Available tools for timber due diligence

Content

- Building a due diligence system

- Identifying applicable legislation and country-level risks

- Cross-checking information

DDS TOOLS

LegalSource DDS tools

LegalSource Standards

- Set of requirements to measure performance

- Compliant with EUTR and other due diligence legislations

- For any supply chain level entity

- Possible certification

Due diligence toolkit

- Templates

- Guidance

+

Sourcing Hub

Help implement

➢ *We have an open source policy and those documents are freely available!*

LegalSource DDS tools

- [Toolkit](#) available for download from the Sourcing Hub

- Guidance

  - Due diligence (DD-01)

  - Due diligence for forest managers (DD-11)

  - Risk specification (DD-09)

LegalSource DDS tools

- Templates

  - Due Diligence Manual (DD-02 or DD-12)

  - Policy (DD-03)

  - **Excel data sheets (DD-04, DD-05, DD-07)**

  - Supplier information letter (DD-06)

  - **Risk identification checklist (DD-08)**

  - Risk specification (DD-10)

  - Certification scheme evaluation template (DD-13)

  - **Supplier audit report (DD-14)**

  - Product statement (DD-15)

- Working with a Monitoring Organisation

- Using dedicated IT systems designed to map supply chains, handle and record risk assessments

- Better tap into the potential of free / low-cost software (e.g. Excel databases)

- Having a serious evaluation process (internal or external)
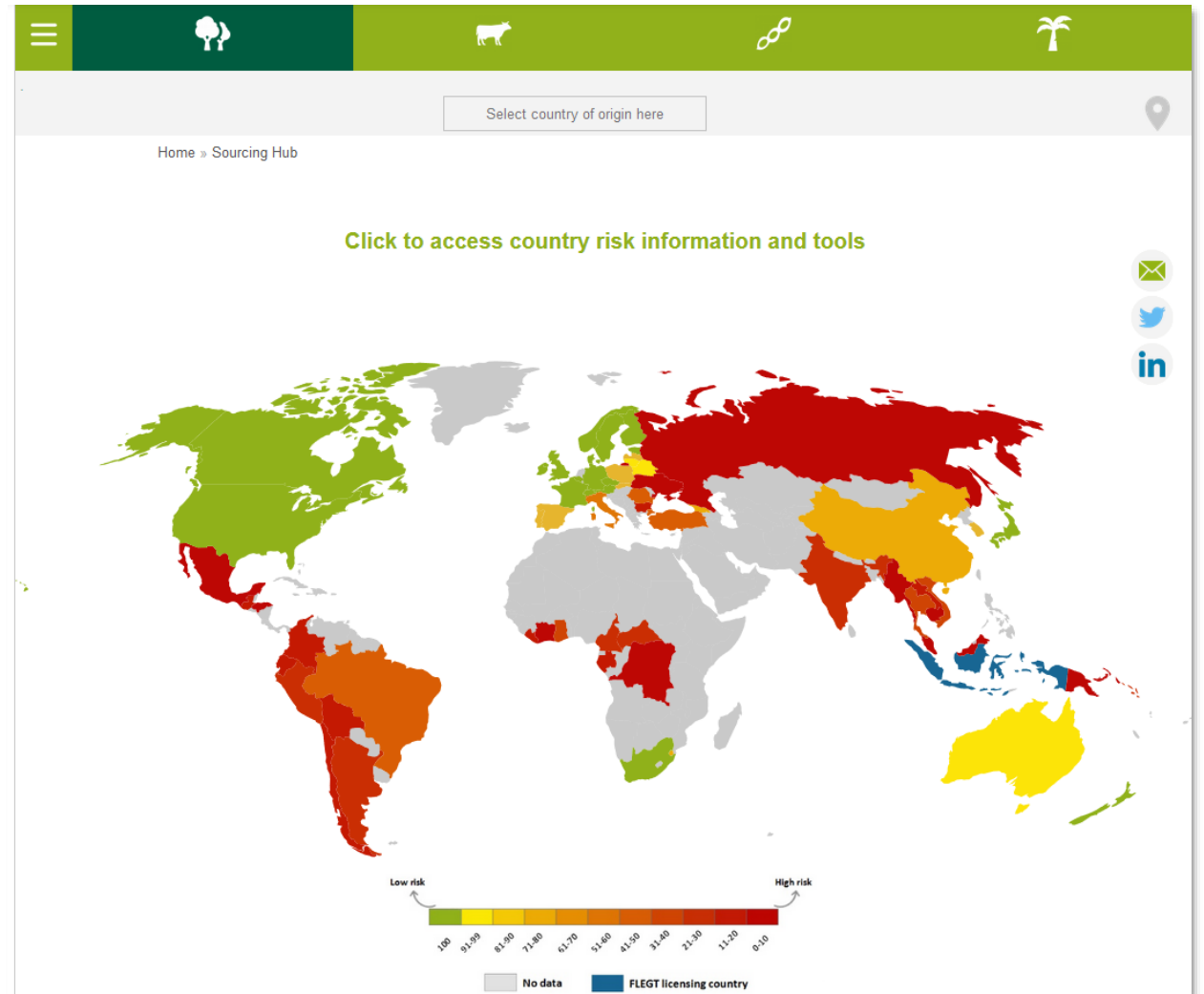
RISK ASSESSMENT TOOLS

