Oh no – do we really need another Data Platform...
This one is different...
NEPCon Sourcing Hub

- Timber
- Palm Oil
- Beef
- Soy

www.nepcon.org/sourcinghub
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:

Ministry of Foreign Affairs of Denmark
DANIDA | INTERNATIONAL DEVELOPMENT COOPERATION

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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

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

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

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.
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
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.

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

Toolkits overview
Risk Assessments tools
Due Diligence Toolkit
Risk Tools
Articles and leaflets
Training material and videos
External resources
Here you will find the recommended tools or set up your own toolset.

- 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
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
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 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 for 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:
Risk assessment
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**

This report contains sub-categorias:
- Specified
- Low risk
- No legal

The Timber Risk concerns legal issues for timber transport.

For **Legal Rights**:
- Lack of plantation
- Conflicts (1.1)
- A lack of a manager

For **Taxes and Fees**

For **Harvesting Issues**

For **Timber Source**

There are three origins:
- Legislation and regulation
- Plantation
- Forest

### D. Legal Analysis

<table>
<thead>
<tr>
<th>Legal Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal rights to harvest</td>
<td></td>
</tr>
<tr>
<td>Taxes and fees</td>
<td></td>
</tr>
<tr>
<td>Timber harvesting activities</td>
<td></td>
</tr>
<tr>
<td>Third parties' rights</td>
<td></td>
</tr>
<tr>
<td>Trade and transport</td>
<td></td>
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<tr>
<td>Diligence/due care procedures</td>
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</tbody>
</table>

**References**


### 1.1. Risk determination

**Overview of legal requirement**

The Constitution, General Principles, and timber resources are owned by the government according to laws. There are three types:

1. State-owned forest
2. Collectively owned forest
3. Privately owned forest

**Risk Conclusion**

Based on the available information, the risk in this category has been assessed as low at the country level. However, based on the available information, risks in some southern provinces in China persist and may be assessed as specific, 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, the lease of land has been agreed by all the land owners.
- Contractors shall have a valid forest land contract signed by all land tenure 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
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:
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
alb@nepcon.org | +61 432 993 987