

# Exercises

## Session 1: Supply chain mapping and risk identification

### Time:

90 mins. 60 minutes preparation and work, 30 minutes presentations and discussion.

### Instructions

#### Supply Chain Mapping

1. Prepare a supply chain map based on the information provided by the Purchasing Manager.

#### Risk identification

1. Evaluate the supply chain information and risk description contained in the simplified Supplier Management Form (DD-04) (some columns have been removed).
2. Evaluate whether the level of information regarding the following is satisfactory:
  - a. Product type
  - b. Species
  - c. Origin of the material
3. Evaluate and conclude whether you find the existing risk assessment conclusions and justifications appropriate, and why/why not.
4. [OPTIONAL] If you have time, prepare your own risk description and justification for one of the supply chains. The tool DD-08 Risk Identification Checklist provides a comprehensive list of topics/questions for doing this.
5. Be ready to present and discuss the results.

### Tools

- NEPCon Sourcing Hub country pages
- DD-04 Supplier Management Form
- DD-08 Risk Identification Checklist

### Case description

You are a compliance manager of a retailer of furniture and home goods 'Furniture Warehouse' and are looking to potentially begin buying three products –a storage box, a bedside table, and a dining table – from a Chinese trader (China Furniture International) that you have not bought from before. You request information and supporting documentation on the supply chains and country of origin for each product from your Purchasing Manager (who has been discussing with China Furniture International) so that you can investigate the risks at the national level in each country.



The Purchasing Manager provides you with the following description:

China Furniture International is a large furniture trader that has FSC and PEFC chain of custody certification. The products that it sells are manufactured by many different companies. The three products you are interested in are all supplied by different manufacturers.

Jia Ju Furniture makes the storage box. It comprises MDF panels that are covered by a veneer. The MDF is made of eucalyptus and pine that is grown on farm land in China. The MDF manufacturer Chang MDF sources the wood from farmers that harvest trees on their own land. The manufacturer buys the veneer from another mill, which sources FSC-certified timber from an FSC certified forest management company.

The bedside table is made of Mongolian oak from the north east of China. Hao Sawmill saws the wood and sells it to Cong wood furniture, who makes the table.

The dining table is made of wenge that was harvested from a forest concession in the Democratic Republic of the Congo. A sawmill company saws the timber and exports it to China. The manufacturer Mu Cai Tables sells the final product to China Furniture International.

1. Supplier information		2. Product information					3. Origin				4. Risk assessment	
Supplier name	Supplier country	Product type / description	EU Product Group	PRODUCT verification / certification	Species (scientific name)	Species (trade name)	Country of harvest	Sub-national region of harvest (if known)	Supply chain information	Access to legality documentation	Risk assessment conclusion	Risk description and justification
China Furniture International	China	Dining table	9403 40	No		Wenge	Democratic Republic of the Congo	Concession	Forest concession contract Forest management plan Court of Commerce registration of the concession holder Invoice between concession and DRC sawmill and exporter Export certificate Batch report ready for exportation Invoice between Mu Cai Tables and China Furniture International	Complete	Low	The Court of Commerce registration of the concession holder show that it is legally registered and the forest concession contract and forest management plan indicate that the timber was legally harvested. The export documentation also indicates legal export. Scientific species name is needed.

## Session 2: Risk specification and mitigation

### Time:

60 mins. 40 minutes preparation and work, 20 minutes presentations and discussion.

### Instructions

#### Risk specification – forest level

1. Review the **country pages and national risk assessments** for China and the Democratic Republic of the Congo, which can be downloaded from the NEPCon Sourcing Hub (<http://www.nepcon.org/sourcinghub>).
2. Develop an overview of risks associated with **one sourcing country** and one category of law

#### Risk specification – mixing of material from other origins in the supply chain

3. Select one supply chain and consider where the **principle mixing risks lie**. (see 'Supply chain complexity (Risk category # 10-12) in DD-08 Risk identification checklist and 'Risk mitigation'
4. Present a summary of your findings to the group.

#### Risk mitigation

1. Pick two of the risks that were specified in the risk assessment and consider how they affect your supply chain(s).
2. Evaluate options for mitigating the specified risks and select risk mitigating actions you would choose to establish, considering effectiveness and cost efficiency.
3. Be ready to present your findings.

### Tools

- NEPCon Sourcing Hub (<http://www.nepcon.org/sourcinghub>)
  - Country pages
  - Risk assessments
  - Risk mitigation guides
  - Document guides
- DD-01 Due Diligence Guidelines
- DD-08 Risk identification Checklist