



Timber



Palm Oil



Beef



Soy

Post-exercise examples

Autumn 2017



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Chinese plywood supply-chain



Examples of implementation

Plywood from China


Contact person: [REDACTED]

Email: [REDACTED]

Tel: [REDACTED]

INSTRUCTIONS AND GUIDANCE FOR CHINESE SUPPLIERS

In relation to [REDACTED] responsible
sourcing policy and timber legality



Document version: [REDACTED] FINAL

Last revision: [REDACTED] 2017-03-14

Organisation Contacts: [REDACTED]

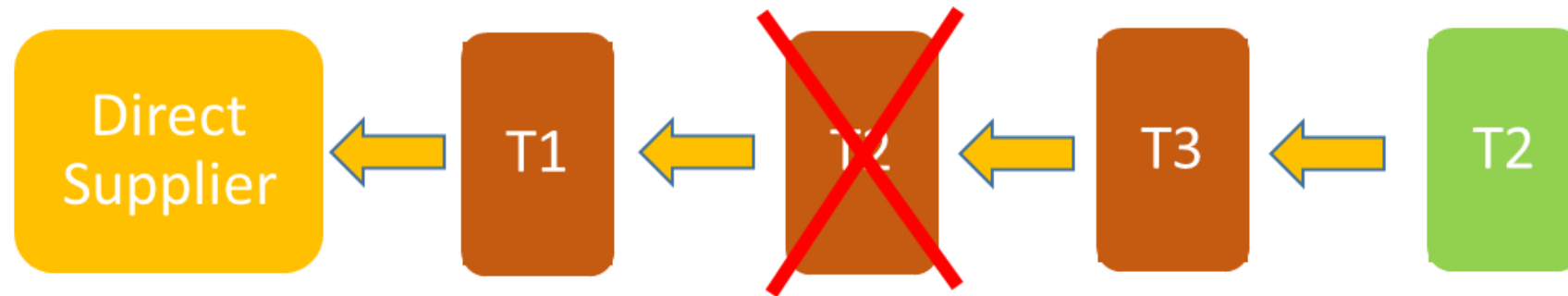
Address: [REDACTED]

1. Complete DD-05 and DD-07
2. Address Problematic Elements within your Supply Chains
3. Implement and Maintain a System to ensure Minimum Information

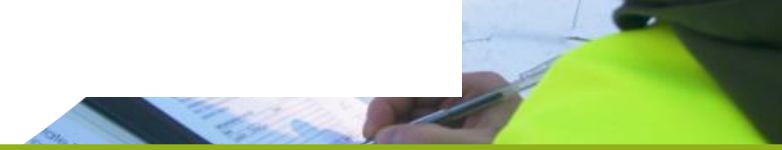


2: Address Problematic Elements within your Supply Chains

“Please be aware that we have some minimum expectations with regards to information about our suppliers and supply chains....”



SUPPLY CHAIN ISSUE	EXPLANATION	REQUIRED ACTION
Broken Supply Chains	Suppliers must fully map their supply chains and record this information in the DD-07 Excel.	Gaps in your supply-chain map are unacceptable as they reduce our confidence in the origin and legality of the raw materials entering its products.
Complex Supply Chains	We strongly encourage suppliers to keep their supply chains as short and simple as possible.	On occasion, we may require suppliers to limit the number of sub-suppliers used to provide raw materials for its products.
Hardwood Species Ulmus spp., Fraxinus spp., Betula spp., Fraxinus spp., Quercus spp., Fagus spp...	The Chinese State Forestry Administration (SFA) has stated its intention to phase-out all commercial logging in natural forests in China by 2017.	The risks of illegal harvesting and trade of hardwood raw materials from NE China or Russia are high. If you cannot prove the origin and legality of this material, with a high level of confidence, you should cease to source this material.

