

Ensuring the integrity of FSC® charcoal supply chains

Results of supply chain integrity efforts in
the charcoal supply chain 2018 - mid 2019



FROM 2017

Transaction verification and wood Identification testing started in 2017.



FSC-certified charcoal products were collected in European retail supply chains and tested using wood identification technologies.



Over 6,000 wood identification tests were completed

272

272 organizations selling into supply chains for 37 retailers in Europe were investigated and transaction verification conducted.

Ensuring the integrity of the FSC-certified charcoal supply chain

New statistics show that FSC's focus on the charcoal supply chain has had positive results. Certified forest area has increased and problematic charcoal products were significantly reduced.

Over the last two years, FSC implemented actions focused on certified companies producing and supplying charcoal, especially to the European market. These actions included transaction verification and forensic tests, and led to a number of FSC certificate holders being excluded from the FSC system, and non-conforming products being removed from the market.

Products were verified through forensic testing of the species composition of the charcoal. In some cases, the products in question contained species not originating from the FSC-certified forests supplying the charcoal manufacturer. Additionally, false claims were also found through transaction verification and identifying volume mismatches between trading partners.

In 2018, FSC completed 6,000 traditional wood anatomy tests, and were alarmed to find more than 900 mismatches in volume data and 232 traditional wood anatomy tests came back with results that indicated that

the products contained other species than claimed.

As a result, 49 FSC certificates were immediately cancelled, and efforts were made to remove the non-conforming product from the shelves.

In 2019, similar testing showed FSC's actions of the previous year had produced significant results. Of the more than 5,000 traditional wood anatomy tests, only 38 tests came back with questionable results, which were all resolved.

FSC thanks all retailers and FSC-certified traders around the world who have supported us in obtaining samples of products to test prior to them being brought to market.



150.000 tons FSC certified charcoal in Europe in 2018

Retail market for consumer barbecues in Europe (mainly UK, France, Belgium, Germany, Switzerland, Italy and Scandinavia): 800,000 tons

Traditional wood anatomy testing and transaction verification in the charcoal supply chain

In August 2017, after receiving concerns from stakeholders questioning the integrity of FSC-certified charcoal, FSC promptly started an investigation into the charcoal supply chain. In November 2017, FSC requested Assurance Services International (ASI) to implement additional verification of all transactions made between companies trading FSC-certified charcoal – a process known as transaction verification.

FSC also purchased charcoal from a wide variety of retailers throughout Europe and one in New Zealand, and wood anatomy techniques were used by the US Forest Products Laboratory to test these. This procedure confirmed whether or not the charcoal was made from the species it was claimed to be.

In total more than 6,000 traditional wood anatomy tests were conducted. Simultaneously 272 organizations participated in transaction verification - a process in which claims of FSC volumes traded is compared between trading parties.

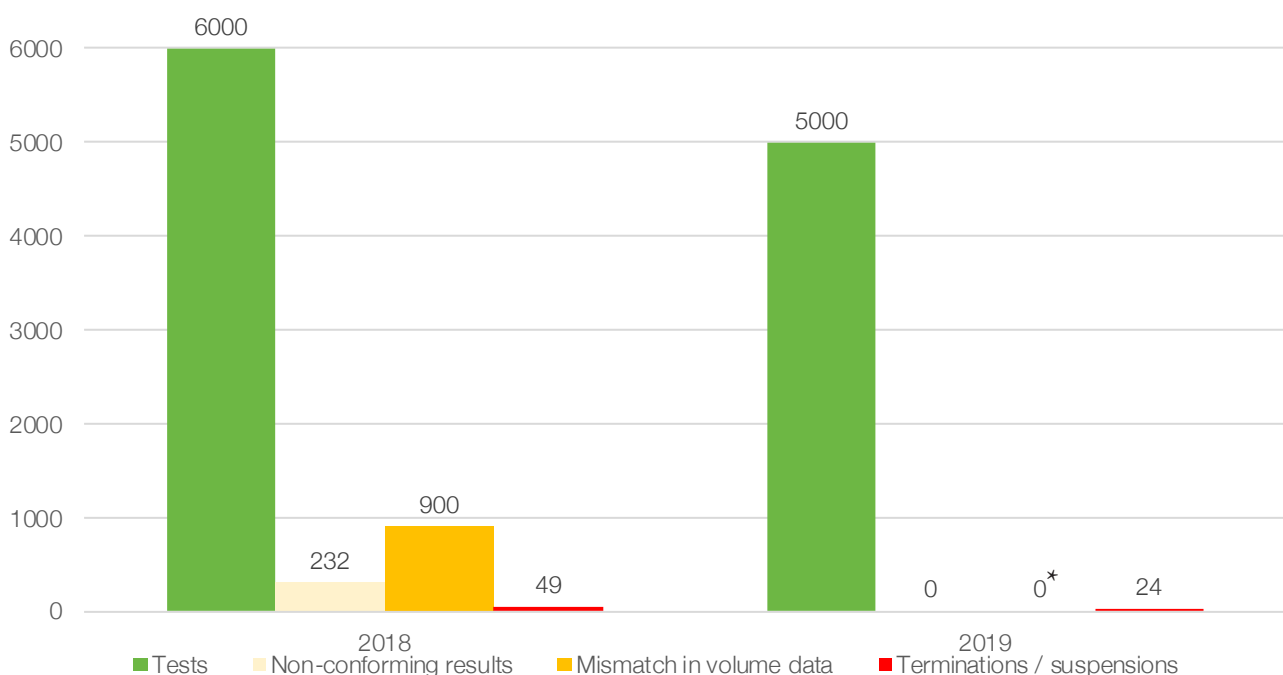
As a result of these tests, more than 900 mismatches in volume data were found and 232 traditional wood anatomy tests came back with results that indicated that the products contained other species than claimed.

