

BVRio Due Diligence and Risk Assessment System

Forest Legality Week

October 17–19, 2017 | Washington, D.C.



WORLD
RESOURCES
INSTITUTE

Panel: Private Sector Experiences in Implementing Due Care Practices



Responsible Timber Exchange

Connecting legal sellers to responsible buyers

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Bolsa de Madeira Responsável

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Lançar nova oferta de venda

[COMPRAR MADEIRA](#)
Lançar novo pedido de compra

[MERCADO](#) | [MEUS NEGÓCIOS](#)

[COMPRAR/VENDER](#) | [FILTRAR POR PRODUTOS](#) | [ESPECIE](#) | [FILTRAR LOCAIS DE ORIGEM](#) | [FSC®](#) | [COMUNITÁRIO](#) | [LIMPAR FILTROS](#)

C/V	ID	DATA	PRODUTO	ESPÉCIE	PAÍS	CERTIFICAÇÃO	VOLUME	FREQUÊNCIA	PREÇO	FAZER OFERTA
C	536	24/02/2017	Tábuas	Eucalyptus: Eucalpto, Eucalypt, Gum tree	Brasil	FSC®	300 m³	Mensal	-	VENDER
V	528	16/02/2017	Toras	Diversas especies tropicais: Diversas especies, Mixed species	Brasil	FSC® , MFC	40000 m³	Lote Único	BRL 400 / m³	COMPRAR
C	527	15/02/2017	Placas, com acabamento	Araucaria: Brazilian pine, Monkey puzzle	Argentina	FSC®	500 m³	Mensal	-	VENDER
C	524	14/02/2017	Placas, com acabamento	Araucaria: Brazilian pine, Monkey puzzle	Argentina	FSC®	500 m³	Mensal	-	VENDER
C	522	14/02/2017	Placas, com acabamento	Araucaria: Brazilian pine, Monkey puzzle	Argentina	FSC®	500 m³	Mensal	-	VENDER
C	506	09/02/2017	Tábuas	Eucalyptus: Eucalpto, Eucalypt, Gum tree	Brasil	FSC®	500 m³	Mensal	BRL 800 / m³	VENDER
C	503	08/02/2017	Tábuas	Eucalyptus: Eucalpto, Eucalypt, Gum tree	Brasil	FSC®	5 C40	Mensal	-	VENDER
V	502	08/02/2017	Toras	Eucalyptus: Eucalpto, Eucalypt, Gum tree	Brasil	FSC®	50000 m³	Mensal	USD 66 / m³	COMPRAR
C	491	04/02/2017	Madeira serrada	Picea: Spruce , Pine	Indiferente	FSC®	100 m³	Lote Único	-	VENDER
V	490	04/02/2017	Placas, com acabamento	Araucaria: Brazilian pine, Monkey puzzle	Argentina	FSC®	500 m³	Mensal	USD 210 / m³	COMPRAR

Trading platform integrated with a due diligence system

BV RIO Practical Guide to conducting Due Diligence

2. Lumber Inspection Certificate / Veneer Inspection Certificate

- Sample of a Lumber Inspection Certificate from Ghana, issued by the Timber Industry Development Division (TIDD) Forestry Commission. The example above refers to a Lumber Inspection Certificate (there is a similar form for a Veneer Inspection Certificate, the comments below apply to both the Lumber and the Veneer Inspection Certificate).
How to read an Inspection Certificate.
The highlighted information is:
1. Name of the seller (the processing company);
 2. Name of the international buyer (the same as in the Export Permit);
 3. Date of inspection and expiry date;
 4. Type of product;
 5. Identification of the container (the same as in the Export Permit);
 6. Name of the processing company;
 7. Contract number sales contract registered with the TIDD (the same as in the Export Permit);
 8. Specification of each bundle inspected
 9. Date of inspection and expiry date;
 10. Approval, with stamp and signature.
- What to be aware when reading an Inspection Certificate:
To assemble a supply chain, it is important to cross check the information of the Inspection Certificate with the Export Permit and the input output Data Sheet (parties, number of the contract, identification of the container, product, species and volumes).

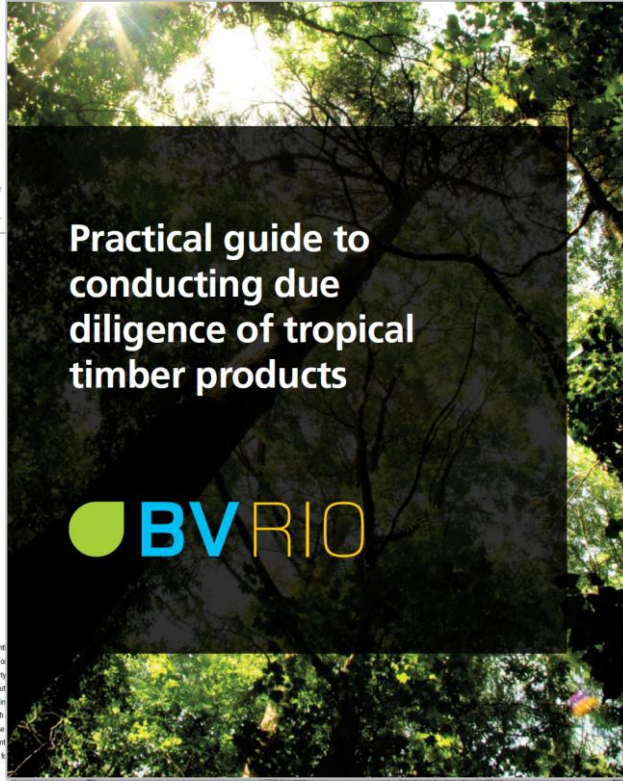
Registration of a sawmill

Registration (development station), sawing, drying, covered by director of

Samples of main documents and how to read them

1. AUTEF and AUTEF:

AUTEF permit containing the validity, printer and ion number, and details of for logging