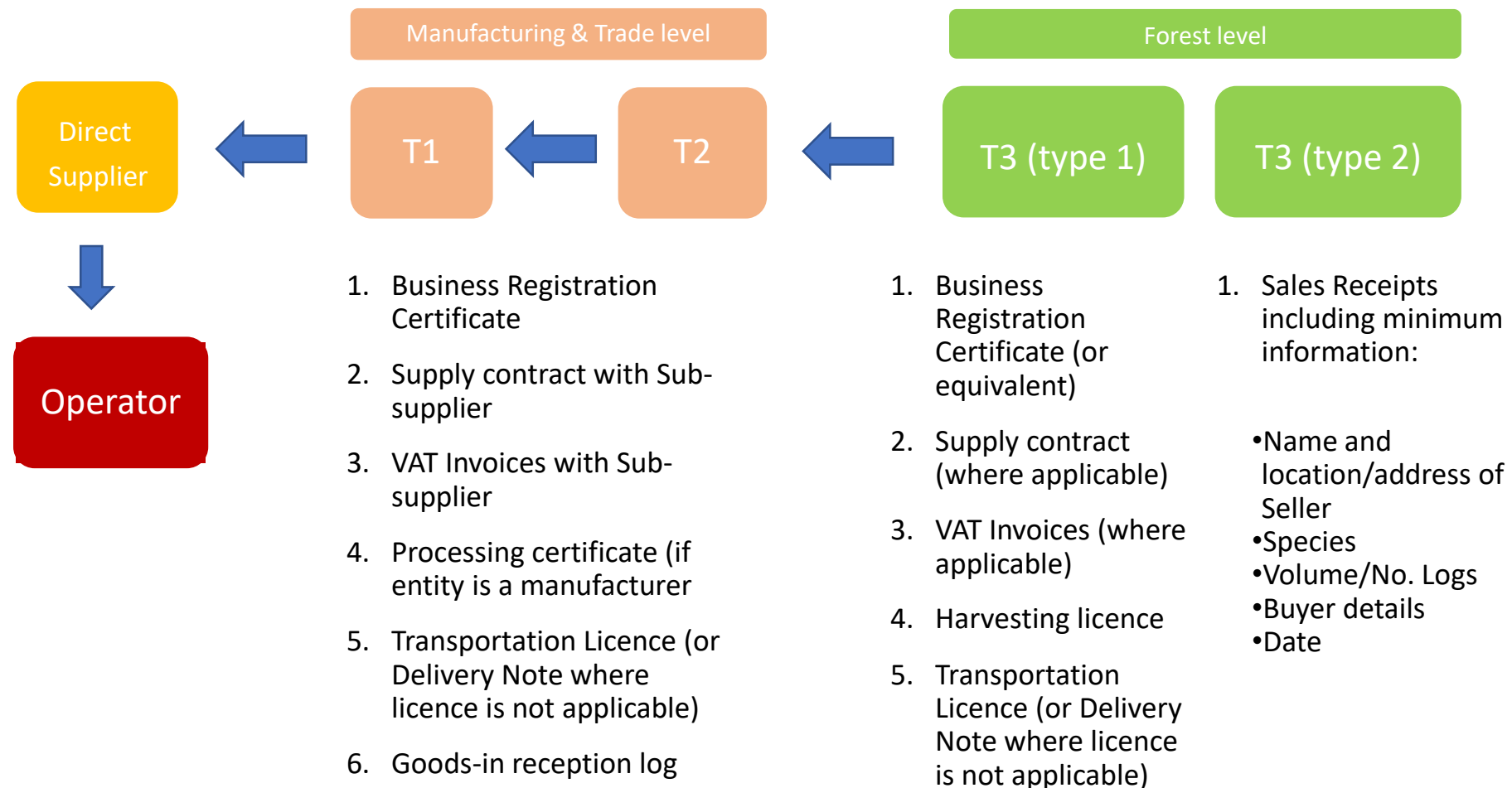


SUPPLY CHAIN ISSUE	EXPLANATION	REQUIRED ACTION
Spot Markets, Auctions and open- market purchasing	The problem of these types of markets is that the traceability of wood products is usually lost.	We do not accept that raw materials are sourced from such markets. These must be eliminated from our supply chains.
Non-Cooperative Sub-Suppliers	Situations may arise where sub-suppliers are not willing or able to collaborate with you to supply such information.	Non-cooperative sub-suppliers may result in our not being able to meet our legal obligations.



