applicable, with its corporate social obligations to its workers</p>	<p><i>The Company implements social impact assessments and respects the rights of workers in relation to education, training and to socio-economic development.</i></p> <p><i>Field inspections</i></p> <p><i>Interviews with staff, staff representatives (individuals, shop stewards or union) and representatives from management (Human Resources/Management) Labour Dept. officials and other relevant stakeholders .</i></p> <p><i>Document review: employment contracts, payslips, actual expenditures, etc.</i></p> <p>Aspects relating to corporate social obligations include:</p> <ul style="list-style-type: none"> • Health issues (HIV/AIDS, diseases, assistance programmes, access to medical facilities etc.) • Skills development (Training and education) • Community projects • Other <p>In PNG specific consideration must be given to:</p> <ul style="list-style-type: none"> • Compliance with Training & Localisation Plan approved by Dept of Labour. • The Social Impact Assessment as contained in the Environmental Plan. • Any requirements in Timber Permit and Project Agreement.
<p>Criterion 3.3 The Company only uses legally constituted contractors or subcontractors in its operations and protects the rights of its contractors' or subcontractors' workers</p>	
<p>Indicator 3.3.1</p> <p>The Company formally requires that contractors and subcontractors used in its operations are legally constituted.</p>	<p>Verifiers & Guidance:</p> <p><i>Interviews with representatives from management (Human Resources/Management) and all relevant Government Authorities as required.</i></p> <p><i>Document review: contracts, service agreements, tenders procurement policies, contractor's registration documentation on file with company etc.</i></p> <p>Aspects include:</p> <ul style="list-style-type: none"> • Evidentiary proof that contractor or subcontractor is a legal entity (Act of incorporation, registration documentation, tax certificates, employment related taxes etc) • Relevant documentation available / on file • Company policy relating to contractor/ subcontractor • Fairness and equitable distribution of contracts <p><i>Note: Contractors must meet the same requirements as the company under Indicator 1.1.1</i></p>

Indicator 3.3.2	Verifiers & Guidance:
<p>The Company ensures that the rights of its contractors' or subcontractors' workers are respected.</p>	<p><i>Interviews with representatives from management (Human Resources/Management) & staff and all relevant Government Authorities as required..</i></p> <p><i>Document review: contracts, service agreements, tenders procurement policies, contractor's registration documentation on file with company etc.</i></p> <ul style="list-style-type: none"> • Evidentiary proof that workers rights are respected (employment related taxes paid, fair remuneration, freedom of association, working conditions, etc) • Relevant documentation available / on file • Monitoring and compliance (internal second party audits & corrective action) <p>Note: This indicator is similar to what is expected 3.2.1 & 3.2.2. It does, however, focus on the execution of the contractors and subcontractors as well as the monitoring component on the side of the audited company/ TLTV Client.</p>

PRINCIPLE 4. THE COMPANY COMPLIES WITH ITS ENVIRONMENTAL OBLIGATIONS IMPOSED BY LAWS, REGULATIONS AND OTHER RELEVANT NATIONAL AND INTERNATIONAL ENVIRONMENTAL REQUIREMENTS	
Criterion 4.1 The Company respects areas where logging is prohibited or restricted	
Indicator 4.1.1	Verifiers & Guidance:
<p>The Company respects the integrity or the specific regime of protected areas where forest activities are prohibited or restricted on the basis of official land use planning and classification.</p>	<p><i>Interviews with staff, stakeholders and local communities.</i></p> <p><i>Document review: authorisations, maps, policies and procedures.</i></p> <p><i>Field visits: Where possible, the relevant requirements must be verified in field.</i></p> <p>Auditors must be satisfied that proper consideration has been given to the issue of protected areas and that these issues have been incorporated into the management plan.</p> <p>The company must further adhere to its management plan and relevant legal requirements. Such requirements include those relating to:</p> <ul style="list-style-type: none"> • Steep slopes, • River /stream, • Regeneration areas, • Other. <p>In PNG the Environmental Plan and presence of any gazetted National Parks and Wildlife Management Areas must be considered.</p>
Indicator 4.1.2	Verifiers & Guidance:

<p>The Company respects zones within the logging area where logging is prohibited or restricted on the basis of regulatory or agreed forest management requirements or plans.</p>	<p>In PNG these zones are defined in the PNG Logging Code of Practice of April 1996. Management Plans & their field implementation must be verified.</p>
<p>Criterion 4.2 The Company preserves biodiversity</p>	
<p>Indicator 4.2.1</p> <p>The Company protects, in addition to tree species addressed under Principle 6, endangered species (flora, fauna) as provided for under CITES.</p>	<p>Verifiers & Guidance:</p> <p><i>Interviews with staff, stakeholders and local communities.</i></p> <p><i>Document review: authorisations, maps, policies and procedures.</i></p> <p><i>Field visits: Where possible, the relevant requirements must be verified in field.</i></p> <p>Consideration must be given to any requirements as contained in the approved EIS and any special Timber Permit conditions (e.g. prevent hunting by employees. Auditors must further be satisfied that proper consideration has been given to biodiversity preservation and that these considerations have been incorporated into the management plan. Issues connected to biodiversity and requirements may relate to:</p> <ul style="list-style-type: none"> • Preservation of ecosystems, • Bio-prospecting, • Endangered species, • Biological resources, • Control of alien & invasive species, • Other.
<p>Indicator 4.2.2</p> <p>The Company respects biodiversity as per specific requirements from the forest management plan or annual permit.</p>	<p>Verifiers & Guidance:</p> <p><i>Interviews with staff, stakeholders and local communities.</i></p> <p><i>Document review: authorisations, maps, policies and procedures.</i></p> <p><i>Field visits: Where possible, the relevant requirements must be verified in field.</i></p> <p>Although this indicator falls within the wider category of biodiversity endangered species deserve specific conservation. Auditors must give consideration to the protection and legal requirements pertaining flora & fauna in a specific country and/or specific tree species in indigenous forests.</p> <p>As per PNG Forest Authority planning requirements specific aspects include: steep slopes, riparian strips, special reserves, & prevents hunting by employees.</p> <p><i>Also: general awareness of the requirements and obligations under CITES should be assessed.</i></p>

Criterion 4.3 The Company minimizes negative environmental impacts	
<p>Indicator 4.3.1</p> <p>The Company complies with regulations referring to air.</p>	<p>Verifiers & Guidance:</p> <p><i>Interviews with staff, stakeholders and local communities.</i></p> <p><i>Document review: authorisations, policies and procedures.</i></p> <p><i>Field visits: Where possible, the relevant requirements must be verified in field.</i></p> <p>Auditors must note that implementation can be at National, Provincial or local level.</p> <p>Permits are generally required when dealing with emissions. (i.e. mill plant, etc). In PNG, the Department and Conservation must be consulted.</p>
<p>Indicator 4.3.2</p> <p>The Company complies with regulations referring to soils.</p>	<p>Verifiers & Guidance:</p> <p><i>Interviews with staff, stakeholders and local communities.</i></p> <p><i>Document review: authorisations, policies and procedures.</i></p> <p><i>Field visits: Where possible, the relevant requirements must be verified in field.</i></p> <p>Auditors must note that implementation can be at National, Provincial or local level.</p> <p>Normally one will not find a single law dealing with soil. Consideration must be given to requirements contained in legislation dealing with:</p> <ul style="list-style-type: none"> • Biodiversity. • Conservation (framework legislation) • Pollution. • Waste and waste management. • Hazardous substances. • Water. • Other. <p>In PNG consideration must also be given to Logging Code of Practice and EIS requirements.</p>
<p>Indicator 4.3.3</p>	<p>Verifiers & Guidance:</p>

