



## Case study – fictive scenario



*April 2021*





# GOOD WOOD

**Monthly team meeting**

April 7, 2021

# Ms. Woodry, CEO



Welcome!

Let's start our meeting!

The first item on the agenda is our decision to expand our product range. We want to offer our customers tropical wood panels.

In particular, I would like to be able to offer several qualities, including solid wood, plywood and veneered MDF.



## Ms. Somil, Quality Director



There are two things I would like to remind everyone.

Firstly, our company policy gives top priority to certified products.

We can make exceptions only when no similar products are available on the market.

Indeed, here is our comparative table of possible approaches, considering our supplies from many countries with risks of illegality linked to practices on the ground.





	Non-certified supply chains	Certified supply chains
Level of efforts	Higher	Lower
	<i>Complete document collection</i> <i>Programming field missions</i>	<i>Reduced document collection</i> <i>Less direct field missions</i>
Competency / quality	Lower	Higher
	<i>Basic in-house knowledge on all forestry contexts</i>	<i>Expert auditors familiar with their environment</i> <i>Independence &amp; monitoring</i>
Cost	Higher	Lower
	<i>Required field missions are very likely - high cost</i>	<i>Additional costs smoothed out and distributed among all the entities involved</i>

## Ms. Somil, Quality Director



Secondly, for any new product we place on the market, we must apply our Due Diligence System in accordance with the applicable Regulation.



# M. Desfauret, Regulatory Compliance Officer



I suggest a three-step action plan.

1. Find the right products and suppliers.

That's up to the sales team.

2. Ensure that the certification scheme for the identified products is integrated within our DDS. If necessary, update the DDS. I will handle it.

3. Apply our DDS to products in order to validate a low risk of illegality before they are placed on the market. We will do it together.

# M. Desfauret, Regulatory Compliance Officer



Let's start working on plywood.



# Sales team

We are aware of a panel manufacturer located in China. He has a very good reputation.

Their website mentions Okoume plywood.

We can choose between:

- FSC 100%
- FSC Mix 70%
- FSC Controlled wood



# PLYWOOD

1. Product identification

2. DDS update

3. Application du SDR

# Regulatory Compliance Officer



Our DDS already includes the use of FSC certified products.

In particular, we must demonstrate that the FSC system:

- Is robust and complies with the quality criteria defined by the EUTR
- Enables traceability and control of materials throughout the supply chains
- Covers the 5 relevant legal categories



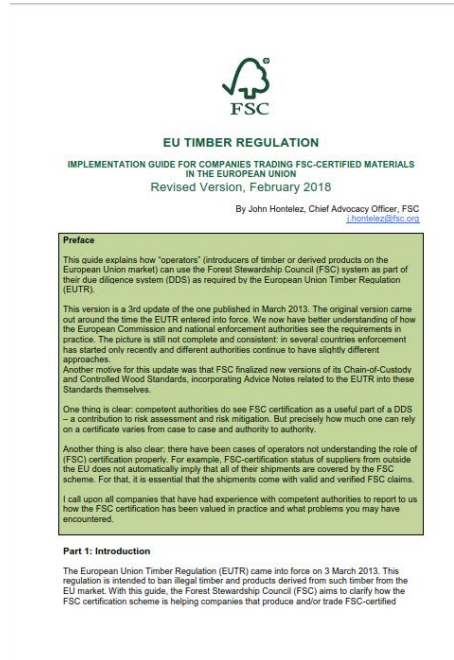
PLYWOOD

1. Product identification

2. DDS update

3. Application du SDR

# Regulatory Compliance Officer



Therefore, our procedures refer to the FSC guidance which includes these elements.



PLYWOOD

1. Product identification

2. DDS update

3. Application du SDR

# Regulatory Compliance Officer



We also need to pay attention to cases where there are possible shortcomings / problems in specific countries.

We found that documented weaknesses often occur in highly corrupt countries.