Practical guide to conducting due diligence of tropical timber products



4. Log Measurement and Conveyance Certificate (LMCC)

- Sample of a Log Measurement and Conveyance Certificate (LMCC) from Ghana. This document is filled in by the company (Property Mark Holder/Agent), approved for transport of the logs by the FSD office, and then approved for processing of the logs by the TIDD Office.
- How to read a LMCC.
The highlighted information is:
1. Authenticity Seal;
 2. Sequential number of the document
 3. Name of the Contractor (the company sending the logs to the sawmill);
 4. Property Mark (registered acronym of the supplier of the log);
 5. Forest District from where the logs come from;
 6. Sawmill that will receive the log;
 7. Identification and measures of the logs (including the forest reserve where the logs were extracted; the identification number of the logs; the species; the dimensions and the volume);
 8. Approval for processing, by the FSD officer;
 9. Signature of the company;
 10. Approval for processing, by the TIDD officer.
- What to be aware when reading an LMCC:
To assemble a supply chain it is important to cross check the information of the LMCC with the input/output Data Sheet: the sequential number of the LMCC should match the one in the Input/output Data Sheet; the Property Mark should match the one in the Input/output Data Sheet; the logs in the LMCC referred to in IODS (the LMCC may contain logs which included in the IODS, meaning that those are not part of the reported consignment species, volume and identifier); the origin of each log.
The volume, in each line of the IODS, should be the same as indicated in the respective LMCC. In the IODS it is possible to see who are the suppliers of the logs; in the LMCC it is possible to identify the forest of origin of each of the logs.

Samples of main documents and how to read them

1. Export Permit:

It from Ghana, (Development Station), document, transport and contract registered (it identifies report and, its species, description of the species, grade, its value and total value; it, usually, includes of the TIDD MANDOS and a stamp issued in and expiry date ending an

In Ghana, it is important to cross check the information of the Export Permit (parties, identification of the species and volume).

issue a fraudulent GF for a sawmill, at a cost, so that the sawmill can justify a volume of timber purchased without documentation. Sometimes this is done from the office, if it uses unusual routes. Other frauds result from misreporting the species transported, which may be identified by prices that are not compatible with a certain species.



Online check of FSC and PEFC certificates

Due Diligence and Risk Assessment

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Select the type of certificate to be checked

FSC®

Enter with the **licence code** number of the certificate

FSC-C 123456

Company

Company's Name: JINJIANG CHANGBO TRADING CO., LTD



Valid

For more details, check the [official site](#).

Contact

Contact's Name: Chunli ZHUO

Email: 1426699713@qq.com

Contact's Phone: 86-595-85618177

Certificate Code FSC®

Licence Code: FSCC-123456

Expiry Date: 09/11/2019

Location

Fujian Province, China

Products Certified

P1 Pulp

P1.1 Mechanical pulp, bleached

P1.3 Chemical pulp, bleached

P2 Paper

P2.1 Copying, printing, communication paper

P2.3 Wrapping and packaging paper

P2.4 Specialty paper



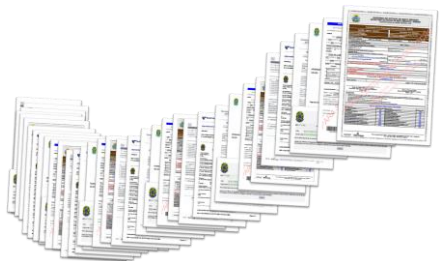
Due Diligence and Risk Assessment System



What it is



Compilation of all primary sources of information



Legal documents

- Logging permits
- Licences



Infractions and embargoes

- Federal infractions and embargos (Ibama)
- State infractions and embargos (Semas)
- Slave labor list

