Mittel zur Umsetzung der EUTR und Wirksamkeit
NEPCon Sourcing Hub

- Timber
- Palm Oil
- Beef
- Soy

www.nepcon.org/sourcinghub
Sourcing Hub
Map Data
Country risk assessments for timber, palm oil, beef, and soy covering supply chains from all over the world.

Guidance and tools to help companies evaluate and manage the risks in their supply chain.
NEPCon Sourcing Hub is funded by UK Aid from the UK government, the LIFE programme of the European Union and DANIDA, Ministry of Foreign Affairs of Denmark. Donors are not responsible for any claims or views presented in this material. The European Commission support for the production of this publication does not constitute endorsement of the contents which reflect the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein. The views expressed do not necessarily reflect the UK government’s or DANIDA’s official policies.

The majority of the Timber Legality Risk Assessments have been funded (in full or in part) by the Forest Stewardship Council as part of their Controlled Wood Centralized National Risk Assessment Programme.
Everything you need for due diligence in one place

1. SELECT commodity
2. ACCESS an overview map of sourcing risks + SELECT country for details
3. VIEW country detailed risk data (e.g. risks related to each type of forest production...)
4. EXPLORE a suite of country guidance and due diligence tools to mitigate the risks
Risk assessments...

The heart of the Hub
Taxes and fees:
- Payment of royalties and harvesting fees
- Value added taxes and other sales taxes
- Income and profit taxes

Trade & transport:
- Classification of species/quantities, qualities
- Trade and transport
- Offshore trading and transfer pricing
- Custom regulations
- CITES
- Due diligence and due care

Timber Harvesting Regulations:
- Timber harvesting regulations
- Protected sites and species
- Environmental requirements
- Health and safety
- Legal employment

Third parties’ rights:
- Customary rights
- Free prior and informed consent
- Indigenous/traditional peoples’ rights

Legal rights to harvest:
- Land tenure and management rights
- Concession licenses
- Management and harvesting planning
- Harvesting permits

Analysis of each of these 21 sub-categories
Risk assessments – development process

DEVELOP the risk assessment framework for the commodity, e.g. defining (sub)catergories

CONDUCT risk assessments + CONCLUDE the risk for each of the sub-categories

CALCULATE the score for each country + COLOUR CODE in the map

Comprehensive...
Data sources for risk assessments

- Field experience and reports (ours and others)
- Public summaries of certification audits
  - Transparency International’s Corruption Perception Index
  - Chatham House – Illegal Logging
  - INTERPOL
  - World Bank WGI
  - EU FLEGT Process
  - Forest Legality Alliance
  - ELDIS regional country profiles
- Government reports on compliance
- National statistical reports
- Stakeholder consultation
- Expert input
- Justice and tribunal records

Multiple sources
How do we determine low or specified risk?

**Considered low risk**

Problems that are:
- Temporary
- Unusual or non-systematic
- Limited in their impact
- Effectively controlled by monitoring and enforcement by efficient and effective government agencies

**Considered specified risk**

Problems that:
- Affects a wide area and/or causes significant damage and/or continues over a long period of time.
- Indicates the absence or break down of enforcement of the legal system.
- Is not corrected or adequately responded to when identified.
- Has a significant negative impact on society, the production of forest products and other services, the forest ecosystem and the people directly and indirectly affected by forest operations.
So... how do I use the Sourcing Hub?
Operators must conduct due diligence through systems and procedures enabling access to information; risk assessment and risk mitigation.
Systems and procedures
On the Sourcing Hub

- Information and guidance on how to set up a DDS
- The FULL NEPCon DDS for download
- Templates and tools to set up a DDS
Here you will find the toolkit for suppliers or set up your own.

- DD-01 NEPCon Due Diligence Guidelines_1.pdf
- DD-02 Due Diligence Procedure Template.docx
- DD-04 Supplier Management Form.xlsx
- DD-05 Supplier Information Form.xlsx
- DD-06 Supplier Information Letter.docx
- DD-07 Supply Chain Mapping Tool.xlsx
- DD-08 Risk Identification Checklist.xlsx
- DD-09 Forest Legality Risk Specification Guidelines.docx
- DD-10 Forest Legality Risk Specification Template.docx
- DD-11 Due Diligence Guidelines for Forest Managers_0.pdf
- DD-12 Due Diligence Procedure Template for FMEs.docx
- DD-13 Certification System Evaluation Checklist.docx
- DD-15 Product Statement.docx

These guidelines provide step by step guidance on how to implement a Due Diligence System (DDS), including how to use...

Download pdf (1.17 MB)
Information gathering
On the Sourcing Hub

General information about:

• Due diligence
• The EUTR
• Illegal logging
• Certification systems
• New technologies and developments

Country specific information about:

• The timber sector
• Corruption, CITES, logging bans, armed conflict and certification
• Sources of timber
• Documents required for legality
• News updates
FLEG.org reports Study identifies options for legal timber legislation in China

A summary report of the Feasibility Analysis of the Incorporation of Timber Legality Requirements into Chinese Laws or Regulations to Forest Products was published. The analysis was undertaken jointly by the EU (DG Environment and European Commission) and China (administration and Chinese Academy of Forestry), in the context of the EU – China Bilateral Coordination Mechanism (BCM) on Forest Governance (FLEG).