PLYWOOD

1. Product identification

2. DDS update

3. Application du SDR

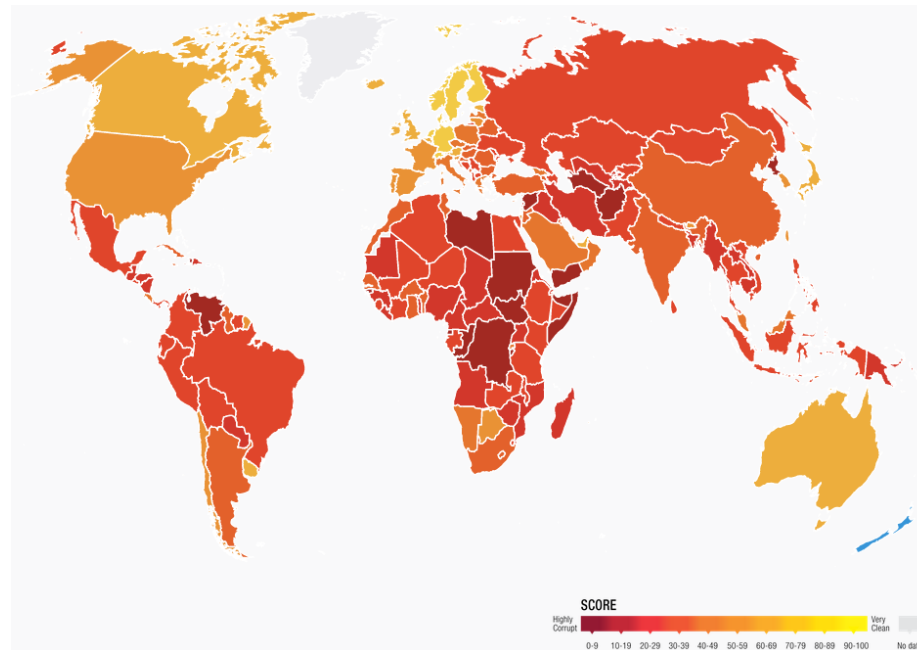
# Regulatory Compliance Officer

To facilitate our work, we have taken the decision to strengthen the checks for countries of harvest with a CPI below 45.



## CORRUPTION PERCEPTIONS INDEX

2020



PLYWOOD

1. Product identification

2. DDS update

3. Application du SDR

# Regulatory Compliance Officer



PLYWOOD



Here is our decision tree for certified products,  
including FSC.

