



FSC SUSPENDS TWO CERTIFICATE HOLDERS FOLLOWING INVESTIGATION

June 18, 2018

Transaction verification carried out by ASI identified significant mismatches between both companies.

In August 2017, an incident was filed by a stakeholder with ASI in which two FSC COC Certificate Holders (CHs), B & M Noble Co. dba DuChateau (DuChateau) and Zhejiang Yuhua Timber Co., Ltd., (Yuhua), were alleged of making false claims. The reporter also filed complaints to the two responsible certification bodies (CBs), i.e. the certifiers.

ASI appraised the incident and immediately planned steps to determine the veracity of the allegations and collect more evidence. ASI reviewed the certifiers' complaint responses and, due to continued risk of false claims, began a transaction verification process for the two certificate holders.

As a result of the transaction verification, ASI found a significant mismatch in the volume of certified material claimed as sold by Yuhua to the volume of the same product claimed as purchased by DuChateau. The volume claimed as sold was much less than the volume claimed as purchased. This evidence suggests that there was a large volume of product purchased by DuChateau that was not validly certified. The mismatched volume was packaged by Yuhua with an FSC on-product label and sold as FSC 100% certified flooring by DuChateau.

Based on the transaction verification results, ASI decided to conduct assessments at both companies. ASI sampled invoices and reviewed annual volume summaries, concluding that both companies were responsible for false claims on products and in sales invoices. In order to protect the credibility of the FSC system and given the large volume of products carrying false claims, FSC International suspended both CHs' trademark license agreements (TLA) on May 21st, 2018.

Expectedly the suspension by FSC International will be in effect for 12 months. The certifiers will follow their procedures for addressing the non-compliances by the certificate holders, and this will be reviewed by ASI. Furthermore, ASI will conduct compliance assessments after the certifiers have completed the closure of all nonconformities and surveillance audits.

ASI and FSC will inform stakeholders as next steps are determined and taken.

Transaction verification, supply chain mapping, and unannounced onsite audits are some of the tools that ASI employs when conducting investigations for FSC. FSC has a Systems Integrity Team and actively investigates supply chain issues and false-claim allegations using traceability and forensic tools designed to identify non-conforming products and remove them from the market. Products with false-claims and uncertified material inputs distort the market for FSC certified products and negatively impact those companies who are proffering validly certified material.

With any questions, please contact:

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