Read the summary of the report here.

October 2017

EFI Briefing: Introduction to China’s Timber Legality Verification System

The Government of the People’s Republic of China and the Chinese forest industry are developing policies, tools, standards and initiatives to prevent logging and trade in illegal timber. The ambition is to develop a timber legality framework that meets international and Chinese market requirements, global trade in legal and sustainably sourced forest products, assists Chinese enterprises operating in international markets, and promotes chain transparency throughout the timber sector.
...and you can download the **Document Guide** to find out more:
Country profile page

Risk assessment at a glance

Information gathering

Country source types
to help identify the legal sources of timber for a country

Overview of risky species to help reduce risks in the supply chain

Key documents that can indicate legality of timber sourced from a country

Risk assessment

Summary of the key legality risks relevant to timber supply chains from a country

Risk mitigation

Clear instructions on how to mitigate risks identified for a specific country

Comprehensive Risk Mitigation Guide and Document Guide
Risk assessment
Risk assessment summary

Legal rights to harvest

- Risk of lack of registration and tenure certificates (applicable only to collective forest plantation only)
- Risk of conflicts in relation to land rent (applicable only to collective forest plantation only)
- Risk of lack of management plans and failure to meet the requirements for drafting management plans (applicable to state-owned forest management enterprises)
- Risk of harvesting without permit and unlawful issuing of harvesting permit

Taxes and fees

- Risk that value-added taxes (VAT) are not paid appropriately

Timber harvesting activities

- Risk of lack of use of safety equipment
- Risk of lack of employment contracts
- Risk of lack of social security payments
Risk mitigation
General information about:

- Sourcing Certified Materials to mitigate risk on the Certification and Due Diligence page
- For more detailed supply chains or higher risks, a tool to help you fully map your supply chains (DD-07 The Supply Chain Mapping Tool).

Country specific information about:

- A summary of the risk mitigation recommendations on the country page; and
- Detailed risk mitigation recommendations in the Risk Assessment

For some countries, we also have

- A Risk Mitigation Guide, giving you a detailed overview of risks in that country and how to mitigate them.
- A Document Guide that provides you with all required documents and examples of key documents and how to use them in mitigating risks.
Mitigation recommendations for non-certified materials

Where certified materials are not available, we have two tools to help you mitigate risks for Chinese timber supply chains:

- the Risk Mitigation Guide gives you a detailed overview of risks in China, and how to mitigate them.
- the Document Guide provides you with a list of all required documents and examples of key documents and how to use them in mitigating risks.

The tools above give you the most information. Below is a summary of our six recommended actions to mitigate the risks associated with timber sources from China that are not third party certified.

1. Fully map your supply chain

   - Our supply chain mapping tool can help you do this.

2. Obtain and verify documents

   - Forest level documents
     - Business Registration Certificate and Tax Registration Certificate
     - Contract
     - Forest Tenure Certificate
     - Harvesting permit
...and you can download the **Risk Mitigation Guide** to find out more:
Everything you need for due diligence in one place
FREE quarterly newsletter

• Update you on all the developments of the Sourcing Hub in the previous 3 months, including new tools and articles.
• Share important legality news
• Bring insights and information from industry and thought leaders direct to you.
EUTR knowledge, tools and training

NEPCon support

A. Evaluation (gap analysts) of your due diligence system and performance

We evaluate your systems and their implementation using our LegalSource™ standard as the benchmark. This process identifies potential gaps or weaknesses in your current systems compared to timber market regulations and your own policies. We deliver the results in clear language and accessible format including a set of recommendations for actions that strengthen your system.

B. Due diligence training

Our LegalSource Kickstarter Course is tailored towards companies wishing to implement the free LegalSource Due Diligence System or adapt and use the LegalSource tools within their own system. Our comprehensive LegalSource Expert course equips participants with a higher level of knowledge and build skills for conducting legality verification audits. In addition, we can provide tailored training for your staff or suppliers.

C. Supplier evaluation services

As part of our DDS implementation support, we can assist you directly in mitigating risks in your supply chains. For example, we offer to verify the readiness of your suppliers to provide the necessary access to information, or evaluate the effectiveness of risk mitigation actions carried out by your suppliers. This can be complemented by supplier verification services or training for your suppliers and in-house staff.

D. On-going support

We offer advisory services and regular evaluations where we identify strengths and weaknesses of your practices and provide our recommendations for appropriate actions to address any weaknesses. Our structured feedback helps you assure consistent and effective implementation of your due diligence system across your company and supply chains.

E. Timber testing

As part of our services NEPCon collaborates with laboratories that can provide a range of timber testing services, such as DNA testing, microscopic fibre analysis and stable isotope testing. These methods may be used in different cases, e.g. to identify species, or origin of material samples.
Vielen Dank.

Find out more at nepcon.org/sourcinghub

Michael Kutschke
Regionalleiter Deutschland, Österreich, Schweiz
mku@nepcon.org | +49 176 909 48 964