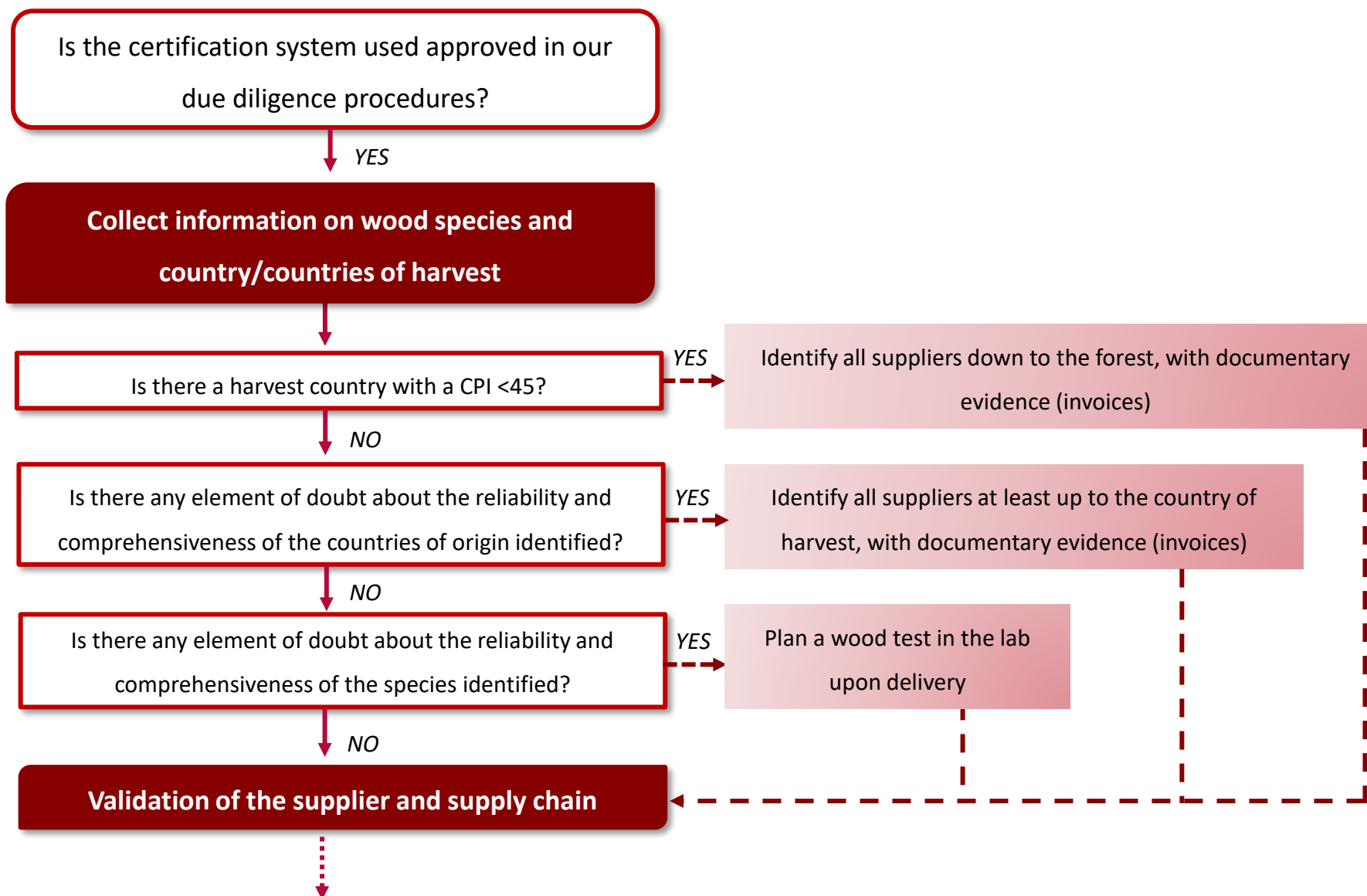
1. Product identification

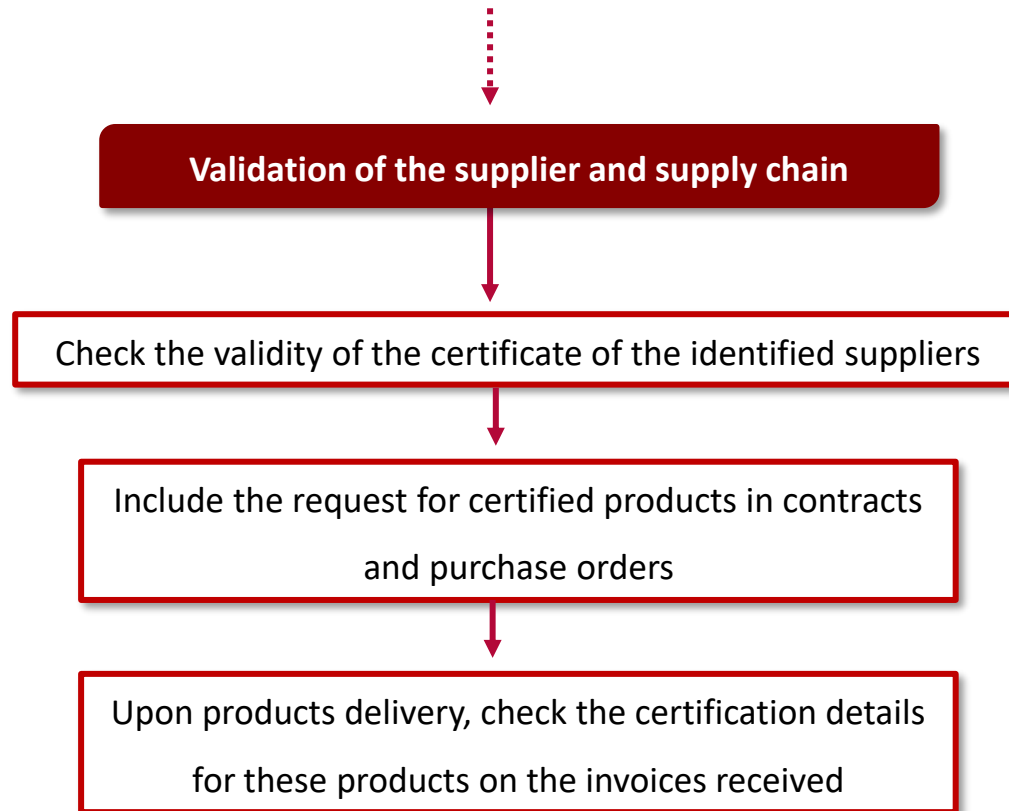
2. DDS update

3. Application du SDR



# PLYWOOD





# Regulatory Compliance Officer



PLYWOOD

Is the certification system used approved in our due diligence procedures?

YES

I confirm that this first condition is verified for the FSC system.

1. Product identification

2. DDS update

3. Application du SDR

# Sales team



PLYWOOD

Let's call the supplier to find out about the species and the countries of harvest.



The Okoume in our panels comes from Gabon. Some of the inner layers are made of poplar from other countries. I am sending you a summary table.



Dehua TB

**! FICTIVE EXAMPLE !**

1. Product identification

2. DDS update

3. Application du SDR

# Sales team

Here is the email.

Re: Composition of plywood panels

↩ Reply


↩ Reply All

➡ Forward

⋮

From : Dehua TB

To : Good Wood

 07/04/2021

Please find below the details for species and countries of harvest about our panels. Attached are some additional documents about those supplies.

FSC 100%	Poplar <i>Populus deltoides</i> <a href="#">Origin: China</a>	Oukoume <i>Aucoumea klaineana</i> <a href="#">Origin: Gabon</a>
FSC Mix 70%	Poplar <i>Populus tremuloides</i>	
FSC CW	<a href="#">Origin: USA</a>	



PLYWOOD

**! FICTIVE EXAMPLE !**

1. Product identification

2. DDS update

3. Application du SDR

# Sales team

Here is a first attached document.

**INVOICE**

**From:** TGI - Gabon                      **To:** Dehua TB - China

**Date:** 24 September 2020

Description	Unit Price	Qty	Total
Peeled Veneer		200	
FSC 100%			
BV-COC-109734			
GRAND TOTAL			



PLYWOOD

*! FICTIVE EXAMPLE !*

1. Product identification

2. Mise à jour du SDR

3. Application du SDR

# Sales team

And here is a second.

INVOICE

From: CEB - Gabon

To: TGI - Gabon

Date: 03 August 2020

Description	Unit Price	Qty	Total
Logs  FSC 100% BV-FM/COC-840169		200	
GRAND TOTAL			