<p>The Company complies with regulations referring to water.</p>	<p><i>Interviews with staff, stakeholders and local communities.</i></p> <p><i>Document review: authorisations, policies and procedures.</i></p> <p><i>Field visits: Where possible, the relevant requirements must be verified in field.</i></p> <p>Permits are generally required for:</p> <ul style="list-style-type: none"> • Water use. • Water quality (pollution). • Planting. • Stream flow reduction. • Building dam/storage. • Diverting a water source. • Other. <p>In PNG water Use and discharge permit are required by the Department of Environment and Conservation. Consideration must also be given to the PNG Logging Code of Practice and Timber Permit conditions.</p>
<p>Indicator 4.3.4</p> <p>The Company complies with regulations referring to chemicals.</p>	<p>Verifiers & Guidance:</p> <p><i>Interviews with staff, stakeholders and local communities.</i></p> <p><i>Document review: authorisations, policies and procedures.</i></p> <p><i>Field visit: Verification at ground level.</i></p> <p>Auditors must note that implementation can be at National, Provincial or local level.</p> <p>There normally exist specific measures dealing with chemicals. Such measures may be contained in a diverse set of legislation:</p> <ul style="list-style-type: none"> • Hazardous substances laws. • Transportation laws. • Agricultural resources laws. • Forestry laws. • Occupational health and safety laws. • Environmental (general, but more specifically aspects dealing with emergency incidents). • <p>In PNG the Department of Environment and Conservation has promulgated a list of banned chemicals.</p>
<p>Indicator 4.3.5</p>	<p>Verifiers & Guidance:</p>

<p>The Company complies with regulations referring to noise.</p>	<p><i>Interviews with staff, stakeholders and local communities.</i></p> <p><i>Document review: authorisations, policies and procedures.</i></p> <p><i>Field visits: Where possible, the relevant requirements must be verified in field.</i></p> <p>Auditors must note that implementation can be at National, Provincial or local level.</p> <p>Noise requirements are normally contained in environmental laws (air pollution) as well as laws providing for health and safety.</p> <p>In PNG, the Department and Conservation must be consulted.</p>
<p>Indicator 4.3.6</p> <p>The Company complies with regulations referring to energy.</p>	<p>Verifiers & Guidance:</p> <p><i>Interviews with staff, stakeholders and local communities.</i></p> <p><i>Document review: authorisations, maps, policies and procedures.</i></p> <p><i>Field visits: Where possible, the relevant requirements must be verified in field.</i></p> <p>Auditors must note that implementation can be at National, Provincial or local level.</p> <p>Energy or aspects covering energy resources are normally covered by laws relating to:</p> <ul style="list-style-type: none"> • Energy in General. • Mining & mineral. • Petroleum resources. • Other. <p>Auditors must also consider service agreements at local level including any restrictions or limitations.</p> <p>In PNG power generation may need special permits depending on instances.</p>
<p>Indicator 4.3.7</p>	<p>Verifiers & Guidance:</p>

<p>The Company complies with regulations referring to waste.</p>	<p><i>Interviews with staff, stakeholders and local communities.</i></p> <p><i>Document review: authorisations, policies and procedures.</i></p> <p>Auditors must note that implementation can be at National, Provincial or local level.</p> <p>Waste is normally covered by waste specific legislation and covers aspects relating to the management of waste at company level, sorting the waste as well as its disposal.</p> <p>Specific aspects that auditors should consider are:</p> <ul style="list-style-type: none"> • Classification of waste and specific requirements of such waste. • Sorting of waste / recycling. • Sustainable waste management. • Waste disposal sites (permitting / authorisation). <p>In PNG, consideration must be given to the approved Environmental Plan (EIS) and Waste Management Plan.</p>
<p>Indicator 4.3.8</p> <p>The Company complies with regulations referring to other safety risks to people and the environment.</p>	<p>Verifiers & Guidance:</p> <p><i>Interviews with staff, stakeholders and local communities.</i></p> <p><i>Document review: authorisations, policies and procedures.</i></p> <p><i>Field visits: Where possible, the relevant requirements must be verified in field.</i></p> <p>Applicable laws can include:</p> <ul style="list-style-type: none"> • Road Traffic Laws (i.e. Accidents) • Forest Laws (i.e. fires, fire or explosion at storage area warehouse/ mill). • Safety laws (accidents and incidents on site). • Other. <p>In PNG:</p> <ul style="list-style-type: none"> • The Forest Authority grants licences to treatment plants and sawmills. <p>The Department of Conservation confirm company categories for EIS. EIS must identify potential hazards & safety risks.</p> <ul style="list-style-type: none"> • Explosives (storage & use) requires authorisation from the Dept of Labour.
<p>Criterion 4.4</p>	<p>The Company takes adequate measures to prevent any unauthorised activities by third parties within or around the forest area under its responsibility</p>
<p>Indicator 4.4.1</p>	<p>Verifiers & Guidance:</p>

<p>The Company prevents or observes, identifies, and reports any illegal encroachment or conversion to other land uses by third parties.</p>	<p><i>Interviews with staff, stakeholders and local communities.</i></p> <p><i>Document review: agreements, policies and procedures.</i></p> <p><i>Field visits: Where possible, the relevant requirements must be verified in field.</i></p> <p>Actual implementation will rely on aspects such as:</p> <ul style="list-style-type: none"> • Guards/ security patrolling area • Monitoring mechanisms • Dispute/ incident register <p>In PNG, land ownership remains with customary owners who are and remain the most appropriate guardians. However, the Company does have a responsibility to report any illegal activities to the relevant Government Authorities for action.</p>
<p>Indicator 4.4.2</p> <p>The Company prevents or observes, identifies, and reports any illegal logging by third parties and any illegal processing of logs in the forest.</p>	<p>Verifiers & Guidance:</p> <p><i>Interviews with staff, stakeholders and local communities.</i></p> <p><i>Document review: authorisations, maps, policies and procedures.</i></p> <p><i>Field visits: Where possible, the relevant requirements must be verified in field.</i></p> <p>Actual implementation will rely on aspects such as:</p> <ul style="list-style-type: none"> • Guards/ security patrolling area • Monitoring mechanisms • Dispute/ incident register <p>Illegal logging should be read in the wide sense to include aspects such as felling, sawing, milling or even smaller use activities such as burning or the construction of boats/ canoes.</p> <p>Note: In PNG customary landowners have rights which may include logging. Main responsibility of Company is to report to relevant Government authorities.</p>
<p>Indicator 4.4.3</p>	<p>Verifiers & Guidance:</p>

