

IMPLEMENTATION OF TRANSACTION VERIFICATION AND FIBRE TESTING IN THE CHARCOAL SUPPLY CHAIN

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Confirmation of inaccuracies in the charcoal supply chain will lead to mandatory transaction verification and fibre testing starting in quarter four of 2017

In 2017, FSC® received questions about the integrity of FSC-certified charcoal. There were allegations that supposed FSC-certified charcoal might be sourced from illegal harvested forests and not from where the charcoal is claimed to originate. There were also assertions that charcoal was being purchased from countries where there are no FSC-certified charcoal producers or forests, being repackaged in European countries and then sold on as FSC-certified charcoal produced in Europe.

FSC acted immediately and requested certification bodies (CBs) to submit all their certificate holders' (CHs) sales and purchase volumes by trading partner for the 2016 calendar year to ASI and FSC for comparison.

FSC also requested our Network Partners to collect samples of FSC-certified and labelled charcoal in order for the Supply Chain Integrity Project team to conduct fibre testing.

What was the outcome?

The investigation by ASI revealed a substantial number of volume mismatches between trading partners in the charcoal supply chain. The findings resulted in a number of suspensions and terminations of FSC certificates.

The fibre testing also revealed that some species did not match claims made in FSC documents or on packaging, although testing showed that no tropical hardwoods were found when products claimed to be from temperate sources. Investigations are ongoing.

FSC has determined that there are sufficient grounds to take swift action, so transaction verification and mandatory fibre testing will be implemented for the charcoal supply chain starting in the fourth quarter of 2017. It will be continued through to the third quarter of 2018, where volumes from trading partners will be compared and checked for the 2018 charcoal season. Random fibre testing will also be conducted.

Presently bamboo is the only other product type and species for which transaction verification has already been implemented.

Other product types and species which are currently being investigated are white oak, calophyllum and Aucoumea. Depending on the outcomes of those investigations and if it is decided that these product types and species are also high-risk, transaction verification will be expanded to include them in 2018.

What does this mean?

Implementing transaction verification for charcoal as a product type means that all FSC-certified charcoal transactions between trading partners starting in quarter four of 2017 will have to be verified. Certificate holders will need to share their purchase and sales data for quarter four 2017 through to quarter three of 2018 with FSC and ASI, aiming to fully map the extent of the problem of false claims in the charcoal supply chains. Certification bodies will then act upon mismatching volumes between companies by issuing Corrective Action Requests (CARs), suspending or terminating certificate holders who allow misleading transactions to enter the FSC system.

Transaction details submitted by CHs in quarter four of 2017 will be due by the 31st of January 2018, and the same will occur for the first, second and third quarters of 2018 – transactions will be due by the end of the first month of the next quarter.

Transaction verification in a nutshell

The revised Chain-of-Custody standard (FSC-STD-40-001V3) has included a new criterion for transaction verification. The intention of this criterion is to ensure that FSC systematically investigates high-risk product types, species and regions, and limits the amount of inaccurate transactions.

Transaction verification is a process of comparing and then verifying all transactions within a specific product type, group or region over a given time period. There are currently three options for verification. The verification can be done via the Online Claims Platform (OCP), where certificate holders will register, connect with suppliers, enter relevant data from their invoice directly to the platform (no financial information required), and the transaction is automatically verified once the suppliers validate their claim.

A second option includes the OCP where the certificate holder will also register, connect with suppliers and enter relevant data from their invoice directly to the platform but verification of transactions is completed by ASI instead of automatically.

Alternatively, a desk audit will allow certificate holders to fill in a downloadable spreadsheet template and send that on to their certification bodies, or they can opt to do an on-site audit where transaction information is collected manually by the auditor for ASI to verify.

It is important to note that regardless of which method is chosen, only charcoal-related claims need verification. If a certified company trades in other species and FSC product types, these will not be impacted by the transaction verification requirement.

How do I know whether the requirement will apply to my business?

All companies asked to perform transaction verification for charcoal-related transactions will be notified directly by their certification body with clear instructions about timelines and requirements. Certificate holders will need to submit all their transaction data for quarter four of 2017 by 31 January 2018.

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