**! FICTIVE EXAMPLE !**



PLYWOOD

1. Product identification
2. DDS update
3. Application du SDR

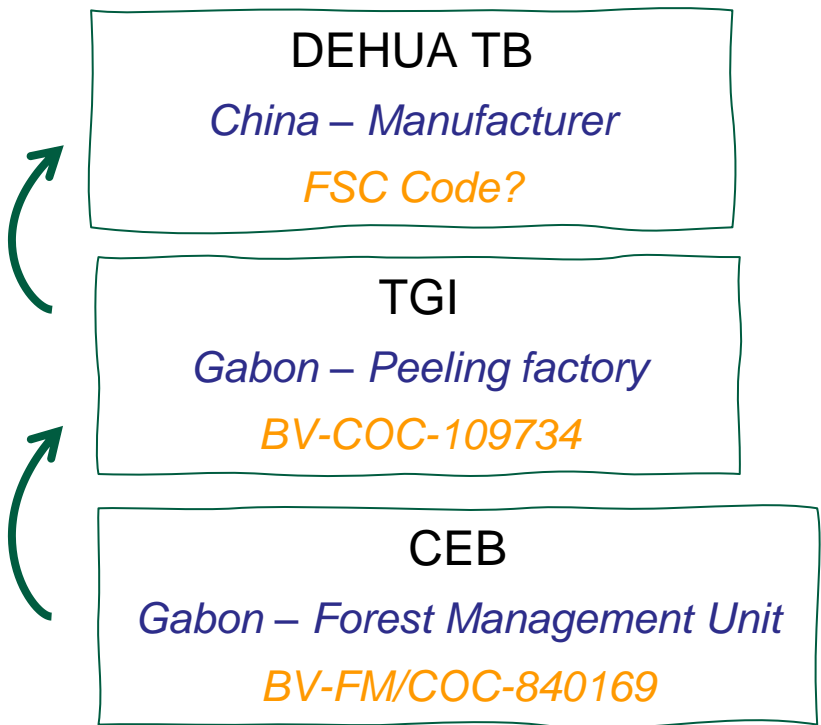
# Sales team & quality



Gabon's CPI is 30.

According to our procedures, we must have a clear and documented supply chain up to the forest.

With the documents received, this is indeed the case.



**! FICTIVE EXAMPLE !**



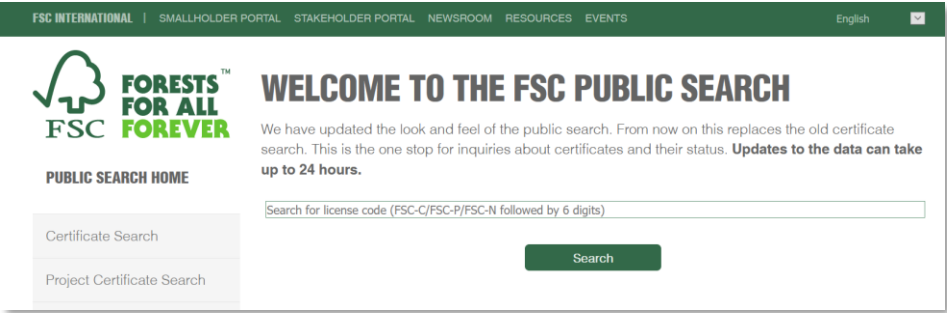
**PLYWOOD**

1. Product identification

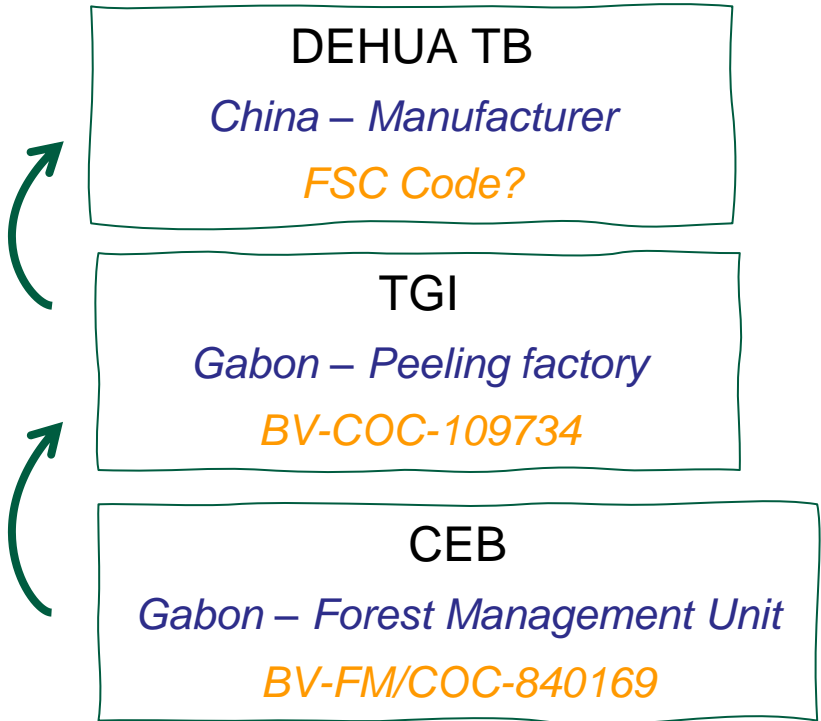
2. DDS update

3. Application du SDR

# Sales team



Let's check the validity of the FSC certificates of these three suppliers.



**! FICTIVE EXAMPLE !**



PLYWOOD

1. Product identification
2. DDS update
3. Application du SDR

Do we have more information about the poplar component?

No. We have not received anything about this.

Let's be vigilant. Recent FSC investigations have highlighted violations of the system by Chinese companies marketing plywood with tropical wood faces.