<p>The Company controls and monitors legal bushmeat hunting or harvesting of non-timber forest products and prevents or observes, identifies, and reports any poaching.</p>	<p><i>Interviews with staff, stakeholders and local communities.</i></p> <p><i>Document review: authorisations, maps, policies and procedures.</i></p> <p><i>Field visits: Where possible, the relevant requirements must be verified in field.</i></p> <p>Actual implementation will rely on aspects such as:</p> <ul style="list-style-type: none"> • Permit / authorisation system. • Guards/ security patrolling area. • Monitoring mechanisms. • Dispute/ incident register. <p>Note: In PNG customary owners retain their hunting rights by law. The Company remains responsible for regulating/preventing employees, contractors and other outsiders.</p>
<p>Indicator 4.4.4</p> <p>The Company prevents or observes, identifies, and reports any unauthorised cultivation, mining, and other activities.</p>	<p>Verifiers & Guidance:</p> <p><i>Interviews with staff, stakeholders and local communities.</i></p> <p><i>Document review: authorisations, maps, policies and procedures.</i></p> <p><i>Field visits: Where possible, the relevant requirements must be verified in field.</i></p> <p>Actual implementation will rely on aspects such as:</p> <ul style="list-style-type: none"> • Permit / authorisation system. • Guards/ security patrolling area. • Monitoring mechanisms. • Dispute/ incident register. <p>Note: Prospecting & mining must be licensed separately by Government.</p>
<p>PRINCIPLE 5. THE COMPANY ADHERES TO REGULATIONS OF FOREST DECLARATIONS AND TAXES</p>	
<p>Criterion 5.1 The Company consistently submits its official declarations in a timely manner</p>	
<p>Indicator 5.1.1</p>	<p>Verifiers & Guidance:</p>

<p>Where applicable, the Company has submitted its pre-harvest planning declarations to the appropriate authorities within the prescribed time period.</p>	<p><i>Interviews with staff, stakeholders and authorities.</i></p> <p><i>Document review: declarations and other relevant documentation.</i></p> <p><i>Field visits: Where possible, the relevant requirements must be verified in field.</i></p> <ul style="list-style-type: none"> • Time period. • Geographical location. • Species to be harvested. • Amounts to be harvested. • Verify inventories areas against submission. <p>In PNG, the Forest Authority Planning Regulation must be considered (10% sample for annual plan and 100% for setup).</p>
<p>Indicator 5.1.2</p> <p>Where applicable, the Company has submitted its production registers, declarations and statistics.</p>	<p>Verifiers & Guidance:</p> <p><i>Interviews with staff and authorities.</i></p> <p><i>Document review: Declarations and other relevant documentation.</i></p> <p><i>Field visits: Where possible, the relevant requirements must be verified in field.</i></p> <ul style="list-style-type: none"> • Time. • Appropriateness of the authority submitted to. • Correctness of submission (type, existence, absence, number). <p>The PNG Forest Authority procedure “Log Identification, Scaling and Reporting” applies.</p>
<p>Indicator 5.1.3</p>	<p>Verifiers & Guidance:</p>

<p>Where applicable, the Company has submitted its import and/or export declarations to the appropriate authorities within the prescribed time period.</p>	<p><i>Interviews with staff and authorities.</i></p> <p><i>Document review: Declarations and other relevant documentation.</i></p> <p><i>Field visits: Where possible, the relevant requirements must be verified in field.</i></p> <ul style="list-style-type: none"> • Time. • Appropriateness of the authority submitted to. • Correctness of submission (type, existence, absence, number). <p>In PNG consideration must also be given to:</p> <ul style="list-style-type: none"> • The PNG Forest Authority procedure “Log Identification, Scaling and Reporting” applies. • A monthly declaration on FD66 format is required. • Apart from normal Customs procedures, no import declarations are required in PNG. • An Export Permit (PNGFA), Export Licence (Dept. of Trade & Industry), and Export Entry (Customs) are, however, required for exports. • The official SGS Inspection Report issued for every log export shipment (check that cargo details on all shipping documentation matches the SGS Inspection Report).

<p>Criterion 5.2 The company consistently settle due payments to the appropriate authorities in a timely manner and to the correct amount</p>	
<p>Indicator 5.2.1</p> <p>The Company has paid the applicable royalties, fees, and taxes relating to forestry and timber processing activities within the prescribed time period.</p>	<p>Verifiers & Guidance:</p> <p><i>Interviews with staff and authorities.</i></p> <p><i>Document review: Relevant documentation.</i></p> <p><i>Field visits: The relevant requirements must be verified in field.</i></p> <ul style="list-style-type: none"> • Prescribed time period (periods may be negotiated/ agreed) • Taxes must be paid in accordance with the declarations (/ to the correct amount on the basis of verifiable elements). • Paid to the appropriate authorities. • Existence <u>or</u> absence of payment. • The official SGS Inspection Report issued for every log export shipment. Check that cargo details on the Export Entry (which calculates the Export Tax due) match the SGS Inspection Report. <p>In PNG, consideration must be given to requirements of each Timber Permit for specific requirements. Aspects to consider include royalties, levies (various: reforestation, infrastructure, agriculture etc), export tax, development levy and premiums.</p>

Indicator 5.2.2	Verifiers & Guidance:
<p>The Company has paid the applicable import and export duties within the prescribed time period.</p>	<p><i>Interviews with staff and authorities.</i></p> <p><i>Document review: Proof of payments and relevant documentation.</i></p> <p><i>Field visits: The relevant requirements must be verified in field.</i></p> <ul style="list-style-type: none"> • Prescribed time period (periods may be negotiated/ agreed) • Taxes must be paid in accordance with the declarations (/ to the correct amount on the basis of verifiable elements). • Paid to the appropriate authorities. • Existence <u>or</u> absence of payment. <p>In PNG, both export duty & development levy are payable at time of vessel clearance. Import duties are not particularly relevant except for new equipment. Consideration can further be given to major & regular imports e.g. chemicals.</p>
Criterion 5.3	The Company's data, registers, accounts and official declarations accurately reflect its operations
Indicator 5.3.1	Verifiers & Guidance:
<p>Pre-harvest planning documents accurately reflect the Company's operations.</p>	<p><i>Interviews with staff, stakeholders and local communities.</i></p> <p><i>Document review: Pre-harvest planning documents, maps, policies and procedures.</i></p> <p><i>Field visits: The relevant requirements must be verified in field.</i></p> <ul style="list-style-type: none"> • Management Plan. • Pre harvest inventories/ Logging inventories. • Road planning. • Procedural document (i.e Silviculture, pre-harvest, reduced impact logging requirements & other). • Geographical maps & plans. • Species & amounts to be harvested. • Field check of actual operations against approved plans.
Indicator 5.3.2	Verifiers & Guidance:

