

## Charcoal supply chain transaction verification

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Transaction verification is the act of certification bodies and/or Accreditation Services International (ASI) verifying that an FSC® output sales claim made by an FSC certificate holder is both accurate and matches an FSC input purchase claim by a trading partner.

This opportunity was introduced in the revised Chain-of-Custody standard (FSC-STD-40-001 V3-0). The new criterion for transaction verification is to ensure that FSC is enabled to systematically have transactions between trading partners that trade high-risk product types, species, or from high risk regions, which limits the amount of inaccurate transactions.

There are currently three options for verification. The verification can be done via the Online Claims Platform (OCP), where certificate holders will register, connect with suppliers, enter relevant data from their invoice directly to the platform (no financial information required), and the transaction is automatically verified once the suppliers validate their claim.

A second option includes the OCP where the certificate holder will also register, connect with suppliers and enter relevant data from their invoice directly to the platform but verification of transactions is completed by ASI instead of automatically.

Alternatively, certificate holders can choose to fill in a downloadable spreadsheet template with relevant transactional data and send that on to their certification bodies, or they can opt to do an on-site audit where transaction information is collected manually by the auditor for ASI to verify.

Among the reasons for charcoal supply chain transaction verification were that supposed FSC-certified charcoal might be sourced from illegally harvested forests and not from where the charcoal is claimed to originate. There were also assertions that charcoal was being purchased from countries where there are no FSC-certified charcoal producers or forests, being repackaged in European countries and then sold on as FSC-certified charcoal produced in Europe.

Traditional wood anatomy testing can provide information on family, genus, species of lump charcoal and briquette charcoal products (origin can be deduced based on

species). FSC Network Partners and retailers submitted charcoal samples from more than 100 bags of charcoal from brands sold on the European market.

Given that Ukraine is a big exporter of charcoal to Europe, transaction verification is important to support basic trust to the Ukrainian charcoal producers in the charcoal supply chain. As a result of the transaction verification in 2017 year, some FSC-certified companies in Ukraine had their certificates immediately terminated or suspended after transaction verification.

Transaction verification permits systematic analysis information obtained from the trade reported by certificate holders and take transparent decisions in the case of suspicion if a non-certified material may be sold as certified.