PLYWOOD

1. Product identification

2. DDS update

3. Application du SDR



Forest  
Stewardship  
Council®

## Action on Potential Fraud in Plywood Supply Chains

FSC suspends and terminates several FSC certificates in the plywood supply chain.

January 4, 2021



PLYWOOD



1. Product identification

2. DDS update

3. Application du SDR

Does this mean that the whole system is discredited and unusable?

Not at all!

On the one hand, it is clear that the system itself incorporates actions to combat fraud and misuse. This is rather a good sign.

We just need to be aware of the particular cases and contexts where this is likely to happen.

This is why our procedures require enhanced traceability for certain countries.



PLYWOOD

1. Product identification

2. DDS update

3. Application du SDR

Yes. So let's follow our procedures.

For the Chinese poplar (CPI = 42), we will ask for the traceability of all entities up to the forest, backed with sample invoices.

For the US poplar, we will request traceability of all entities up to the US exporter.



PLYWOOD

1. Product identification

2. DDS update

3. Application du SDR

Based on these elements, we will make a decision on which product to choose.

FSC 100%	Poplar <i>Populus deltoides</i> Origin: Chine	Oukoume <i>Aucoumea klaineana</i> Origin: Gabon
FSC Mix 70%	Poplar <i>Populus tremuloides</i>	
FSC CW	Origin: USA	

Can we really trust « Controlled Wood » (CW) products ?

**! FICTIVE EXAMPLE !**



PLYWOOD



1. Product identification

2. DDS update

3. Application du SDR



CW products are a bit peculiar.

Firstly, they can only be sold with a certification claim between certified companies.

This status will not be communicated to the final consumer.

Here are the claims that can be found on labels.

**PLYWOOD**

1. Product identification

2. DDS update

3. Application du SDR



# PLYWOOD

1. Product identification

2. DDS update

3. Application du SDR



CW products may come from a CW-certified forest, which therefore complies with legality criteria – but not with as many sustainable management criteria as a FM-certified forest.

More commonly, they may come from a non-certified forest. In this case, they have been subject to a legality risk assessment by a qualified entity of the supply chain.

This entity will have an FSC CW certification code. Here is an example.



[PUBLIC SEARCH HOME](#)

## CERTIFICATE

Information from 2021/03/31 - 9:46 UTC  
Certificate Code **DNV-COC-001077**  
License Code **FSC-C125195**  
Controlled Wood Code **DNV-CW-001077**



# PLYWOOD

1. Product identification

2. DDS update

3. Application du SDR



# PLYWOOD

This entity will have to comply with a specific standard for this, and will be audited on this basis.

Overall, the FSC Controlled Wood standard is setting a similar approach to the one of an operator placing wood on the European market.

The aim is to ensure the legality of the wood through a risk assessment approach.

Buying CW certified timber therefore means that the risk of illegality has already been assessed by another actor in the chain.

1. Product identification

2. DDS update

3. Application du SDR





# PLYWOOD

Regarding the risk of illegality in the country of harvest, we can therefore conclude that the risk is "low", regardless of the certification claim.

Anyhow, let's wait for the requested traceability documents to mitigate the risk of false declaration.

Finally, apart from our regulatory obligations, we can make a decision depending on if we want to favour the share of wood coming from certified sustainably managed forests.



1. Product identification

2. DDS update

3. Application du SDR

# Regulatory Compliance Officer



Now let's look at the possibilities of sourcing solid wood panels.



I suggest targeting wood from Cameroon.

Let's look at the availability of the resource directly on the online databases of forest certification schemes operating in the region.



**SOLID WOOD**



1. Product identification

2. DDS update

3. Application du SDR

We already have a pre-selection of companies.

Let's ask a local sales agent to suggest something and take care of the paperwork.

I can offer you OLB certified wood. I will send you a proforma invoice.



*Agentimber*



**SOLID WOOD**

**! FICTIVE EXAMPLE !**

1. Product identification

2. DDS update

3. Application du SDR



# SOLID WOOD

Is the certification system used approved in our due diligence procedures?

*OUI*

Our system does not yet include OLB certification.

I will look for assessment evidence to justify its compliance with EUTR criteria.

I will update our DDS according to these elements.

1. Product identification

2. DDS update

3. Application du SDR

Here is the document received from the agent.

### PROFORMA INVOICE

From: Agentimber, Cameroon

To: Good Wood, UE

Date: 7 April 2021

Description	Unit Price	Qty	Total
Sawn <u>Azobe</u> ( <i>Lophira alata</i> )		1	
GRAND TOTAL			

**! FICTIVE EXAMPLE !**



**SOLID WOOD**

1. Product identification

2. DDS update

3. Application du SDR

There is no mention of certification on the invoice.

Moreover, our agent does not appear in the OLB database of chain of custody certified companies.

 Bureau Veritas Certification 92937 Paris La Défense www.certification.bureauveritas.fr	<b>Liste des organismes certifiés OLB Chaîne de contrôle</b> <i>Chain of custody enterprise OLB certified bodies list</i>	Date de mise à jour : 04 August 2020 Version : 2.20 Réf : DO 071005A
---	--	---

It will therefore be a broken chain of custody.

**! FICTIVE EXAMPLE !**



**SOLID WOOD**

1. Product identification

2. DDS update

3. Application du SDR

In any case, we need to map the supply chain up to the OLB certified forest(s).

