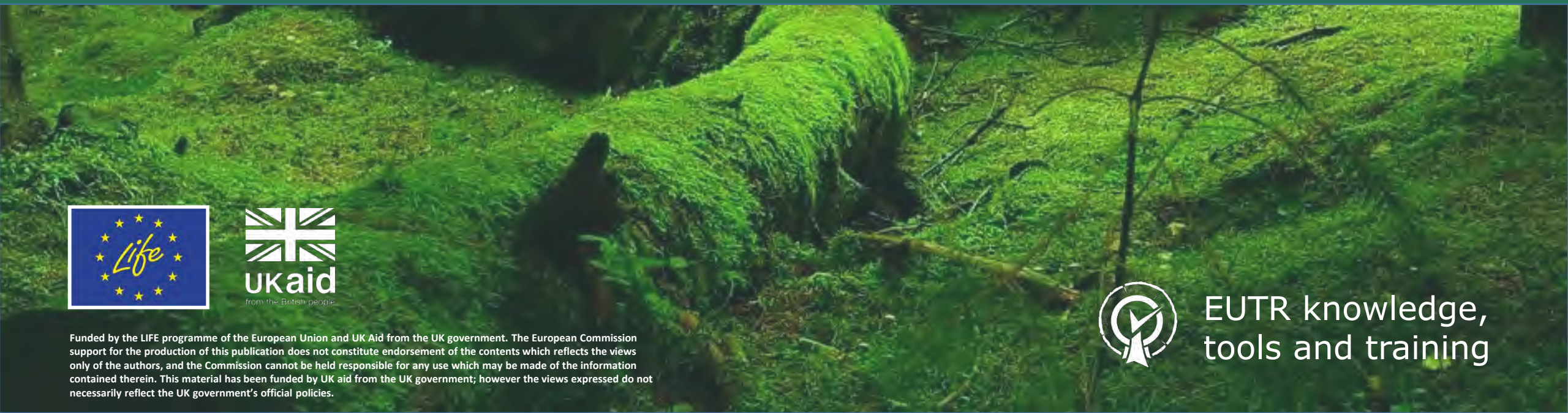
NEPCon

NEPCon Sourcing Hub

FREE