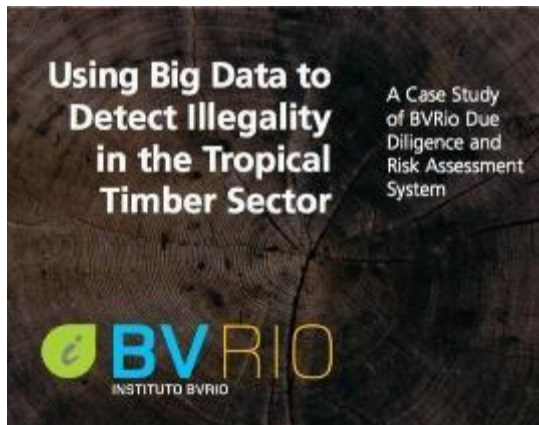


Satellite imagery

- GFW
- Simex
- SAD Deforestation and Degradation

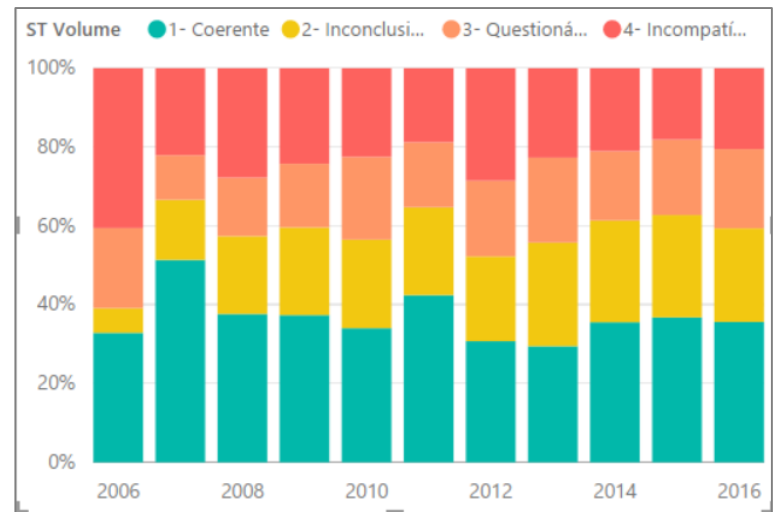
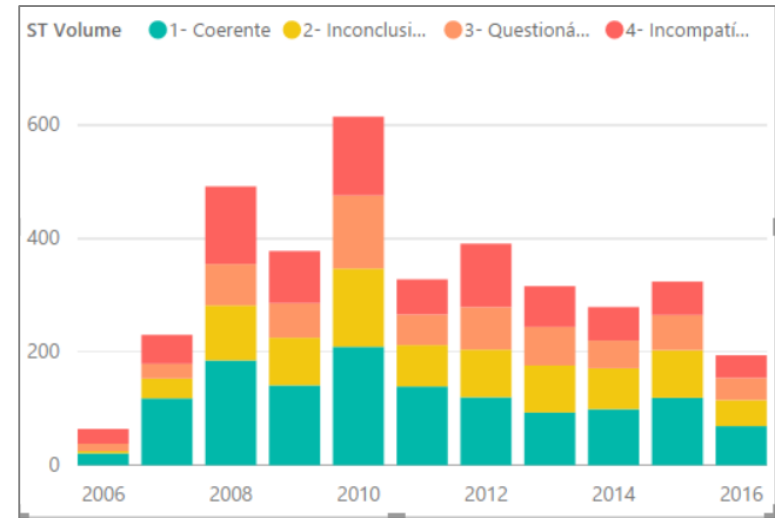
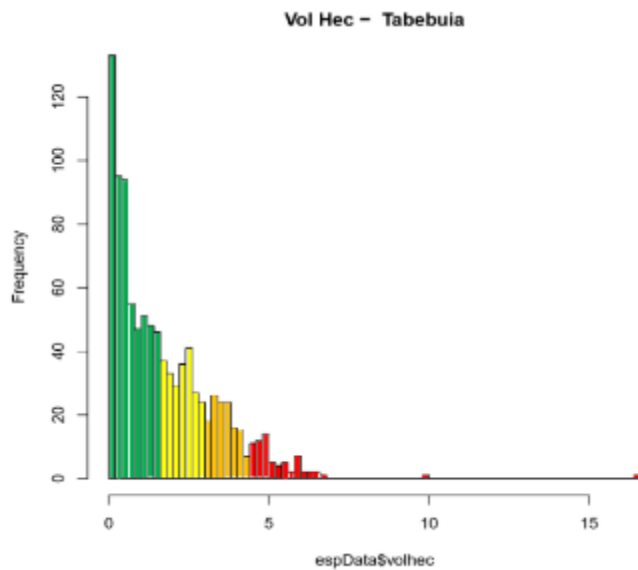


- Internal analysis
- 22 data basis
- Over 2 billion cross checks every day
- Blockchain registry



Complementary analysis and Risk Indicators

Analysis of volumes



Risk Indicator	Assessment	Label
Volumes of valuable species in the logging permit.	Below average + 1 standard error	Coherent
	Below average + 2 standard error	Inconclusive
	Below average + 3 standard error	Questionable
	Above average + 3 standard error	Incompatible