- 2 important questions for risk assessment:

  1. What are the forest-related regulations in the country of harvest?

     ➢ *Concerns the legal categories 1 to 5*

  2. What is the risk that the legislation is not properly enforced?

     ➢ *Knowing the likelihood of non-compliance for each legal sub-category, as well as the scale and impact*

- Very challenging part of risk assessment!

➢ **Access country level timber legality risk assessments**

Legal categories

| |
|---|
| 1. Legal right to harvest |
| 2. Taxes and fees |
| 3. Timber harvesting activities |
| 4. Third parties' rights |
| 5. Trade and transport |

Sourcing Hub

- PBN Sourcing hub for timber = around 60 timber producing countries

- Provides information about risks on compliance with timber-related legislation by countries

- Select a country by clicking on the map or entering the country name on top

On the country page, you will see:

1. A global risk score *(the higher the score,*

   the lower the risk and the other way around)

2. A detailed risk assessment (PDF

   document)

3. An overview of the country

India Timber Risk Profile

Toolbox

Timber Risk Assessment | List of applicable legislation | Risk Mitigation Guide | Document Guide
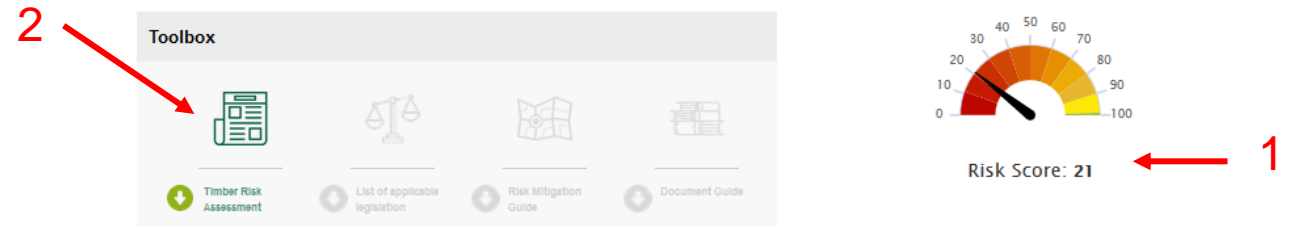
Risk Score: 21

Timber Risk Score: 21 / 100 in 2017. The Timber Legality Risk Assessment contains an evaluation of the risk of illegality in India for five categories and 21 sub-categories of law. We found:

- Specified risk for 15 sub-categories.
- Low risk for 4 sub-categories.
- No legal requirements for 3 sub-categories.

This page provides an overview of the legality risks related to timber produced in India.

India has around 70 million hectares of forests, which covers 24% of the country. Around 15.7 million hectares are primary forest, 43 million hectares of otherwise naturally regenerated forest, and around 12 million hectares are planted forest. The total forest area is increasing by around 1 million hectares a year.

