

**M.P.VENEERS PVT.LTD.  
KOSMI INDUSTRIAL AREA BETUL  
(M.P.)-460001**

**RISK ASSESSMENT FOR SOURCING WOOD FROM CONTROLLED SOURCES**

<b>Species:</b>	<b>Tectona grandis</b>
<b>Type of source</b>	<b>Purchasing through intermediate suppliers' sources from Maharashtra Forest corporation</b>
<b>Country</b>	<b>India</b>
<b>State</b>	<b>Maharashtra</b>
<b>Date of review by M.P.Veneers</b>	
<b>Risk Assessment type</b>	<b>Company Conducted Risk Assessment</b>
<b>Conducted by</b>	

**1. ILLEGALLY HARVESTED WOOD**

The district of origin may be considered low risk in relation to illegal harvesting when all the following indicators related to forest governance are present.

	<b>Requirements</b>	<b>Sources of information</b>	<b>Risk as per CNRA</b>	<b>Control Measure taken</b>	<b>Present risk</b>
1.1	Land tenure and management rights	Indian Forest Act, 1927 Wildlife Protection Act, 1972 State Forest Department: maharstra.gov.in	Specified Risk	To ensure wood source from Private land owned, by checking Land records and ownership documents, Certificate from Gram Panchayat certifying the ownership of Land.	Low
1.2	Concession licenses	Forest Conservation Act 1980 Forest Leases a Violation of Forest Conservation Act, 1980	Low	N.A.	Low
1.3	Management and harvesting planning	The National Working Plan Code, 2014	Low	N.A.	Low
1.4	Harvesting permits	Harvesting rules in Maharashtra Forest	Low	N.A.	Low
1.5	Payment of royalties & Harvesting Fees	Maharashtra Forest Department sites for harvesting rules (based on which royalties and harvesting fees are charged)	Specified Risk	Sourcing species are exempted from royalties and harvesting permits and fees. To ensure, For Teak sourcing from specified Districts	Low

1.6	1.6 Value Added Taxes & Other Sales Tax	GST SITE	Specified Risk	With introduction of GST all wood used for Veneer considered under one classification i.e Wood in Rough. One tax slab applied. Online return of Tax payment records	Low
1.7	Income and profit taxes	<a href="http://incometaxindia.gov.in">incometaxindia.gov.in</a> , <a href="http://business.gov.in">business.gov.in</a>	N/A	N/A	N/A
1.8	Timber harvesting, regulations	National Working Plan Code ( <a href="http://www.moef.nic.in/content/national-working-plan-code-2014">http://www.moef.nic.in/content/national-working-plan-code-2014</a> )State Forest Divisional.	N/A	N/A	N/A
1.9	Protected sites and species	Indian Forest Act, 1927 Wildlife Protection Act, 1972 Forest Conservation Act	Specified Risk	To ensure the presence of Land records and ownership document. Verify from purchase documents the origin of the wood to ensure that it is not sourced from Protected Areas. Gram Panchayat certificate vacating ownership details.	Low
1.10	Environmental requirements	The National Working Plan Code, 2014 Approved Working Plan Databases of Forest Departments (forest department websites)	N.A.	N.A.	N.A.
1.11	Health and safety	<a href="http://business.gov.in/legal_as">http://business.gov.in/legal_as</a>	N.A	Low risk for government forests	N.A.
1.12	Legal employment	The Minimum Wages Act 1948: Child Labour Act, 1948: Child labour (Prohibition and Regulation) Act 1986	Specified	At least the legally established minimum salaries shall be paid for personnel involved in harvesting activities. Sample field audits is to conducted to address the specified risks.	Low
1.13	Customary rights	Indian Forest Act, 1927 Protection Act, 1972: Forest Rights Act:	Specified	Certificate by the village Sarpanch or Village head for the harvesting of the plantation This certification by the sarpanch is taken by the villagers as a consent for wood. harvesting	Low
1.14	Free prior and informed consent	Indian Forest Act, 1927: Protection Act, 1972: Wildlife Land Acquisition 2013 Act: Forest Rights Act:	Specified Risk	Description (applicable to Government forest areas) The new Land Acquisition Act, 2013, the existing Indian Forest Act, 1927 and Wildlife Protection Act, 1972,	Low