Complementary analysis and Risk Indicators

Track record of the parties
Supply chain analysis

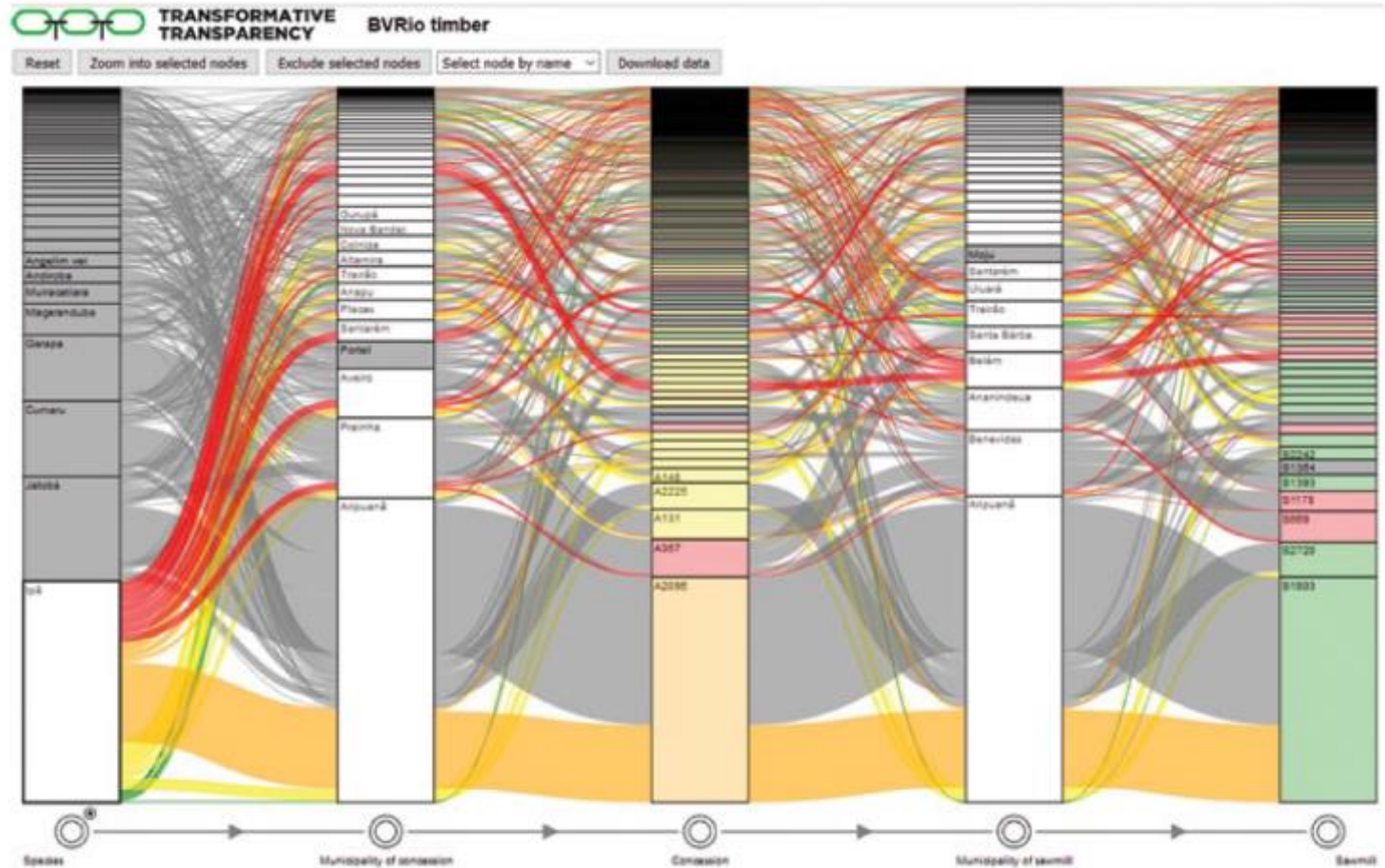


Figure 1: Transformative Transparency Platform showing the supply chain of timber from Pará State, provided by BVRio.

How it works?



Enter the barcode of all the transportation documents (DOF or GF) of the timber consignment...

Due Diligence of Supply Chain (Brazil)

MARKET **DUE DILIGENCE** PROFILE ABOUT US

Supply chain #335 (on going)

Supply chain node assessment

Supplier assessment

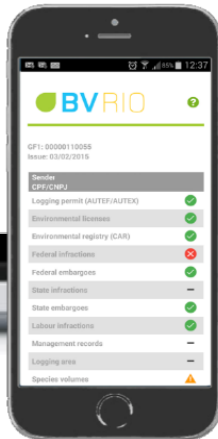
[Labels and Methodology](#)



Due Diligence Process Findings Map

Start a Risk Assessment Process

- 1 Enter timber transport authorizations (GFs, DOFs) related to an individual timber consignment from forest of origin to final buyer or scan it using our app.
- 2 Confirm who is the final buyer and what is the product acquired
- 3 Print a report, at any point in the process.
- 4 Register your supply chain to ensure that it is not used by other parties. All documents as of the supply chain are stored in BV Rio.



Enter the barcode of all the transportation documents (DOF or GF) of the timber consignment...

BV RIO MANAGER | DOCUMENTS | VIDEOS

HELLO, ADMINISTRADOR 3

Supported by **BV RIO**

MRC-PEAD/PEBD: V 6.60 MRC-PS: V 0.94 MRC-PVC: V 1.06 MRC-PET: V 316.27 MRC-PP: V 27.92 MRC-ISOPOR: V 0.79 MRC-SUCPLAST: V 3.98 MRC-SUCFERRO: V 0.40 MRC-LATINHA: V 3.35 MRC-ALUMINIO: V

Home » Plataforma » Cadeia de Custódia #335

Due Diligence of Supply Chain (Brazil)

Supply chain #335 (on going)

- Supply chain node assessment
- Supplier assessment

Labels and Methodology

Due Diligence Process Findings Map

Your supply chain appears to be **incomplete**

- 1 Enter a new **timber transport authorization** (GFs, DOFs) or scan its bar code using our **app**.
- 2 Confirm who is the **final buyer** and what is the **product acquired**.
- 3 Print a report at any point in the process.
- 4 Register your supply chain to ensure that it is not used by other parties. All documents associated with the supply chain are stored in BVRIO.

List of documents used

Timber transport authorization number	Issued on	
DOF: 8997555514554159	27/07/2017	<input type="button" value=""/>



Enter the barcode of all the transportation documents (DOF or GF) of the timber consignment...

MANAGER | DOCUMENTS | VIDEOS

HELLO, ADMINISTRADOR 3
Supported by

S: V 0.94
MRC-PVC: V 1.06
MRC-PET: V 316.27
MRC-PP: V 27.92
MRC-ISOPOR: V 0.79
MRC-SUCPLAST: V 3.98
MRC-SUCFERRO: V 0.40
MRC-LATINHA: V 3.35
MRC-ALUMINIO: V 16.201.66
MRC-VIDRO: V 6.92
MRC-ONDULA

Home > Plataforma > Cadeia de Custódia #335

Due Diligence of Supply Chain (Brazil)

Supply chain #335 (on going)

Supply chain node assessment ✔
Supplier assessment ✔
Labels and Methodology

MARKET
DUE DILIGENCE
PROFILE
ABOUT US

Due Diligence Process
Findings
Map

Your supply chain appears to be incomplete

- 1
Enter a **new timber transport authorization** (GFs, DOFs) or scan its bar code using our **app**.
- 2
Confirm who is the **final buyer** and what is the **product acquired**
- 3
Print a report at any point in the process.
- 4
Register your supply chain to ensure that it is not used by other parties. All documents associated with the supply chain are stored in BV RIO.

