We are conducting national & sub-national risk assessments for over 70 countries around the world.

- **CSR for Soy, Beef, Palm Oil**: Offer an overview of the Corporate Social Responsibility (CSR) risks associated with trade in these commodities that impact the world’s forests.

- **FSC Controlled Wood - HCV (High Conservation Values)**: Assess risks that HCVs are being threatened by forest management activities.

- **Forest Legality**: Provide a detailed picture of the legality risks in the country where timber is sourced; evaluation is mainly under FSC’s national forest legality risk assessment.

- **SBP (Sustainable Biomass Program)**: Aim at identifying and mitigating risks associated with responsibly sourcing feedstock for biomass production.

With generous support & sponsorship from:

- European Commission
- DANIDA
- UKaid
- FSC
- SBP
- ANPEB

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How risk assessment is conducted?

1. Develop assessment framework
   - NEPCon and partners develop the framework
2. Select commodity & jurisdiction
   - NEPCon and partners develop the framework
   - Consult
   - Pilot testing
   - Finalise
   - Secure funding for assessment
   - NEPCon Task Manager & Local Experts consult with stakeholders via consultation
3. Engage experts
   - Local Experts prepare drafts & NEPCon Task Manager reviews
   - Task Manager & Quality Reviewer + Contracted local Experts
4. Carry out assessment
   - NEPCon Task Manager & Local Experts consult with stakeholders via consultation
5. Initially consult with experts
   - NEPCon Task Manager & Local Experts consult with stakeholders via consultation
6. Conduct quality assurance
   - Translation and editing
   - Final quality assurance checks by senior NEPCon staff
   - Final reports reviewed and approved by the SBP Technical Committee (SBP risk assessments)
7. Organise formal consultation
   - FSC National Partner or FSC International organises public consultation
   - NEPCon responds to comments raised during the consultation process
8. Publish risk assessment
   - www.nepcon.org
   - www.globalforestregistry.org
   - sbp-cert.org
9. Feedback & update
   - Take in regular input
   - Formal review process: Update risk assessment at least once every 5 years
Who can use it?

An *Operator* performing due diligence on his/her supply chain can *USE* the assessments to *evaluate the risks* in the country of harvest.

How can it be used?

- Evaluating the *level of risks*
- Providing details about *cause of risks* and information on *control measures* and *verifiers*

Form a clear basis to support the timber industry to *meet* their EU Timber Regulation obligation.

Status

62 *risk assessments* from timber-exporting countries all over the world are *developed*

55 available to date

7 more will be ready by mid-2017

Results

Forest legality index by country

A *score* rates the countries on a scale from 1-100 concluding the *risk of national legislation being broken* for each particular country.

The closer to 100, the *lower* the risk. The closer to 0, the *higher* the risk.
Forest legality risk assessment process

Defining source types
(where timber can be sourced)
Forest type (natural or plantation), ownership (private, public or communal), land classification (permanent forest estate or non-permanent forest estate), management regime (private concession or state management) or a combination of all of these

Identifying and documenting
Applicable laws and regulations, legal authority & the relevant competent authority responsible for legal compliance, and legally required documents or records that can be used to indicate legality

A record of the sources of information
To describe, identify and evaluate risk, such as reports, laws, regulations, articles, etc.

Evaluating risk level
Overview of the legal requirements, description of risk, and risk conclusion

Control measures and verifiers

Analysis of EACH of these 21 sub-categories

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

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

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

Trade and 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

The legality assessment considers the risk of illegality across

5 categories and 21 sub-categories

Conclusion
for each of these 21 sub-categories

We use the term “specified risk” to denote risk that cannot be concluded to be “negligible”. Under the EU Timber Regulation, if a supply chain is concluded to have “negligible risk” of illegal harvesting, no further action is required.

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Responsible Sourcing of Soy, Beef and Palm Oil

NATIONAL RISK ASSESSMENTS

Collect information → Evaluate risk → Mitigate risk

USE the risk based approach for new and existing supply chain sources

FOCUS on farm establishment and management issues

8 risk assessments for responsible sourcing of soy, beef and palm oil from producer developing countries available to date

8 more are being developed

Environment
- Environmental regulations – air emissions, water use, chemical management, etc.
- Protected sites and species regulations
- High Conservation Values

Conversion
- No new farms established after November 2005 on natural forests or ecosystems
- Fire avoidance

GMOs
- There is no commercial use of genetically modified organisms (GMOs)

Social issues
- Legal employment
- ILO fundamental conventions
- Health and safety
- Indigenous and traditional rights

Animal welfare (Cattle sector)
- Health (nutrition, safety, medicines, health programmes, etc.)
- Well-being (no mistreatment, minimising stress & suffering, reproduction quality care, etc.)

Business issues
- Land tenure
- Farm registration & management rights
- Payment of royalties and required fees
- Value added taxes and other sales taxes
- Income and profit taxes
- Disclosure of information

Traceability (Cattle sector)
- Animal movement amongst farms is transparent

The risk assessment considers the risk of sourcing these commodities from developing countries across

7 categories and 19 sub-categories

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SBP (Sustainable Biomass Program)

NATIONAL RISK ASSESSMENTS

How this can be used?

The risk assessment informs Biomass Producer of risks related to sourcing feedstock from the region.

Based on this, Biomass Producer develop plan to mitigate any specified risk.

If Biomass Producer properly implements mitigation measures, the material can be sourced as SBP-compliant. This provides assurance that the material fulfils the UK and Danish requirements on sustainable biomass.

Status

2 available to date

3 are being developed

Evaluation

The risk assessment considers the risk of sourcing biomass feedstock across

16 criteria (38 indicators)
Wood harvested from forests being converted to plantations or non-forest use

Wood harvested illegally

Wood harvested in violation of traditional and civil rights

Wood harvested from forests with a High Conservation Value (HCV) that is threatened by management activities

A Manufacturer needs to

KNOW where the wood they source comes from

EVALUATE the risk that they may source wood in violation with 5 unacceptable categories of wood & the risk that such wood gets mixed into their supply chain

TAKE ACTION to mitigate any risk that they have sourced unacceptable wood

FSC Controlled Wood

FSC-certified wood

FSC-mixed product

Evaluation categories

HCV 1 Species diversity

Sites, resources, habitats and landscapes of global or national cultural, archaeological or historical significance, and/or of critical cultural, ecological, economic or religious/sacred importance for the traditional cultures of local communities or indigenous peoples, identified through engagement with these local communities or indigenous peoples

Concentrations of biological diversity including endemic species, and rare, threatened or endangered species that are significant at global, regional or national levels

HCV 2 Landscape-level ecosystems and mosaics

Large landscape-level ecosystems and ecosystem mosaics that are significant at global, regional or national levels, and that contain viable populations of the great majority of the naturally occurring species in natural patterns of distribution and abundance.

HCV 3 Ecosystems and habitats

Sites and resources fundamental for satisfying the basic necessities of local communities or indigenous peoples (e.g. for livelihoods, health, nutrition, water, etc.), identified through engagement with these communities or indigenous peoples

Basic ecosystem services in critical situations including protection of water catchments and control of erosion of vulnerable soils and slopes

HCV 4 Critical ecosystem services

HCV 5 Community needs

HCV 6 Cultural values

HCV 7 Species diversity

FSC – mixed product

FSC – certified wood

FSC Controlled Wood

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