About 85% of the forest area is publicly owned, and 15% privately owned (FAO, 2015). Most of the public forests are administered by the government, and some of them by communities and indigenous groups.
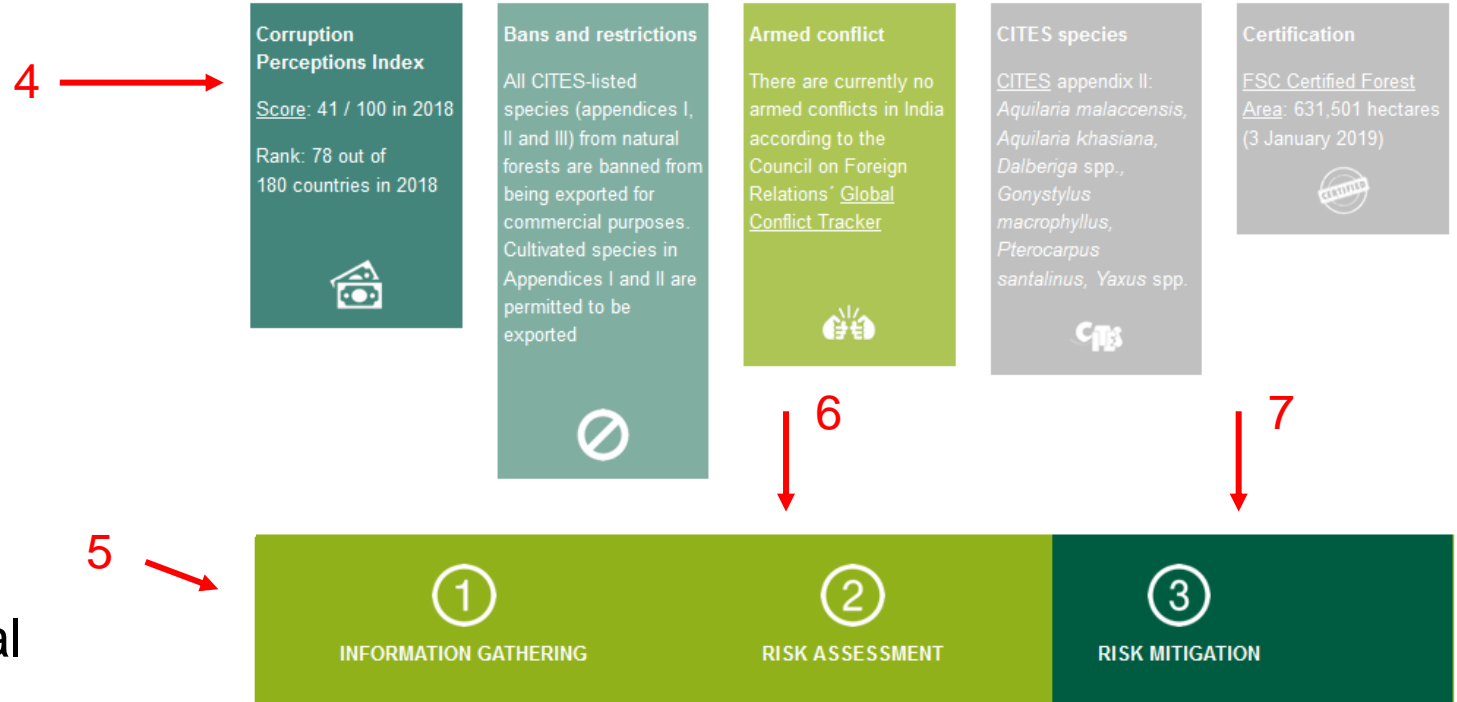
India produced almost 50 million m^3 of logs in 2014, of which only a small proportion was exported. The export value of primary timber products exceeded USD 80 million (ITTO, 2015).

Illegal logging and trade of high-value timber is a major problem in many parts of the country. In 2009. the Ministry of Environment and Forests estimated that 2 million m^3 of logs were illegally felled per year. Several legality risks are present in India, relating to legal rights to harvest, taxes and fees, timber harvesting activities, third parties' rights, and trade and transport.

As India is one of the world's largest importers of wood-based products, it is also a major consumer of illegal timber. The volume of illegal imports has increased, and in 2012 almost 20% of timber imports were estimated to be illegal. There has been limited acknowledgement of the problem within the country, and little response from the government (Chatham House, 2014). Companies sourcing timber from India should take care to ensure the risks identified are not present in their supply chains, or have been sufficiently mitigated.

Sourcing Hub

Scrolling down:

4. Important high-level information

5. Guidance on information gathering

6. A summary of existing risks by legal category

7. Guidance on risk mitigation actions

4 →

Corruption Perceptions Index

Score: 41 / 100 in 2018

Rank: 78 out of 180 countries in 2018

Bans and restrictions

All CITES-listed species (appendices I, II and III) from natural forests are banned from being exported for commercial purposes. Cultivated species in Appendices I and II are permitted to be exported

Armed conflict

There are currently no armed conflicts in India according to the Council on Foreign Relations' Global Conflict Tracker

CITES species

CITES appendix II: *Aquilaria malaccensis, Aquilaria khasiana, Dalberiga spp., Gonystylus macrophyllus, Pterocarpus santalinus, Yaxus spp.*

Certification

FSC Certified Forest Area: 631,501 hectares (3 January 2019)

6 ↓ **7** ↓

5 ↘

① INFORMATION GATHERING   ② RISK ASSESSMENT   ③ RISK MITIGATION

There are five recommended actions to mitigate the risks associated with the timber sources from India.