List of documents used

Timber transport authorization number	Issued on
GF3: 000425300574900000120717000000	12/07/2017
GF3: 0003393006461005749070717000000	07/07/2017
DOF: 8997555514554159	27/07/2017

Define product

Print report

Register supply

Enter the barcode of all the transportation documents (DOF or GF) of the timber consignment...

MANAGER | DOCUMENTS | VIDEOS

HELLO, ADMINISTRADOR 3
Supported by

.00 CLR-CARTONADO: V 50.00
MRC-PEAD/PEBD: V 6.60
MRC-PS: V 0.94
MRC-PVC: V 1.06
MRC-PET: V 316.27
MRC-PP: V 27.92
MRC-ISOPOR: V 0.79
MRC-SUCPLAST: V 3.98
MRC-SUCFERRO: V 0.40
MRC-LATINHA: V 3.36

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Due Diligence of Supply Chain (Brazil)

Supply chain #335 (on going)

Supply chain node assessment ✔

Supplier assessment ✔

[Labels and Methodology](#)

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Due Diligence Process

Findings
Map

Your supply chain appears to be **incomplete**

- 1
Enter a new **timber transport authorization** (GFs, DOFs) or scan its bar code using our **app**.
- 2
Confirm who is the **final buyer** and what is the **product acquired**
- 3
Print a report at any point in the process.
- 4
Register your supply chain to ensure that it is not used by other parties. All documents associated with the supply chain are stored in BVRio.

List of documents used

Timber transport authorization number	Issued
GF3: 000425300574900000120717000000	12/07/2017
GF3: 00033930064610057490707170000000	07/07/2017
GF1: 0000141006867005295310117001181	07/07/2017
DOF: 8997555514554159	27/07/2017
GF3: 00134630052950064610707170000000	07/07/2017

```

graph TD
    A[FOREST OF SOURCE  
AUTEX MT-2221/2016] --> B[LEANDRO DA CONCEIÇÃO DE OLIVEIRA ...  
Logs, 22.2444 m3  
31/01/2017]
    B --> C[CUMARU INDÚSTRIA E COMÉRCIO DE MA...  
Board, 10.0100 m3  
07/07/2017]
    C --> D[COMERCIO DE MADEIRAS NOROESTE LTD...  
Board, 10.0098 m3  
07/07/2017]
    D --> E[V SCHMIT COMÉRCIO - ME  
Decking, 8.2080 m3  
12/07/2017]
    E --> F[MARINE BOX LUMBER AGENCIA LTDA x EMPRESA RIAGUAS DE ARMAZENAGEM LTDA  
Missing volume for 13.6080 m3 Decking  
UNKNOWN SOURCE]
    F --> G[Decking, tabeua serratafolia, 21.8160 m3  
27/07/2017]
    G --> H[RANGIO EUROPEAN TIMBER AGENCY LTD REINOVINDO DA GRÃ BREITANHA - PORTO DE...]
    
```

...and the system gives you:

Due Diligence of Supply Chain (Brazil)

Supply chain #335 (on going)

- Supply chain node assessment
- Supplier assessment

Labels and Methodology



MARKET
DUE DILIGENCE
PROFILE
ABOUT US

Due Diligence Process

Your supply chain now appears to be **complete!**

- 1 If you consider that the supply chain is still incomplete, enter the **authorization** (GFs, DOFs) or scan its barcode using our **app**.
- 2 Confirm who is the **final buyer** and what is the **product acquired**.
- 3 Print a report of your complete due diligence.
- 4 Register your supply chain to ensure that it is not used by other parties. All documents associated with the supply chain are stored in BV Rio.

List of documents used

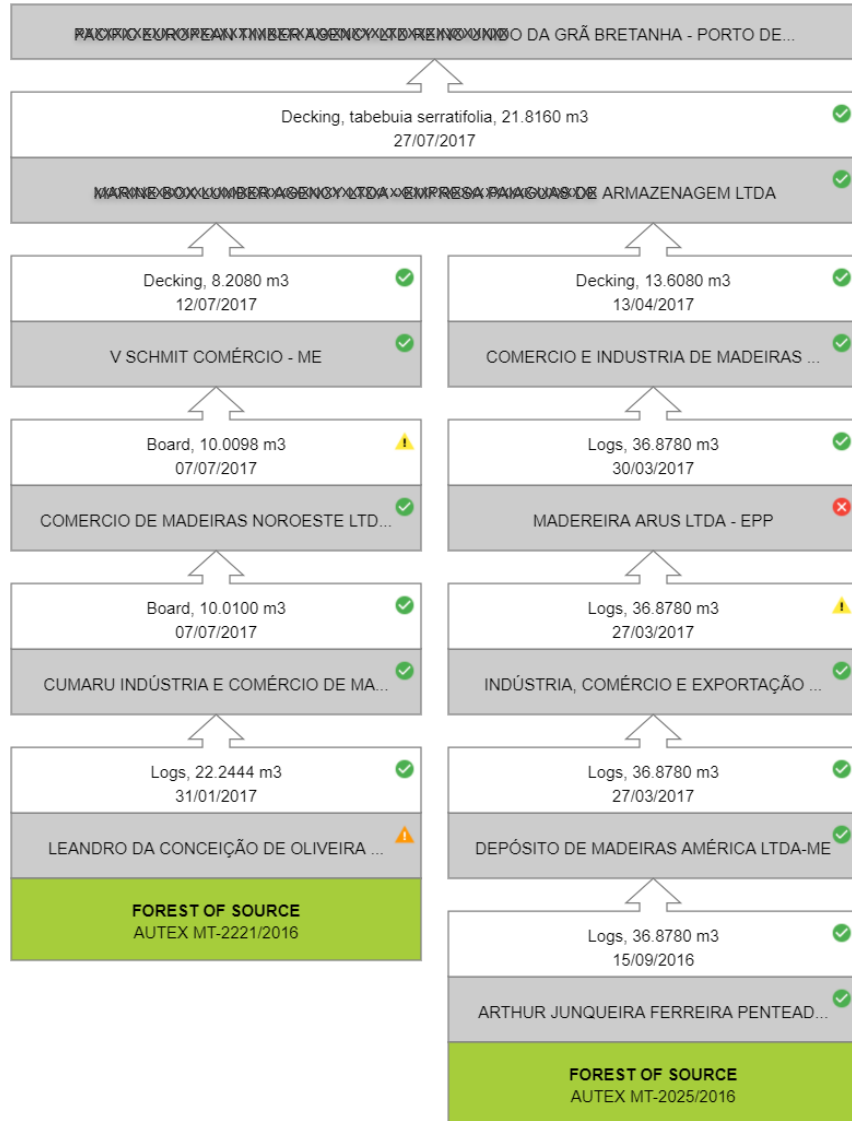
Timber transport authorization number	Date
GF3: 001226300618600000130417000000	13/07/2017
GF: 000010100558001239150916001091	15/09/2016
GF3: 00302030012390020602703170000000	27/07/2017
DOF: 8997555514554159	27/07/2017
GF3: 00138430020600054072703170000000	27/03/2017
GF3: 00041830064070061863003170000000	30/03/2017
GF3: 00033930064610057490707170000000	07/07/2017
GF3: 00042530057490000001207170000000	12/07/2017

