



## **CLOSURE OF FSC'S TRANSACTION VERIFICATION INVESTIGATION INTO EUCALYPTUS PULP IN PORTUGAL AND SPAIN (OCTOBER 2020)**

November 3, 2020

Assurance Services International (ASI) and Forest Stewardship Council (FSC) have finalized and now closed the investigation of inaccuracies in FSC Eucalyptus supply chains in the Iberian Peninsula (For further background see previous news stories).

The investigation, which took place between June 2019 and September 2020, analyzed transactions in this supply chain to determine the extent of the irregularities and to establish recommendations to reduce the risk of false claims in the FSC system.

Data from 2018 was collected from 256 certificate holders through Certification Bodies (CBs) and shared with ASI. An analysis of approximately 4,500 transactions identified several mismatches, the majority of which were caused by unintentional data errors. However, a small number of mismatches were identified as false claims.

### **Outcomes of the Investigation?**

The first phase of the investigation identified 158 potential mismatches for further investigation in a second phase. Of the 158 mismatches identified, although only two mismatches were confirmed as false claims, the mismatches represented significant volumes.

As a result, the two certificate holders (see details below) who were identified as responsible for the false claims have been suspended or terminated by their CB. In addition, FSC has revoked the trademark license agreement and these companies are currently blocked from recertification. These actions have or will also be extended to any company that has been identified as under the same ownership.

- Madeiras Afonso, certificate code TT-COC-004361 was terminated by their certification body on September 1st, 2020 due to false claims and they have had their TLA terminated and are currently blocked from recertification.

- One FSC FM certificate has been identified as associated with Madeiras Afonso (CU-FM/COC-850248) and its TLA has been terminated and is currently blocked from recertification.
- Another Company - MAPAFOZ (TT-COC-005125)- has been identified as being under the same ownership as Madeiras Afonso. The TLA has been suspended and MAPAFOZ is also currently blocked from recertification.
- H.S. Madeiras, certificate code NC-COC-0247095 was suspended by their certification body on September 24th, 2020 due to failure to provided additional evidence of implementing nonconforming products procedures and have had their TLA suspended and are blocked from recertification.
  - H.S. Madeiras has also dropped from the FSC group certificate SA-FM/COC-005773 by administrator of 2B Forest Group FM certificate.

FSC has incorporated learnings from this investigation into the revision of the FSC Forest Management Groups Certification Standard and has added a risk-based clause in the revised standard, to mitigate the risk of false claims related to wood purchased from groups.

FSC is also exploring additional preventative measures to mitigate the risk of false claims in similar supply chains and will work to finalize and operationalize these, with the support of relevant stakeholders as appropriate.

By taking these actions, FSC continues to show that the Integrity of the FSC certification system is of utmost importance, keeping FSC as the most trusted Sustainable Forest Management Solution globally.

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