				incorporate extensive and well-defined	
1.15	Indigenous peoples rights	Forest Rights Act website The Forest Rights Act: Indian Forest Act, 1927	Specified Risk	Stakeholder consultation to ensure Indigenous people rights are protected	Low
1.16	Classification of species quantities, qualities	Case Studies on Frauds in Value Added Tax Forest dept. sends notice to payment of taxes, 2014:	Specified Risk	Products shall be correctly classified (species, quantities, qualities etc.) on sales documents, custom declarations and other legally required documents. Sourcing species are transit free.	Low
1.17	Trade and transport	Central Motor Vehicles Act 1988 content/uploads/2014/11/motor-vehicles-act-1988.pdf ) Tax Information Network (TIN) Unique Number and TAN (Tax Deduction and Collection Account Number) issued by Income Tax Department	Specified Risk	Details of species and the quantity transported to be documented in the legal receipts. - Transit pass for Teak if required.	Low
1.18	Offshore trading and transfer pricing	Income Tax Act:	N/A	N/A	Low
1.19	Custom regulations	Central Board on Excise and Customs <a href="http://www.cbec.gov.in/">http://www.cbec.gov.in/</a> Director General Foreign Trade.	Specified Risk	Products shall be correctly classified (type, custom code, species, quantities qualities, etc.). - All required import and exports permits shall be in place	Low
1.20	CITES	Export Policy Schedule	Specified Risk	All cross-border trade of CITES-listed species shall be documented and accompanied by required export, import and re-export certificates issued by the Director General Foreign Trade for export-import.	Low
1.21	Legislation requiring due diligence due care procedures	N/A	N/A	N/A	N/A

**Controlled wood category 2: Wood harvested in violation of traditional and human rights**

	<b>Requirements</b>	<b>Sources of information</b>	<b>Risk as per CNRA</b>	<b>Control Measure taken</b>	<b>Present risk</b>
2.1	The forest sector is Not associated with violent, armed, conflict Including that which threatens, national Or regional, security and/or linked to military control	World Bank: Worldwide Governance Indicators - the WGI report Government Effectiveness; Regulatory	N/A	N/A	N/A
2.2	Labour rights are respected including rights as specified in ILO Fundamental Principles and Rights at work	CM should be based on clear evidence that the Organization has policies in place that guarantee freedom of association and the right to organize and collective bargaining, and prevent child labour, forced labour and discrimination against women, Adivasi and Dalits in the labour market.	Specified risk for freedom of association, the right to organize and collective bargaining, the prevention of child labour and forced labour	The Organization should have policies in place that guarantee freedom of association and the right to organize and collective bargaining, and prevent child labour, forced labour and discrimination against women, Adivasi and Dalits in the labour market	Low
2.3	The rights of Indigenous and Traditional Peoples are upheld	Clear evidence that a forest operation is not taking place in a territory with IP rights Or (1) clear evidence that the FMU is managed by the governance structures of Indigenous Peoples, or (2) an (FPIC) agreement with the IPs with rights in the FMU after a fair, transparent, cultural appropriate and inclusive procedure	Specified risk	Clear evidence that the FMU is managed by the governance structures of Indigenous Peoples.	

**Controlled wood category 3: Wood from forests in which high conservation values are threatened by management activities**

	<b>Requirements</b>	<b>Sources of information</b>	<b>Risk as per CNRA</b>	<b>Control Measure taken</b>	<b>Present risk</b>
3.0	HCV Occurrence & threat appearances	N/A	N/A	N/A	N/A
3.1	HCV 1 Species diversity: Concentrations, biological diversity Including endemic species, and rare, threatened or endangered species that a significant at global, regional or national levels.	a) Areas that contain species that are listed as rare, threatened or endangered by IUCN and or Official National and/or regional lists. A number of wild animal and bird species have been listed in various schedules of the Indian Wildlife (Protection) Act, 1972. Govt of India ENVIS Centre on Wildlife & Protected Areas	Specified Risk	The plantations where bird nest are available are not to be harvested till hatching of eggs and birds leave the nest	Low
3.2	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	a) Intact Forest Landscapes (IFL map uses the most recent coverage) b) Landscape-scale natural forests that have experienced lesser levels of past human disturbance The 2006 amendment to the Wildlife (Protection) Act led to the designation of areas for landscape-scale biodiversity conservation, such as Tiger Reserves, for the first time.	Specified Risk	The plantation are raised on the privately owned lands which was either waste lands or the along with the agriculture crops. The large land scape plantations are not available in this area if India as the land s are owned by the farmers as per land ceiling act. Thus in this particular cases of private plantation this risk becomes low risk.	Low
3.3	HCV 3 Ecosystems and habitats: Rare, threatened, or endangered ecosystems, habitats or refuge.	a) Old growth forests, outside of forest biomes where the concept is redundant. The proxies used for HCV 3 are the same as those used for HCV 1 and HCV 2, namely the protected area network, including UNESCO World Heritage Sites, and sites identified by the national level assessment of biodiversity richness carried out in 2012.	Specified Risk	The proxies used for HCV 3 are the same as those used for HCV 1 and HCV 2, namely the protected area network, including heritage Sites, and sites identified by the national level assessment of biodiversity richness carried out in 2012 using spatial data on a 1:50,000 scale to identify and to map potential biodiversity-rich areas in the country. There are some sacred grooves in the area which well protected by the forest	Low