<p>The Company's data, registers, official declarations and statistical statements accurately reflect its production and other operations and activities.</p>	<p><i>Interviews with staff and stakeholders.</i></p> <p><i>Document review: registers, official declarations, statistical statements, policies and procedures.</i></p> <p><i>Field visits: Where possible, the relevant requirements must be verified in field.</i></p> <ul style="list-style-type: none"> • Logging, processing, purchase, import, removal, transportation, delivery, sale, and export (as applicable) operations and activities. • Geographical plans and maps. • Species harvested. • Amounts, volumes and dimensions of products. <p>Note: In PNG, export figures for logs are already checked by SGS. The sample of scaling records against monthly declarations & export statistics must be verified.</p>

<p>Indicator 5.3.3</p> <p>The Company has its annual accounts verified by a chartered accounting firm.</p>	<p>Verifiers & Guidance:</p> <p><i>Interviews with staff and the accounting firm involved.</i></p> <p><i>Document review: audited statements, reports, policies and procedures.</i></p> <p>In PNG Companies are exempted from this provision under PNG Companies Act where:</p> <ul style="list-style-type: none"> - less than K5.0m in assets - less than 25 shareholders - less than 100 employees <p><i>Also: Check that company Annual Return has been submitted to IPA & that the annual Tax Return submitted to IRC. This aspect applies to all companies regardless of legal audit requirements.</i></p>

PRINCIPLE 6. THE COMPANY COMPLIES WITH FOREST HARVESTING REGULATIONS

Criterion 6.1 The Company has clearly identified authorised harvesting areas and positioned its planned forest activities in accordance with approved plans or regulations

Indicator 6.1.1

Verifiers & Guidance:

<p>The Company can show appropriate positioning and accurate mapping of designated areas and of proposed forest management activities in these areas.</p>	<p><i>Interviews with staff, stakeholders and local communities.</i></p> <p><i>Document review: maps, policies and procedures.</i></p> <p><i>Field visits: Where possible, the relevant requirements must be verified in field.</i></p> <ul style="list-style-type: none"> • Management plan, register, policies, maps, plans. • Completeness. • Accuracy. • Check that a cpy of the signed Landowner Cultural Site form is attached to the approved Set-up Plan. <p>In PNG, check the operations in field against the approved 5-year, Annual & Setup Plans.</p>
<p>Indicator 6.1.2</p>	<p>Verifiers & Guidance:</p>
<p>The Company identifies itself and its operations on the ground with the necessary approval(s) and in accordance with relevant requirements.</p>	<p>In PNG, check the operations in field against the approved 5-year, Annual & Setup Plans.</p>
<p>Indicator 6.1.2</p>	<p>Verifiers & Guidance:</p>

<p>Criterion 6.2 The Company's operations and activities are geographically implemented in accordance with approved plans</p>	
<p>Indicator 6.2.1</p>	<p>Verifiers & Guidance:</p>
<p>The Company can show accurate mapping of its forest management activities (at implementation stage).</p>	<p><i>Interviews with staff, stakeholders and local communities.</i></p> <p><i>Document review: maps, policies and procedures.</i></p> <p><i>Field visits: Where possible, the relevant requirements must be verified in field.</i></p> <ul style="list-style-type: none"> • Manage plan, register, policies, maps, plans, legislative requirements. • Appropriateness. • Correctness. <p>In PNG, check the operations in field against the approved 5-year, Annual & Setup Plans.</p>
<p>Indicator 6.2.2</p>	<p>Verifiers & Guidance:</p>

<p>The Company can demonstrate clear delineation/demarcation of boundaries on the ground as required by law.</p>	<p><i>Interviews with staff, stakeholders and local communities.</i></p> <p><i>Document review: maps, policies and procedures.</i></p> <p><i>Field visits: Where possible, the relevant requirements must be verified in field.</i></p> <ul style="list-style-type: none"> • Management plans, register, policies, maps, plans, legislative requirements. • Appropriateness. • Correctness. <p><u>Note:</u> The positioning and marking of boundaries may in some countries be dependant on remarkable features (e.g. road alignment, camps, bridges, log landings, etc)</p> <p>In PNG, check the operations in field against the approved 5-year, Annual & Setup Plans.</p>
<p>Indicator 6.2.3</p> <p>The Company can demonstrate in the field that all operations and activities are geographically implemented in accordance with approved plans or permit or regulatory requirements.</p>	<p>Verifiers & Guidance:</p> <p><i>Interviews with staff, stakeholders, local communities and authorities</i></p> <p><i>Document review: authorisations, maps, policies and procedures.</i></p> <p><i>Field visits: Where possible, the relevant requirements must be verified in field.</i></p> <p><u>Note:</u> Specific consideration must be given that no logging takes place outside the boundaries of the authorised areas (blocks), on steep slopes or near water streams.</p> <p>In PNG, check the operations in field against the approved 5-year, Annual & Setup Plans.</p>
<p>Criterion 6.3</p>	<p>Felling strictly complies with species and trees as authorised, restricted or imposed by applicable international conventions, national or local regulations, and the management plan</p>
<p>Indicator 6.3.1</p>	<p>Verifiers & Guidance:</p>

<p>The Company only harvests allowable species.</p>	<p><i>Interviews with staff, stakeholders and local communities.</i></p> <p><i>Document review: authorisations, maps, policies and procedures.</i></p> <p><i>Field visits: Where possible, the relevant requirements must be verified in field.</i></p> <ul style="list-style-type: none"> • International (CITES requirements). • National legal requirements. • Permit/ authorisation requirements. <p>In PNG, such species will be listed in the Timber Permit and will include fruit and canoe trees that must be preserved for Customary landowners. Regulation also requires that such landowners mark trees in advance.</p>
<p>Indicator 6.3.2</p> <p>The Company harvests, where applicable, obligatory species as required by law.</p>	<p>Verifiers & Guidance:</p> <p>The Timber Permit and Environmental Plan must be checked and verified.</p>

<p>Indicator 6.3.3</p> <p>The Company only harvests trees above the minimum allowable diameter for each species.</p>	<p>Verifiers & Guidance:</p> <p><i>Interviews with staff, stakeholders and local communities.</i></p> <p><i>Document review: authorisations, maps, policies and procedures.</i></p> <p><i>Field visits: Where possible, the relevant requirements must be verified in field.</i></p> <ul style="list-style-type: none"> • Laws. • Permit. • Management plan. • Company controls (registers, data base, other). • Visit logyards & stumps in forest. <p>In PNG the Forest Authority Regulation 'Log ID, Scaling & Declaration' applies. (Minimum 50cm DBH except for approved land clearing and road lines)</p>
<p>Indicator 6.3.4</p>	<p>Verifiers & Guidance:</p>