3: Supplier Minimal Information system

Minimum information required to provide confidence about origin, species and legality



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Chinese oak supply-chain



Examples of implementation

Mongolian Oak from China



Tier	Tier 0	Tier 1	Tier 2
Location	UK	Shanghai, China	North-East China
Certification	None	Unknown	Unknown
Species	(Oak) <i>Quercus mongolica</i>	(Oak) <i>Quercus mongolica</i>	(Oak) <i>Quercus mongolica</i>



Examples of implementation

Mongolian Oak from China

Supplier provided:

- Invoices and delivery notes between some but not all tiers
- Harvest document for forest
- Certificate of Origin
- Volumes purchased and sold
- Customs documentation for export from China

林木采伐许可证

证号: 220283831408

Shulan city forest (bureau) resource harvesting Recording No. [2014] 491

TianBei forest farm:

Based on: Your farm's Application of felling designing. We approve: Dabe

Farm/count: 167 compartment: 5 Operating area: 010 Subcompartment to be harvested:

The four boundaries: EAST SOUTH WEST North

GPS position:

Origin of Stand: Natural forest Forest type: River Protective belt, Species: broad leaved forest

Ownership: State-owned Forest tenure certificate No.: 330211

Harvesting type: Tending cutting Harvesting methods: increment felling Felling intensity: 15

Harvesting area: 7.90 ha, Number of trees: 949 (株)

Stock volume: 174 m³ (will run: 110 m³) 立方米

Harvesting time: Aug. 29th, 2014 to Oct. 29th, 2014

Stand's Renewal time: year month

Renewal are: ha, (number of trees)

included in cutting quota 不占 Non-included in cutting quota

Note: National public welfare forest of grade 3

Person for issue(seal)

Issuing agency (seal), Person applying: Yuzhi

Timber transportation licence

Jilin 000511454

Jilin province Shulan county (city), No. 22028301011505281028

Owner of timber: Fulong wood Co., Ltd. Of Shulan city

Responsible person for transfer: Gonggang

Place of Origin: Shulan city

place of shipping: Shulan city, Jilin province

place of arrival: Huangpu district, Shanghai city.

Means of Transport: Truck

Period of Validation: From May: 28th 2015, to Jun. 4th, 2015

Species	Type	specification	Volume	
			Number	volume(m³)
Broad leaf (oak)	board	200-600cm, 10-60cm		70

送货单

Consignee: [Redacted]

Delivered: [Redacted]

Species	Thickness of board	Length of board	Volume	Price	total price
Oak	3.0cm	2m	13.58		
Oak	3.5cm	2m	9.17		
Oak	4.0cm	2m	8.43		
Oak	4.5cm	2m	9.22		
Oak	5.0cm	2m	4.16		
Oak	5.5cm	2m	3.54		



Examples of implementation

Mongolian Oak from China

Risk Topic

- Access to information
- FLEGT license
- UN/ EU Sanctions
- CITES-listed species
- Certification
- Species Risk
- Origin Risk
- Trade & Transport risk
- Illegal transfer pricing
- Contamination and substitution risk

Risk key



N/A



Access to Information

- Documentation does not adequately describes the supply chain.
- Documentation for all stages of supply chain not provided.
- Volumes and conversion factors are a concern.
- Document fraud and applicability is a concern in China

Expansion in 2015

Expand to the key state-owned forests
in **Jilin** & **Inner Mongolia** at **April 1, 2015**





Examples of implementation

Mongolian Oak from China

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Risk key



N/A



Origin

- China CPI = 27
- Risk of mixing: NE China and Russia
- Logging ban in Jilin (effective 1st April 2015)
- Russian origin? Start again



