



Supply Chain Mapping

This guide will help you understand the risks involved in your supply chain in order to comply with due diligence and responsible sourcing.

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Supply Chain Mapping

The first crucial step in assessing legality and sustainability risks for a commodity is identifying the origins of the sourced material.

This helps in understanding which suppliers have been involved in the product's harvesting, handling and transaction. Making a map of your supply chain is a practical approach to begin this process.

What is supply chain mapping?

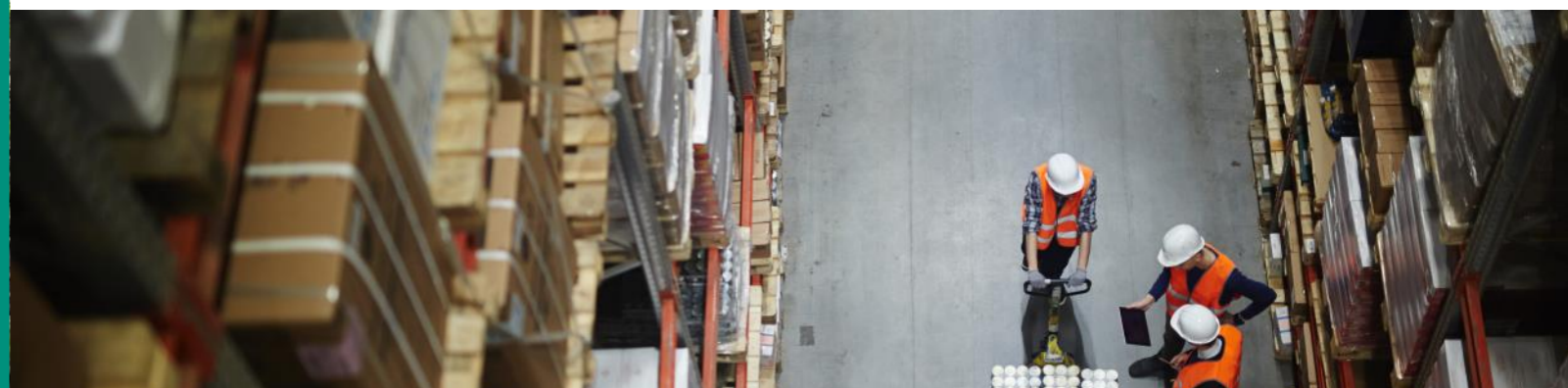
Mapping your supply chains consists of identifying the actors involved in the trading and processing of the materials or products you are purchasing. The exercise starts at the endpoint and then you work your way backwards from there. This means that you identify the different steps toward the initial area of production of the raw material. The origin could, for instance, be a forest for wood or a farm for an agricultural commodity.

The level of detail may vary when mapping your supply chain. It may be required only to follow the product back to the country of harvest or to the sub-national jurisdiction of harvest. You may also need to identify individual areas of production, such as forests or farms. It can also be an iterative process, where you will start with mapping back to the country of harvest.

Then, depending on the situation and risks present in this country, you may stop here, or you may have to map further back to the specific area(s) of harvest.

An accurate supply chain mapping exercise will start by looking at the material or product you are buying. Does it comprise multiple components or ingredients? If yes, those different components or ingredients likely have different origins, and your supply chain map will need to branch out to a number of sources that are part of it.

A single component or ingredient may also be made up of different sources that are aggregated at some point in the supply chain. A rubber tyre is an example of this as it may be sourced from different jurisdictions and countries, although it only constitutes one final product. Your supply chain map will need to reflect those multiple origins within the material or product you are sourcing.



Why do I need to map my supply chains?

Mapping your supply chain is a tool to achieve one or several objectives. For instance, those can include managing risk related to a product or supply security. When it comes to sustainability, supply chain mapping is crucial in reducing the potential negative environmental and social impacts of sourcing.

Whether it is to align with regulatory obligations, and/or corporate commitments and/or to address end-users expectations on sustainability topics, supply chain mapping allows you to assess sourcing practices with a wide range of approaches, as you may:



Consider different areas of responsible sourcing topics such as legality, sustainable land-use, fair pricing, organic production, and human and social rights;



Focus on the supply chain level, i.e. within mills, plants, factories, and/or on the land-use level, i.e. within farms and forests;



Follow a compliance approach, i.e. systematic verification or auditing, and/or a risk-based approach, i.e. examining the likelihood and severity of undesired practices.

The challenges of supply chain mapping

Some businesses operates only with supply chains that are short and linear. However, this is not the case for many companies, so having a thorough and accurate overview of your supply chain can be challenging. Consider the following:

Each supplier might purchase from multiple suppliers, who in turn also source from numerous suppliers. This results in a vast supply chain map with many roots of origins.