1. Fully map your supply chain

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

2. Obtain and verify documents

- Land tenure documents
  - Land records and ownership documents
  - Records of rights to government forests as provided to private persons
  - Public notifications showing government ownership of forests

Other timber legality country risk assessment

- Other sources of information to detect risks of illegal harvesting at a country level

  - FSC Centralised National Risk Assessments

  - FAOLEX Database (list of legislations only)

  - ETTF Timber Trade Portal

  - Chatham House Forest Governance and Legality Portal

  - Australian Government Country Specific Guidelines

  - WRI Open Timber Portal WRI Forest Legality Initiative Risk Tool

  - APEC Experts Group on Illegal Logging and Associated Trade (EGILAT): Timber legality guidance

  - BV Rio Practical Guides to Conducting Due Diligence (series of documents for different countries)

  - Client Earth Forest logbook: Aggregator of other sources of information.

⚠ *Make sure that risk assessments from other sources do address all EUTR legal categories*

Custom country risk assessment

- If no risk assessment is available for a country, this step must be carried out by the Operator implementing Due Diligence

- NEPCon Forest Legality Risk Specification guidelines (DD-09): describes the steps of evaluating risks

Version 1.0

Forest Legality Risk Specification Guidelines

DUE DILIGENCE TOOLS

This tool has been developed by NEPCon as a part of the project "Supporting Legal Timber" funded by the LIFE programme of the European Union and UK aid from the UK government, as well as the project "Responsible Sourcing of Soy, Palm Oil and Cattle" funded by DANIDA, Ministry of Foreign Affairs of Denmark.

www.nepcon.org

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

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.

CROSS-CHECK INFORMATION

Open and free platforms

- Distribution of species (natural or plantations)

