

# EUTR Due Diligence Monitoring

## Service information

NEPCon is an EU-recognised Monitoring Organisation (MO), formally endorsed by the European Commission as competent to aid companies in their efforts to meet the EU Timber Regulation (EUTR). Our LegalSource due diligence system (DDS) is designed to be EUTR-compliant, and our monitoring services help your business ensure proper system implementation through regular evaluations of your performance, potentially complemented by training.

### Ensure a safe due diligence process

The EU Timber Regulation includes very specific requirements for operators placing timber products on the EU market. A key requirement is to develop and implement due diligence systems that includes the ability to access to information about the material and assess and mitigate risks of placing illegal material on the market. If any part of your trade is covered by the EUTR due diligence requirements, a well-functioning due diligence system is essential for meeting your legal obligations.

The process of exercising due diligence as required by the EU entails a number of steps, including supply chain risk assessment, development and execution of a risk mitigation action plan, evaluation of the efficiency of the measures taken, and capacity building of relevant staff. To ease your process and ensure sufficient quality, you may consider teaming up with a competent service provider.

#### Free due diligence system

Our DDS is EUTR compliant and approved by the EU. The system is available free of charge at [www.nepcon.net/DDS](http://www.nepcon.net/DDS).

### Why choose an EU-recognised Monitoring Organisation?

The EU maintains an official list of recognised Monitoring Organisations (MOs) that have been approved to provide due diligence services to operators.

Choosing to work with an MO is voluntary; you may exercise due diligence at your own discretion. The main benefits of engaging with an MO are:

- 1 Trust**  
MOs have been carefully evaluated by the European Commission, and found competent to deliver an adequate due diligence system and related monitoring services. You do not need to double-check their expertise or the validity and functionality of the DDS they offer.
- 2 Systems**  
EU Operators are obliged to establish a due diligence system covering all the EUTR requirements. Instead of inventing your own system, you simply use the MO's system. The MO follows the development related to the EUTR closely and maintains an EUTR-compliant due diligence system based on their competencies and insights.
- 3 Assurance**  
As MOs are formally recognised by the EU and supervised by the national Competent Authorities, working with an MO provides enhanced certainty that your due diligence performance meets the EU requirements. Our competent experts know the ins and outs of the EUTR, and you gain the qualified feedback you need to ensure you are on the right track.

## The LegalSource™ Due Diligence System

Our LegalSource DDS is reviewed at least once per year and is continuously revised according to EU official interpretations and other developments. The system files are freely available from our website at [www.nepcon.net/DDS](http://www.nepcon.net/DDS). You may download and use these files without engaging with us for monitoring services.

## Regular evaluations

Our monitoring services are conducted within the LegalSource framework and evaluations are performed against the LegalSource Standard. Using our monitoring services involves LegalSource certification, providing access to the LegalSource Certified claim.

## Capacity building

To ensure a smooth process and reduce upstart issues, consider using our LegalSource Kickstarter training course to train staff on how to implement the LegalSource System. The training also provides employees with a common understanding of the purpose and functions of the system. Training is an optional add-on service that complements our monitoring services.

## Preconditions for using NEPCon as an MO

Operators using NEPCon for EUTR monitoring services are obliged to use the LegalSource DDS as a basis for their own due diligence procedures; however the system is flexible and you may adapt it to match your reality, providing it remains in compliance with the EUTR requirements.

As a client of our monitoring services you are required to maintain LegalSource certification, since this is our way of providing stringent assurance of your EUTR-compliant system implementation<sup>1</sup>. Please also note that EU-recognised Monitoring Organisations are obliged to report significant or repeated failures to properly implement the due diligence system to the local Competent Authority.

Note that engaging with an MO does not exempt your company from liability under the EUTR.

## Costs

Your costs depend on the size and complexity of your business as well as the scope of services. Depending on the services you need, the costs may cover onsite visits, evaluation reports, provision of capacity development, supplier audits and other specific services.

### Timber legality know-how

NEPCon is an EU-recognised Monitoring Organisation offering an EUTR-compliant due diligence system. In addition to EUTR monitoring services, our LegalSource™ programme includes LegalSource certification, supplier verification, due diligence facilitation and training modules. Our LegalSource DDS has been subject to thorough industry testing and used as the framework for developing the DDS of the European Timber Trade Federation (ETTF).

Our auditing competencies are based on over two decades of providing auditing services for responsible timber supply chains, including verifying the legality of timber harvesting operations. We cater to over 1,200 FSC certified companies across more than 20 countries. Complementing these services, we are involved in several major initiatives, projects and networks seeking to facilitate legal timber sourcing.

<sup>1</sup> To learn more about this process, please refer to our fact sheet on LegalSource certification.