Physical flows of material might be slightly different than financial flows of material. For instance, a trader located in country A might purchase products that will never enter country A in a physical form.

Supplier identification itself may prove tricky too. It could be cases such as joint-venture enterprises or parent corporate entities that

are doing business together, which is not necessarily clear to an outsider. This lack of clarity makes it difficult to identify trade and transaction flows. Even transcribing the names of companies between languages might lead to varying corporate names being recorded.

Suppliers might change their supply base regularly by adding new suppliers and ceasing business with others. This might lead to incomplete and out-of-date supply chain mapping. Continually reviewing the map and engaging with suppliers can help companies mitigate the risk of mixing with unidentified or undeclared material.

Mapping your supply chain can come with challenges, and complex, long and unstable supply chains amplify these. This is important to take notice of.



Where to start on your supply chain map?

When looking upstream your supply chain, the mapping should start with the suppliers you are in direct contact with. These are usually your first tier of suppliers. It is essential you have a trusted relationship with these as you rely on their information about their own suppliers.

The following information is considered important for the purpose of supply chain mapping:

- ⇒ Supplier-related information such as supplier identification, location, nature of business, and a reference to their sustainability certificates if applicable.
- ⇒ Product-related information such as the type and description of the product being traded between entities, including product certification claim if applicable.

You may consider issuing a survey on your suppliers to collect information about their supply chain. This is easily managed through digital tools and platforms designed for polling and online surveys.

The supply chain mapping exercise may rely purely on declarations (collecting names of suppliers via a survey filled by your direct supplier), or may also rely on documents or other evidence to verify that trade is happening as declared by your suppliers. We advise to strengthen your supply chain mapping exercise by collecting evidence of trade and transport along supply chains.



Collecting relevant commercial invoices and / or trade documents (bills of lading, certificates of origin, phytosanitary certificates etc.) is a good way to verify the supply chain information you have collected (essentially information about buyer and seller identification, trader, products – note that other information not relevant to the supply chain mapping exercise, such as prices, may be redacted from supporting documentation collected).

What about confidentiality when mapping your supply chain?

The exercise of supply chain mapping requires a level of transparency from your suppliers, because they will have to share information about their sourcing and supply chains.

This can trigger concerns from suppliers as this information is often regarded sensitive and usually not shared with customers. It is however a necessary step towards achieving responsible sourcing objectives.

If you are under regulatory requirements to obtain the information, you may want to explain this to your suppliers for them to understand the necessity of it and the sanctions you may

be facing if you fail to appropriately map your supply chains.

In any case, a key element in overcoming concerns about sharing sourcing information is building trust with your suppliers to ensure long-lasting relationships between all parties along the supply chain.

It is also very important to communicate clearly to those suppliers why you are initiating this supply chain exercise, and what your expectations are.



What does supply chain mapping look like?

The tools needed to record and manage supply chain information should match the level of complexity in the supply chain.

A supply chain map can be sketched on a piece of paper or recorded within a table in an electronic text document. However, if you have multiple products to map, this will likely not be the right approach.

Spreadsheets can also be a helpful tool for collecting supply chain information for simple supply chains and limited products. However, be aware that you may quickly be overwhelmed with data

when using a spreadsheet to map your supply chains. Spreadsheets do not easily allow you to represent tentacular supply chains with many details, especially if you need to connect products, supply chains and complex supplier relationships.

The alternatives to the more simple tools are digital databases that can record, represent and visualise supply chain information. Different types of databases may be tailored to this end with some being designed specifically for supply chain mapping.

What if my product is certified to a sustainability scheme?

Sustainability product certification does not necessarily require passing on origin information.

Some chain of custody models do segregate product on origin. If the scheme is credible and the product claim comes with information on such origin, you might rely on this source of information without having the need to identify supply chain entities engaged in the production of the product.

However, certified products are not necessarily segregated based on origins and would not always

be sold with origin information. For instance, if you source a FSC 100% claimed wood table, it indicates all of the timber content is sourced from certified forests without automatically providing information on where these are located.

Suppose you want or need to collect supply chain information back to the country of harvest for products carrying a certification claim. In that case, you will need to engage in a normal supply chain mapping exercise in addition to relying on the certification claim. Be mindful that:

- ⇒ Suppliers being certificate holders against a Chain of Custody (CoC) standard, must maintain **records of product inputs**. As those records are audited annually, this might strengthen the integrity of supply chain information collected from certified suppliers.
- ⇒ You also might rely on **specific scheme requirements** to request this information. In the case of FSC, it is a requirement for certificate holders within supply chains to share information on the origin of the wood, upon requests from customers also certified to the scheme.
- ⇒ You might also want to **engage with certification scheme organisations** to push for amendments to their CoC standards so it meets your requirements for supply chain information.





LIFE Legal Wood

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