A sample of invoices with OLB claims from the Forest management enterprise to Agentimber will therefore be required.



*Agentimber*

I'm taking care of it.

**! FICTIVE EXAMPLE !**



**SOLID WOOD**

1. Product identification

2. DDS update

3. Application du SDR

We have received all the documents requested from Agentimber.



#### PROFORMA INVOICE

From: SIENCAM - Cam

From: SIENCAM - Cameroon

To: Agentimber - Cameroon

OLB-CERT/FC-170801

OLB-CERT/FC- 10988585

Date: 07 April 2021

Date: 19 February 2021

#### Description

Sawn timber OLB  
Origin: UFA 00 004

Azobé – Lophira alata

GRAND TOTAL

Description	Unit Price	Qty	Total
Sawn timber OLB Origin: VC 07 02 114 <u>Azobé - Lophira alata</u>		1	
GRAND TOTAL			



SOLID WOOD

Upon delivery of the products, we will complete our DD records with :

- The final invoice from Agentimber
- Available export documents

**! FICTIVE EXAMPLE !**

1. Product identification

2. DDS update

3. Application du SDR



With these invoices, traceability is confirmed between the forest and Agentimber.

After review, I consider that the OLB system does cover the relevant legal categories and meets the EUTR criteria.

At the forest level, there is therefore no risk of illegality as robust third party verifications are conducted.



**SOLID WOOD**

**! FICTIVE EXAMPLE !**

1. Product identification

2. DDS update

3. Application du SDR



Agentimber does not take physical possession of the timber.  
It will travel directly from the sawmill to us.

And we will not buy a product with a  
certification claim from Agentimber.  
We will not be able to sell this product with  
a certified claim to our customers.

I leave it to you to see if this has a commercial impact.  
As far as I'm concerned, it doesn't change the risk of  
illegality since the risk of mixing with wood from  
another non-certified forest is low..



**SOLID WOOD**

**! FICTIVE EXAMPLE !**

1. Product identification

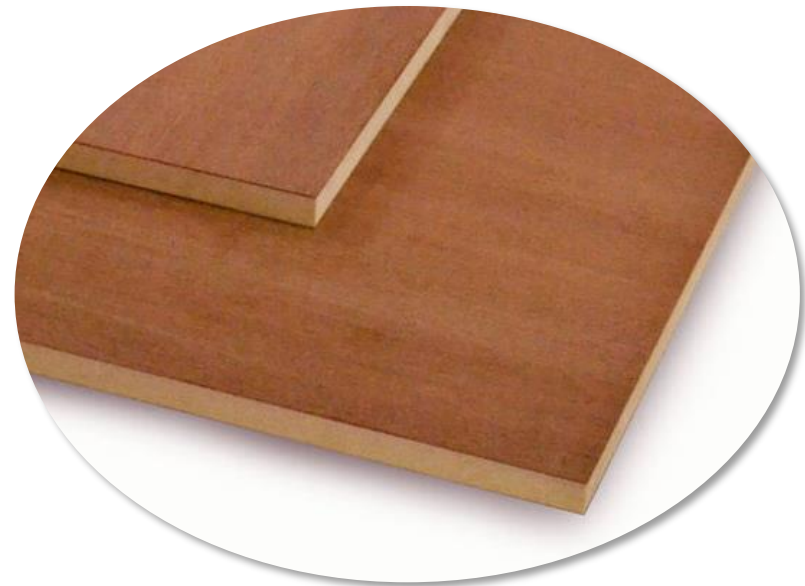
2. DDS update

3. Application du SDR

# Quality Director



Where we are with veneered MDF?



## Sales team

We have located a manufacturer in Vietnam.  
They says they have PEFC certified panels.

They must send us a proforma invoice.



VENEERED MDF

**! FICTIVE EXAMPLE !**

1. Product identification

2. DDS update

3. Application du SDR

# Regulatory Compliance Officer



VENEERED MDF



The PEFC system is already integrated into our due diligence procedures.

The decision tree is the same as for FSC products.

1. Product identification

2. DDS update

3. Application du SDR

**! FICTIVE EXAMPLE !**

Here is their email. Let's open the attachment

**Re: Proforma invoice**

Reply Reply All Forward ...

From : Best Pannels VN  
To : Good Wood

07/04/2021

Please find attached a proforma invoice.

### PROFORMA INVOICE

From: Best PANNELS - Vietnam

To: Good Wood – UE



Date: 07 April 2021

Description	Unit Price	Qty	Total
Veneered MDF with Anigre face		1	
GRAND TOTAL			



**VENEERED MDF**

1. Product identification

2. DDS update

3. Application du SDR

**! FICTIVE EXAMPLE !**

It's strange, there is only a PEFC logo. There is no certification claim clearly linked to the product, nor a certificate code.

**PROFORMA INVOICE**

**From:** Best PANNELS - Vietnam

**To:** Good Wood – UE



**Date:** 07 April 2021

Description	Unit Price	Qty	Total
Veneered MDF with <u>Anigre</u> face		1	
<b>GRAND TOTAL</b>			



**VENEERED MDF**

1. Product identification

2. DDS update

3. Application du SDR

**! FICTIVE EXAMPLE !**

Let's check if this factory is listed in the official PEFC database.