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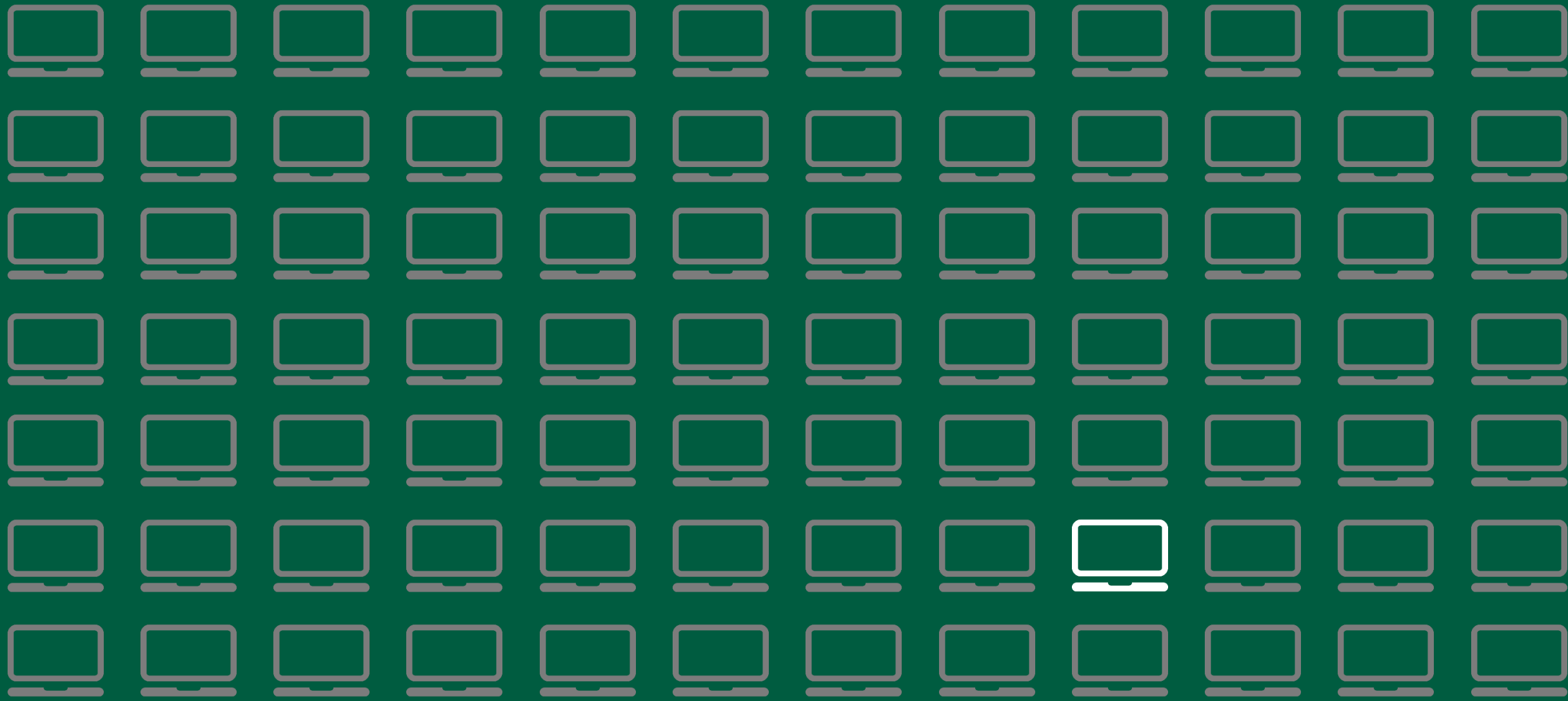
EUTR knowledge, tools and training