- Trade routes

- Document validity when available

- Certification claims

- Forest-related documents

- …
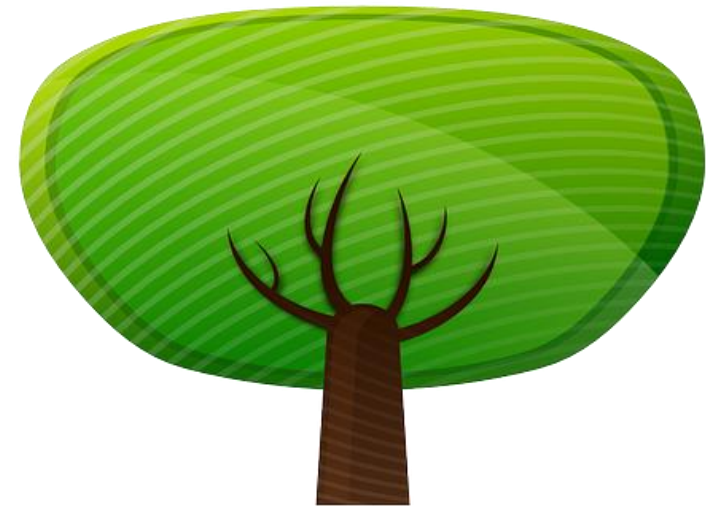
Small selection of useful platforms

- Open Timber Portal (Congo Basin) – *forestry documents*

- Kew's Plants of the World Online database - *species distribution*

- IUCN Red List ("Geographic range" section) - *species distribution*

- Global Biodiversity Information Facility - *species distribution*

- EUFORGEN - *species distribution*

- ResourceTrade.Earth from Chatham house – *trade routes*

- FAOSTAT Forestry trade flows – *trade routes*

- STIX – Sustainable Timber Information Exchange – *trade routes*

➢ *Also use keywords in search engine!*

Better handling foreign languages

- Make use of online translation tools

- Use character recognition (OCR) on PDF / images
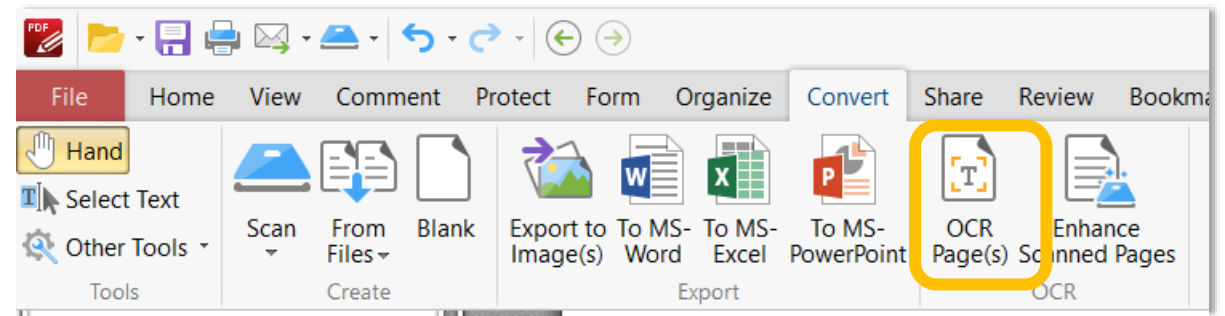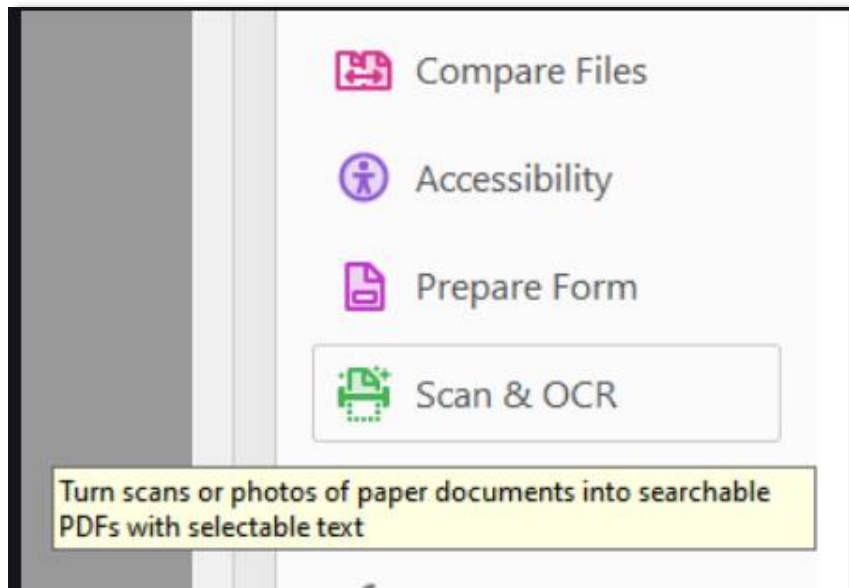
HOW PREFERRED BY NATURE CAN HELP YOU

DDS Certification
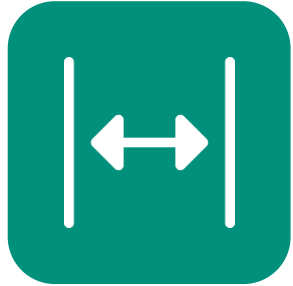
Monitoring

Organisation

LegalSource Standard

Tailored Solutions

Commitment and policy development

System Development
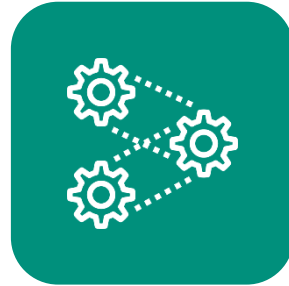
Training

Supply chain engagement

Independent Verification

On-going Advisory

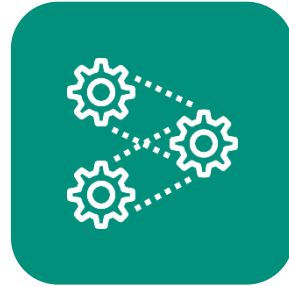# Tailored Solutions

Commitment and policy development
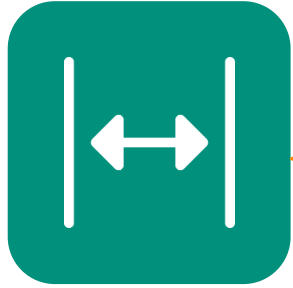
- *Policy*
- *Gap analysis*
- *Action plan*
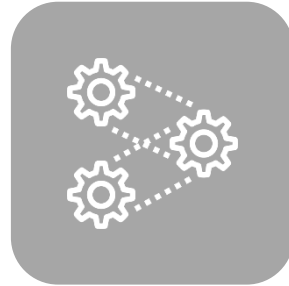
System Development