Due Diligence of Supply Chain (Brazil)

Supply chain #335 (on going)

- Supply chain node assessment ✔
- Supplier assessment ✔

[Labels and Methodology](#)



(i) ...a map of the supply chain, from the forest of origin to the last supplier...

Due Diligence

Your supply chain

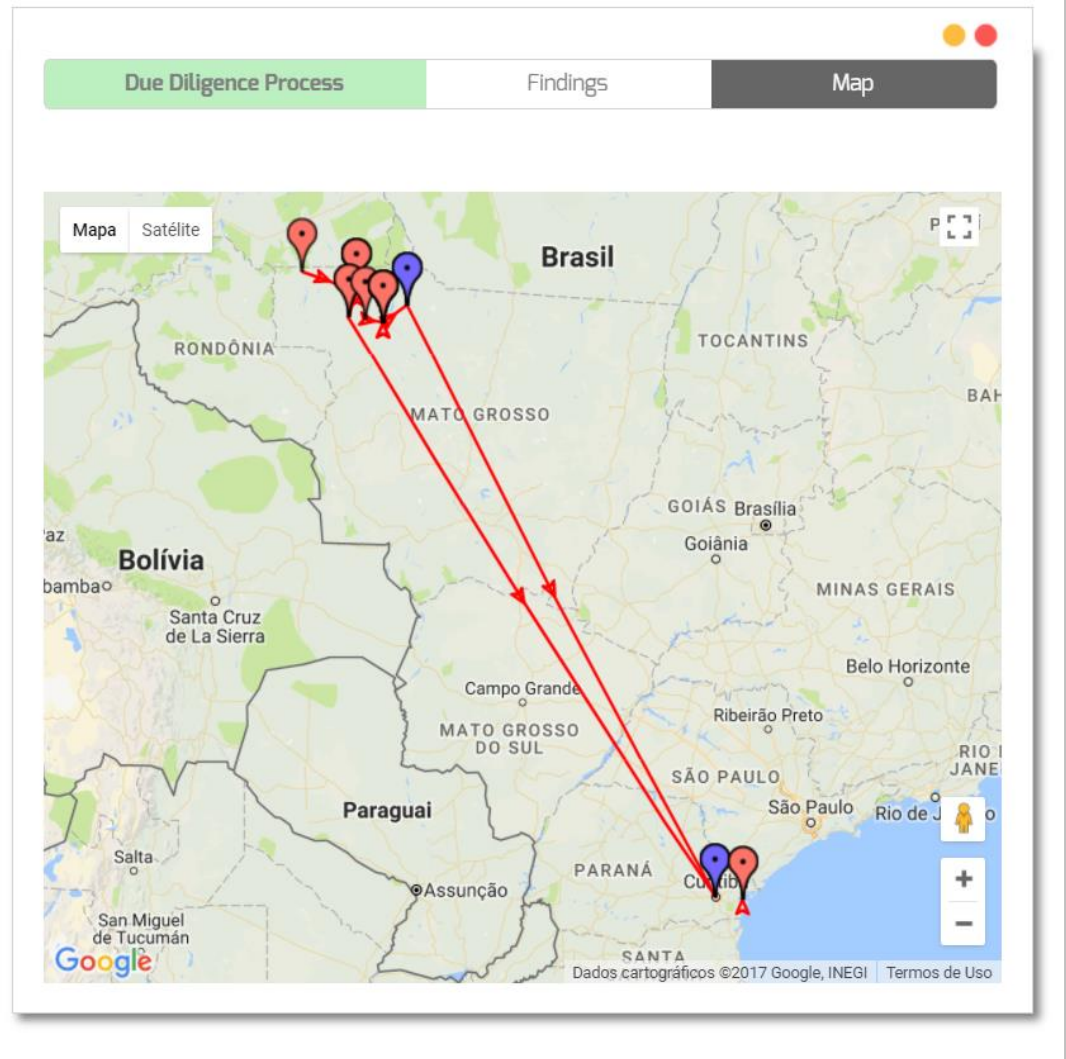
- 1 If you are a supplier...
- 2 Complete your profile...
- 3 Provide evidence...
- 4 Receive your assessment...