Oh no – do we really need another

a Data Platform…



This one is **different**...

NEPCon Sourcing Hub

FREE

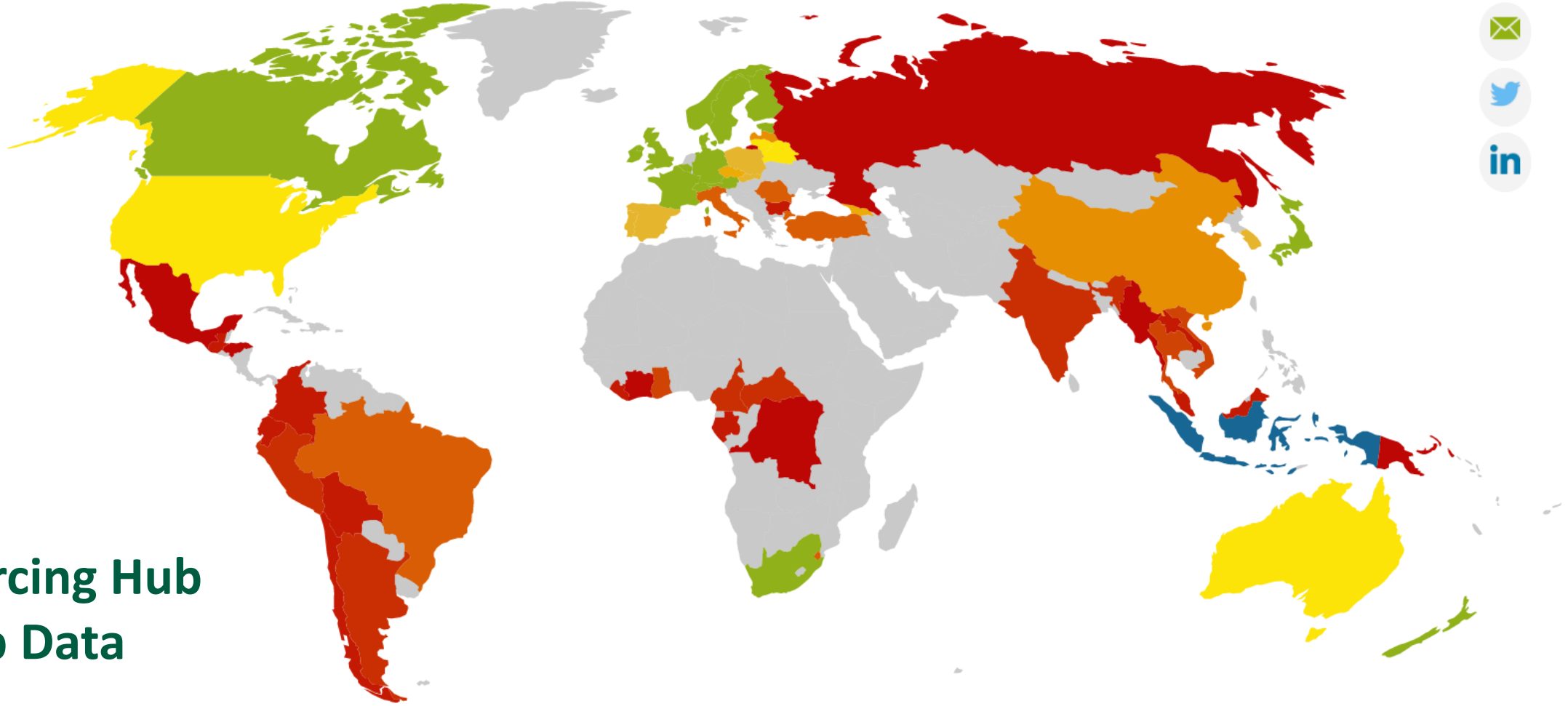
www.nepcon.org/sourcinghub

Timber

Beef

Soy

Palm Oil



Sourcing Hub Map Data

78

Country risk assessments

for

timber, palm oil,
beef, and soy

covering supply chains
from all over the world

125+

Guidance and tools

to help
companies
evaluate and **manage**
the risks
in their supply chain

Funded by:

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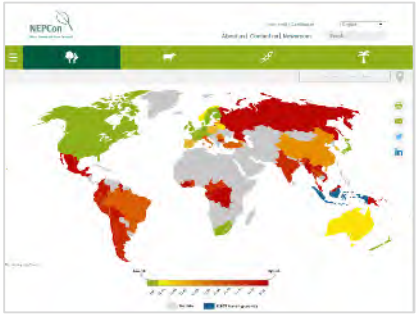
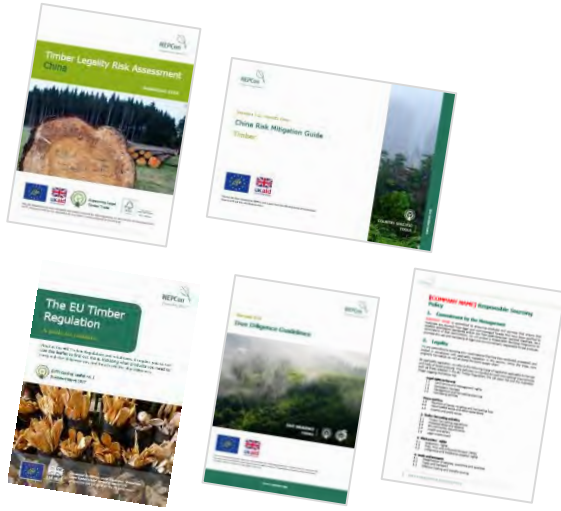
The majority of the Timber Legality Risk Assessments have been funded (in full or in part) by the Forest Stewardship Council as part of their Controlled Wood Centralized National Risk Assessment Programme.