<p>The Company adheres to restrictions on other tree-specific characteristics.</p>	<p><i>Interviews with staff, stakeholders and local communities.</i></p> <p><i>Document review: authorisations, maps, policies and procedures.</i></p> <p><i>Field visits: Where possible, the relevant requirements must be verified in field.</i></p> <p>Characteristics would include:</p> <ul style="list-style-type: none"> • Seed tree. • Particular quality. • Monument tree. • Cultural significance. <p>In PNG, restrictions are in accordance with species listed in the Timber Permit; the Annual & Setup Plans as well as marked in the field by Customary landowners. Could include trees such as seed trees and others of cultural significance.</p>
<p>Criterion 6.4 The Company marks and records trees, stumps, and logs in accordance with relevant regulations</p>	
<p>Indicator 6.4.1</p> <p>The Company applies a (pre-harvest) tree identification system consistent with applicable regulatory and/or traceability requirements.</p>	<p>Verifiers & Guidance:</p> <p><i>Interviews with staff, stakeholders and local communities.</i></p> <p><i>Document review: authorisations, maps, policies and procedures.</i></p> <p><i>Field visits: Where possible, the relevant requirements must be verified in field.</i></p> <ul style="list-style-type: none"> • Inventories, reports, maps, plans, policies, procedures, legal requirements. • Type marking, position, distance, characteristics, numbering. • Auditor must verify consistency and correctness of trees to be felled (pre-harvest plan) against trees felled (stumps) in field on sample basis. <p>In PNG, the Logging Code of Practice requires a compulsory mark preferred stump height & felling direction.</p>

<p>Indicator 6.4.2</p>	<p>Verifiers & Guidance:</p>
-------------------------------	---

<p>The Company applies a (post harvest) stump identification system consistent with applicable regulatory and/or traceability requirements.</p>	<p><i>Interviews with staff, stakeholders and local communities.</i></p> <p><i>Document review: authorisations, maps, policies and procedures.</i></p> <p><i>Field visits: Where possible, the relevant requirements must be verified in field.</i></p> <p>Note: Indicator 6.4.2 does not apply in PNG as there is no legal or regulatory requirement for post harvest stump identification.</p>
<p>Indicator 6.4.3</p> <p>The Company applies a (post harvest) log identification (post harvest) system consistent with applicable regulatory and/or traceability requirements.</p>	<p>Verifiers & Guidance:</p> <p><i>Interviews with staff Forest Authority officials and local communities..</i></p> <p><i>Document review: authorisations, maps, policies and procedures.</i></p> <p><i>Field visits: Where possible, the relevant requirements must be verified in field.</i></p> <p>In PNG, the Forest Authority Regulation 'Log Identification, Scaling & Declaration' applies. The correct markings, numbering and PNGFA/SGS Log Tags must be verified.</p> <ul style="list-style-type: none"> • Numbering, producer mark, company mark, permit number, felling date or other prescribed requirement. • Transported, in field, processing facility. • Auditor must verify consistency and correctness of logs (sample in field) against trees felled (records/registers) and vice versa on sample basis.
<p>Criterion 6.5 The Company can prove that the quantity or volume of harvest is compliant with the authorised amounts</p>	
<p>Indicator 6.5.1</p>	<p>Verifiers & Guidance:</p>

<p>The trees felled are those of the approved felling plans or, where applicable, the number of trees felled is compliant with the authorised amounts, for the time period, areas and species under consideration.</p>	<p><i>Interviews with staff, stakeholders and local communities.</i></p> <p><i>Document review: authorisations, maps, policies and procedures.</i></p> <p><i>Field visits: A reasonable sample of the relevant requirements must be verified in field.</i></p> <ul style="list-style-type: none"> • Harvesting Plans. • Records. • Authorised amounts. • Authorised species. • Time periods. <p>In PNG:</p> <p>Verify the quotas in the Timber Permit and the Setup approvals.</p> <p>Check Annual Allowable Cut against monthly declarations submitted to PNGFA.</p> <p>If minimum specified volumes have not been harvested, the Company must show evidence that the PNG Forest Service has been officially notified.</p>
--	--

<p>Indicator 6.5.2</p> <p>The harvested volumes are compliant with the authorised amounts for the time period, areas and species under consideration.</p>	<p>Verifiers & Guidance:</p> <p><i>Interviews with staff, stakeholders and local communities.</i></p> <p><i>Document review: authorisations, maps, policies and procedures.</i></p> <p><i>Field visits: A reasonable sample of the relevant requirements must be verified in field.</i></p> <p><i>[- in absolute or relative terms (e.g. quotas limiting production) -]</i></p> <ul style="list-style-type: none"> • Harvesting Plans. • Records. • Volume. • Authorised species. • Time periods. <p>In PNG:</p> <ul style="list-style-type: none"> • The requirements are the same as under Indicator 6.5.1 • The export quota must also be verified against actual shipments.
<p>Criterion 6.6 The Company can prove that the abandonment of trunks or portions of trunks is consistent with applicable regulatory requirements</p>	
<p>Indicator 6.6.1</p>	<p>Verifiers & Guidance:</p>

<p>The Company can provide justification for the abandonment of trunks or portions of trunks or logs in the forest.</p>	<p><i>Interviews with staff, stakeholders and local communities.</i></p> <p><i>Document review: authorisations, maps, policies and procedures.</i></p> <p><i>Field visits: Where possible, the relevant requirements must be verified in field.</i></p> <ul style="list-style-type: none"> Records. Frequency must be consistent with applicable regulatory requirements. <p>In PNG, consider the Forest Authority 'Post Harvest Waste Assessment Procedures.' It requires that an assessment is done for each Setup. Approval is deemed to have been given after a 30 day period after application has been submitted by Company for clearance.</p>
<p>Indicator 6.6.2</p> <p>The downgrading of logs as waste because of stocking exceeding the regulatory duration is compliant with applicable regulatory requirements.</p>	<p>Verifiers & Guidance:</p> <p><i>Interviews with staff, stakeholders and local communities.</i></p> <p><i>Document review: authorisations, policies, procedures regulatory requirements.</i></p> <p><i>Field visits: Where possible, the relevant requirements must be verified in field.</i></p> <p>In PNG, consider the Forest Authority 'Post Harvest Waste Assessment Procedures.' It requires that an assessment is done for each Setup. Approval is deemed to have been given after a 30 day period after application has been submitted by Company for clearance.</p>
<p>Indicator 6.6.3</p> <p>The Company applies identification and official registration systems for abandoned trunks or portions of trunks or logs consistent with applicable regulatory requirements.</p>	<p>Verifiers & Guidance:</p> <p><i>Interviews with staff, stakeholders and local communities.</i></p> <p><i>Document review: regulatory requirements, policies and procedures.</i></p> <p><i>Field visits: Where possible, the relevant requirements must be verified in field.</i></p> <p>In PNG, consider the Forest Authority 'Post Harvest Waste Assessment Procedures.' It requires that an assessment is done for each Setup. Approval is deemed to have been given after a 30 day period after application has been submitted by Company for clearance.</p>