Examples of implementation

Mongolian Oak from China

Risk Conclusion

Negligible Risk



Non-negligible Risk





Examples of implementation

Mongolian Oak from China

STEP 1 – Postpone Sourcing





Examples of implementation

Mongolian Oak from China

STEP 1 – Postpone Sourcing



STEP 2 – Origin verification using laboratory testing

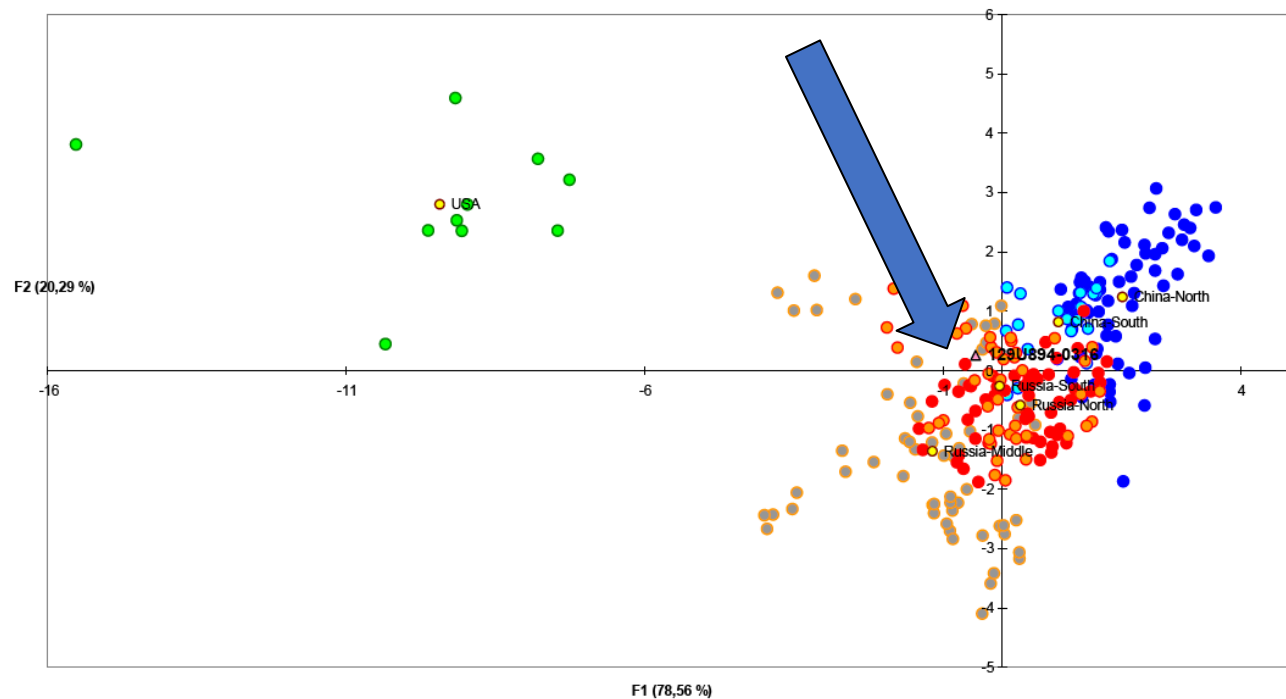


 agroisolab UNITED KINGDOM d as Russia, not China!



Examples of implementation

Mongolian Oak from China



Oak Supply from China





Examples of implementation

Mongolian Oak from China

STEP 1 – Postpone Sourcing



STEP 2 – Origin verification using laboratory testing



 **d as China, not Russia!**

STEP 3 - Collect additional documentation



STEP 4 – Supplier commits to using only N.American / European oak

- i. Generic CoC put in place
- ii. Supplier or third party auditing

STEP 5 – Ongoing programme of:

- i. Lab testing
- ii. Documentation checks

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Certification as a Risk Mitigation option



Risk Mitigation Options

Using Certified Material

Do these have any value?





How to assess whether a certification system meets EUTR requirements





Risk Mitigation Options

Using Certified Material

Certification Scheme Evaluation Checklist

- Organisations can use Certification Scheme Evaluation Checklist to conduct their own assessment
- NEPCon have also started to conduct evaluations of various certification and verification systems against





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DEVELOPMENT COOPERATION



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