**VENEERED MDF**

The screenshot shows the PEFC website's 'Find Certified' search interface. At the top, there is a green navigation bar with the PEFC logo and links for News, COVID-19, Resources, Events & Training, Contact us, Find Certified, Find Certification Bodies, and a search icon. Below this, a secondary green bar contains the categories: WHAT WE DO, WHAT YOU CAN DO, FOR BUSINESS, STANDARDS & IMPLEMENTATION, and DISCOVER PEFC. The main content area has a breadcrumb trail 'Home > Find Certified' and a 'Print results' button. The title 'Find Certified' is prominently displayed. A descriptive paragraph states: 'PEFC maintains comprehensive databases to ensure easy access to relevant information about certificate holders, logo and label users, certified products, accredited certification bodies, and PEFC-endorsed national certification systems.' Below this is a search input field with the placeholder text 'Logo license number, certificate number or company name'. At the bottom of the search area, there is a green 'Search' button with a magnifying glass icon, followed by the word 'OR', and then a button labeled 'Use the Advanced Search'.

1. Product identification

2. DDS update

3. Application du SDR

**! FICTIVE EXAMPLE !**



*Best PANNELS*

Indeed, we buy certified products but we are not ourselves certified.

Another broken chain of custody?  
Let's ask for clarifications on the origin of the wood and the species.



*Best PANNELS*

Let me send you sample invoices from our suppliers.



**VENEERED MDF**

1. Product identification

2. DDS update

3. Application du SDR

**! FICTIVE EXAMPLE !**

Here is what we have received for MDF.

**INVOICE**

**From:** EGGER – Gagarin

**To:** Best PANNELS, Vietnam

**Date:** 20 June 2020

Description		Unit Price	Qty	Total
MDF	INVOICE			
	From: EGGER – Wismar		To: Best PANNELS, Vietnam	
	Date: 15 October 2020			
	Description	Unit Price	Qty	Total
	MDF 70% PEFC		316	
GRAND TOTAL				

Description	Unit Price	Qty	Total
MDF		316	
70% PEFC			
PEFC/06-38-171			
<b>GRAND TOTAL</b>			



**VENEERED MDF**

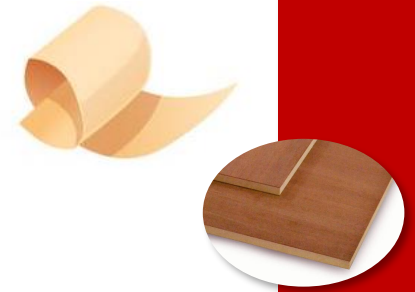
1. Product identification

2. DDS update

3. Application du SDR

## ! FICTIVE EXAMPLE !

For one of them, I can see the certification claim and code. For the other invoice, it seems that the products are not certified.



### INVOICE

From: EGGER – Gagarin

To: Best PANNELS, Vietnam

Date: 20 June 2020

Description	Unit Price	Qty	Total
MDF			
?			
GRAND TOTAL			

### INVOICE

From: EGGER – Wismar

To: Best PANNELS, Vietnam

Date: 15 October 2020

Description	Unit Price	Qty	Total
MDF		316	
70% PEFC PEFC/06-38-171			
GRAND TOTAL			



# VENEERED MDF

1. Product identification

2. DDS update

3. Application du SDR

## ! FICTIVE EXAMPLE !

If I understand correctly, there are two factories of the same group that send out panels.



### INVOICE

From: EGGER – Gagarin

To: Best PANNELS, Vietnam

Date: 20 June 2020

Description	Unit Price	Qty	Total
MDF			
?			
GRAND TOTAL			

### INVOICE

From: EGGER – Wismar

To: Best PANNELS, Vietnam

Date: 15 October 2020

Description	Unit Price	Qty	Total
MDF		316	
70% PEFC PEFC/06-38-171			
GRAND TOTAL			



# VENEERED MDF

1. Product identification

2. DDS update

3. Application du SDR

**! FICTIVE EXAMPLE !**

Let's check this in the official PEFC database.



Home > Find Certified

[Print results](#)

## Find Certified

PEFC maintains comprehensive databases to ensure easy access to relevant information about certificate holders, logo and label users, certified products, accredited certification bodies, and PEFC-endorsed national certification systems.

Logo license number, certificate number or company name

[Search](#) [OR](#) [Use the Advanced Search](#)



**VENEERED MDF**

1. Product identification

2. DDS update

3. Application du SDR

# Regulatory Compliance Officer



VENEERED MDF



For my part, I went to the group's website and found a statement on the species and origins of all their products.

The document is dated October 2020 and is therefore up to date.

Let's go and see the two factories in question.

**MORE FROM WOOD.**

QUALITY MANAGEMENT ISO 9001

Manufacturer Declaration - Timber origin



Coding: VRG270 EN

Revision: 18

Manufacturer declaration about the timber origin

1. Product identification

2. DDS update

3. Application du SDR

**! FICTIVE EXAMPLE !**



We can therefore know the regions of origin and the species of the panels coming from the Russian factory.

Based on the invoice received, these are non-certified panels.

Even if we can get PEFC certified panels from this Russian mill, the CPI for Russia is 30.