				department and private entities can interfere in that.	
3.4	<p>HCV 4 Critical ecosystem services: Basic ecosystem services in critical situations, including, protection of water catchments and control of erosion of vulnerable soils and slopes These services include consolidation of highly erodible soils including on steep slopes forests that protect against flooding or forests that provide barriers to fire.</p> <p>a) protection from flooding b) protection from erosion c) barriers from destructive fire; d) clean water catchments.</p>	<p>A limited number of studies at local levels are available to assess the forestry sector's contribution to ecosystem services for a) protection from flooding b) erosion c) barriers from destructive fire and c) clean water catchments</p>	Specified risk	<p>There are three main rivers which flows from the rea under FSC CW. These rivers are Nag, Pench, Kanhan River. The plantation alongside these rive plays a very important role in protection from flooding; b) protection from erosion; c) barriers from destructive fire; d) clean water catchments. Thus plantations helps in controlling soil erosion, protection from flooding, clean water catchments. It also helps in recharge of ground water.</p> <p>Thus uprooting of plantation along side river should be avoided.</p>	Low
3.5	<p>HCV 5 Community needs: Sites and resources fundamental for satisfying the basic necessities of local communities or, indigenous peoples (for livelihoods health, through, engagement with these communities or indigenous peoples</p>	<p>HCV 5 is widespread in Indian forests. Throughout the country rural communities are largely dependent on rain-fed agriculture, as well as on rivers and ground water recharge to meet their water requirements of drinking water, washing and cooking</p>	Specified Risk	<p>Any Trees of Non Timber Forest Products (NTFPs) which produces latex, gums, resins, essential oils, flavours, fragrances and aroma chemicals, incense sticks, handicrafts, thatching materials and medicinal plants are not to be disturb if it is inside the plantation.</p>	Low
3.6	<p>HCV 6 Cultural values: Sites resources, habitats and landscapes of global or national cultural archaeological or historical significance and/orof critical cultural, ecological, religious/sacred importance for the traditional cultures of local communities.</p>	<p>a) Aesthetic values: There are several natural areas within India that are of particular scenic value, that also serve as eco-tourist destinations b) Historic values: Sacred groves comprise of patches of forests or natural vegetation from a few treesto forests of several acres that are of ancient origin and usually dedicated to local folk deities or tree spirits c) Social (including economic) values.:</p>	Specified Risk	<p>Any plantation inside HCV 6 that includes high cultural values like a) Aesthetic values b) Historic values. c) Social (including economic) values d) Spiritual values are not to be harvested.</p>	Low

		<p>Livestock are an important part of the social and local economic fabric of rural Indian society, and in many instances, livestock play a strong cultural role; being much more than commercial assets</p> <p>d) Spiritual values: In India some local communities may desire access to a geographical feature (such as a river pool or cave or similar) for cultural purposes; or a family may require access to ancestral grave sites Sacred groves as described above, also have associated spiritual values</p>			
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**Controlled wood category 4: Wood from forests being converted to plantations or non-forest use:**

	<b>Requirements</b>	<b>Sources of information</b>	<b>Risk as per CNRA</b>	<b>Control Measure taken</b>	<b>Present risk</b>
4.1	Wood from forests being converted to plantations or non-forest use:	The Forest Conservation Act, 1980, amended 1988 (Part II) Ministry of Environment, Forests and Climate Change Ministry of Environment, Forests and Climate Change	N/A	<b>Assessment based on legality</b>	N/A

**Controlled wood category 5: Wood from forests in which genetically modified trees are planted**

	<b>Requirements</b>	<b>Sources of information</b>	<b>Risk as per CNRA</b>	<b>Control Measure taken</b>	<b>Present risk</b>
5.1	Wood from forests in which genetically modified trees are planted:	The Forest Conservation Act, 1980, amended 1988 Ministry of Environment, Forests and Climate Change Ministry of Environment, Forests and Climate Change	N/A	<b>Assessment based on legality</b>	N/A