PRINCIPLE 7. THE COMPANY COMPLIES WITH PROCESSING, TRANSPORT AND TRADE, REGULATIONS	
Criterion 7.1	The Company ensures that the processing, transport, and delivery of products to customers comply with relevant legal requirements
Indicator 7.1.1	Verifiers & Guidance:
All the Company's activities are within the permitted scope of activity.	<p><i>Interviews with staff, stakeholders and local communities.</i></p> <p><i>Document review: authorisations, policies and procedures.</i></p> <p><i>Field visits: Where possible, the relevant requirements must be verified in field.</i></p> <p>Auditors need to verify that all activities are consistent with the law and due approvals. Specific consideration can be given to field visits sales invoices and stakeholder consultation.</p> <p><u>As example:</u> In Cameroon export of Iroko logs are prohibited as well as commercial activities with bush-meat. Similarly mining activities (gold in Gabon/diamonds in CAR)</p> <p>In PNG, check the operations against IPA approval and PNGFA Forest Industry Participant registration.</p>
Indicator 7.1.2	Verifiers & Guidance:
The Company, where applicable, always obtains the due authorisations prior to removal and transportation of forest products.	<p>In PNG:</p> <ul style="list-style-type: none"> • An export licence (Dept. of Trade & Industry) and an export permit (PNGFA) are needed for all forest product exports. • No Government approval is needed for domestic transport of forest produce off concessions i.e. domestic sales of concessions of logs or sawn timber.
Indicator 7.1.3	Verifiers & Guidance:

<p>The Company adheres to timber processing obligations or restrictions.</p>	<p><i>Interviews with staff, stakeholders and local communities.</i></p> <p><i>Documents: authorisations/restrictions, policies and procedures.</i></p> <p><i>Field visits: Where possible, the relevant requirements must be verified in field.</i></p> <p>Auditors must consider aspects such as:</p> <ul style="list-style-type: none"> • Installed processing capacity or quotas (e.g. company's commitment during the allocation process or in the management plan; % of processing) • Species (including CITES) (e.g. Ebony = restriction in Congo or Iroko = obligation in Cameroon) • minimum recovery rate • Check Timber Permit for any landowner processing requirements <p>In PNG, the requirements as per the Timber Permit must be checked. If non-compliant, the Company must have the Forest Authorities permission for the Permit variation.</p>
<p>Indicator 7.1.4</p> <p>The Company adheres to timber transport obligations or restrictions.</p>	<p>Verifiers & Guidance:</p> <p><i>Interviews with staff, stakeholders and local communities.</i></p> <p><i>Document review: authorisations/ restrictions, policies and procedures.</i></p> <p><i>Field visits: Where possible, the relevant requirements must be verified in field.</i></p> <p>Auditors should consider aspects such as:</p> <ul style="list-style-type: none"> • Type of vehicle, authorized vehicles, drivers or contractors; • Night time interruption; • Compulsory itineraries; • Nationality of subcontractors; • Deliveries of log and other forest/timber products to processing units, storage areas, ports, or to the local market; • Necessary documentation. <p><i>Note: Indicator 7.1.4 does not apply to PNG.</i></p>
<p>Indicator 7.1.5</p>	<p>Verifiers & Guidance:</p>

<p>The Company follows export procedures and adheres to export obligations or restrictions.</p>	<p><i>Interviews with staff, stakeholders and local communities.</i></p> <p><i>Document review: authorisations/ restrictions, policies and procedures.</i></p> <p><i>Field visits: Where possible, the relevant requirements must be verified in field.</i></p> <p>Auditors should consider aspects such as:</p> <ul style="list-style-type: none"> • Product quality, volumes (or quotas), for particular products/species or in total. • Chemical treatment or fumigation. <p>Specifications or labelling meeting the requirements of the importing country.</p> <p>In PNG:</p> <ul style="list-style-type: none"> • Fumigation and subsequent permitting is done by NAQUIA according to regulations. • Export quotas are as per Timber Permit or as advised by PNGFA. Processing requirements are also in the Permit. • Species bans are as per Customs regulation and currently include a ban on unprocessed balsa, blackbean, cordial, ebony, rosewood, teak and all conifers. • The definition of what constitutes “processing” is defined by PNGFA regulation (maximum sizes of sawn flitches).
<p>Indicator 7.1.6</p>	

<p>Criterion 7.2 The Company ensures by suitable means that goods and services procured from third parties are covered by relevant assurances of legality</p>	
<p>Indicator 7.2.1</p> <p>The Company has established purchasing specifications and procedures in line with legal requirements</p>	<p>Verifiers & Guidance:</p> <p><i>Interviews with staff, third parties, and stakeholders.</i></p> <p><i>Document review: policies and procedures.</i></p> <p><i>Field visits: Where possible, the relevant requirements must be verified in field.</i></p> <ul style="list-style-type: none"> • Procedures. • Purchasing specifications. • Records of purchases and field visit verified against list of approved suppliers.
<p>Indicator 7.2.2</p>	<p>Verifiers & Guidance:</p>

<p>The Company has a system of evaluation, approval and management of its suppliers and supplies in place to ensure that goods (including timber) and services procured from third parties follow established purchasing specifications and procedures.</p>	<p><i>Interviews with staff, third parties, stakeholders and local communities.</i></p> <p><i>Document review: policies and procedures.</i></p> <p><i>Field visits: Where possible, the relevant requirements must be verified in field.</i></p> <ul style="list-style-type: none"> • Policy / Procedures. • Records of legality of suppliers. • Maintenance/ revision of agreements.
<p>Criterion 7.3 The Company ensures that any losses during transport or processing are accurately reported and within acceptable limits</p>	
<p>Indicator 7.3.1</p> <p>The Company ensures that losses during transportation are accurately reported and are within limits commonly accepted in this industry or set by relevant authorities.</p>	<p>Verifiers & Guidance:</p> <p>This indicator does not apply to PNG</p>
<p>Indicator 7.3.2</p> <p>The Company ensures that recovery rates of processing activities are accurately reported and are within limits commonly accepted in this industry or set by relevant authorities.</p>	<p>Verifiers & Guidance:</p> <p>This indicator does not apply to PNG</p>
<p>PRINCIPLE 8. THE COMPANY MAINTAINS THE NECESSARY REGISTERS</p>	
<p>Criterion 8.1 The Company maintains a current register of relevant acts, regulations and codes of practice and communicates this within the company</p>	
<p>Indicator 8.1.1</p> <p>The Company maintains a register of applicable acts, regulations and code of practice that is complete.</p>	<p>Verifiers & Guidance:</p> <p><i>Interviews with staff.</i></p> <p><i>Document review: register, policies and procedures.</i></p> <p>A legal register contains elaborate detail as to what is required from a particular company as well as the necessary authorisations and permits that the company needs to obtain.</p> <p>In PNG, Refer to the list in Appendix 2 to the Standard. This is also available on the PNGFIA website. A Company can therefore demonstrate compliance by showing its membership of the FIA & ability to access this website.</p> <p>However, at a minimum the Company must have copies of all PNGFA Regulations in both head office and in the field camp accessible to key operations staff. The main Register is to be held at Head Office.</p>