Everything you need for due diligence in one place

FREE





1

SELECT
commodity

2

ACCESS
an overview map of sourcing risks
+
SELECT
country for details

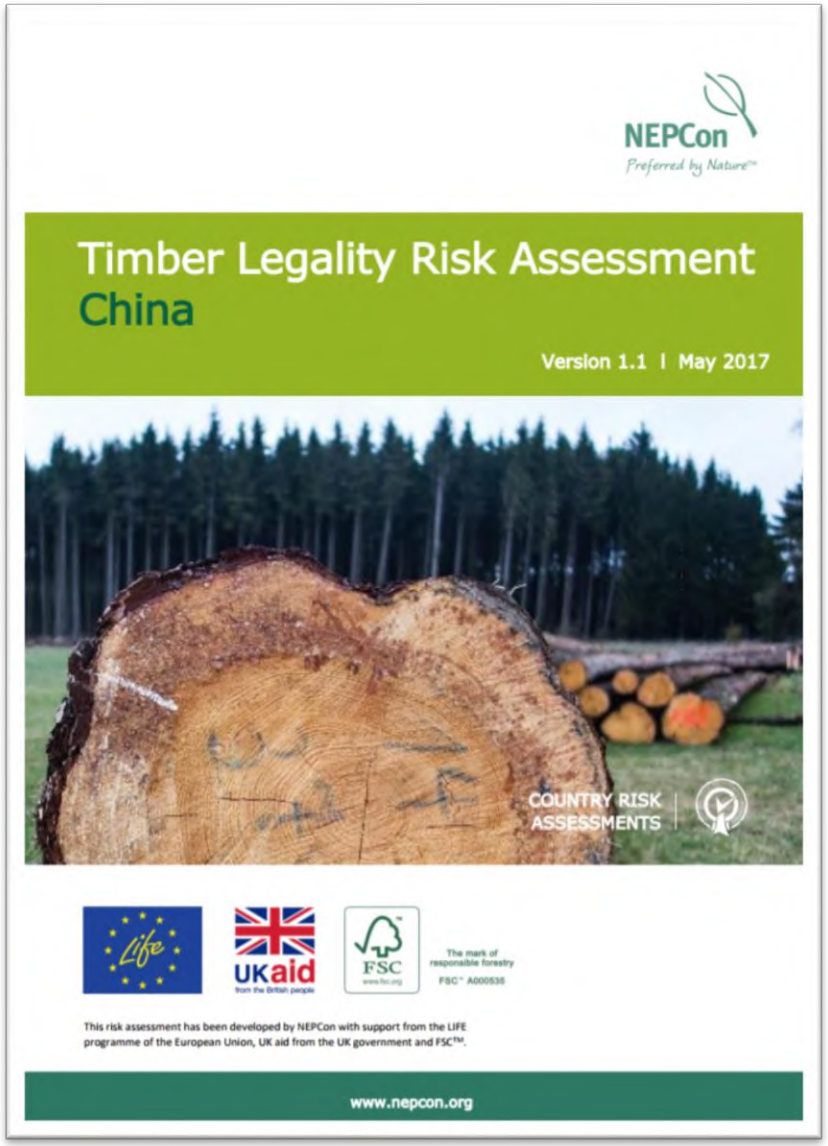
3

VIEW
country detailed risk data (e.g. risks related to each type of forest production…)

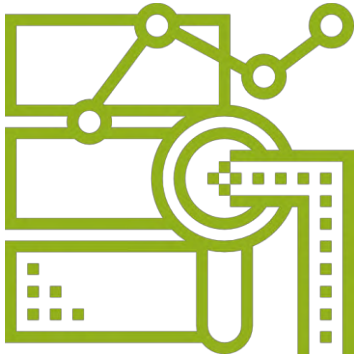
4

EXPLORE
a suite of country guidance and due diligence tools to mitigate the risks

Risk assessments...



The heart of the Hub



Risk Assessment Framework

Legal rights to harvest

- Land tenure and management rights
- Concession licenses
- Management and harvesting planning
- Harvesting permits

Taxes and fees

- Payment of royalties and harvesting fees
- Value added taxes and other sales taxes
- Income and profit taxes

Timber Harvesting Regulations

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

Trade & transport

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

Third parties' rights

- Customary rights
- Free prior and informed consent
- Indigenous/traditional peoples' rights

Analysis of each of these 21 sub-categories

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.