Training

Supply chain engagement

Independent Verification

On-going Advisory

Tailored Solutions
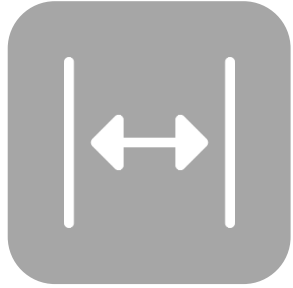
Commitment and policy development

System Development
- *Procedures development*
- *Tailoring tools and systems*
- *Quality management*

Training

Supply chain engagement

Independent Verification

On-going Advisory

Tailored Solutions
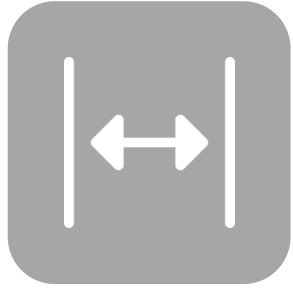
Commitment and policy development
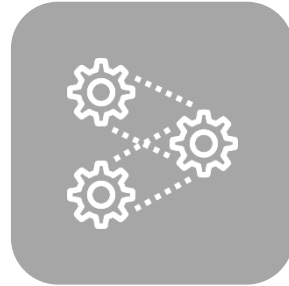
System Development

Training

Tailored (level, language, audience)

Supply chain engagement

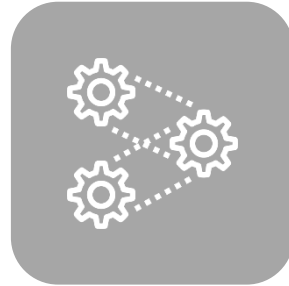Independent Verification

On-going Advisory

Tailored Solutions
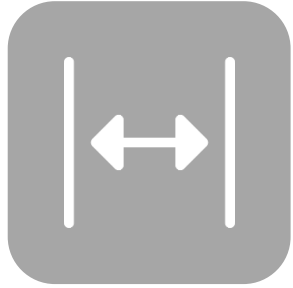
Commitment and policy development

- *Mapping & Traceability*
- *Validation*
- *Risk assessment*

Supply chain engagement

System Development
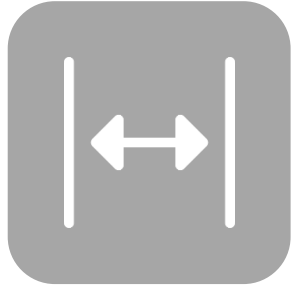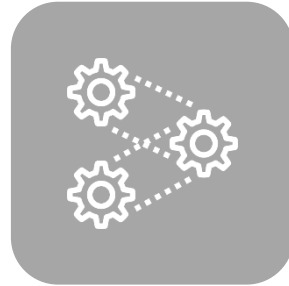
Independent Verification

Training

On-going Advisory

Tailored Solutions

Commitment and policy development

System Development

Training

Supply chain engagement

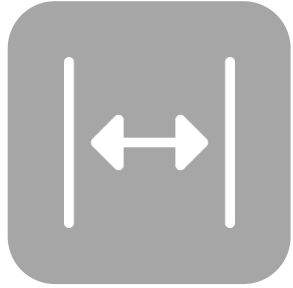- *Forests*
- *Factories & Traders*
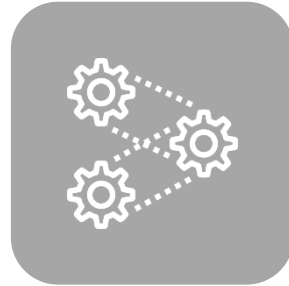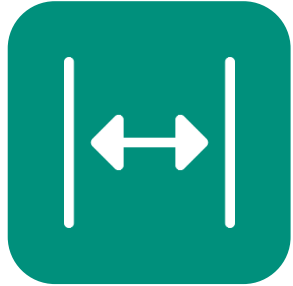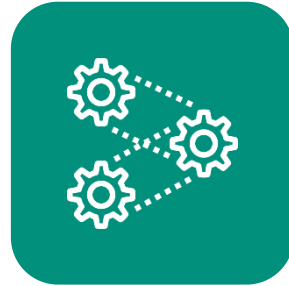
Independent Verification

On-going Advisory

Tailored Solutions

Commitment and policy development

System Development

Training

Supply chain engagement

Independent Verification

Support, clarifications, interpretations

On-going Advisory

Tailored Solutions

Commitment and policy development

System Development

Training

Supply chain engagement

Independent Verification

On-going Advisory

Questions?