<p>Indicator 8.1.2</p> <p>The Company has a monitoring procedure in place which enables it to update the register regularly with any new or amendment of any relevant act, regulation or code of practice.</p>	<p>Verifiers & Guidance:</p> <p><u>Interviews</u> with staff.</p> <p><u>Document review:</u> policies and procedures.</p> <p>The company must have a mechanism in place (external or internal) that allows it to monitor and update its register at least on an annual basis. An external mechanism may be in the form of the service of a consultant in which case consideration must also be given to the service agreement.</p> <p>In PNG, the see Indicator 8.1.1</p>
<p>Indicator 8.1.3</p> <p>The Company distributes the register to relevant Company management staff and facilitates access to the corresponding acts, regulations and code of practice.</p>	<p>Verifiers & Guidance:</p> <p><u>Interviews</u> with staff.</p> <p><u>Document review:</u> policies and procedures.</p> <p><u>Field visits:</u> Where possible, the relevant requirements must be verified in field.</p> <p>In PNG, the see Indicator 8.1.1</p>
<p>Criterion 8.2 The Company maintains up to date dispute registers</p>	
<p>Indicator 8.2.1</p> <p>The Company maintains an up to date register for legal disputes and administrative rulings.</p>	<p>Verifiers & Guidance:</p> <p><u>Interviews</u> with staff, stakeholders or local communities.</p> <p><u>Document review:</u> register, policies and procedures.</p> <ul style="list-style-type: none"> • Dispute register (formal). • Register for administrative rulings incl. fines (formal). • Number of disputes. • Frequency of updating. • System of updating (adequacy). <p>In PNG, the company register can be cross checked with: PFO Project Supervisor, PNGFA HQ Legal Council, Provincial Govt. Landowner company, Dept. of Environment & Conservation.</p>
<p>Indicator 8.2.2</p>	<p>Verifiers & Guidance:</p>

<p>The Company maintains an up to date register for internal disputes with personnel.</p>	<p><i>Interviews with staff, stakeholders or local communities.</i></p> <p><i>Document review: register, policies and procedures.</i></p> <ul style="list-style-type: none"> • Dispute register (internal). • Number of disputes. • Frequency of updating. • System of updating (adequacy). <p>In PNG, see Indicator 8.2.1</p>

<p>Indicator 8.2.3</p> <p>The Company maintains an up to date register for stakeholder complaints.</p>	<p>Verifiers & Guidance:</p> <p><i>Interviews with staff, stakeholders or local communities.</i></p> <p><i>Document review: register, policies and procedures.</i></p> <ul style="list-style-type: none"> • Dispute register (stakeholder). • Number of disputes. • Frequency of updating. • System of updating (adequacy). <p>In PNG, see Indicator 8.2.1</p>

<p>Criterion 8.3 The Company retains copies of all declarations and payments made to relevant authorities</p>	
<p>Indicator 8.3.1</p> <p>The Company keeps proofs/ records of submission of all its official declarations to the respective authorities.</p>	<p>Verifiers & Guidance:</p> <p><i>Interviews with staff.</i></p> <p><i>Document review: Proof of submission and relevant documentation.</i></p>
<p>Indicator 8.3.2</p> <p>The Company keeps copies of all money transfers or payments, be it attached to official invoices or not, made to relevant authorities for its forest and other related activities.</p>	<p>Verifiers & Guidance:</p> <p><i>Interviews with staff.</i></p> <p><i>Document review: Proof of transfer and relevant documentation.</i></p>

PRINCIPLE 9. THE COMPANY HAS MANAGEMENT AND CHAIN-OF-CUSTODY MONITORING SYSTEMS IN PLACE WHICH ENSURE ADEQUATE CONTROL AND TRACEABILITY OF ITS PRODUCTIONS

Criterion 9.1 The Company maintains auditable systems, appropriate to the scale and complexity of the operation, and organised for properly documenting its operations and fulfilment of its obligations

Indicator 9.1.1

The systems allow the Company to manage operations separately for each forest management/ production unit.

Verifiers & Guidance:

Interviews with staff and other stakeholders where relevant.

Document review: policies and procedures.

Field visits: Where possible, the relevant requirements must be verified in field.

- What kind of system is in place?
- How many management/production units exist?
- Who is responsible for the system?
- Is the functioning of the system monitored?
- Is this system part of a multi-site?
- Written procedures and work instructions implemented?

Indicator 9.1.2

The Company has designated in writing a responsible person to take full responsibility for the Company's compliance with all aspects of maintaining and monitoring the Chain-of-Custody.

Verifiers & Guidance:

Interviews with staff and other stakeholders where relevant.

Document review: policies and procedures.

Field visits: Where possible, the relevant requirements must be verified in field.

- Who is/ are the designated responsible person(s)?
- Are subcontractors, third parties and other external parties covered?

Indicator 9.1.3

Policies and procedures have been defined in writing and are adequate.

Verifiers & Guidance:

Interviews with staff and other stakeholders where relevant.

Document review: policies and procedures.

Field visits: Where possible, the relevant requirements must be verified in field.

- Responsibilities?
- Are the policies, procedures and work instructions still up-to-date?
- Are subcontractors, third parties and other external parties covered?

Indicator 9.1.4

Verifiers & Guidance:

<p>Staff is qualified / trained.</p>	<p><i>Interviews with staff and other stakeholders where relevant.</i></p> <p><i>Document review: records, policies and procedures.</i></p> <p><i>Field visits: Where possible, the relevant requirements must be verified in field.</i></p> <ul style="list-style-type: none"> • Definition of training requirements (which personnel need to know what?) • Training Register and Records. • Appropriateness / relevance • Frequency. • Experience.
<p>Indicator 9.1.5</p> <p>Records and archives are kept safe (backup) and stored for an appropriate length of time.</p>	<p>Verifiers & Guidance:</p> <p><i>Interviews with staff and other stakeholders where relevant.</i></p> <p><i>Document review: records, policies and procedures.</i></p> <p><i>Field visits: Where possible, the relevant requirements must be verified in field.</i></p> <ul style="list-style-type: none"> • Record keeping mechanism / system. • Frequency/updating. • Are relevant records kept for at least 5 years?
<p>Indicator 9.1.6</p> <p>Records and data systems are protected against security risks such as manipulation, misuse, and data loss.</p>	<p>Verifiers & Guidance:</p> <p><i>Interviews with staff, stakeholders and other local communities where relevant.</i></p> <p><i>Document review: policies and procedures.</i></p> <ul style="list-style-type: none"> • Protection mechanism, • Risk evaluation if system is adequate
<p>Indicator 9.1.7</p> <p>Internal monitoring ensures proper functioning of the system and integrity of the data.</p>	<p>Verifiers & Guidance:</p> <p><i>Interviews with staff and other stakeholders where relevant..</i></p> <p><i>Document review: policies and procedures.</i></p> <ul style="list-style-type: none"> • Monitoring mechanism / system. • Frequency/updating. • Appropriateness.
<p>Criterion 9.2 The traceability system is complete</p>	
<p>Indicator 9.2.1</p>	<p>Verifiers & Guidance:</p>