List of companies

Timber traceability

- GF3: 00122
- GF1: 00001
- GF3: 00300
- DOF: 89970
- GF3: 00138
- GF3: 00041
- GF3: 00033
- GF3: 00040

(i) ...and the location of the suppliers and the routes.



(ii) A risk assessment of the consignment...

●
●

Due Diligence Process

Findings

Map

Overall Risk

⊗ High risk

Summary of findings

Supply chain consistency

✔ Negligible risk

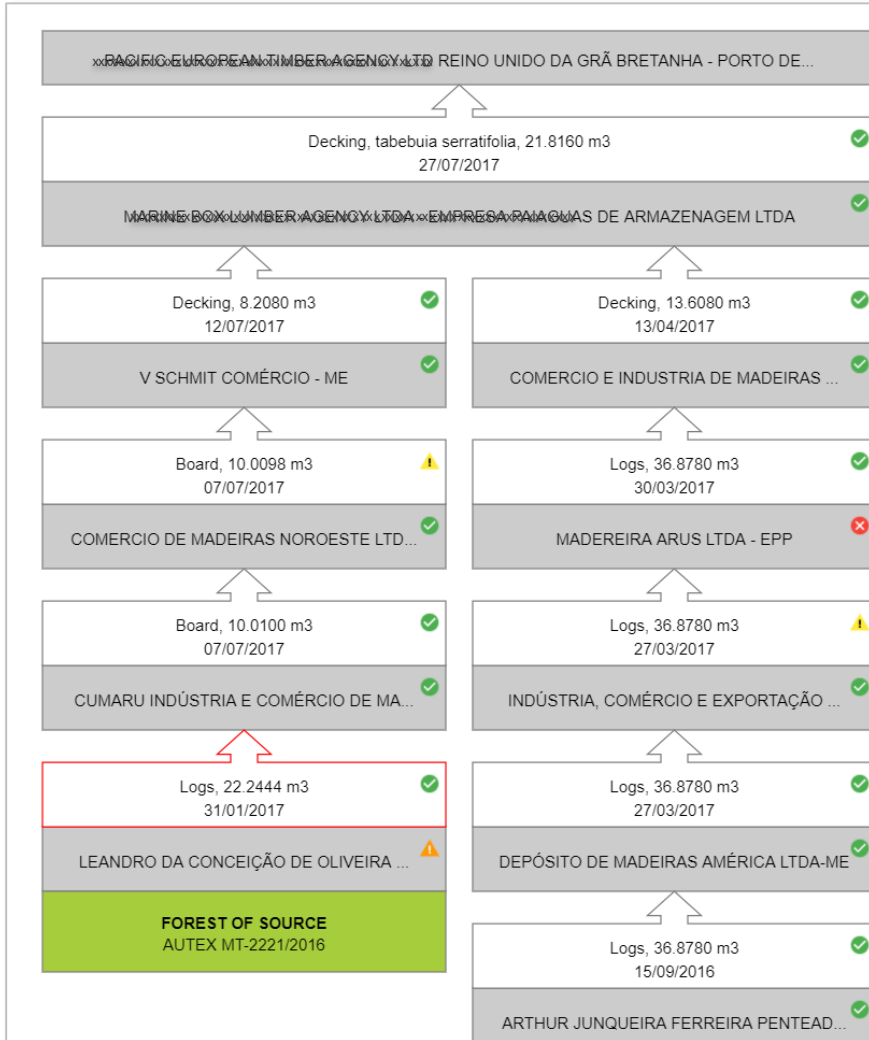
Supplier-related risks or irregularities

⊗ High risk

If risk of illegality is considered non-negligible, the EU TR requires you to conduct **risk mitigation**, putting in place measures to minimize it, including obtaining additional information and/or engaging third party verification. Consult [NEPCon Trading Hub](#) for more information.

*To see details of findings click on each link of the supply chain on the diagram.

(ii) ...with the details of the findings, for each supplier, including:



Due Diligence Process
Findings
Map

PARTIES

Supplier: LINDSA DA CONCEIÇÃO DE OLIVEIRA DESMEMBRADO DO LOTE 11-PANELLAS

Taxpayer Number (CNPJ): 000.600.281/14

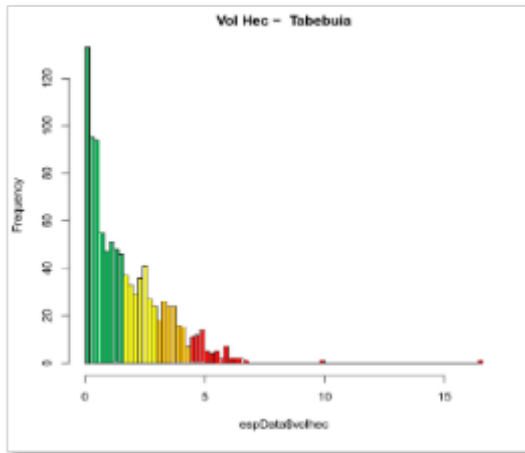
Location: Colniza, MT, BR

CHECKS

- Logging permit (AUTEF/AUTEX) ▼ ✓
- Environmental licenses ⚠
- Federal infractions ✓
- Federal embargoes ✓
- State infractions -
- State embargoes -
- Labour infractions ✓
- Track Record (Supplier) ▼ ⚠
- Track Record (Technical Manager) ▼ ✗
- Logging area (overlap/protected areas) ✓
- Inventory (valuable species) ▼ ✗
- Logging operation (signs of degradation) ✓
- Company's Feedback [0 comment\(s\)](#)