Risk mitigation

Risk assessment

Access to information

Systems and procedures

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

NEPCon
Nature Economy and People Connected

Non-profit | Certification English

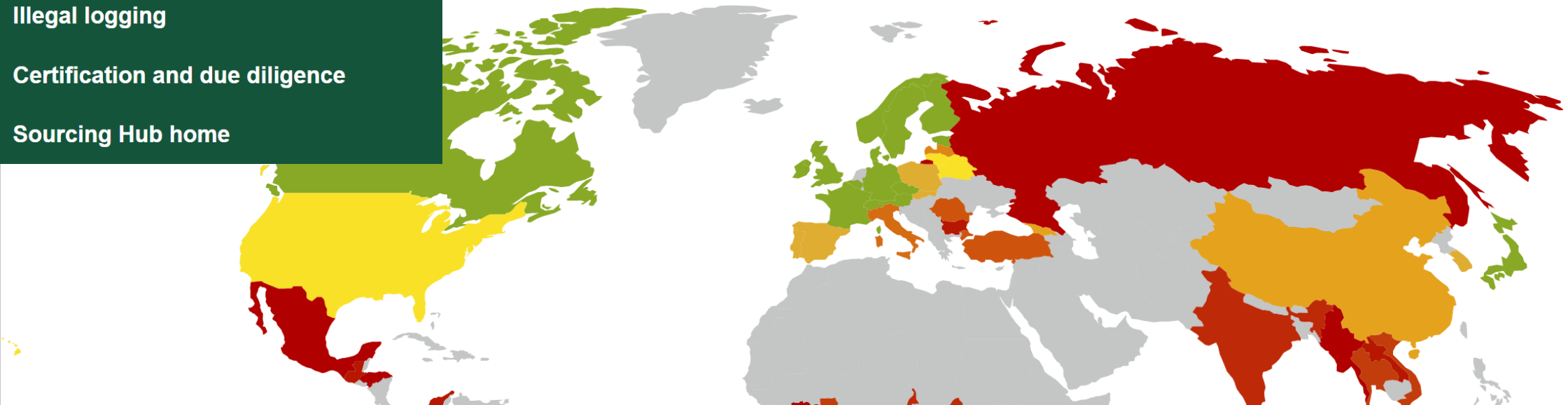
About us | Newsroom | Contact us Search

- About NEPCon Sourcing Hub
- Stakeholder Consultation
- Tools and Resources
- What is the EU Timber Regulation?
- What is due diligence?
- Illegal logging
- Certification and due diligence
- Sourcing Hub home

Select country of origin here

Timber Risk Assessments

Click to access country risk information and tools



Tools and Resources

Here you will find a complete collection of all tools on this platform. You will be able to filter if you are looking for due diligence tools or country-specific guidance. You will also be able to filter for a specific country or commodity.

▷ Toolkits overview
▷ Risk Assessments tools
▷ Due Diligence Toolkit
▷ Risk Tools
▷ Articles and leaflets
▷ Training material and videos
▷ External resources

Risk Assessments

Here you will find all Risk Assessments developed by NEPCon.

You will be able to filter for a specific commodity, country or language.

Find all risk assessments here

Due Diligence Toolkit

Non-profit | Certification English

About us | Newsroom | Contact us Search

- 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

Here you will find t
or set up your own

- Toolkits overview
- Risk Assessments tools
- Due Diligence Toolkit
- Risk Tools
- Articles and leaflets
- Training material and videos
- External resources

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

News and Resources

FLEGT.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 I
Forest Products was published. The analysis was undertaken jointly by the EU (DG Environment and European Commission) and Chin
administration and Chinese Academy of Forestry), in the context of the EU – China Bilateral Coordination Mechanism (BCM) on Forest
Governance (FLEG).

