



TRANSACTION VERIFICATION FOR EUCALYPTUS IN SPAIN AND PORTUGAL

May 10, 2019

The accuracy of FSC purchases and sales claims made by trading partners in eucalyptus log supply chains.

In the Iberian Peninsula will be subject to FSC transaction verification from 1 May 2019.

Transaction verification is the process of comparing and matching all transactions related to a specific product type, group or region over a given time. It is a tool to maintain and protect the integrity of FSC. Transaction verification is applied where risks have been identified through the existing FSC auditing system. All FSC certificate holders can be asked to participate in transaction verification where such risks are identified. Over 1,000 businesses globally have already participated in transaction verification projects.

Eucalyptus pulp (used for paper and hygiene products) from the Iberian Peninsula has been identified as a risk for volume mismatches, inaccurate transactions and therefore potential false claims. The transaction verification scope includes forest management units, pulp production, traded logs from eucalyptus species used for pulp and paper. It does not include sales of pulp or paper. All aggregated FSC-certified purchases and sales between trading partners in Spain and Portugal for quarter 3 and quarter 4 of 2018 will be requested by certification bodies. They will initially notify the relevant certificate holders at the beginning of May and send further instructions about timelines and requirements.

The transaction verification process starts when Assurance Services International (ASI) approaches certification bodies on a case-by-case basis and requests them to collect relevant transaction data on their clients (FSC certificate holders). ASI will determine the data to be provided (sample size, product types, frequency, duration, etc.). If a business is selected to provide data for transaction verification, the information must be provided by the specific deadlines. Transaction data collected by certification bodies will be shared with ASI for the specific purpose of matching transactions. The data will only be used for this purpose and ASI follows strict data security measures and complies with the European Union's General Data Protection Regulation. Once transaction verification has been completed by ASI, all certificate holder data will be deleted. Where mismatches of data are identified, certification bodies will

follow up with their clients to resolve any issues, including corrective action requests, if required.

FSC continues to roll out its transaction verification process, and is focusing on supply chains of oak flooring, Cumaru, Paulownia, and Eucalyptus across South America, Asia and Europe.

The deadline for the data collection phase of this transaction verification project is 30 June 2019.

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