FSC and ASI took swift action and terminated or suspended the FSC certificates of 63 companies in 2018 and early 2019.

In 2019 the transaction verification and traditional wood anatomy testing has continued. In a follow up round of testing only 38 of 5,000 revealed unexpected results, and all of these were resolved after further investigation.

Data for transaction verification will be collected by early 2020 for the entire year of 2019 as charcoal is primarily traded in the second part of a year. This also enables FSC and ASI to utilize an optimized data analysis tool, which will dramatically reduce time needed to process the data and conclude investigations. FSC expects that the amount of mismatching volumes will have been dramatically reduced.

Results from traditional wood anatomy testing and transaction verification of charcoal in 2018 and 2019



* NB: Transaction verification has not been performed for 2019 at the time of this report. It is the expectation of FSC that the amount of mismatching volumes will have been dramatically reduced.

Integrity efforts lead to more certified forest in Namibia

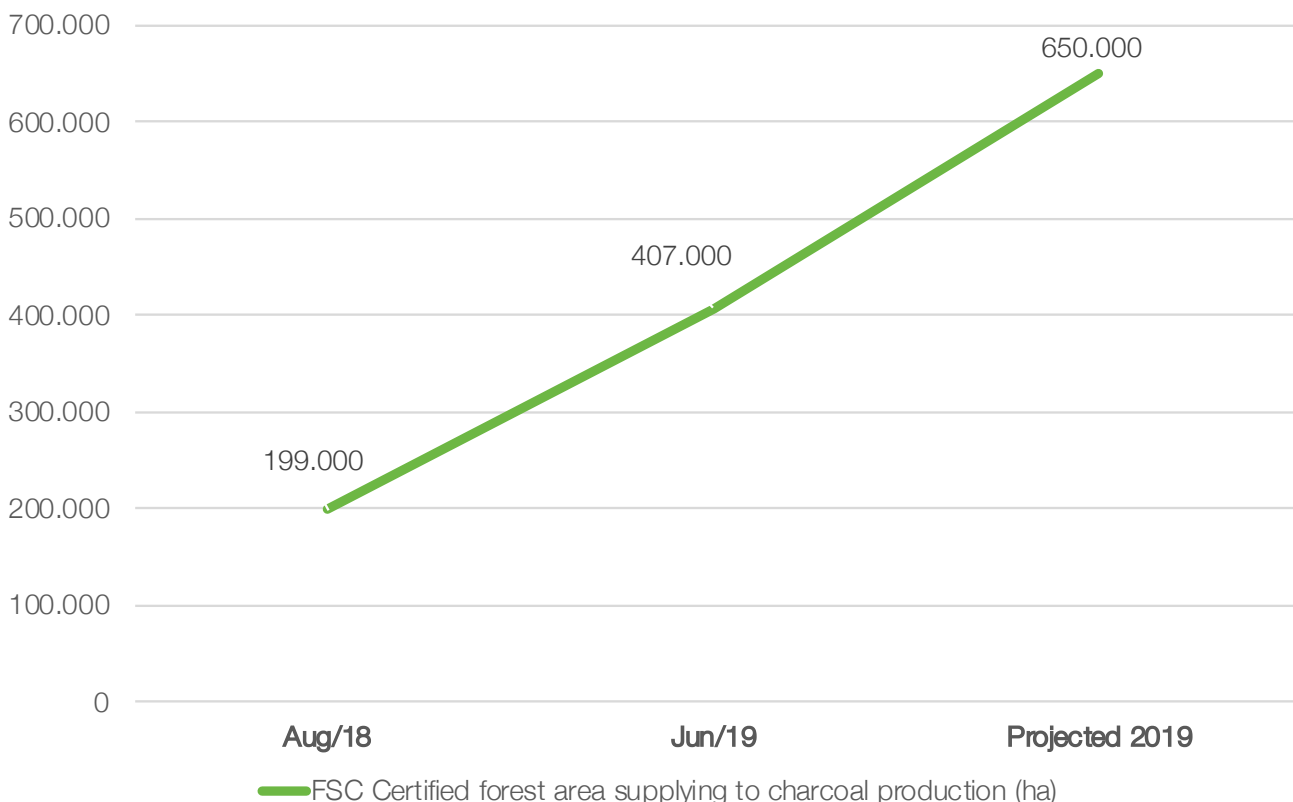
Our efforts in maintaining the integrity of FSC-certified charcoal led to a 119 per cent increase in certified forest area in Namibia in 2019. These forests supply wood to charcoal manufacturers.