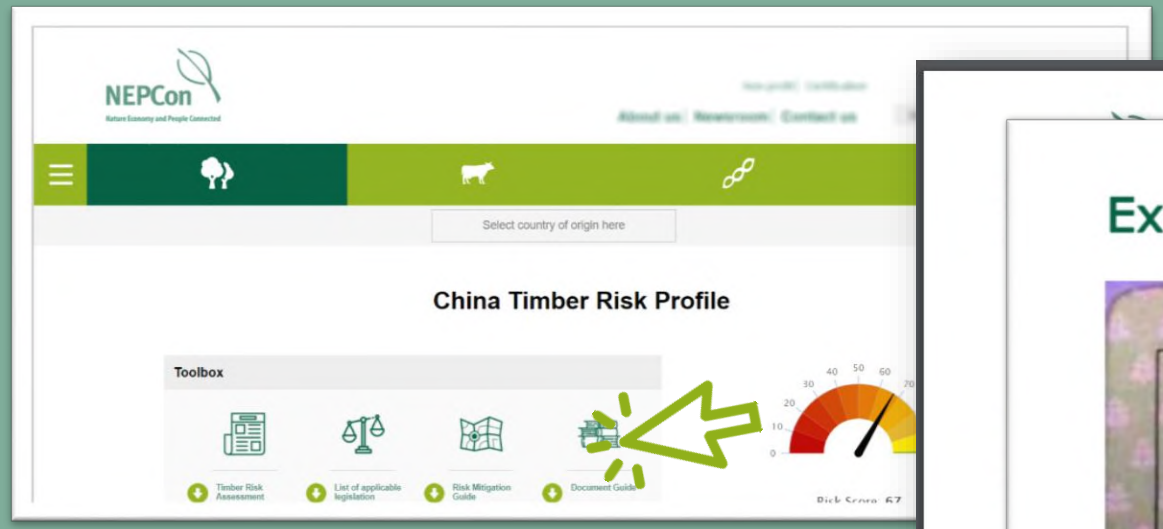
Read the summary of the report here .

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 initiativ
logging and trade in illegal timber. The ambition is to develop a timber legality framework that meets international and Chinese market r
global trade in legal and sustainably sourced forest products, assists Chinese enterprises operating in international markets, and promo
chain transparency throughout the timber sector.

…and you can download the **Document Guide** to find out more:



Example of forest tenure certificate

Risk assessment

On the Sourcing Hub

General information about:

- Tools and templates to help you assess risk

Country specific information about:

- A summary of the risks on the country page; and
- Detailed risk analysis in the 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

B. Overview

Timber Risk S

This report conta
sub-categories o

- **Specified**
- **Low risk**
- **No legal**

The Timber Risk
concern legal rig
transport.

For **Legal Rights**

- A lack of
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Legal Category	
Legal rights to harvest	1.1
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	1.3 pla
	1.4
Taxes and fees	1.5 fee
	1.6 tax
	1.7
Timber harvesting activities	1.8
	1.9
	1.1
	1.1
	1.1
Third parties' rights	1.1
	1.1
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	1.2
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jSiDO5pRXKD3WAc

11) Taxation Registrati
& 2. Available at: h

12) Regulations Govern
Forest Land dated
http://www.gov.cn

13) Land management
August 2004. Avail

All the provinces shall ap
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1.1.2. Legal authority

- State Forestry Admin
for the laws about fo
- State Administration
Administration and M
- State Administration

1.1.3. Legally required d

Numbers below refers to

8) Administration Measu
December 2000 –

- Forest Tree and F

10) Company Law of the
2006 – Article 6-9:

- For companies lea
addition to the ab
- Business Registra

11) Taxation Registratio
and 2:

- Tax Registration C

1.1.4. Sources of inform

1) Chatham House. A

2) ELDIS regional and

3) Environmental Inve
international.org;

2) Greenpeace (2005). *Investiga*
Available at:
http://www.greenpeace.org/ea
005/investigation-app-hainan-

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Report for China, 1996-2014.
http://info.worldbank.org/gove

1.1.5. Risk determination

Overview of legal requirements

The Constitution, General Principle
that forest resources are owned by
according to laws. There are three f

(i) State-owned forest, ti

(ii) Collectively owned for

included in forestry land subject to planning. This could be considered a potential risk. However, these non-forestry lands are included within land use rights certificates, which can serve as evidence that the certificate holder owns the use right of land and the right to use the resources on the land. At any rate, to safeguard the interests of farmers, China now allows the issuing of forest tenure certificates for forest on non-forestry land, and some cities or provinces have been implementing the policy.

Risk Conclusion

Based on the available information, the risk in this category has been generally assessed as Low at the country level. However, also based on the available information, risks in some southern provinces in China persist and can be assessed as Specified, including: Hainan, Yunnan and Guangdong. The risks are reflected in two aspects: 1) some collective forests are not registered or issued with forest tenure certificates; and 2) harvesting on non-forestry land.