- details of environmental infractions and embargos;

Supplier: MADREIRA ARS LTDA EPP Taxpayer Number (CNPJ): 22.359.900/0001-62 Location: Juruena, MT, BR	 
CHECKS	
Federal infractions	 
Date: 22/09/2017 Fines (R\$): 3,500.00 AI Number: 9147108, Cadastro Técnico Federal CNPJ/CPF: 22.359.900/0001-62 Legal basis: 70 1º 72 II Lei, 9605/98, 3 II 82 Decreto, 6514/2008 Status: para homologação/prazo de defesa (Decision Pending)	
Date: 01/08/2017 Fines (R\$): 11,500.00 AI Number: 9134584, Flora CNPJ/CPF: 22.359.900/0001-62	



- consistency analysis of the inventory of the harvesting area;

Inventory (valuable species) ^ ×

Species	Max coherent volume	Observed Volume	Status
Ipê	3.15 m ³ /ha	3.25 m ³ /ha	⚠
Cumarú	1.49 m ³ /ha	2.94 m ³ /ha	✖
Angelim pedra	2.46 m ³ /ha	3.65 m ³ /ha	⚠

Logging operation (signs of degradation)

- satellite monitoring of the logging area:

- overlaps with protected areas
- signs of degradation

Logging area (overlap/protected areas) ✓

Inventory (valuable species) ^ ✗

Species	Max coherent volume	Observed Volume	Status
Ipê	3.15 m ³ /ha	3.25 m ³ /ha	⚠
Cumaru	1.49 m ³ /ha	2.94 m ³ /ha	✗
Angelim pedra	2.46 m ³ /ha	3.65 m ³ /ha	⚠

Logging operation (signs of degradation) ✓

Company's Feedback 0 comment(s)

Buyer: CUMARU INDÚSTRIA E COMÉRCIO DE MADEIRAS EIRELI



(iii) Registry of the supply chain

4

Register your supply chain to ensure that it is not used by other parties. All documents associated with the supply chain are stored in BVRio.

Register supply chain

List of documents used

Timber transport authorization number	Issued on	
GF3: 0012263006186000000130417000000	13/04/2017	
GF1: 0000101005558001239150916001091	15/09/2016	
GF3: 0030203001239002060270317000000	27/03/2017	
DOF: 8997555514554159	27/07/2017	
GF3: 0013843002060006407270317000000	27/03/2017	
GF3: 0004183006407006186300317000000	30/03/2017	
GF3: 0003393006461005749070717000000	07/07/2017	
GF3: 0004253005749000000120717000000	12/07/2017	

Control of the timber transport authorisations used in the supply chain to avoid double use.

BVRio Due Diligence and Risk Assessment Report

PART 3: DOCUMENTS OF ORIGIN REGISTERED IN THIS REPORT

Supply Chain

80 BVRio: 179 / 16 Oct 2017

Your Ref.: Example1 (Example...)

Gules florestais registered

Transportation auth registered	Total volume on DOKs	Volume used in other CoC	Available volume for this CoC	Volume affected in this CoC	Available volume after this CoC
GF3 MT 0012263006186000000130417000000 Date: 13/04/2017 From: COMERCIO E INDUSTRIA DE MADEIRAS MATO VERDE LTDA - ME (MATRIZ) To: MARINE BOX LUMBER AGENCY LTDA Product: Decking	20.2580	0.0000	20.2580	13.6180	6.6400
GF3 MT 0003393006461005749070717000000 Date: 07/07/2017 From: COMERCIO DE MADEIRAS NOROESTE LTDA - EPP (MATRIZ) To: V SCHMIT COMERCIO - ME Product: Tabua	10.0100	0.0000	10.0100	10.0098	0.0002
GF3 MT 0004183006407006186300317000000 Date: 30/03/2017 From: MADEIREIRA ARLIS LTDA - EPP To: COMERCIO E INDUSTRIA DE MADEIRAS MATO VERDE LTDA - ME (MATRIZ) Product: Toras de Madeira Nativa	63.2210	0.0000	63.2210	36.8180	26.3430
GF3 MT 0004253005749000000120717000000 Date: 12/07/2017 From: V SCHMIT COMERCIO - ME To: MARINE BOX LUMBER AGENCY LTDA Product: Decking	8.2080	0.0000	8.2080	8.2080	0.0000
GF3 MT 000343001239002060270317000000 Date: 07/07/2017 From: CLAMARU INDUSTRIA E COMERCIO DE MADEIRAS ERELI To: COMERCIO DE MADEIRAS NOROESTE LTDA - EPP (MATRIZ) Product: Tabua	10.0100	0.0000	10.0100	10.0100	0.0000
GF3 MT 0013843002060006407270317000000 Date: 27/03/2017 From: INDUSTRIA, COMERCIO E EXPORTACAO DE MADEIRAS LORENZETTI LTDA To: MADEIREIRA ARLIS LTDA - EPP Product: Toras de Madeira Nativa	63.2210	0.0000	63.2210	36.8180	26.3430

38

Where we are?

To date:

- 20'000 checks
- ~1 million m³ of timber
- 300 regular users:
 - Domestic and international buyers
 - Law enforcement agencies
- V2 just launched!

Expansion to other jurisdictions

- Peru
- Ghana
- Cameroon, Liberia, Ivory Coast
- Indonesia



Thank you



mauricio.mouracosta@bvrio.org

www.bvrio.org

Advisory committee



Support