Micahel Marus, Chief Knowledge Management Officer at FSC says: *“We are very happy to see this increase in certified forest area in Namibia and know from the local stakeholders that certification is a direct result of increased demand for verifiable certified products.”*

This shows us that our efforts in supply chain integrity are paying off and help to support our ultimate goal: the responsible management of as many forests as possible.”

An additional area of forest is currently undergoing pre-assessments for FSC-certification, as a direct result of the increased market demands for verifiable certified charcoal products.

FSC-certified forest area in Namibia (incl. projected)



Testing continues

FSC continues to perform wood anatomy testing and transaction verification on products from companies trading charcoal in FSC supply chains.

Kim Cartensen, Director General of FSC said:
“Consumers want to be confident that when they buy an FSC product, it meets the highest social and environmental standards. We therefore investigate reports of the misuse of the FSC brand, and where necessary, take action to address violations, including through suspension from the scheme.”

Allowing companies back into the FSC supply chain

For expelled companies to re-enter the FSC system, several conditions must be met. These include providing all the necessary information for the relevant certification body to undertake frequent and in-depth transaction verification.

Guilty companies must also allow FSC to carry out random extensive forensic testing of their charcoal products, at their own sites and from its own sites and from retailers. Additionally, they must pay a penalty to FSC. This penalty will be invested in additional supply chain integrity work.



Supporting FSC Supply Chains

From forest to store, we are committed to creating credible supply chains. As a result, transparency and simplification are priorities for FSC. That is why we run initiatives around the world aimed at addressing inaccurate claims in the FSC system.

FSC provides organizations and consumers worldwide with the assurance that the forest products they buy and sell come from responsibly-managed sources.

FSC chain of custody certification involves more than 50,000 companies worldwide buying, selling and trading FSC- certified material.



Wood identification techniques

Wood identification technologies make it possible to trace the timber species and harvest location. Traditional wood anatomy enables scientist to determine genus and family, and even species, depending on the circumstances.

Building on this world-renowned certification, we offer industry-leading monitoring and enforcement tools that help ensure companies of all sizes keep certified and non-certified materials separated throughout the supply chain.

As chain of custody certification evolves, we will introduce a more flexible system that incorporates new advances in technology, and the lessons we have learned from our 25 years' experience.



Transaction verification

It is essential to limit inaccurate claims in FSC-certified supply chains. This is especially true for high-risk supply chains. Transaction verification is the verification process required by the FSC chain of custody standard to ensure that FSC output claims made by certificate holders are accurate and match the FSC input claims of their trading partners.

FSC® International

Adenauerallee 134 53113 Bonn

Phone: +49 (0) 228 367 66 0

E-mail: info@fsc.org

FSC® F000100

Handelsregister / Commercial register: Bonn HRB15990

USt.-Id Nr. / VAT No: DE 258067376