<p>The internal product identification and production management systems in place allow to 'track and trace' all the products effectively through all the production stages from a legal source to a legal destination, and/or from destination back to source, and to distinguish the different categories of verified/ unverified products.</p>	<p><i>Interviews with staff and other stakeholders where relevant...</i></p> <p><i>Document review: policies and procedures.</i></p> <p><i>Field visits: A reasonable sample of the relevant requirements must be verified in field.</i></p> <ul style="list-style-type: none"> • Identification or Segregation • Procedures • Records (suppliers' statements and certificates etc.) • Databases • Software <p>Note: The company must maintain a system which describes the production cycle and the characteristics of every product sold (of batch/lot of products sold against the same order as the manufactured products) from the logging setup identified geographically up to the final destination/point of sale of the product.</p>
<p>Indicator 9.2.2</p> <p>The systems in place provide or facilitate consistency checks and balances to reconcile input/ output/ stock volumes between all the production stages and product categories.</p>	<p>Verifiers & Guidance:</p> <p><i>Interviews with staff and other stakeholders where relevant..</i></p> <p><i>Document review: policies and procedures.</i></p> <p><i>Field visits: Where possible, the relevant requirements must be verified in field.</i></p> <ul style="list-style-type: none"> • Reports. • Stock to date and recorded in the system. • Recovery rates/ Conversion ratios.
<p>Indicator 9.2.3</p> <p>All (intermediate) products are included in the system from the stump to the point of sale/processing.</p>	<p>Verifiers & Guidance:</p> <p><i>Interviews with staff and other stakeholders where relevant...</i></p> <p><i>Document review: policies and procedures.</i></p> <p><i>Field visits: Where possible, the relevant requirements must be verified in field.</i></p> <ul style="list-style-type: none"> • Procedure and records. <p>Notes:</p> <ol style="list-style-type: none"> 1. PNG Law requires tracing back to setup only – not the stump. This is to be taken account of for this indicator. 2. special attention to be provided to intermediate stocks (e.g. recuperation, kiln) and losses.
<p>Indicator 9.2.4</p>	<p>Verifiers & Guidance:</p>

Indicator 9.2.4

Verifiers & Guidance:

<p>Critical control points are identified and properly managed to avoid mixing of verified and unverified products.</p>	<p><i>Interviews with staff and other stakeholders where relevant...</i></p> <p><i>Document review: records, policies and procedures.</i></p> <p><i>Field visits: Where possible, the relevant requirements must be verified in field.</i></p> <ul style="list-style-type: none"> • List of critical control points • Existence and efficiency of physical segregation or on-product marking and/or production by batch.
<p>Indicator 9.2.5</p> <p>Third party supplies and sales are recorded, controlled and monitored and legal ownership (back through the supply chain and forward to the buyer) is documented and can be proven.</p>	<p>Verifiers & Guidance:</p> <p><i>Interviews with staff and other stakeholders where relevant.</i></p> <p><i>Document review: records, policies and procedures.</i></p> <p><i>Field visits: Where possible, the relevant requirements must be verified in field.</i></p> <ul style="list-style-type: none"> • Records (Production, Products, Purchase, Sale, Stock). • Summaries of third party supply quantities • Evaluation of the risk of mixing at all the production stages. • Staff Awareness. • Verification that total quantity (1 year period and/or since the last audit) of <ul style="list-style-type: none"> - non agreed suppliers are less than 5% - agreed supplied complies with requirement of RD-10
<p>Criterion 9.3 The Company manages the identification of verified legal timber properly</p>	
<p>Indicator 9.3.1</p> <p>Labels, signs and marks (on- and off-product), where applicable, fulfil the relevant legality verification scheme's requirements.</p>	<p>Verifiers & Guidance:</p> <p><i>Interviews with staff and other stakeholders where relevant.</i></p> <p><i>Document review: records, policies and procedures.</i></p> <p><i>Field visits: Where possible, the relevant requirements must be verified in field.</i></p> <ul style="list-style-type: none"> • Product mark requirements (see RD-TLTV-10)
<p>Indicator 9.3.2</p>	<p>Verifiers & Guidance:</p>

<p>The legality verification scheme's statement number is mentioned correctly on all invoices.</p>	<p><i>Interviews with staff, stakeholders and other stakeholders where relevant.</i></p> <p><i>Document review: authorisations, maps, policies and procedures.</i></p> <p><i>Field visits: Where possible, the relevant requirements must be verified in field.</i></p> <ul style="list-style-type: none"> • Invoices. • Transport documentation • Records. • Statistics.
<p>Indicator 9.3.3</p> <p>Summaries of purchases, sales and stock are maintained distinguishing verified legal timber and other.</p>	<p>Verifiers & Guidance:</p> <p><i>Interviews with staff and other stakeholders where relevant...</i></p> <p><i>Document review: records, policies and procedures.</i></p> <ul style="list-style-type: none"> • 6-monthly summaries
<p>Indicator 9.3.4</p> <p>Off-site processing fulfils the same COC-requirements as mentioned above and is covered by a valid outsourcing agreement.</p>	<p>Verifiers & Guidance:</p> <p><i>Interviews with staff and other stakeholders where relevant...</i></p> <p><i>Document review: records, policies and procedures.</i></p> <ul style="list-style-type: none"> • Outsourcing agreement • Policies, procedures, records, summaries, invoices etc.

APPENDIX: LIST OF RELEVANT PAPUA NEW GUINEA LAWS AND REGULATIONS

1. GENERAL

- i) Companies Act
- ii) Land Groups Incorporation Act
- iii) Land Dispute Settlement Act
- iv) Valuer General's List for Crop Compensation

2. FORESTRY

- i) Forestry Act 1991 and Amendment 2005
- ii) Forestry (2007 Budget Amendment) Bill 2006
- iii) Forestry Regulations 1998

-
- iv) Planning, Monitoring and Control Procedures for Natural Forest Logging Operations under Timber Permit: November 1995
 - v) Papua New Guinea Logging Code of Practice: April 1996
 - vi) Procedures for the Identification, Scaling and Reporting (including Royalty Self-Assessment) on Logs Harvested from Natural Forest Logging Operations: September 1996
 - vii) Procedures for Exporting Logs: April 1996
 - viii) Revised Waste Management and Assessment Procedures:
 - ix) National Forest Plan
 - x) Guidelines for Issuing Timber Authorities

3. ENVIRONMENT

- i) Environment Act 2000
- ii) Environment (Amendment) Act 2002
- iii) Environment (Water Quality Criteria) Regulation 2002
- iv) Environment (Prescribed Activities) Regulation 2002
- v) Environment (Fees and Charges) Regulation 2002
- vi) Environment (Procedures) 2002
- vii) Environment (Permits and Transitional) Regulation 2002
- viii) Conservation Areas Act
- ix) Water Resources Act
- x) Environmental Contaminants Act

4. Labour and Employment

- i) Labour and Employment Act and Regulations
- ii) National Minimum Wages and Allowances as from 29 March 2006

- iii) Industrial Relations Act and Regulations
 - iv) Industrial Organizations Act and Regulations
 - v) Industrial Safety, Health and Welfare Act and Regulations
 - vi) Worker's Compensation Act and Regulations
 - vii) The Public Health Act
- 