Applying our procedures will mean tracing the supply chains further upstream.

It is possible but it implies a higher level of effort.

The risk is lower with PEFC certified panels of European origin.



**VENEERED MDF**

1. Product identification

2. DDS update

3. Application du SDR

**! EXEMPLE FICTIF !**



*Best PANNELS*

Can Best PANNELS ensure that the panels we buy will be exclusively from the Wismar factory in Germany?

Yes, this is quite feasible on our side.



**VENEERED MDF**

1. Product identification

2. DDS update

3. Application du SDR

**! FICTIVE EXAMPLE !**



# VENEERED MDF



Best PANNELS is not subject to a third party verified chain of custody standard.

It will therefore be necessary to gather further evidence to conclude that there is a low risk of mixing at their level.

As a first step, we could schedule a remote meeting with Best PANNELS to understand how the factory operates. They could describe orally their procedures for receiving, storing, processing and shipping products.

This will allow us to draw a first conclusion.

1. Product identification

2. DDS update

3. Application du SDR

**! FICTIVE EXAMPLE !**

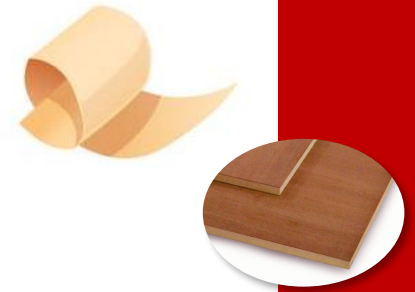


A member of the sales team is due to visit Vietnam in 6 months.

We can include a visit Best PANELS to make direct observations on the segregation and traceability of the products within the factory.

It will be important to write a site visit report mentioning these observations.

It will be included in our due diligence records for this supply chain.



**VENEERED MDF**

1. Product identification

2. DDS update

3. Application du SDR

**! FICTIVE EXAMPLE !**



We know enough elements about MDF.  
What do we know about the wood  
veneer of this product?



# VENEERED MDF

1. Product identification

2. DDS update

3. Application du SDR

## ! FICTIVE EXAMPLE !

Here is what we have received for veneer.

### INVOICE

From: SOTRA-CONGO, Congo

To: Best PANNELS, Vietnam

Date: 6 December 2020

### Description

Sliced veneer – *Aninga*

### INVOICE

From: SOTRACI, Côte d'Ivoire

To: Best PANNELS, Vietnam

Date: 19 January 2021

Description	Unit Price	Qty	Total
Sliced veneer – <i>Aninaeria robusta</i>		62	

### INVOICE

### GRAND

From: VENEER LTD, Ghana

To: Best PANNELS, Vietnam

Date: 17 November 2020

Description	Unit Price	Qty	Total
Sliced veneer – <i>Aningeria robusta</i>		18	
GRAND TOTAL			



VENEERED MDF

1. Product identification

2. DDS update

3. Application du SDR

**! FICTIVE EXAMPLE !**



None of these veneers are certified.

After all, this is only a tiny proportion of the final product.

This is true, but the EUTR does not make a difference. We have to apply our DDS.

If these products are not certified, nobody has assessed their legality. It is up to us to do so.



**VENEERED MDF**

1. Product identification

2. DDS update

3. Application du SDR

**! FICTIVE EXAMPLE !**



There are many risks of illegality associated with timber harvesting in these three countries.

Can we identify if any companies offer certified Anigre?

Let's first look at the FSC database. We can search by species.



**VENEERED MDF**

1. Product identification

2. DDS update

3. Application du SDR

**! FICTIVE EXAMPLE !**

Can Best PANNELS approach the CIB company in Congo to source FSC certified wood for the Anigre veneer to be included on our products?

Yes, this is quite feasible on our side.



*Best PANNELS*



**VENEERED MDF**

1. Product identification

2. DDS update

3. Application du SDR

**! FICTIVE EXAMPLE !**

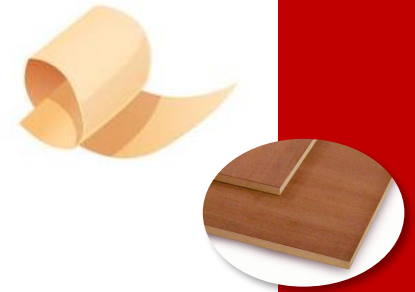
Let's hold on to this supply chain, pending confirmation from our supplier.

Good Wood

Best PANNELS  
*Vietnam – Producer*  
*Not certified*

CIB  
*Congo – FME / Sawmill*  
*SGSCH-COC-010949*

EGGER Wismar  
*Germany –MDF producer*  
*PEFC/06-38-171*



**VENEERED MDF**

1. Product identification

2. DDS update

3. Application du SDR

**! FICTIVE EXAMPLE !**



If the new Congolese supply chain is confirmed, we will miss the traceability up to the forests, backed by invoices.

Both for MDF and veneer, with regard to the risk of illegality at the forest level for all harvesting countries, we can conclude "low risk".

On the other hand, we will have to take measures to be able to verify and justify a low risk of mixing within the Vietnamese factory.



**VENEERED MDF**

1. Product identification

2. DDS update

3. Application du SDR

# CEO



We have made good progress!

I look forward to our new catalogue.

We can adjourn this meeting!



# Thank you!