1.1.6. Risk designation and specification

Low risk:

China

Specified risk:

Commercial Plantations in some areas in Hainan, Yunnan, Guangdong and possibly other provinces within the Southern Collective Forest Region (Hunan, Jiangxi, Fujian, Zhejiang, Hubei).

1.1.7. Control measures and verifiers

- Harvesting permit may be used to confirm the ownership or tenure.
- In areas with land tenure conflicts: Consultation with neighbors, local communities and other stakeholders shall confirm that land tenure rights are clear and – where applicable - lease of the land has been agreed by all the land owners.
- Contractors shall have a valid forest land contract signed by all land tenure owners involved in the area.
- Contractors leasing forest land shall hold the forest tenure certificate (or similar document) to show the tenure transfer registration.
- Stakeholder consultation shall confirm that the legal status of the operation or rights for conducting the established activities are not subject to court orders or other legally established decisions to cease operations.
- Valid business registration documents (Business Registration Certificate and Tax Registration Certificate) shall exist for companies.

1.2. Concession licenses

Legislation regulating procedures for the issuing of forest concession licenses, including use of legal methods to obtain concession license. Especially bribery, corruption and nepotism are well-known issues in connection with concession licenses. The intent of this indicator is to avoid risk related to

Risk mitigation

On the Sourcing Hub

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.

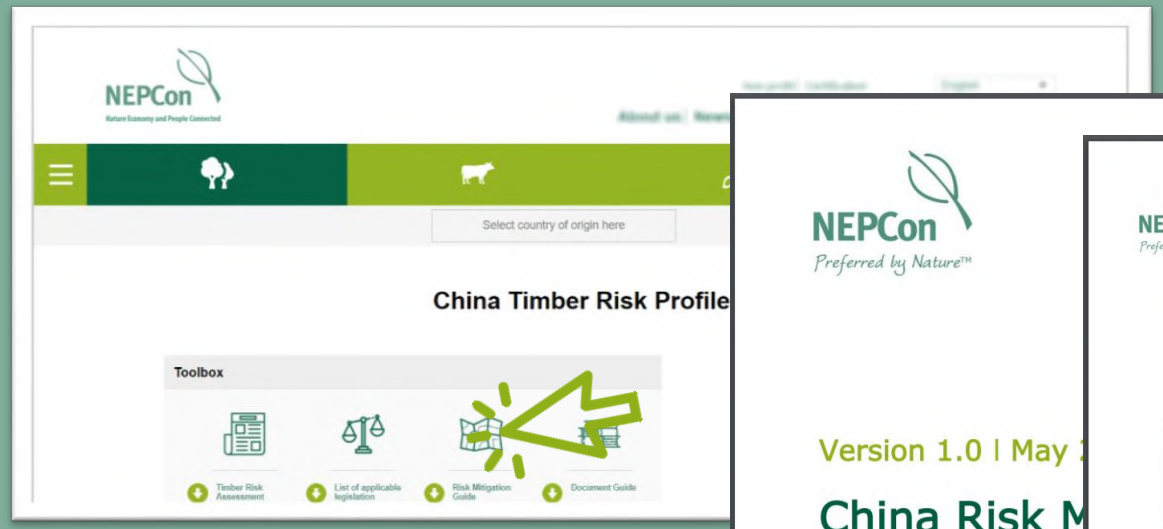
1. Fully map your supply chain

- 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:



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Preferred by Nature™

Customs Regulations

Risk	Applicable to	Indicator of legal compliance	Potential mitigation actions	How to verify legal compliance (verifier) Find relevant key document examples in the China Document Guide
Mis-/ under reporting on customs declarations	All timber sources	Products shall be correctly classified (type, HS customs code, species, quantities, qualities, etc.).	**Review and verify documents** Check information on all import/ export documentation (including Customs Declaration Registration Approval Certificate and phytosanitary certificate (where applicable)) and verify that information corresponds to material received.	• Customs Declaration Registration Approval Certificate • Phytosanitary certificate (where applicable)

What's coming up soon?

Sourcing Hub Survey… tell us what you really think

Six month user survey – out soon!

We want to know what you **like** or **don't like** about the Sourcing Hub

Your answers will directly influence how we develop **the Sourcing Hub in the future**.

NEPCon Sourcing Hub Newsletter and webinar series

New **FREE** quarterly newsletter and webinar

2 April 2018 First newsletter issue

18 April 2018 First webinar

New risk assessments

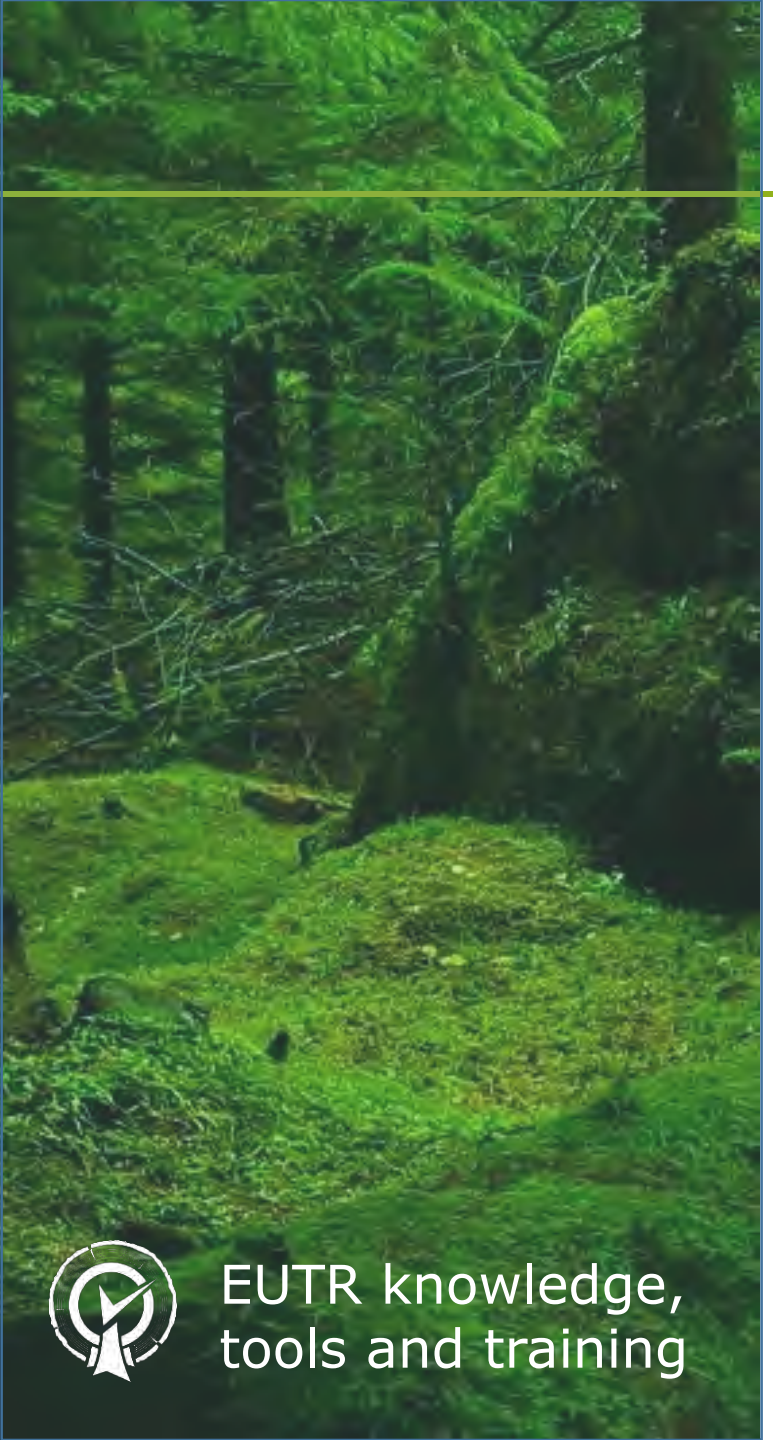
Solomon Islands

Cambodia

Support the Sourcing Hub

Various options to support the Sourcing Hub…

Coming soon!



Thank you!

Find out more at **nepcon.org/sourcinghub**

Alexandra Banks

Sourcing Hub Programme Manager

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